

Fixed-Income Report

Sep 06th – 10th/2021

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

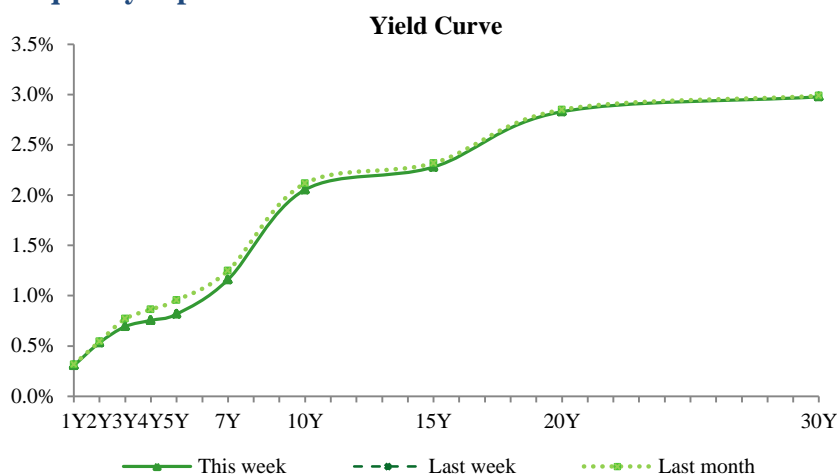
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Round-up

ST successfully issued bonds at lower winning rates.

Yield curve shifted downward minimally.

Ample liquidity reported.



Source: VBMA, VCBS compiles

■ VND 8,780 bn was mobilized from ST. VND 43,768 bn 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 0.305% (0 bps), 0.533% (-0.9 bps), 0.693% (+0.5 bps), 0.755% (+0.2 bps), 0.817% (-0.1 bps), 1.16% (-2.3 bps), 2.054% (-2.5 bps), 2.28% (0 bps), 2.83% (+0.5 bps), 2.978% (0 bps), respectively.

■ Foreign investors net sold VND 29.16 bn.

■ Interbank rates inched up last week; however, interbank rates still stayed at low levels. In details, ON – 3M rates posted at 0.631%, 0.759%, 0.879%, 1.115% and 1.578%, respectively according to Bloomberg data.

VCBS Commentary Sep 13th – 17th

■ We observe that market participants still prefer to invest in Government bonds given that the pandemic still exacerbate the economic pain. In addition, bond yields are sensitive to interbank rates while liquidity is abundant. Hence, yield curve in the upcoming week may shift downwards.

■ Liquidity in money market was abundant in recent weeks. We believe that interbank next week may decrease slightly.

Bond Market

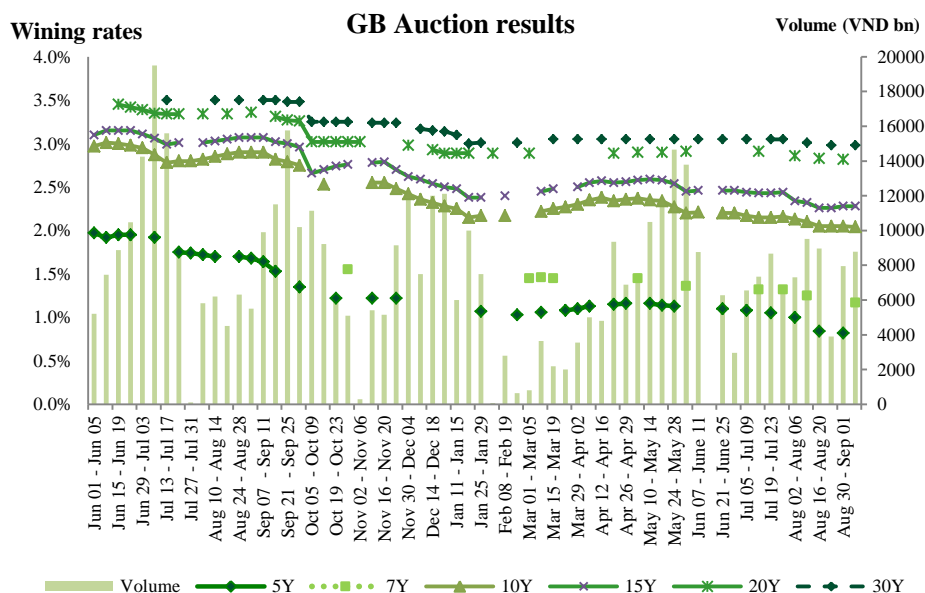
Primary Market

VND 8,780 bn was mobilized from ST.

High amount of bonds issued at lower winning rates.

VND 8,780 bn was mobilized from ST. Therein, ST successfully issued VND 1,000 bn at 7Y tenors, VND 3,000 bn at 10Y tenors, VND 4,500 bn at 15Y tenors, VND 280 bn at 30Y tenors. The registered volume-to-offering volume ratios for 7Y, 10Y, 15Y, 30Y tenors were 2.8; 2.7; 2.6; 1.1 times respectively. Winning volume-to-offering ratios for 7Y, 10Y, 15Y, 30Y tenors stood at 100.00%; 100.00%; 100.00%; 28.00%. Winning rates for 7Y, 10Y, 15Y, 30Y stood at 1.17 (-8 bps); 2.04 (-1 bps); 2.28 (unchanged); 2.98 (unchanged) respectively.

