

Fixed-Income Report

May 24th – May 28th/2021

In this issue

- Round up
- Bond market
- Interest rates

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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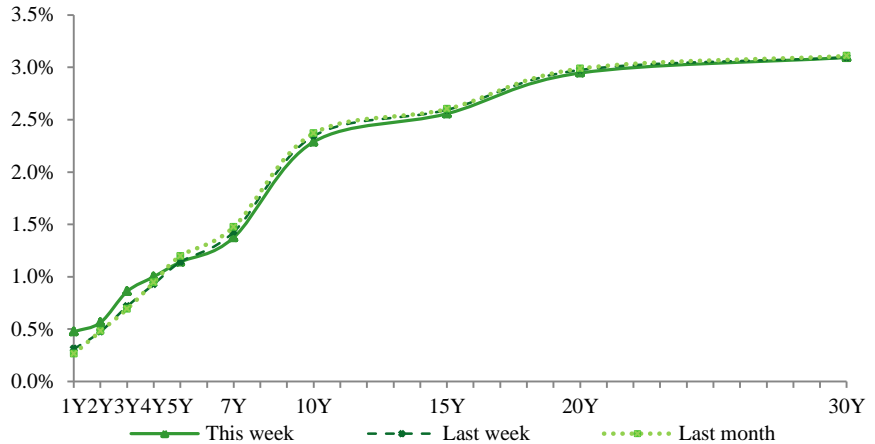
Round-up

Winning rates decreased with high demand.

Yield curve became more flatten.

Interbank rates continued to inch up this week.

Yield Curve



Source: VBMA, VCBS compiles

■ VND 14,650 bn was mobilized from ST. VND 66,315 bn (+44.9% wow) was traded on the secondary market.

■ Yield curve became more flatten as short-term bonds yields ticked up while long-term bond yields decrease slightly. According to VBMA data, 1Y, 2Y, 3Y, 4Y, 5Y, 7Y, 10Y, 15Y, 20Y and 30Y bond yields posted at 0.475% (+16.6 bps), 0.563% (+8.8 bps), 0.859% (+14.2 bps), 1% (+7.1 bps), 1.141% (0 bps), 1.375% (-5.3 bps), 2.288% (-5.6 bps), 2.557% (-3.7 bps), 2.946% (-2.9 bps), 3.094% (0 bps) respectively.

■ Interbank rates continued to inch up this week. In details, ON – 3M rates posted at 1.083%, 1.183%, 1.237%, 1.307% and 1.433% respectively according to Bloomberg data.

■ No transaction via OMO channel recorded this week.

VCBS Commentary May 31st – June 04th

■ Next week, we believe that demand still remains especially for long-term bonds. Hence, the long-term bond yields shall tick down fractionally while short-term bond yield fluctuate in a tight band.

■ 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

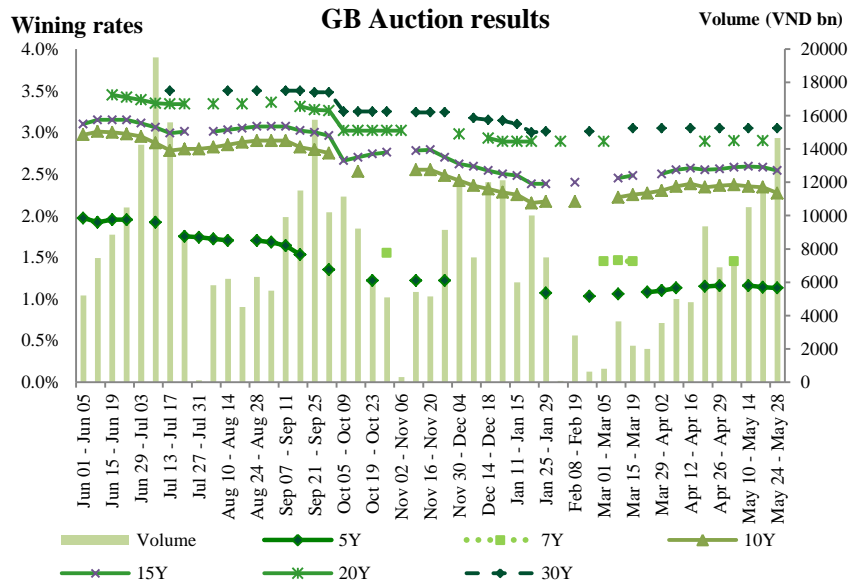
Primary Market

VND 14,650 bn was mobilized from ST.

Primary market was very active this week.

