

Fixed-Income Report

August 02nd – 06th/2021

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Macroeconomic, Fixed-Income, Financial and Corporation Information updated at

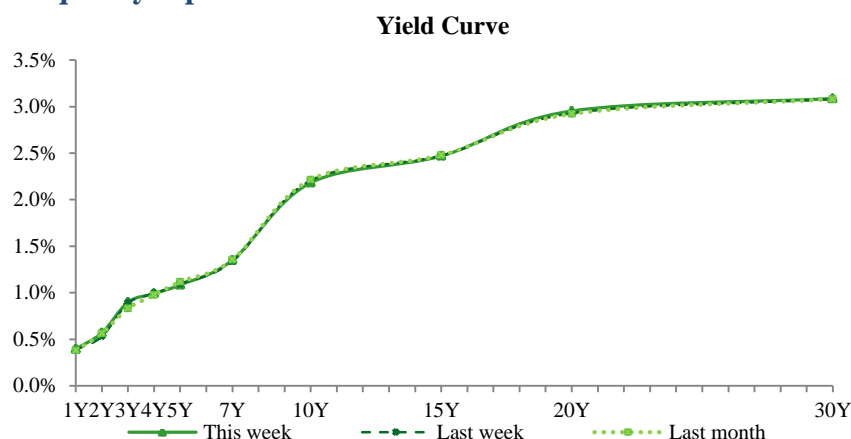
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Round-up

ST & VBSP successfully issued bonds at lower winning rates.

Yield curve shifted downward minimally.

Ample liquidity reported.



Source: VBMA, VCBS compiles

■ VND 9,313 bn was mobilized from ST and VBSP. VND 33,752 bn (+4.9% wow) was traded on the secondary market.

■ Yield curve shifted downwards and became flattened as long-term bond yields ticked down more than the short ones. According to VBMA data, 1Y, 2Y, 3Y, 4Y, 5Y, 7Y, 10Y, 15Y, 20Y and 30Y bond yields posted at 0.315% (-2.4 bps), 0.546% (-2.2 bps), 0.797% (-5.7 bps), 0.893% (-5.9 bps), 0.989% (-6.1 bps), 1.258% (-8.3 bps), 2.089% (-9.2 bps), 2.288% (-16.7 bps), 2.848% (-9.8 bps), 3.006% (-6.3 bps), respectively.

■ Foreign investors net sold VND 496,11 bn at this week.

■ Interbank rates witnessed a minimal change last week. In details, ON – 3M rates posted at 0.767%, 0.925%, 1.042%, 1.208% and 1.508%, respectively according to Bloomberg data.

VCBS Commentary August 09th – 13th

■ With the expectation of liquidity in the banking system gradually being more ample, we believe that next week bond yield will move in a tight downward band. However, offensive strategy still dominates the market these days.

■ We believe that the interbank next week may settle stably at this level next week.

