

Fixed-Income Report

Apr 12th – Apr 16th/2021

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Le Thu Ha

ltha_ho@vcbs.com.vn

+84 24 3936 6990 (ext. 7311)

Dang Khanh Linh

+84 24 3936 6990 (ext. 7284)

dklinh@vcbs.com.vn

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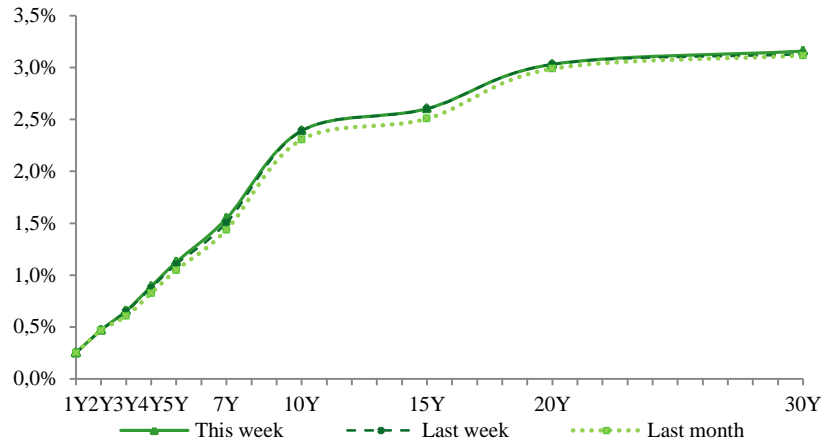
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Round-up

**Winning rates are approaching the level of the secondary market.
Bond yields fluctuated in a tight band.
Interbank rates stayed at low levels.**

Yield Curve



Source: VBMA, VCBS compiles

■ VND 4,810 bn was mobilized from ST. VND 38,655 bn (-18.01% wow) was traded on the secondary market.

■ Bond yields fluctuated in a tight band. According to VBMA data, 1Y, 2Y, 3Y, 4Y, 5Y, 7Y, 10Y, 15Y, 20Y and 30Y bond yields posted at 0,255% (0 bps), 0,48% (+0,5 bps), 0,666% (+0,6 bps), 0,914% (-0,6 bps), 1,162% (-1,8 bps), 1,509% (+1 bps), 2,383% (-2 bps), 2,607% (+0,5 bps), 3,031% (0 bps), 3,142% (-0,8 bps), respectively.

■ Interbank rates stayed at low levels. In details, ON – 3M rates posted 0,25%, 0,352%, 0,447%, 0,561% and 1,044%, respectively according to Bloomberg data.

■ No transaction via OMO channel recorded this week.

VCBS Commentary Apr 19th – Apr 23rd

■ In the context of bright economic outlook and abundant liquidity in the money market, upcoming week may observe bond yields move in a downward band.

■ At the present, we do not foresee any factors that can pull back interbank rates strongly. As mentioned in the previous report, we continue to preserve the view that interbank rates will stay at the current levels.

Bond Market

VND 4,810 bn was mobilized from ST.

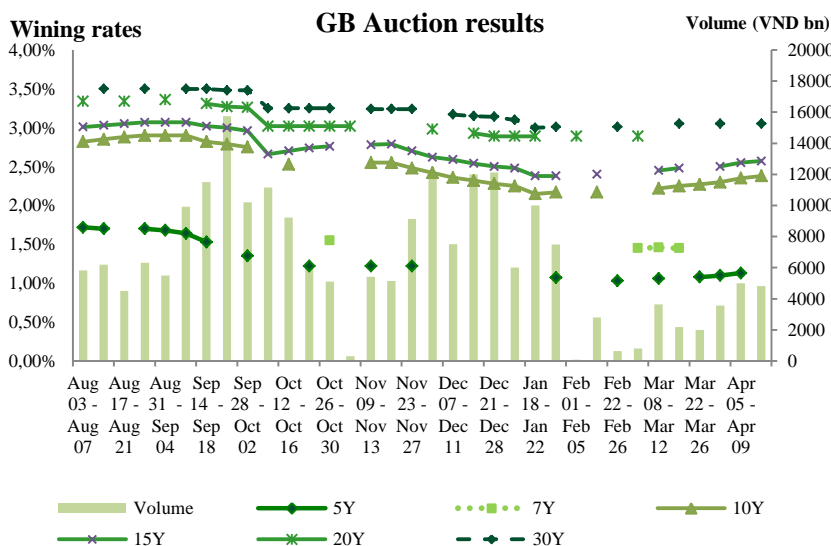
Primary Market

Winning rates are approaching the level of the secondary market.

VND 4,810 bn was mobilized from ST. Therein, ST successfully issued VND 3,750 bn at 10Y tenor, VND 1,000 bn at 15Y tenor, VND 60 bn at 30Y tenor. The auction for 5Y tenor was not successful this week. The registered volume-to-offering volume ratios for 5Y, 10Y, 15Y & 30Y tenors were 1.40; 3.14; 2.33 and 2.32 times. Winning volume-to-offering ratios for 10Y, 15Y and 30Y tenors stood at 100%, 50% and 12%.

