

## Fixed-Income Report

May 17<sup>th</sup> – May 21<sup>st</sup>/2021

### In this issue

- Round up
- Bond market
- Interest rates

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See Disclaimer at Page 5

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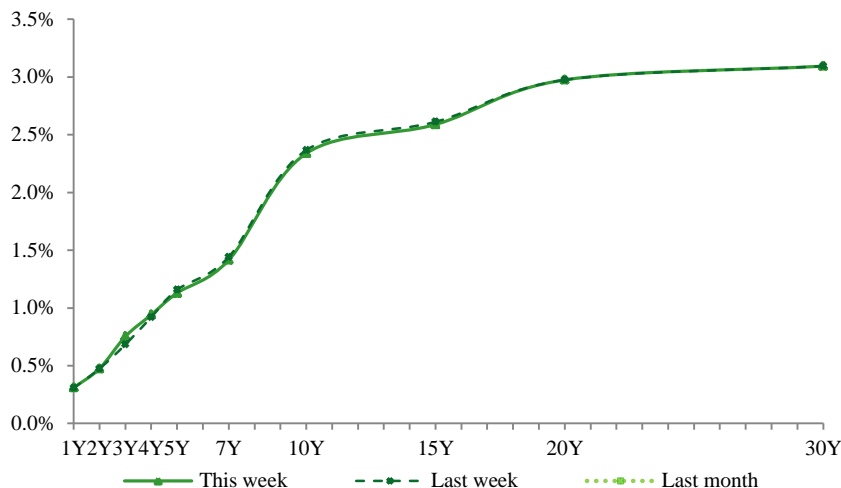
### Round-up

**Primary market was very active this week.**

**Bond yields experienced minimal changes this week.**

**Interbank rates continued to inch up this week.**

Yield Curve



Source: VBMA, VCBS compiles

■ VND 11,497 bn was mobilized from ST. VND 45,622 bn (+1.7% wow) was traded on the secondary market.

■ Bond yields experienced minimal changes this week. According to VBMA data, 1Y, 2Y, 3Y, 4Y, 5Y, 7Y, 10Y, 15Y, 20Y and 30Y bond yields posted at 0.309% (+0.2 bps), 0.475% (0 bps), 0.753% (+7 bps), 0.941% (+2.1 bps), 1.129% (-2.8 bps), 1.415% (-2.7 bps), 2.339% (-2.8 bps), 2.589% (-2.3 bps), 2.975% (0 bps), 3.094% (0 bps) respectively.

■ Interbank rates continued to inch up. In details, ON – 3M rates posted at 1.096%, 1.257%, 1.314%, 1.356% and 1.543% respectively according to Bloomberg data.

■ No transaction via OMO channel recorded this week.

### VCBS Commentary May 24<sup>th</sup> – May 28<sup>th</sup>

■ While interbank rates may continue to inch up and market sentiments is still cautious, bond yields are likely to move sideways and even increase slightly in the upcoming weeks.

■ In recent weeks, interbank rates tick up and have yet to cool down. It should be noted that 6-month forward currency contracts have not matured may lead to the fact that the liquidity is less abundant. While there may be no supportive news in the market, we expect that interbank rates may stay at current levels.