Bond Market

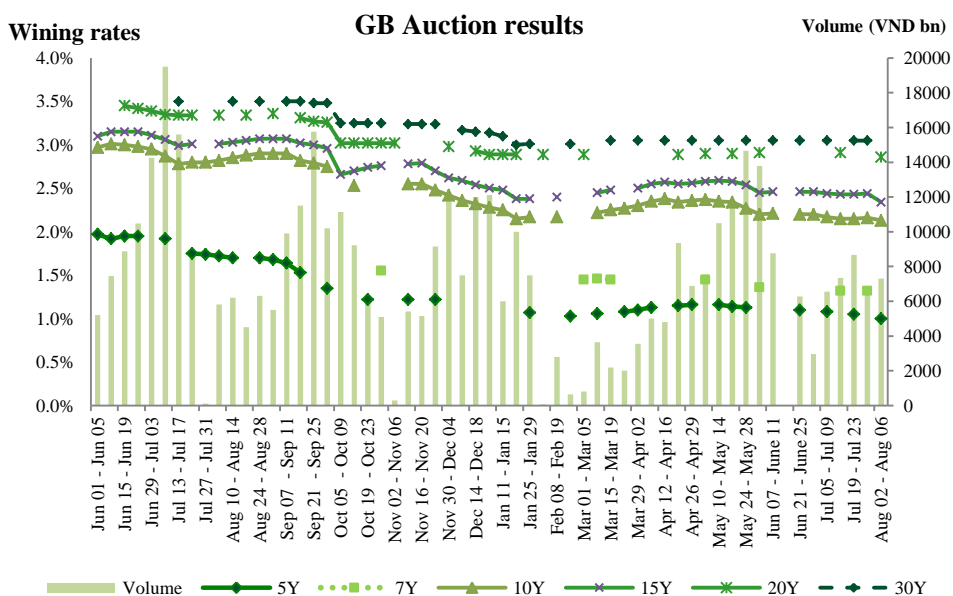
Primary Market

VND 9,313 bn was mobilized from ST and VBSP.

Higher amount of bonds issued at lower winning rates.

VND 7,313 bn was mobilized from ST. Therein, ST successfully issued VND 613 bn at 5Y tenors, VND 2,000 bn at 10Y tenors, VND 4,200 bn at 15Y tenors, VND 500 bn at 20Y tenors. The registered volume-to-offering volume ratios for 5Y, 10Y, 15Y, 20Y tenors were 2.34; 3.15; 2.06; 6.29 times respectively. Winning volume-to-offering ratios for 5Y, 10Y, 15Y, 20Y tenors stood at 40.87%; 100.00%; 93.33%; 100.00%. Winning rates for 5Y, 10Y, 15Y, 20Y stood at 1 (-5bps); 2.13 (-3bps); 2.34 (-10bps); 2.86 (-5 bps); respectively. VBSP mobilized VND 2,000 bn at 10Y. Winning rates ticked down significantly and recorded at 2.34% (-13 bps)

VDB did not mobilize bond this week.



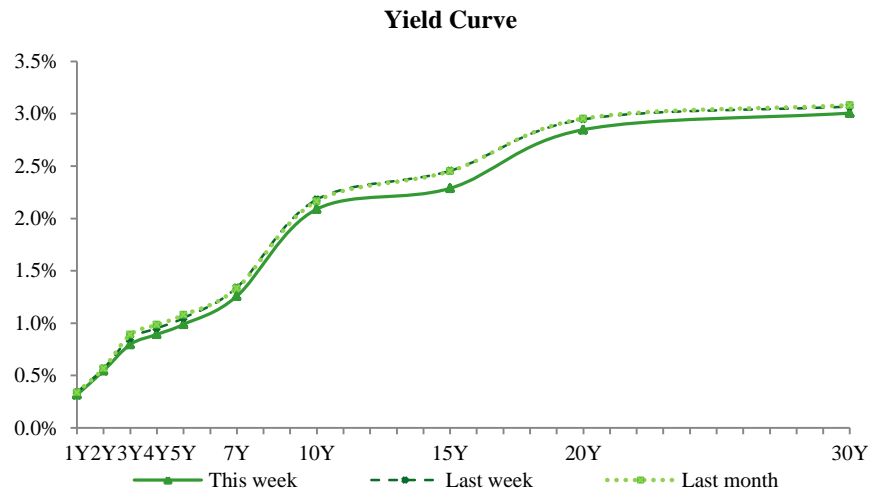
Source: HNX, VCBS

Secondary Market

VND 33,752 bn (+4.9% wow) was traded on the secondary market.

VND 33,752 bn (+4.9% wow) was traded on the secondary market. Average trading volume per day is VND 6,750 bn. In detail, Outright and repo values were at VND 26,994 bn (+34.9% wow) and VND 6,757 bn (-44.5% wow) respectively. Regarding outright, ST-Bond kept totally dominating trading volume with 97%.

Yield curve shifted downwards and became flattened as long-term bond yields ticked down more than the short ones. According to VBMA data, 1Y, 2Y, 3Y, 4Y, 5Y, 7Y, 10Y, 15Y, 20Y and 30Y bond yields posted at 0.315% (-2.4 bps), 0.546% (-2.2 bps), 0.797% (-5.7 bps), 0.893% (-5.9 bps), 0.989% (-6.1 bps), 1.258% (-8.3 bps), 2.089% (-9.2 bps), 2.288% (-16.7 bps), 2.848% (-9.8 bps), 3.006% (-6.3 bps), respectively. As mentioned in the [previous report](#), although there is still room for bond yields to decrease, the bullish sentiment was not so strong and it seemed that these days a conservative strategy was applied.



