

Fixed-Income Report

May 31st – June 04th/2021

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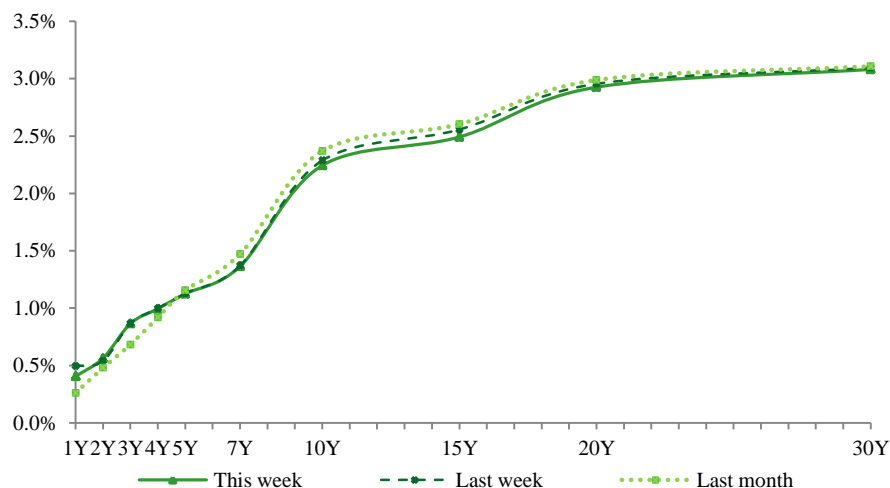
Round-up

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 13,790 bn was mobilized from ST. VND 44,091 bn (-33.6% wow) was traded on the secondary market.

■ Bond yields decreased for almost all tenors. According to VBMA data, 1Y, 2Y, 3Y, 4Y, 5Y, 7Y, 10Y, 15Y, 20Y and 30Y bond yields posted at 0.405% (-8.9 bps), 0.563% (+2.5 bps), 0.865% (-0.2 bps), 0.995% (-0.3 bps), 1.125% (-0.4 bps), 1.364% (-0.6 bps), 2.244% (-4.3 bps), 2.492% (-6.5 bps), 2.926% (-2.9 bps), 3.081% (-1.3 bps), respectively.

■ Interbank rates continued to inch up this week. In details, ON – 3M rates posted at 1.326%, 1.432%, 1.572%, 1.66% and 1.934%, respectively according to Bloomberg data.

■ No transaction via OMO channel recorded this week.

VCBS Commentary June 07th – June 11th

■ Yield curve in the upcoming week may become flatten as short-term bonds yields tick up while long-term bond yields decrease slightly.

■ Interbank rates stood at higher levels recent weeks. In the context of no further news related to the money market, we believe that the interbank shall hover steadily at the current threshold.

Bond Market

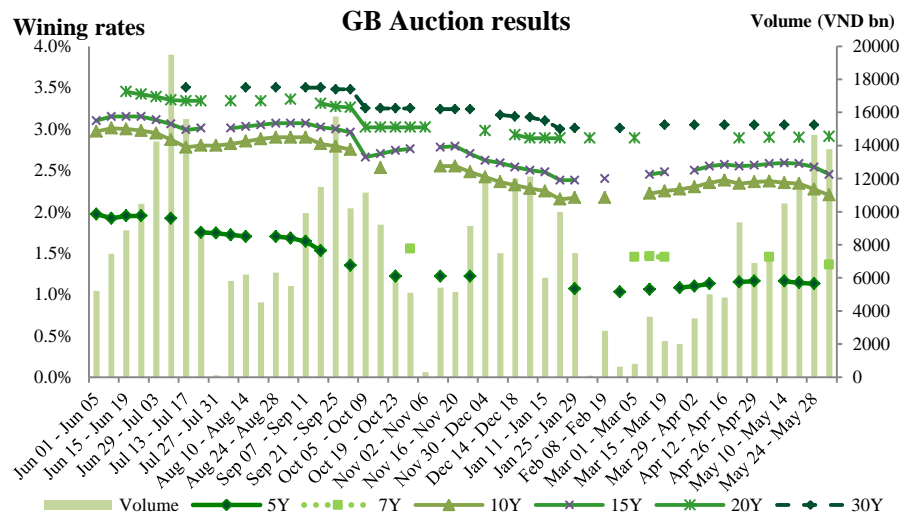
Primary Market

VND 13,790 bn was mobilized from ST.

Winning rates decreased with high demand.

