

## Fixed-Income Report

Apr 05<sup>th</sup> – Apr 09<sup>th</sup>/2021

### In this issue

- Round up
- Bond market
- Interest rates

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See Disclaimer at Page 5

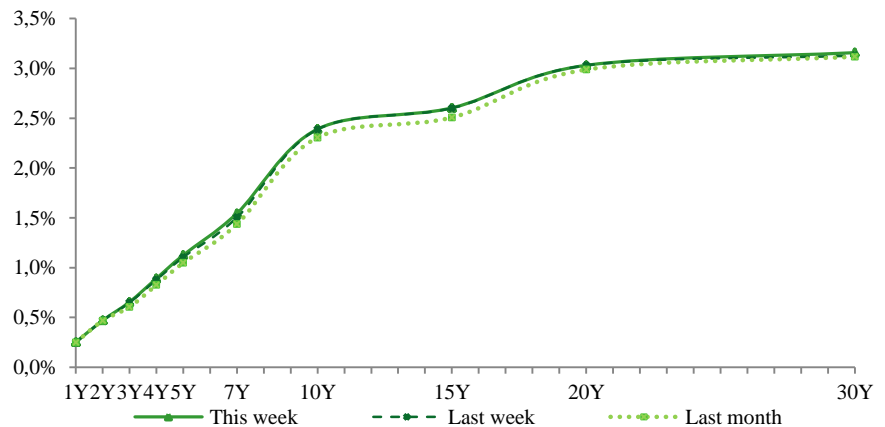
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## Round-up

- Wining rates inched up.
- Yield curve shifted upward fractionally.
- Interbank rates stayed at low levels.

Yield Curve



Source: VBMA, VCBS compiles

■ VND 5,000 bn was mobilized from ST. VND 47,007 (-9.47% wow) bn was traded on the secondary market.

■ Yield curve shifted upward fractionally. According to VBMA data, 1Y, 2Y, 3Y, 4Y, 5Y, 7Y, 10Y, 15Y, 20Y and 30Y bond yields posted at 0,255% (+0,3 bps), 0,475% (+0,5 bps), 0,666% (+0,5 bps), 0,92% (+2,9 bps), 1,18% (+5,4 bps), 1,499% (-4,6 bps), 2,403% (+1,2 bps), 2,602% (-0,2 bps), 3,031% (0 bps), 3,15% (-0,8 bps), respectively. Bond yields inched up and trading volume decreased considerably indicated that market sentiment was less optimistic.

■ Interbank rates stayed at low levels. In details, ON – 3M rates posted 0,315%, 0,42%, 0,53%, 0,667% and 1,303%, respectively according to Bloomberg data.

■ No transaction via OMO channel recorded this week.

## VCBS Commentary Apr 12<sup>nd</sup> – Apr 16<sup>th</sup>

■ Trading volume in the bond market may be less active in the next week while market sentiment is cautious and they tend to observe some economic factors. Meanwhile, liquidity in the money market remained abundant. Thus, bond yields should fluctuate in a tight band in the upcoming week.

■ We are confident that liquidity in the banking system continued to be abundant based on some supporting ideas: (i) Credit growth is slow and projected at 11-12%; (ii) The exchange rates shall remain stable in the next period. Thus, there is a high probability that interbank rates will stay at current low levels.

