

Fixed-Income Report

Apr 19th – Apr 23rd/2021

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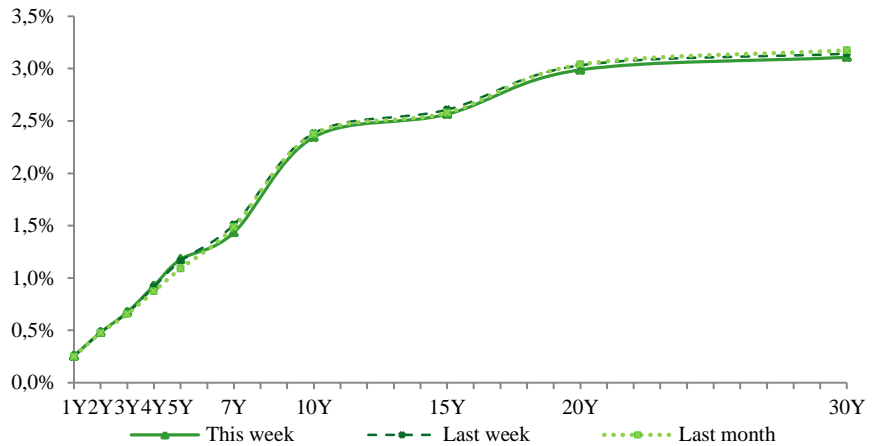
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Round-up

- Winning volume increased considerably.
- Bond yields fluctuated in a tight band.
- Interbank rates inched up.

Yield Curve



Source: VBMA, VCBS compiles

- VND 9,350 bn was mobilized from ST. VND 36,605 bn (-5.59% 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 0,256% (+0,1 bps), 0,48% (0 bps), 0,674% (+0,8 bps), 0,926% (+1,2 bps), 1,177% (+1,5 bps), 1,434% (-7,5 bps), 2,345% (-3,8 bps), 2,564% (-4,3 bps), 2,988% (-4,3 bps), 3,108% (-3,4 bps), respectively.
- Interbank rates stayed at low levels. In details, ON – 3M rates posted 0,268%, 0,387%, 0,49%, 0,6% and 1,035%, respectively according to Bloomberg data.
- No transaction via OMO channel recorded this week.

VCBS Commentary Apr 26th – Apr 29th

- We observe that liquidity in the money market is still abundant; thus, it is one of the main factors for down force on the bond market. In addition, in the context of bright outlook of economy, VCBS believe that bond yields shall regain downward force in the upcoming week.
- So far we do not foresee the factors that dampen the abundant liquidity. Hence, we believe that interbank rates shall settle stably at this level and partially contribute to our argument of a downward trend for bond yields.

Bond Market

VND 9,350 bn was mobilized from ST.

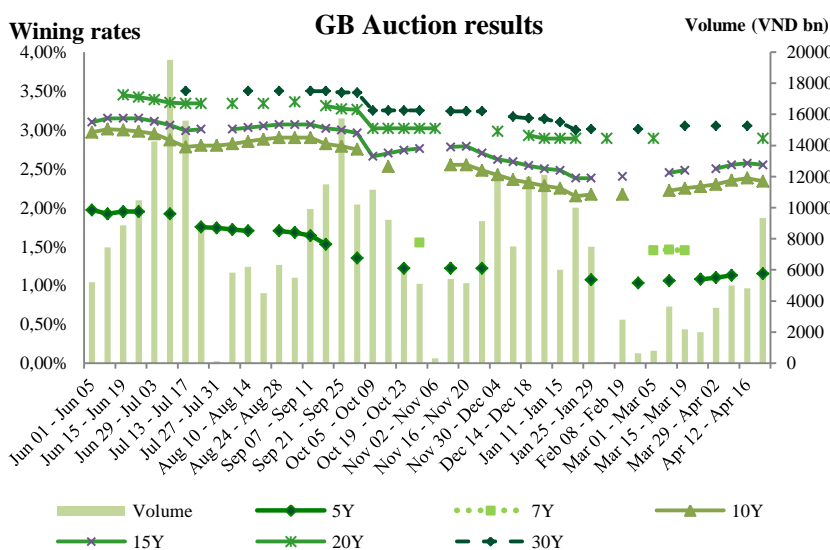
Primary Market

Winning volume increased considerably.

VND 9,350 bn was mobilized from ST. Therein, ST successfully issued VND 1,500 bn at 5Y tenor, VND 4,500 bn at 10Y tenor, VND 3,000 bn at 15Y tenor, VND 350 bn at 20Y tenor. The registered volume-to-offering volume ratios for 5Y, 10Y, 15Y & 20Y tenors were 2.67; 5.45; 2.55 and 2.89 times. Winning volume-to-offering ratios for 10Y, 15Y and 30Y tenors stood at 100%, 100%, 100% and 70%. It should be noted that there was VND 7,000 bn of matured bonds last week, which is one of the main reason push reinvestment demand from market participants.