VND 13,790 bn was mobilized from ST. Therein, ST successfully issued VND 500 bn at 7Y tenors, VND 9,000 bn at 10Y tenors, VND 3,920 bn at 15Y tenors, VND 370 bn at 20Y tenors. The registered volume-to-offering volume ratios for 7Y, 10Y, 15Y, 20Y tenors were 3.25; 2.01; 2.54; 2.07 times respectively. Winning volume-to-offering ratios for 7Y, 10Y, 15Y, 30Y tenors stood at 50.00%; 100.00%; 87.11%; 37.00%. Winning rates for 7Y, 10Y, 15Y, 30Y stood at 1.36 (-9 bps); 2.27 (-7 bps); 2.45 (-9 bps); 3.05 (unchanged), respectively. Demand for bonds in primary market strongly reactivated in the last four weeks.

VDB and VBSP did not mobilize bond this week.



Source: HNX, VCBS

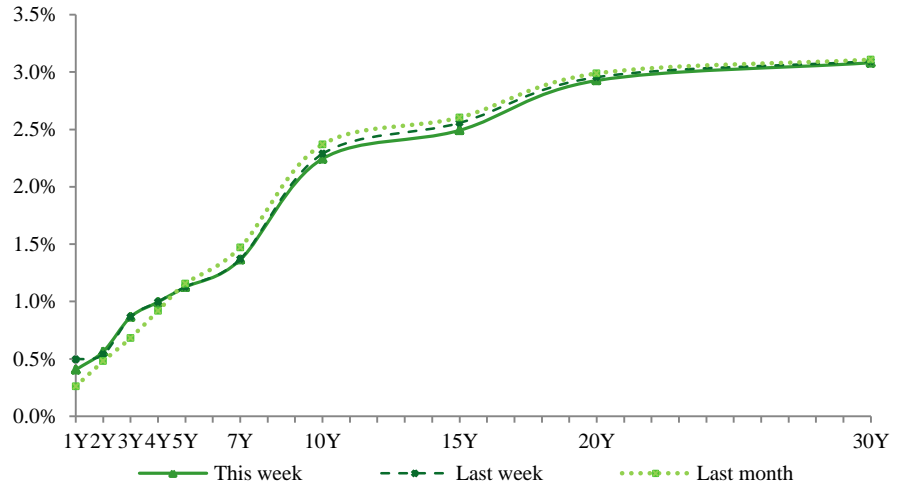
Secondary Market

VND 44,091 bn (-33.6% wow) was traded on the secondary market.

VND 44,091 bn (-33.6% wow) was traded on the secondary market. Average trading volume per day is VND 8,818 bn. In detail, Outright and repo values were at VND 27,851 bn (-41.7% wow) and VND 16,240 bn (-12.7% wow) respectively. Regarding outright, ST-Bond kept totally dominating trading volume with 100%

Bond yields decreased for almost all tenors. According to VBMA data, 1Y, 2Y, 3Y, 4Y, 5Y, 7Y, 10Y, 15Y, 20Y and 30Y bond yields posted at 0.405% (-8.9 bps), 0.563% (+2.5 bps), 0.865% (-0.2 bps), 0.995% (-0.3 bps), 1.125% (-0.4 bps), 1.364% (-0.6 bps), 2.244% (-4.3 bps), 2.492% (-6.5 bps), 2.926% (-2.9 bps), 3.081% (-1.3 bps), respectively.

Yield Curve



Source: VBMA, VCBS compiles

Given that pandemic had complicated developments, we observe high investment demand in Government bonds. In addition, there will be a large amount of matured bonds in June, which push reinvestment demand. Thus, we expect bond yields for long-tenors should decrease further.

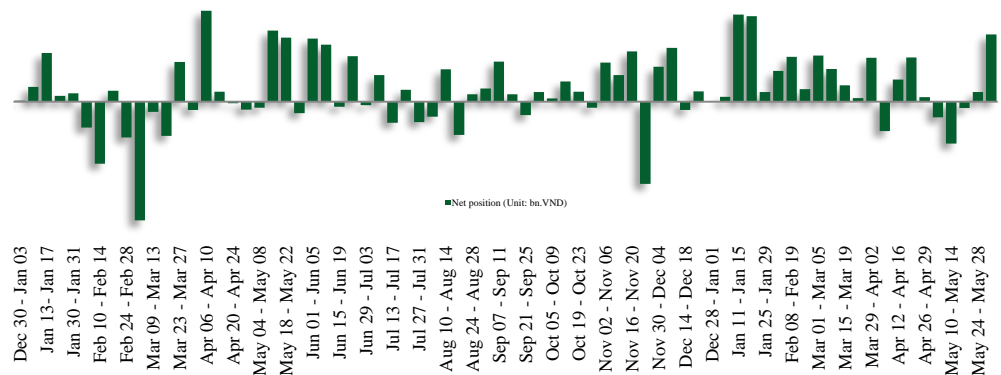
On the other hand, bond yields for short-tenors are sensitive to interbank rates while liquidity in the money market is less abundant. Hence, bond yields for these tenors may move sideways or even increase slightly.

To sum up, yield curve in the upcoming week may become flatten as short-term bonds yields tick up while long-term bond yields decrease slightly.