VBSP and VDB did not mobilize bond this week.



Source: HNX, VCBS

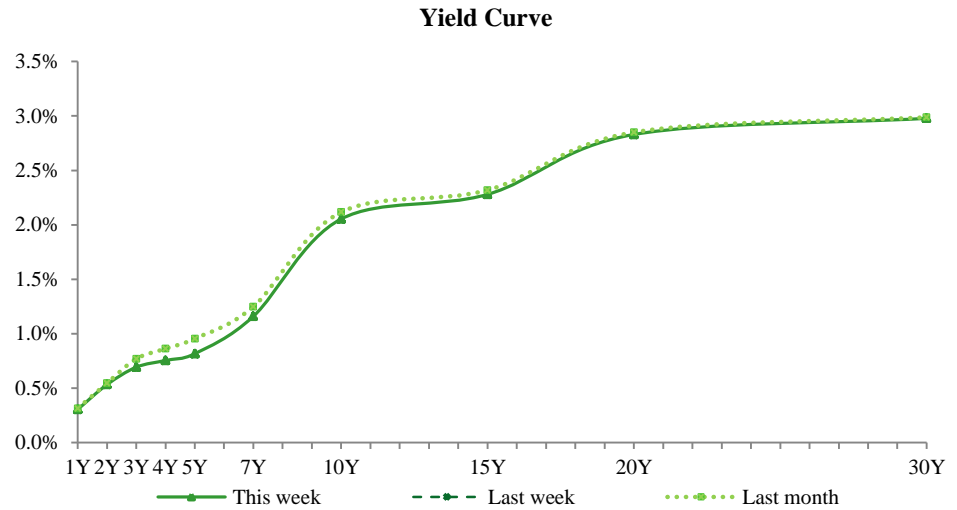
Secondary Market

VND 43,768 bn was traded on the secondary market.

VND 43,768 bn (+97.1% wow) was traded on the secondary market. Average trading volume per day is VND 8,754 bn. In detail, Outright and repo values were at VND 27,537 bn (+111.5% wow) and VND 16,231 bn (+76.8% wow) respectively. Regarding outright, ST-Bond kept totally dominating trading volume with 96%

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 0.305% (0 bps), 0.533% (-0.9 bps), 0.693% (+0.5 bps), 0.755% (+0.2 bps), 0.817% (-0.1 bps), 1.16% (-2.3 bps), 2.054% (-2.5 bps), 2.28% (0 bps), 2.83% (+0.5 bps), 2.978% (0 bps), respectively.

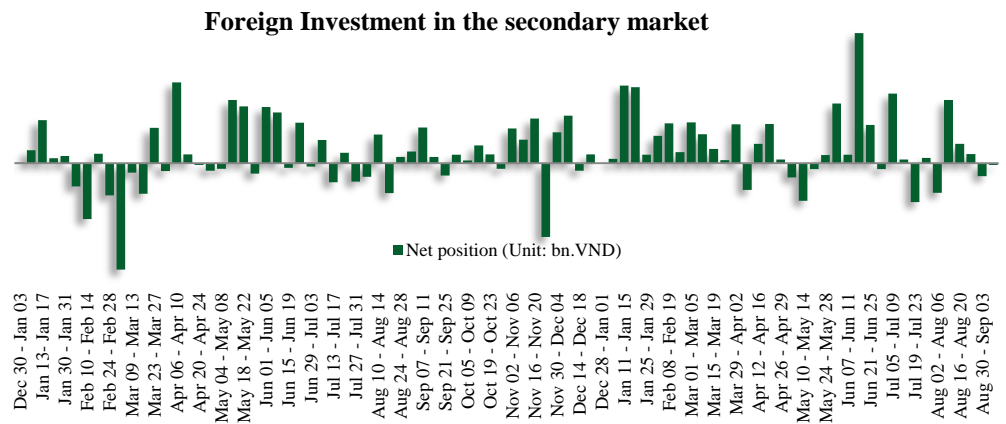


Source: VBMA, VCBS compiles

We observe that market participants still prefer to invest in Government bonds given that the pandemic still exacerbate the economic pain. In addition, the main trend of asset prices is still upward trend. Furthermore, bond yields are sensitive to interbank rates while liquidity in the money market is more abundant compared to the second quarter of 2021. Hence, yield curve in the upcoming week may shift downwards.

Foreign investors net sold VND 29.16 bn.