Winning rates for 5Y, 10Y, 15Y and 20Y stood at 1.15% (+02 bps), 2.34% (-04 bps), 2.55% (-05 bps), 2.89% (unchanged).

VDB and VBSP did not mobilize bond this week.



Source: HNX, VCBS

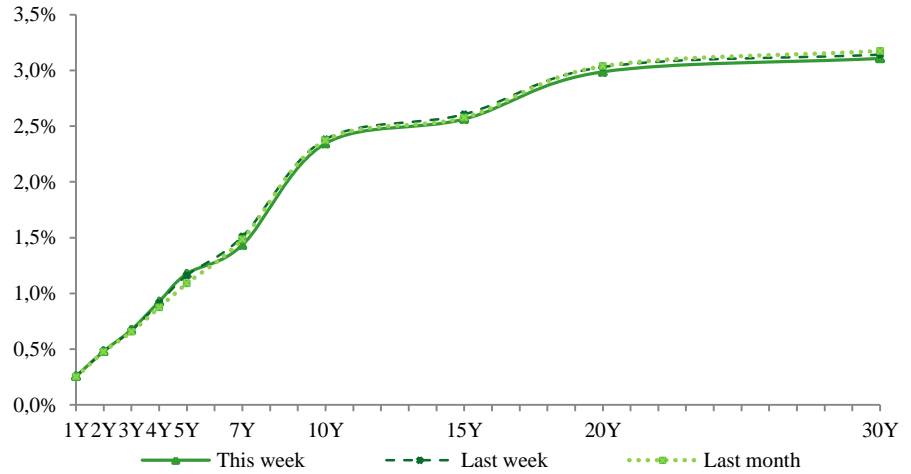
Secondary Market

VND 36,605 bn (-5.59% wow) was traded on the secondary market.

VND 36,605 bn (-5.59% wow) was traded on the secondary market. Average trading volume per day is VND 9,151 bn (+18.0% qoq) because there was a holiday last week. In detail, Outright and repo values were at VND 25,456 bn (+1.4% wow) and VND 11,149 bn (-29.0% wow), respectively. Regarding outright, ST-Bond kept totally dominating trading volume with 98%. 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 0,256% (+0,1 bps), 0,48% (0 bps), 0,674% (+0,8 bps), 0,926% (+1,2 bps), 1,177% (+1,5 bps), 1,434% (-7,5 bps), 2,345% (-3,8 bps), 2,564% (-4,3 bps), 2,988% (-4,3 bps), 3,108% (-3,4 bps), respectively.

Yield Curve



Source: VBMA, VCBS compiles

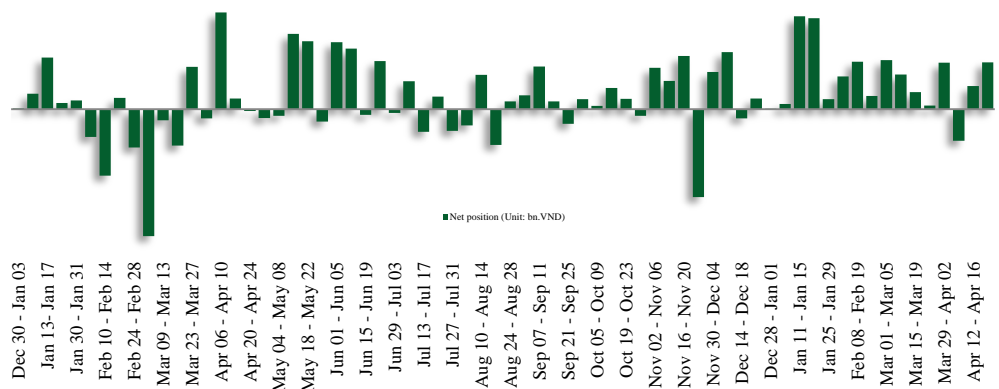
This week, the Fed will have a monetary policy meeting on April 27-28, the results of the meeting will be announced in the early morning of April 29, Vietnam time. Most market participants predict Fed will not change rates, even in the context of CPI stood at 2.6% and core CPI is 1.6% yoy in March. At its last meeting in March, the Fed's dot plots chart showed that Fed may keep rate at close to 0%, at least until 2023. It implied that the over trend is still loosening monetary policy.

We observe that liquidity in the money market is still abundant; thus, it is one of the main factors for down force on the bond market. In addition, in the context of bright outlook of economy, VCBS believe that bond yields shall regain downward force in the upcoming week.

Foreign investors net bought VND 666.63 bn.