**Bond Market**

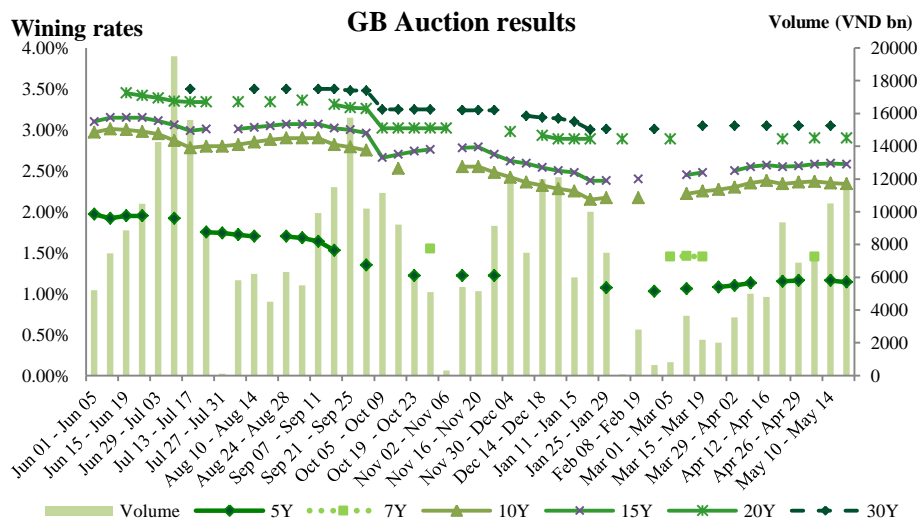
**Primary Market**

**VND 11,497 bn was mobilized from ST.**

**Primary market was very active this week.**

VND 11,497 bn was mobilized from ST. Therein, ST successfully issued VND 1,500 bn at 5Y tenors, VND 7,500 bn at 10Y tenors, VND 2,417 bn at 15Y tenors, VND 80 bn at 20Y tenors. The registered volume-to-offering volume ratios for 5Y, 10Y, 15Y, 20Y tenors were 3.7; 2.55; 2.81; 1.96 times respectively. Winning volume-to-offering ratios for 5Y, 10Y, 15Y, 20Y tenors stood at 100.00%; 100.00%; 96.68%; 16.00%. Winning rates for 5Y, 10Y, 15Y, 20Y stood at 1.14 (-2 bps); 2.34 (-1 bps); 2.58 (+1 bps) and 2.9 (unchanged) respectively. Note that demand for bonds in primary market strongly reactivated in the last two weeks.

VDB and VBSP did not mobilize bond this week.



Source: HNX, VCBS

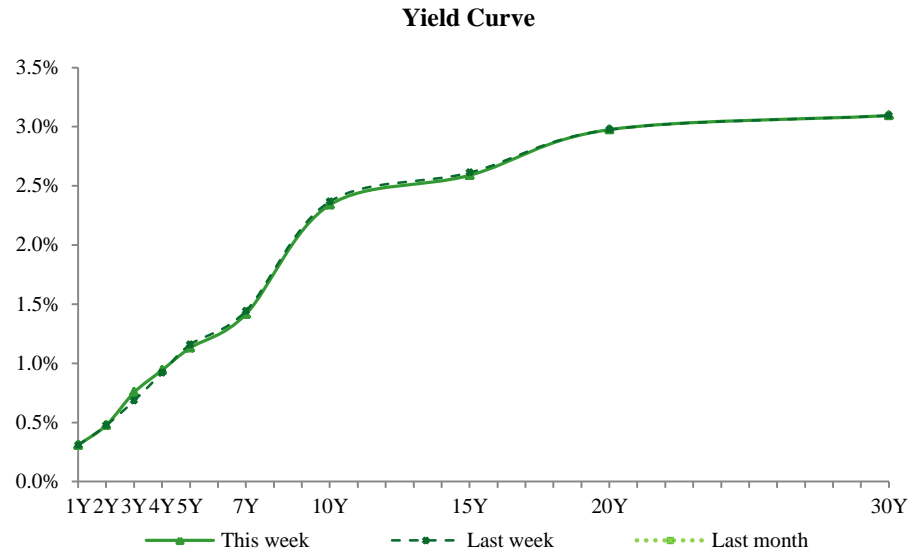
**Secondary Market**

**VND 45,622 bn (+1.7% wow) was traded on the secondary market.**

**VND 45,622 bn (+1.7% wow) was traded on the secondary market.** Average trading volume per day is VND 9,124 bn. In detail, Outright and repo values were at VND 29,212 bn (+12.% wow) and VND 16,410 bn (-12.7% wow) respectively. Regarding outright, ST-Bond kept totally dominating trading volume with 99%

**Bond yields experienced minimal changes this week.** According to VBMA data, 1Y, 2Y, 3Y, 4Y, 5Y, 7Y, 10Y, 15Y, 20Y and 30Y bond yields posted at 0.309% (+0.2 bps), 0.475% (0 bps), 0.753% (+7 bps), 0.941% (+2.1 bps),

1.129% (-2.8 bps), 1.415% (-2.7 bps), 2.339% (-2.8 bps), 2.589% (-2.3 bps), 2.975% (0 bps), 3.094% (0 bps) respectively.