Winning rates for 10Y, 15Y and 30Y stood at 2.38% (+03 bps), 2.57% (+02 bps), 3.05% (unchanged). Gap between yields in the primary market and the secondary market is narrowed.

VDB and VBSP did not mobilize bond this week.



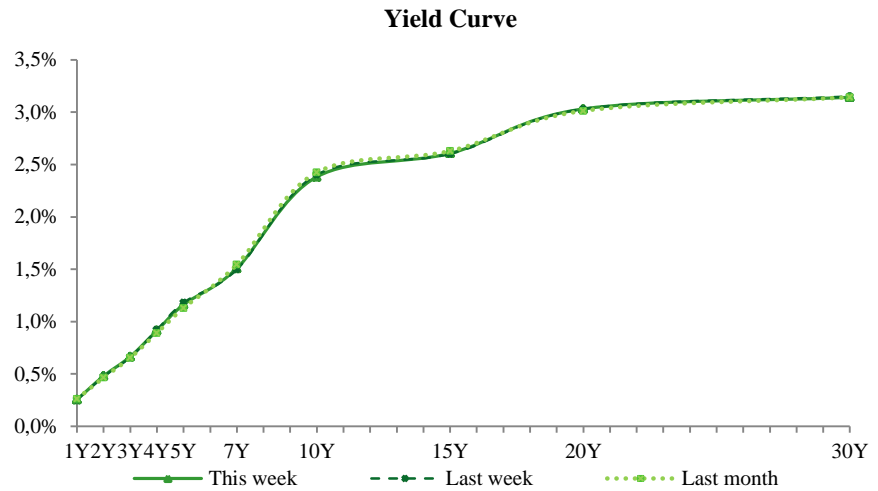
Source: HNX, VCBS

Secondary Market

VND 38,655 bn (-18.01% wow) was traded on the secondary market.

VND 38,655 bn (-18.01% wow) was traded on the secondary market. In detail, Outright and repo values were at VND 24,989 bn (-10.4% wow) and VND 13,666 bn (-29.0% 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

Bond yields fluctuated in a tight band. According to VBMA data, 1Y, 2Y, 3Y, 4Y, 5Y, 7Y, 10Y, 15Y, 20Y and 30Y bond yields posted at 0,255% (0 bps), 0,48% (+0,5 bps), 0,666% (+0,6 bps), 0,914% (-0,6 bps), 1,162% (-1,8 bps), 1,509% (+1 bps), 2,383% (-2 bps), 2,607% (+0,5 bps), 3,031% (0 bps), 3,142% (-0,8 bps), respectively.



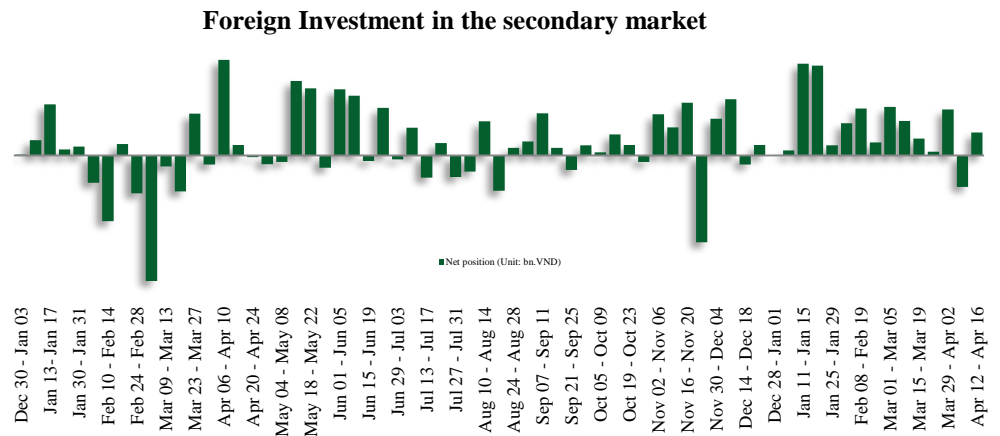
Source: VBMA, VCBS compiles

The U.S. Treasury has removed Vietnam and Switzerland from the list of nations labeled as currency manipulators, reversed a decision made by the Trump administration in December. In its semi-annual report to Congress on currency manipulation, the first under the Biden administration, the U.S. Treasury Department said Friday that no country currently meets the U.S. criteria as a manipulator. In the process of working with the U.S. Treasury Department, the State Bank has always affirmed the exchange rate management in recent years to achieve the targets: controlling inflation, stabilizing the macro-economy. These approaches do not aim to create unfair competitive advantages in terms of international trade. In general, we believe that this goes the same direction with market participants that no punishment shall be made specifically under the new Biden administration. Elsewhere, this news is open to a chance that SBV can purchase a huge amount of foreign currencies under favorable market conditions.

In the context of bright economic outlook and abundant liquidity in the money market, upcoming week may observe bond yields move in a downward band.

Foreign investors net bought VND 330.28 bn.

Foreign investors net bought VND 330.28 bn at all tenors this week.