VND 14,650 bn was mobilized from ST. Therein, ST successfully issued VND 2,250 bn at 5Y tenors, VND 8,000 bn at 10Y tenors, VND 3,000 bn at 15Y tenors, VND 1,400 bn at 30Y tenors. The registered volume-to-offering volume ratios for 5Y, 10Y, 15Y, 30Y tenors were 2.88; 3.16; 5.11; 0.96 times respectively. Winning volume-to-offering ratios for 5Y, 10Y, 15Y, 30Y tenors stood at 100.00%; 100.00%; 100.00%; 62.22%. Wining rates for 5Y, 10Y, 15Y, 30Y stood at 1.13 (-1 bps); 2.27 (-7 bps); 2.54 (-4 bps); 3.05 (unchanged) respectively. Note that demand for bonds in primary market strongly reactivated in the last three weeks.

VDB and VBSP did not mobilize bond this week.



Source: HNX, VCBS

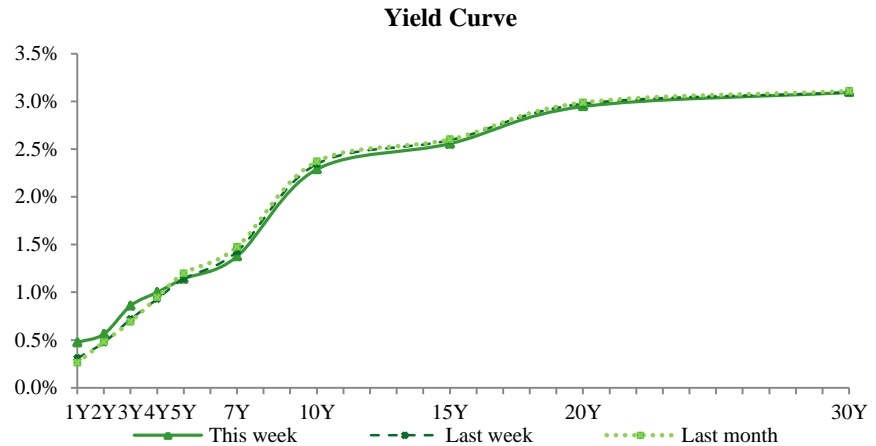
Secondary Market

VND 66,315 bn (+44.9% wow) was traded on the secondary market.

VND 66,315 bn (+44.9% wow) was traded on the secondary market. Average trading volume per day is VND 13,263 bn. In detail, Outright and repo values were at VND 47,714 bn (+62.5% wow) and VND 18,601 bn (+13.4% wow) respectively. Regarding outright, ST-Bond kept totally dominating trading volume with 99%.

Yield curve became more flatten as short-term bonds yields ticked up while long-term bond yields decrease slightly. According to VBMA data, 1Y, 2Y,

3Y, 4Y, 5Y, 7Y, 10Y, 15Y, 20Y and 30Y bond yields posted at 0.475% (+16.6 bps), 0.563% (+8.8 bps), 0.859% (+14.2 bps), 1% (+7.1 bps), 1.141% (0 bps), 1.375% (-5.3 bps), 2.288% (-5.6 bps), 2.557% (-3.7 bps), 2.946% (-2.9 bps), 3.094% (0 bps) respectively.



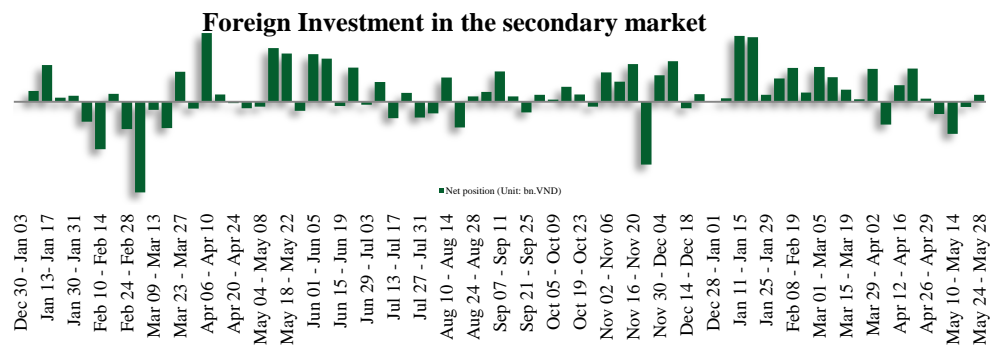
Source: VBMA, VCBS compiles

This week short-term bond yields and long-term bond yield moved in opposite direction. On the one hand, short-term bond yields increase in the same direction interbank rate. This will last until new resources come to the banking system with expected time in July. On the other hand, demand for long-term bond is strongly activated as (i) Fed announced no change to expansionary monetary policy and 10Y US bond yields also cooled down; (2) Uncertainty factors by Covid pandemic resulted in higher demand for fixed income assets.