Source: VBMA, VCBS compiles

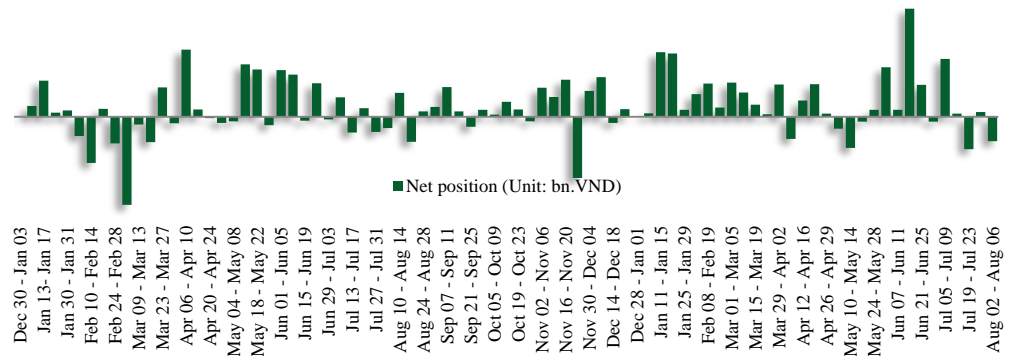
At the end of July, GSO has released the social economic situation for the first 7 month of the year, with the fact that manufacturing sector are hit by the latest wave of Covid-19. However, we can look on the bright side that the government are doing quite well in term of measures to cope with the pandemic within the limited resources.

With the expectation of liquidity in the banking system is still ample and demand for fixed income assets remains high, we believe that next week bond yields will move in a tight downward band.

Foreign investors net sold VND 496,11 bn.

Foreign investors net sold VND 496,11 bn at this week.

Foreign Investment in the secondary market



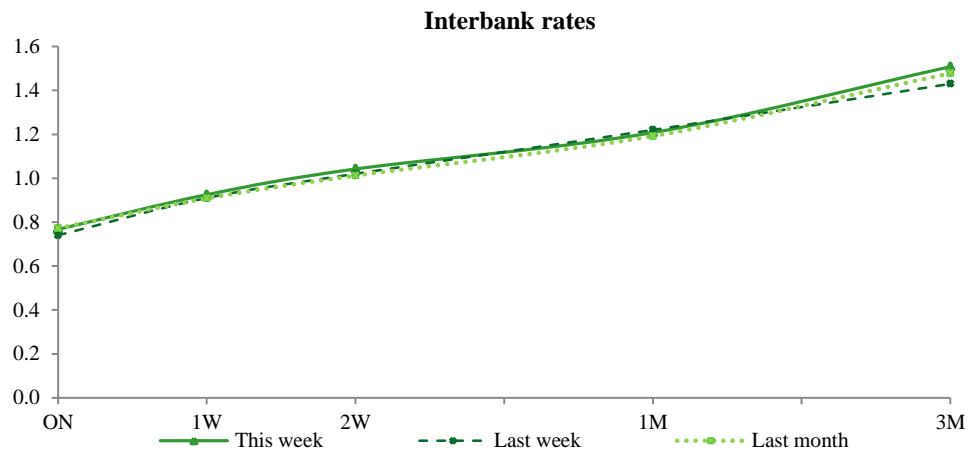
Source: HNX, VCBS

INTEREST RATE

Interbank rates witnessed a minimal change last week.

Interbank Rates

Interbank rates witnessed a minimal change last week. In details, ON – 3M rates posted at 0.767%, 0.925%, 1.042%, 1.208% and 1.508%, respectively according to Bloomberg data.



Source: Bloomberg, VCBS

Note that during July and August, several purchasing foreign currencies in terms of the forward contract have been executed. Hence, liquidity shall be ample. We believe that the interbank next week may settle stably at this level next week. A further decrease of interbank rate, if any, may appear when regulatory bodies witness a confirmed figure of CPI being under well-controlled.