**Bond Market**

**VND 5,000 bn was mobilized from ST.**

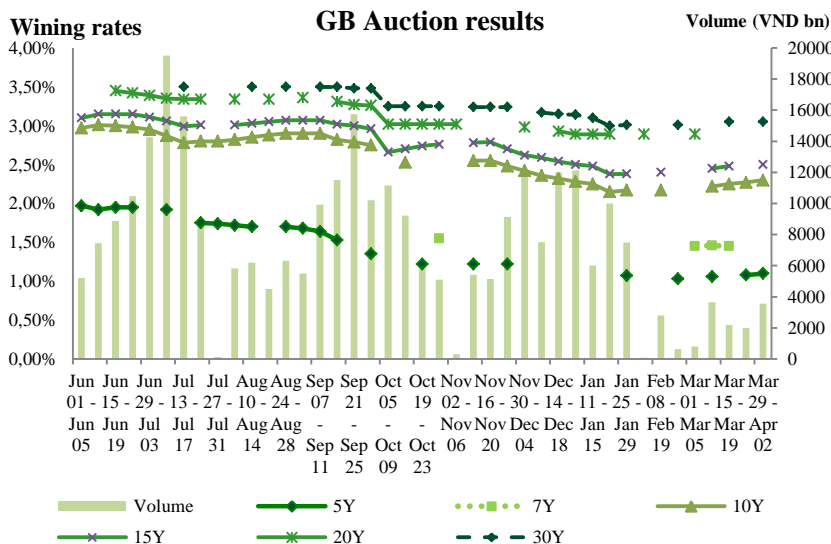
**Primary Market**

**Wining rates inched up.**

**VND 5,000 bn was mobilized from ST.** Therein, ST successfully issued VND 1,000 bn at 5Y tenor, VND 2,000 bn at 10Y tenor, VND 2,000 bn at 15Y tenor. The auction for 20Y tenor was not successful this week. The registered volume-to-offering volume ratios for 5Y, 10Y, 15Y & 20Y tenors were 3.75; 2.78; 1.93 and 1.90 times. Winning volume-to-offering ratios for all tenors (except 20Y tenor) stood at 100%.

Wining rates for 5Y, 10Y and 15Y stood at 1.13% (+03 bps), 2.35% (+05 bps), 2.55% (+05 bps). Gap between yields in the primary market and the secondary market is narrowed.

VDB and VBSP did not mobilize bond this week.



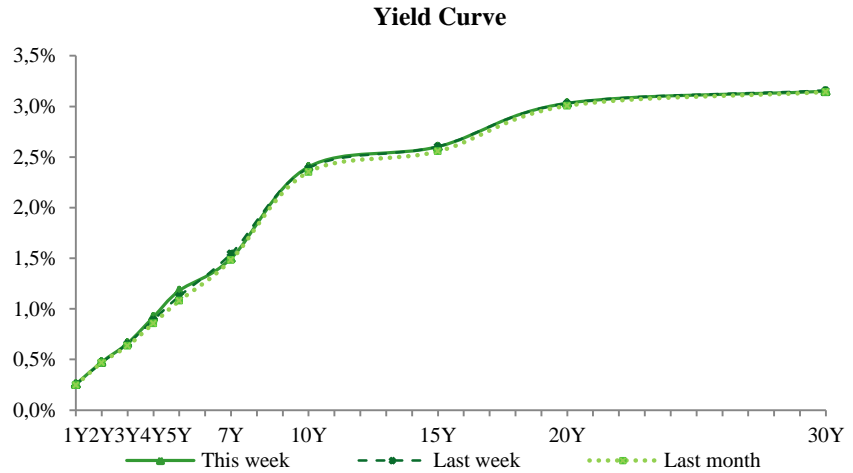
Source: HNX, VCBS

**Secondary Market**

**VND 47,007 (-9.47% wow) bn was traded on the secondary market.**

**VND 47,007 (-9.47% wow) was traded on the secondary market.** In detail, Outright and repo values were at VND 27,751 bn (-17.3% wow) and VND 19,256 bn (+4.9% wow), respectively. Regarding outright, ST-Bond kept totally dominating trading volume with 96%. The most liquid tenor is 7Y-15Y with roughly 80% of trading value

**Yield curve shifted upward fractionally.** According to VBMA data, 1Y, 2Y, 3Y, 4Y, 5Y, 7Y, 10Y, 15Y, 20Y and 30Y bond yields posted at 0,255% (+0,3 bps), 0,475% (+0,5 bps), 0,66% (+0,5 bps), 0,92% (+2,9 bps), 1,18% (+5,4 bps), 1,499% (-4,6 bps), 2,403% (+1,2 bps), 2,602% (-0,2 bps), 3,031% (0 bps), 3,15% (-0,8 bps), respectively. Bond yields inched up and trading volume decreased considerably indicated that market participant hesitate to take action in this period where supportive news is few and far between.