Next week, we believe that demand still remains especially for long-term bonds. Hence, the long-term bond yields shall tick down fractionally while short-term bond yield fluctuate in a tight band.

Foreign investors net bought VND 141 bn.

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



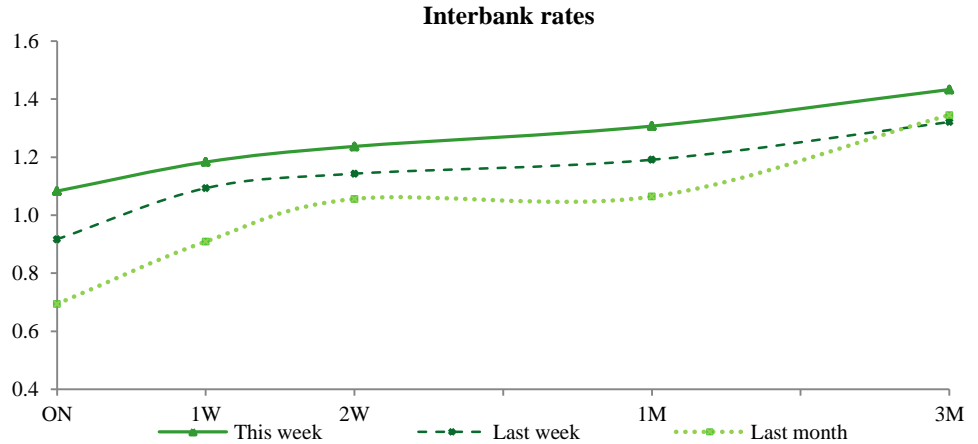
Source: HNX, VCBS

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 1.083%, 1.183%, 1.237%, 1.307% and 1.433% respectively according to Bloomberg data.



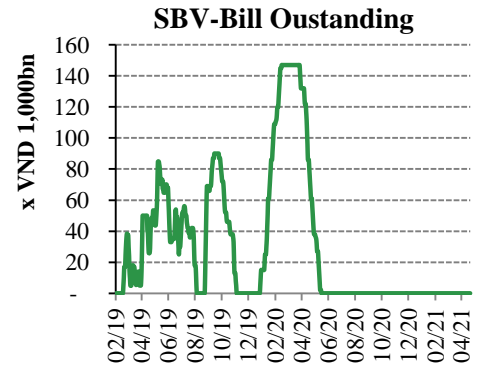
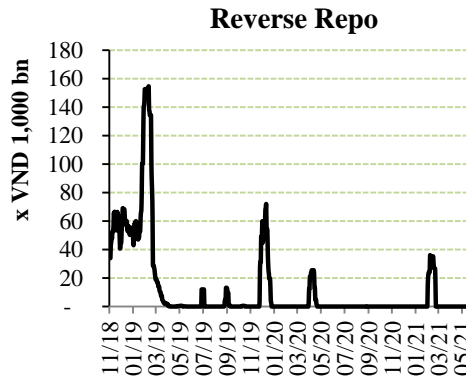
Source: Bloomberg, VCBS

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.

No transaction recorded this week.

Open Market Operation

SBV do not need to pump liquidity in the system.



Source: Bloomberg, VCB

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								
26-May-21	5Y	2,250	6,475	2,250	2.88	1.13	100.00%	ST
26-May-21	10Y	8,000	25,306	8,000	3.16	2.27	100.00%	ST
26-May-21	15Y	3,000	15,340	3,000	5.11	2.54	100.00%	ST
26-May-21	30Y	2,250	2,150	1,400	.96	3.05	62.22%	ST

Secondary Market

Issuer	Last		Current	
	Value	Value share	Value	Value share
Outright				
ST	29,081	99.01%	47,642	99.85%
VDB	218	0.74%	71	0.15%
VBSP	-	0.00%	-	0.00%
Others	72	0.24%	-	0.00%
Subtotal (1)	29,370	100.00%	47,714	100.00%
Repo				
Repo	16,410	43.47%	18,601	53.52%
Reserve Repo	21,342	56.53%	16,151	46.48%
Subtotal (2)	37,752	100.00%	34,752	100.00%
ST bills				
Outright				
Repo				
Subtotal (3)				
Total (1)+(2)+(3)	67,122		82,466	

Open Market Operation

Date	Due	Reverse Repo			Outright (SBV Bills)			
		Offer	Balance	Outstanding	Due	Offer	Balance	Outstanding
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	-	-	-	-	-	-	-	-
05/17 - 05/21	-	-	-	-	-	-	-	-
05/24 - 05/28	-	-	-	-	-	-	-	-

DISCLAIMER

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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>