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Foreign Investment in the secondary market



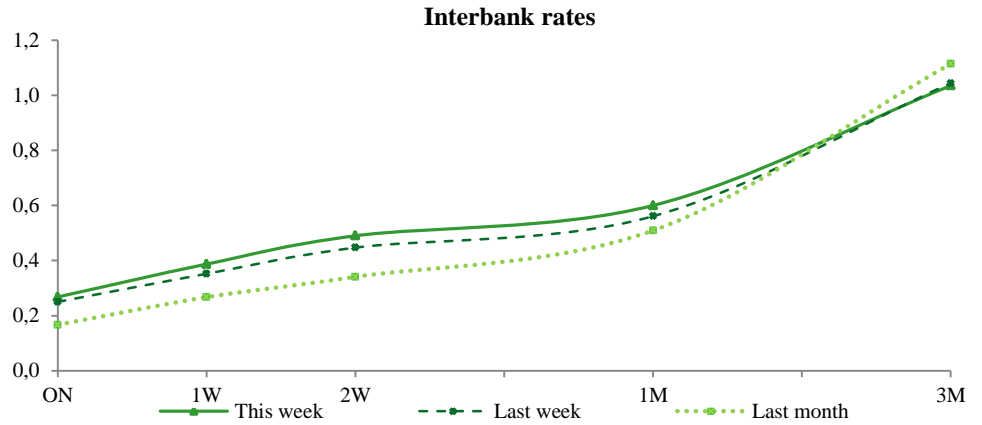
Source: HNX, VCBS

INTEREST RATE

Interbank rates inched up.

Interbank Rates

Interbank rates inched up. In details, ON – 3M rates posted 0,268%, 0,387%, 0,49%, 0,6% and 1,035%, respectively according to Bloomberg data.



Source: Bloomberg, VCBS

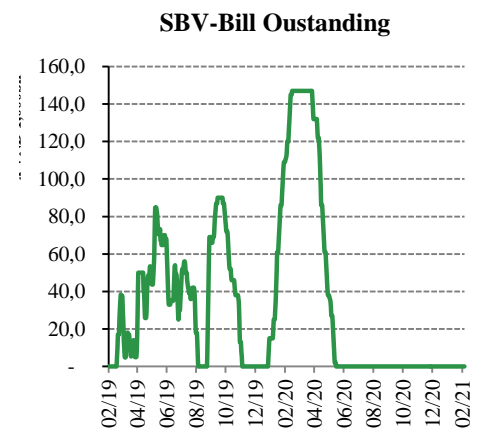
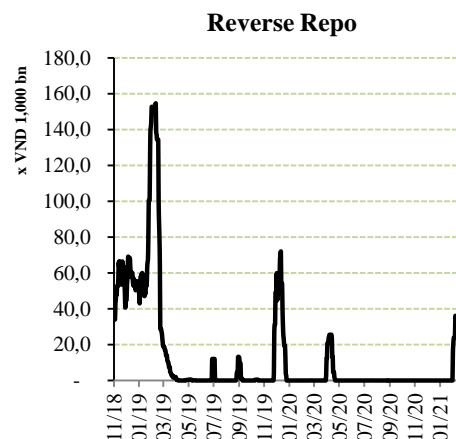
We observed DXY decreased to 90,832 (-0.86% wow) this week. In addition, central rate was listed at 23,179 VND/USD, down by 17 VND compared to the previous week's session. Meanwhile, exchange rates at commercial banks decreased slightly (about 5 VND). Accordingly, in the context of stable economy and good inflows, VCBS remain the view that exchange rates should fluctuate in a tight band $\pm 0.5\%$.

So far we do not foresee the factors that dampen the abundant liquidity. Hence, we believe that interbank rates shall settle stably at this level and partially contribute to our argument of a downward trend for bond yields.

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								
21-Apr-21	5Y	1.500	4.000	1.500	2,67	1,15	100,00%	ST
21-Apr-21	10Y	4.500	24.534	4.500	5,45	2,34	100,00%	ST
21-Apr-21	15Y	3.000	10.227	3.000	3,41	2,55	100,00%	ST
21-Apr-21	20Y	500	1.200	350	2,40	2,89	70,00%	ST

Secondary Market

Issuer	Last		Current	
	Value	Value share	Value	Value share
Outright				
ST	24.114	96,05%	25.126	98,70%
VDB	993	3,95%	331	1,30%
VBSP	-	0,00%	-	0,00%
Others	-	0,00%	-	0,00%
Subtotal (1)	25.106	100,00%	25.456	100,00%
Repo				
Repo	13.666	53,87%	11.149	43,82%
Reserve Repo	11.703	46,13%	14.292	56,18%
Subtotal (2)	25.369	100,00%	25.441	100,00%
ST bills				
Outright				
Repo				
Subtotal (3)				
Total (1)+(2)+(3)	50.475		50.897	

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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