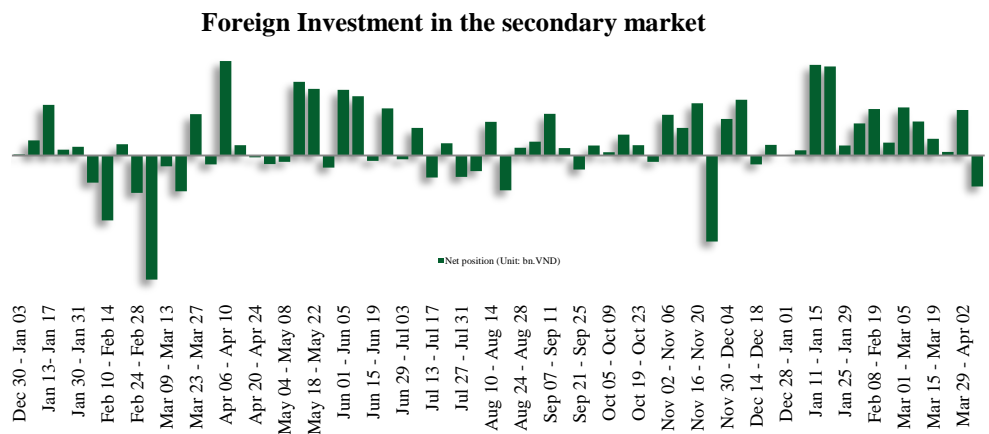
Source: VBMA, VCBS compiles

In the minutes of FOMC in March, Fed stated that the current policy can only be updated if sufficient progress is made against its employment rate and price stabilization goals; the policy will not be modified based on projections. The minutes said the market will receive more notice before the Fed makes any changes. Federal Open Market Committee FOMC (under the Fed) agreed to keep rate at nearly 0% and continue to plan to buy government bonds worth 120 billion USD per month. The information implied that the overall trend of monetary policy is still loosening, and the increase in price of assets is maintaining.

Trading volume in the bond market may be less active in the next week while market sentiment is cautious and they tend to observe some economic factors. Meanwhile, liquidity in the money market remained abundant. Thus, bond yields should fluctuate in a tight band in the upcoming week.

**Foreign investors net sold VND 448.28 bn.**

**Foreign investors net bought VND 448.28 bn at all tenors this week.**



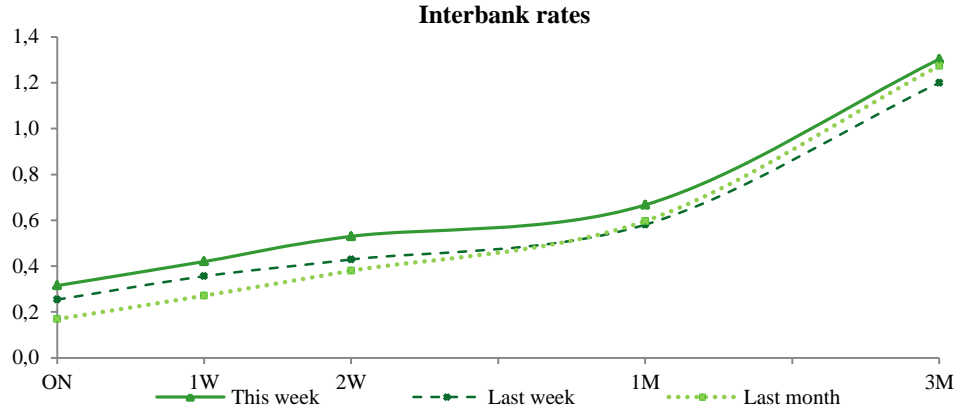
Source: HNX, VCBS

**INTEREST RATE**

**Interbank rates inched up but still stayed at low levels.**

**Interbank Rates**

**Interbank rates inched up but still stayed at low levels.** In details, ON – 3M rates posted 0,315%, 0,42%, 0,53%, 0,667% and 1,303%, respectively according to Bloomberg data.