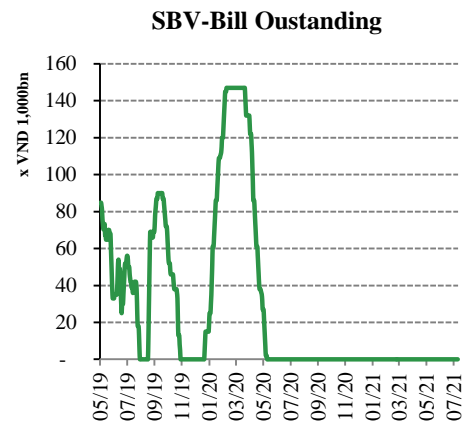
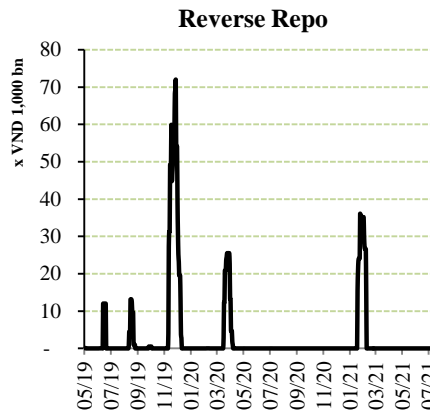
On July 30, 2021, the State Bank issued Circular 12/2021/TT-NHNN stipulating that credit institutions, foreign bank branches buy and sell

promissory notes, bills, money certificates deposits, bonds issued domestically by other credit institutions and foreign bank branches. This is an important legislative document that determines the investment demand from the temporary idle resources. We will dig deep into these changes soon in a thematic report.

Open Market Operation

No transaction recorded this week.

SBV do not need to pump liquidity in the system.



Source: Bloomberg, VCBS Research

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								
4-Aug-21	5Y	1,500	3,513	613	2.34	1	40.87%	ST
4-Aug-21	10Y	2,000	6,301	2,000	3.15	2.13	100.00%	ST
4-Aug-21	15Y	4,500	9,250	4,200	2.06	2.34	93.33%	ST
4-Aug-21	20Y	500	3,145	500	6.29	2.86	100.00%	ST
2-Aug-21	10Y	2,000	5,200	2,000	2.6	2.47	100.00%	VBSP
2-Aug-21	15Y	2,000	3,700	-	1.85	0	0.00%	VBSP

Secondary Market

Issuer	Last week		Current week	
	Value	Value share	Value	Value share
Outright				
ST	19,563	97.79%	26,291	97.40%
VDB	242	1.21%	106	0.39%
VBSP	199	1.00%	597	2.21%
Others	-	0.00%	-	0.00%
Subtotal (1)	20,005	100.00%	26,994	100.00%
Repo				
Repo	12,170	54.89%	6,757	35.30%
Reserve Repo	10,000	45.11%	12,387	64.70%
Subtotal (2)	22,170	100.00%	19,144	100.00%
ST bills				
Outright				
Repo				
Subtotal (3)				
Total (1)+(2)+(3)	42,175		46,138	

Open Market Operation

Date	Due	Reverse Repo			Outright (SBV Bills)			
		Offer	Balance	Outstanding	Due	Offer	Balance	Outstanding
05/10 – 05/14	-	-	-	-	-	-	-	-
05/17 – 05/21	-	-	-	-	-	-	-	-
05/24 – 05/28	-	-	-	-	-	-	-	-
05/31 – 06/04	-	-	-	-	-	-	-	-
06/07 – 06/11	-	1	1	1	-	-	-	-
06/21 – 06/25	-	-	-	-	-	-	-	-
06/28 – 07/02	-	-	-	-	-	-	-	-
07/05 – 07/09	-	-	-	-	-	-	-	-
07/12 – 07/16	-	-	-	-	-	-	-	-
07/19 – 07/23	-	-	-	-	-	-	-	-
07/26 – 07/30	-	-	-	-	-	-	-	-
08/02 – 08/06	-	-	-	-	-	-	-	-

DISCLAIMER

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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