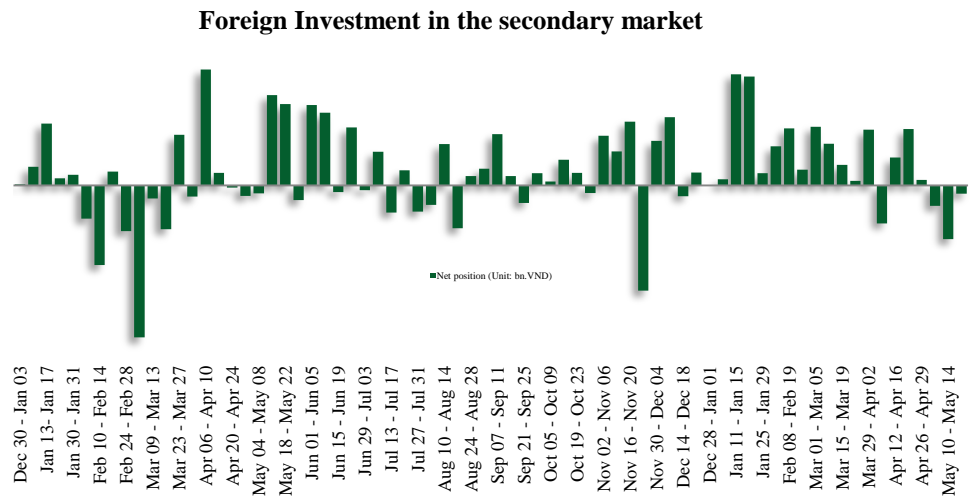


Source: VBMA, VCBS compiles

Market sentiment is cautious when they observe the developments of the Covid-19 pandemic and some economic factors, especially information related to inflation. Furthermore, bond yields are sensitive to the interbank market while interbank rates ticked up in recent weeks. While interbank rates may continue to inch up and market sentiments is still cautious, bond yields are likely to move sideways and even increase slightly in the upcoming weeks.

**Foreign investors net sold VND 98.10 bn.**

**Foreign investors net sold VND 98.10 bn at all tenors this week.**



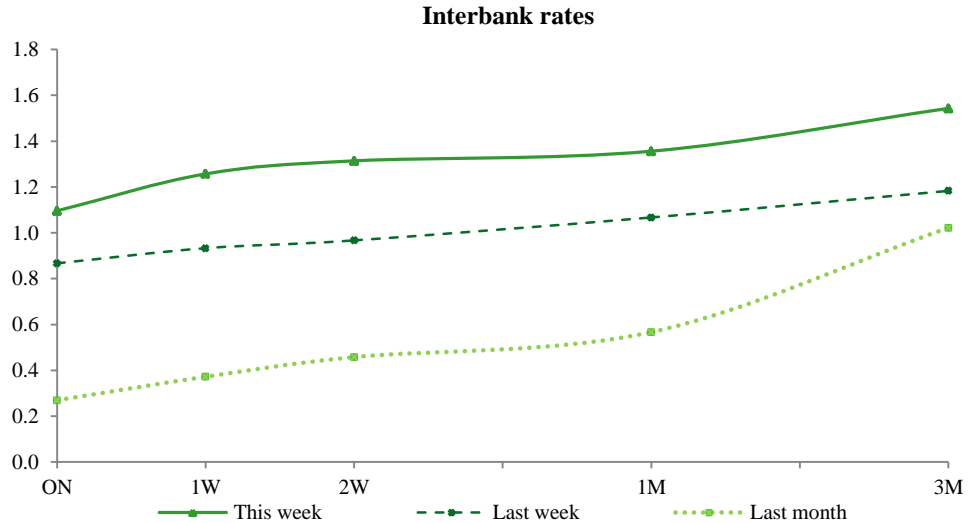
Source: HNX, VCBS

**INTEREST RATE**

**Interbank rates continued to inch up this week.**

**Interbank Rates**

**Interbank rates continued to inch up this week.** In details, ON – 3M rates posted at 1.096%, 1.257%, 1.314%, 1.356% and 1.543% respectively according to Bloomberg data.