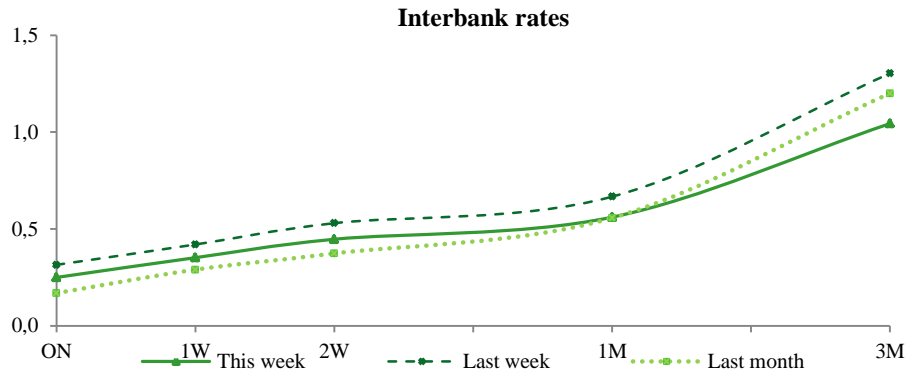
Source: HNX, VCBS

INTEREST RATE

Interbank rates stayed at low levels.

Interbank Rates

Interbank rates stayed at low levels. In details, ON – 3M rates posted 0,25%, 0,352%, 0,447%, 0,561% and 1,044%, respectively according to Bloomberg data.



Source: Bloomberg, VCBS

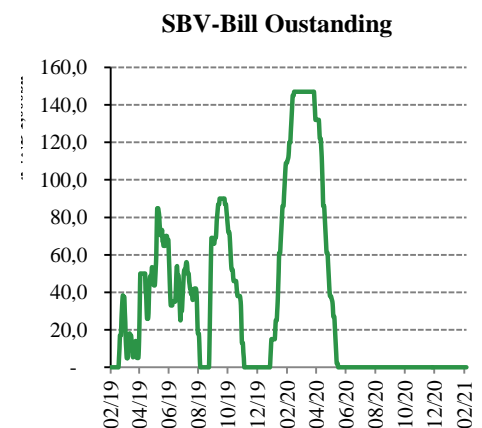
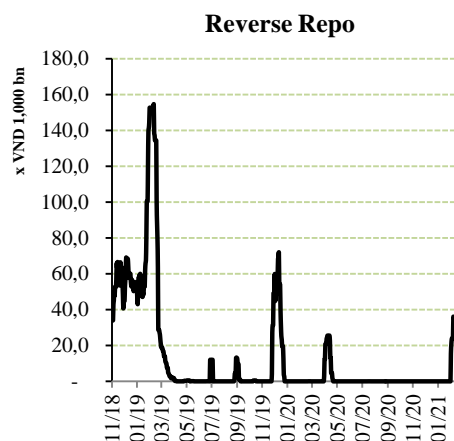
By the end of March 31, credit growth of the whole economy stood at 2.93%. In the coming time, under the direction of the State Bank, credit will focus less on real estate sector and focus on business enterprises. Accordingly, VCBS forecasts that credit growth for the whole year can reach 11-12%, supporting economic stability and abundant liquidity.

At the present, we do not foresee any factors that can pull back interbank rates strongly. As mentioned in the previous report, we continue to preserve the view that interbank rates will stay at the current 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
ST bills								
Government and government-backed bonds								
14-Apr-21	5Y	1.500	2.100	-	1,40	1,13	0,00%	ST
14-Apr-21	10Y	3.750	11.772	3.750	3,14	2,38	100,00%	ST
14-Apr-21	15Y	2.000	4.650	1.000	2,33	2,57	50,00%	ST
14-Apr-21	30Y	500	1.160	60	2,32	3,05	12,00%	ST

Secondary Market

Issuer	Last		Current	
	Value	Value share	Value	Value share
Outright				
ST	26.721	95,82%	24.114	96,50%
VDB	1.166	4,18%	875	3,50%
VBSP	-	0,00%	-	0,00%
Others	-	0,00%	-	0,00%
Subtotal (1)	27.887	100,00%	24.989	100,00%
Repo				
Repo	19.256	53,66%	13.666	53,87%
Reserve Repo	16.632	46,34%	11.703	46,13%
Subtotal (2)	35.888	100,00%	25.369	100,00%
ST bills				
Outright				
Repo				
Subtotal (3)				
Total (1)+(2)+(3)	63.775		50.358	

Open Market Operation

Date	Due	Reverse Repo			Outright (SBV Bills)			
		Offer	Balance	Outstanding	Due	Offer	Balance	Outstanding
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	-	-	-	-	-	-	-	-
04/05 – 04/09	-	-	-	-	-	-	-	-
04/12 – 04/16	-	-	-	-	-	-	-	-

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CONTACT INFORMATION

Tran Minh Hoang

Head of Research

tmhoang@vcbs.com.vn

Le Thu Ha

Senior Analyst - Economic research

ltha_ho@vcbs.com.vn

Dang Khanh Linh

Analyst - Economic research

dklinh@vcbs.com.vn

VIETCOMBANK SECURITIES COMPANY

<http://www.vcbs.com.vn>