Source: Bloomberg, VCBS

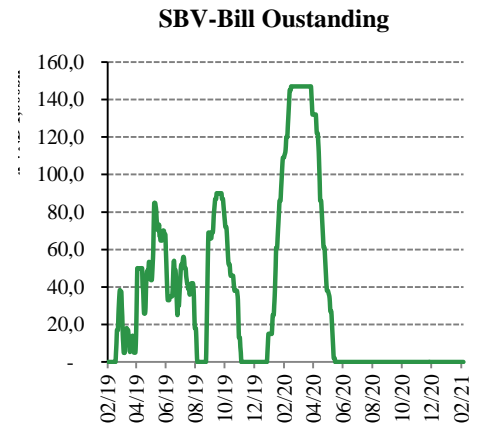
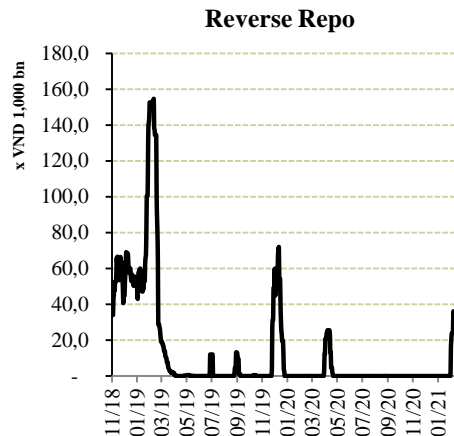
We observed DXY decreased from April 05 to April 09. In addition, central rate was listed at 23,214 VND/USD, down by 27 VND compared to the previous week's session. Meanwhile, exchange rates at commercial banks remained stable. In the context of stable economy and good inflows, VCBS remain the view that exchange rates should fluctuate in a tight band  $\pm 0.5\%$ .

We are confident that liquidity in the banking system continued to be abundant based on some supporting ideas: (i) Credit growth is slow and projected at 11-12%; (ii) The exchange rates shall remain stable in the next period. Thus, there is a high probability that interbank rates will stay at current low levels.

**Open Market Operation**

**No transaction recorded this week.**

**SBV do not need to pump liquidity in the system.**



Source: Bloomberg, VCBS

END.

## APPENDICES

### Bond Auctions

Auction date	Tenor	Offering volume	Registering volume	Winning volume	Register to Offering Ratio	Winning rate (%)	Winning/Offering	Issuer
<b>ST bills</b>								
<b>Government and government-backed bonds</b>								
7-Apr-21	5Y	1.000	3.750	1.000	3,75	1,13	100,00%	ST
7-Apr-21	10Y	2.000	5.551	2.000	2,78	2,35	100,00%	ST
7-Apr-21	15Y	2.000	3.850	2.000	1,93	2,55	100,00%	ST
7-Apr-21	20Y	500	950	-	1,90	0	0,00%	ST

### Secondary Market

Issuer	Last		Current	
	Value	Value share	Value	Value share
<b>Outright</b>				
ST	32.659	97,31%	26.721	96,29%
VDB	903	2,69%	1.030	3,71%
VBSP	-	0,00%	-	0,00%
Others	-	0,00%	-	0,00%
<b>Subtotal (1)</b>	<b>33.562</b>	<b>100,00%</b>	<b>27.751</b>	<b>100,00%</b>
<b>Repo</b>				
Repo	18.361	53,86%	19.256	53,66%
Reserve Repo	15.728	46,14%	16.632	46,34%
<b>Subtotal (2)</b>	<b>34.089</b>	<b>100,00%</b>	<b>35.888</b>	<b>100,00%</b>
<b>ST bills</b>				
Outright				
Repo				
<b>Subtotal (3)</b>				
<b>Total (1)+(2)+(3)</b>	<b>67.651</b>		<b>63.640</b>	

### Open Market Operation

Date	Due	Reverse Repo			Outright (SBV Bills)			
		Offer	Balance	Outstanding	Due	Offer	Balance	Outstanding
12/28 - 12/31	-	-	-	-	-	-	-	-
01/04 - 01/08	-	-	-	-	-	-	-	-
01/11 - 01/14	-	-	-	-	-	-	-	-
01/18 - 01/22	-	-	-	-	-	-	-	-
01/25 - 01/29	-	-	-	-	-	-	-	-
02/01 - 02/05	-	24.097	24.097	24.097	-	-	-	-
02/08 - 02/12	15.568	26.629	11.061	35.158	-	-	-	-
02/15 - 02/19	8.529	-	(8.529)	26.629	-	-	-	-
02/22 - 02/26	26.629	-	(26.629)	-	-	-	-	-
03/01 - 03/05	-	-	-	-	-	-	-	-
03/08 - 03/12	-	-	-	-	-	-	-	-
03/15 - 03/19	-	-	-	-	-	-	-	-
03/22 - 03/26	-	-	-	-	-	-	-	-
03/29 - 04/02	-	-	-	-	-	-	-	-
<b>04/05 - 04/09</b>	-	-	-	-	-	-	-	-

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