*Source: Bloomberg, VCBS*

We observed DXY decreased to 90,020 (-0.3% wow) this week. In addition, central rate was listed at 23,160 VND/USD, down by 16 VND compared to the previous week's session. Meanwhile, exchange rates at commercial banks remained. Accordingly, in the context of stable economy and good investment inflows, VCBS remain the view that exchange rates should fluctuate in a tight band  $\pm 0.5\%$ .

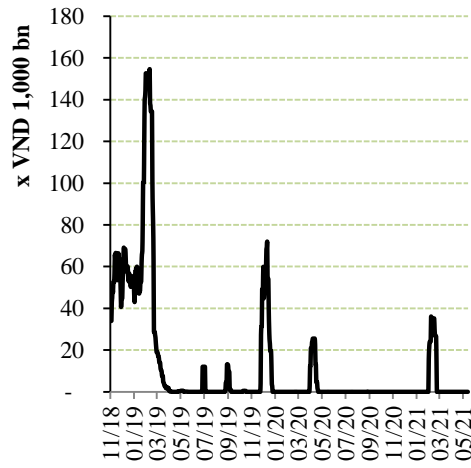
In recent weeks, interbank rates tick up and have yet to cool down. It should be noted that 6-month forward currency contracts have not matured may lead to the fact that the liquidity is less abundant. While there may be no supportive news in the market, we expect that interbank rates may stay at current levels.

**Open Market Operation**

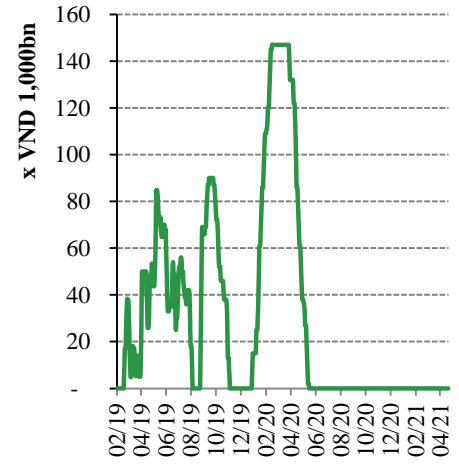
**No transaction recorded this week.**

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

**Reverse Repo**



**SBV-Bill Outstanding**



Source: Bloomberg, VCB

## 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>								
19-May-21	5Y	1,500	5,552	1,500	3.7	1.14	100.00%	ST
19-May-21	10Y	7,500	19,141	7,500	2.55	2.34	100.00%	ST
19-May-21	15Y	2,500	7,029	2,417	2.81	2.58	96.68%	ST
19-May-21	20Y	500	980	80	1.96	2.9	16.00%	ST

### Secondary Market

Issuer	Last		Current	
	Value	Value share	Value	Value share
<b>Outright</b>				
ST	24,784	95.04%	28,922	99.01%
VDB	1,224	4.69%	218	0.75%
VBSP	-	0.00%	-	0.00%
Others	70	0.27%	72	0.25%
<b>Subtotal (1)</b>	<b>26,078</b>	<b>100.00%</b>	<b>29,212</b>	<b>100.00%</b>
<b>Repo</b>				
Repo	18,798	47.62%	16,410	43.47%
Reserve Repo	20,678	52.38%	21,342	56.53%
<b>Subtotal (2)</b>	<b>39,476</b>	<b>100.00%</b>	<b>37,752</b>	<b>100.00%</b>
<b>ST bills</b>				
Outright				
Repo				
<b>Subtotal (3)</b>				
<b>Total (1)+(2)+(3)</b>	<b>65,554</b>		<b>66,964</b>	

### Open Market Operation

Date	Due	Reverse Repo			Outright (SBV Bills)			
		Offer	Balance	Outstanding	Due	Offer	Balance	Outstanding
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	-	-	-	-	-	-	-	-
04/19 - 04/23	-	-	-	-	-	-	-	-
04/26 - 04/29	-	-	-	-	-	-	-	-
05/03 - 05/07	-	-	-	-	-	-	-	-
05/10 - 05/14	-	-	-	-	-	-	-	-
<b>05/17 - 05/21</b>	-	-	-	-	-	-	-	-

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