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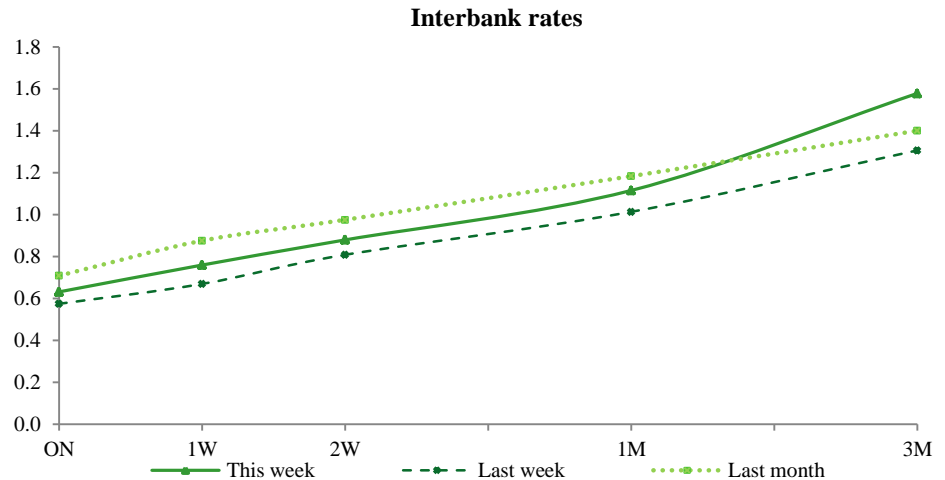
Source: HNX, VCBS

INTEREST RATE

Interbank rates inched up last week, however, interbank rates still stayed at low levels.

Interbank Rates

Interbank rates inched up last week; however, interbank rates still stayed at low levels. In details, ON – 3M rates posted at 0.631%, 0.759%, 0.879%, 1.115% and 1.578%, respectively according to Bloomberg data.



Source: Bloomberg, VCBS

In the week from September 06 to September 10, the central exchange rate was adjusted by the SBV in an uptrend. At the end of the week, the central exchange rate was listed at 23,118 VND/USD (+09 VND compared to the last session of the previous week). Meanwhile, exchange rates in commercial banks decreased by 10 VND compared to the previous week. In the first eight months of 2021, FDI increased slightly, estimated at 11.58 billion USD, up 2% over the same period in 2020. This shows that foreign flows still invest in the country with macroeconomic stability like Vietnam. Accordingly, VCBS remains the forecast that VND will strengthen against the USD with a fluctuation of no more than 2% this year.

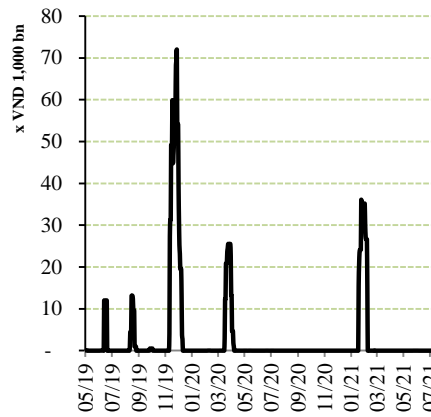
These weeks, liquidity in money market was abundant. Note that the SBV changed the 6-month forward contracts to the spot contracts, creating a new and immediate supply for the market. We believe that interbank next week may decrease slightly and then settle stably at these levels.

Open Market Operation

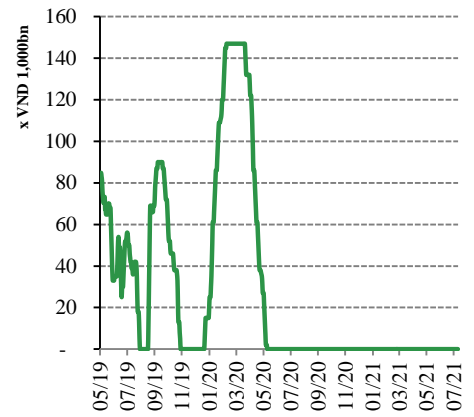
No transaction recorded this week.

SBV do not need to pump liquidity in the system.

Reverse Repo



SBV-Bill Outstanding



Source: Bloomberg, 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								
8-Sep-21	7Y	1,000	2,800	1,000	2.8	1.17	100.00%	ST
8-Sep-21	10Y	3,000	8,101	3,000	2.7	2.04	100.00%	ST
8-Sep-21	15Y	4,500	11,533	4,500	2.56	2.28	100.00%	ST
8-Sep-21	30Y	1,000	1,080	280	1.08	2.98	28.00%	ST

Secondary Market

Issuer	Last week		Current week	
	Value	Value share	Value	Value share
Outright				
ST	13,022	100.00%	26,567	96.47%
VDB	-	0.00%	971	3.53%
VBSP	-	0.00%	-	0.00%
Others	-	0.00%	-	0.00%
Subtotal (1)	13,022	100.00%	27,537	100.00%
Repo				
Repo	9,179	52.05%	16,231	49.42%
Reserve Repo	8,454	47.95%	16,611	50.58%
Subtotal (2)	17,633	100.00%	32,842	100.00%
ST bills				
Outright				
Repo				
Subtotal (3)				
Total (1)+(2)+(3)	30,655		60,379	

Open Market Operation

Date	Due	Reverse Repo			Outright (SBV Bills)			
		Offer	Balance	Outstanding	Due	Offer	Balance	Outstanding
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	-	-	-	-	-	-	-	-
08/09 – 08/13	-	-	-	-	-	-	-	-

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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