Foreign investors net bought VND 1,013 bn.

Foreign investors net bought VND 1,013 bn at all tenors this week.

Foreign Investment in the secondary market



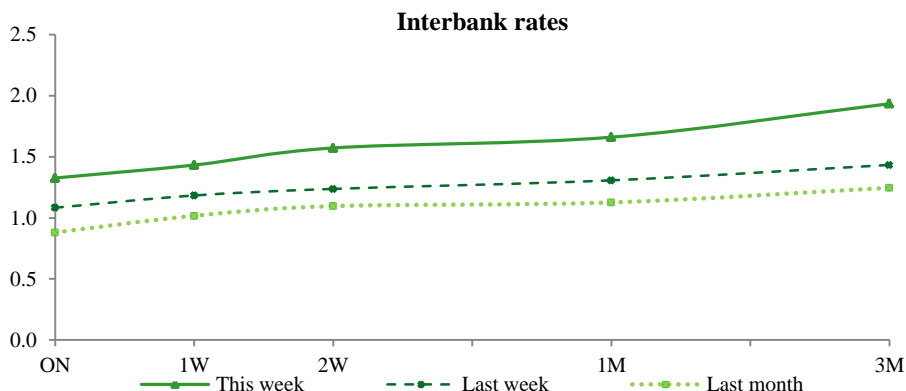
Source: HNX, VCBS

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 1.326%, 1.432%, 1.572%, 1.66% and 1.934%, respectively according to Bloomberg data.



Source: Bloomberg, VCBS

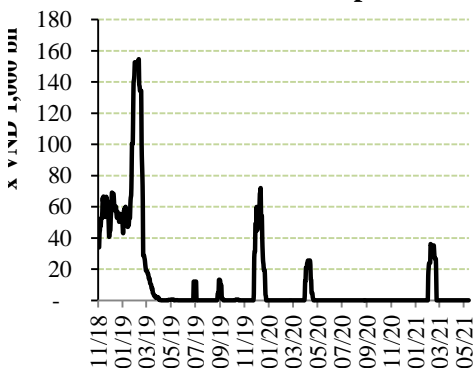
In recent weeks, interbank rates stood at higher levels. Credit growth increased faster than the same period last year. Credit growth from the beginning of the year to April 16 was 4.67%, while the figure at the end of May 2020 stood at 2%. In addition, 6-month forward currency contracts have not matured. These figures and information indicated that the liquidity is less abundant. In the context of no further news related to the money market, we believe that the interbank shall hover steadily at the current threshold.

No transaction recorded this week.

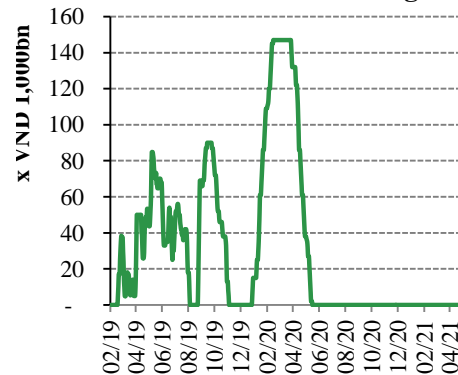
Open Market Operation

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
ST bills								
Government and government-backed bonds								
2-Jun-21	7Y	1,000	3,250	500	3.25	1.36	50.00%	ST
2-Jun-21	10Y	9,000	18,130	9,000	2.01	2.2	100.00%	ST
2-Jun-21	15Y	4,500	11,445	3,920	2.54	2.45	87.11%	ST
2-Jun-21	20Y	1,000	2,070	370	2.07	2.91	37.00%	ST

Secondary Market

Issuer	Last week		Current week	
	Value	Value share	Value	Value share
Outright				
ST	47,722	99.85%	27,851	100.00%
VDB	71	0.15%	-	0.00%
VBSP	-	0.00%	-	0.00%
Others	-	0.00%	-	0.00%
Subtotal (1)	47,793	100.00%	27,851	100.00%
Repo				
Repo	18,601	53.52%	16,240	49.54%
Reserve Repo	16,151	46.48%	16,539	50.46%
Subtotal (2)	34,752	100.00%	32,779	100.00%
ST bills				
Outright				
Repo				
Subtotal (3)				
Total (1)+(2)+(3)	82,545		60,630	

Open Market Operation

Date	Due	Offer	Reverse Repo		Outright (SBV Bills)			
			Balance	Outstanding	Due	Offer	Balance	Outstanding
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	-	-	-	-	-	-	-	-
05/31 – 06/04	-	-	-	-	-	-	-	-

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This report is designed to provide updated information on the fixed-income, including bonds, interest rates, some other related. The VCBS analysts exert their best efforts to obtain the most accurate and timely information available from various sources, including information pertaining to market prices, yields and rates. All information stated in the report has been collected and assessed as carefully as possible.

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