

Fixed-Income Report

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

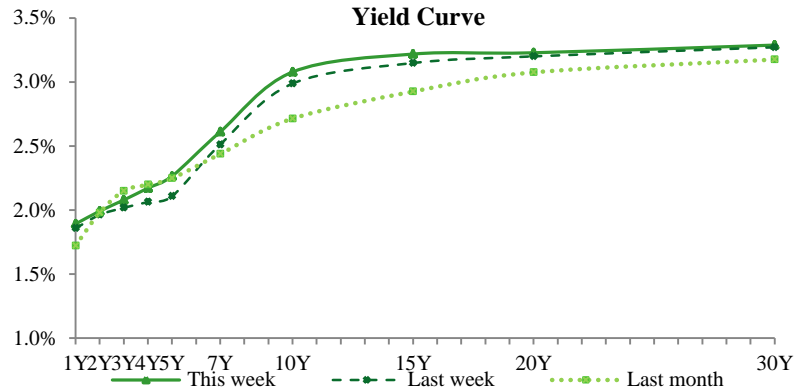
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Round-up

None of tenors issued successfully this week.

Yield curve continued to shift upwards.

Interbank rates stayed at high levels.



Source: VBMA, VCBS compiles

- VND 27,812 bn (-38.0% wow) was traded on the secondary market.
- Yield curve continued to shift upwards. According to VBMA data, 1Y, 2Y, 3Y, 4Y, 5Y, 7Y, 10Y, 15Y, 20Y and 30Y bond yields posted at 1.892% (+3.4 bps), 1.992% (+2.9 bps), 2.079% (+6.1 bps), 2.172% (+10.9 bps), 2.265% (+15.7 bps), 2.611% (+9.9 bps), 3.078% (+9.1 bps), 3.218% (+7 bps), 3.228% (+2.8 bps), 3.288% (+1.7 bps), respectively.
- Interbank rates stayed at high levels. In details, ON – 3M rates posted at 1.99%, 2.42%, 2.55%, 2.72% and 2.89%, respectively according to Bloomberg data.
- SBV net withdrew VND 720.67 bn via OMO channel.
- Foreign investors net sold VND 361.5 bn.

VCBS Commentary

■ Given that central banks tend to neutralize the adverse effects of easing monetary policy, and geopolitical risks unchanged, market sentiment is still conservative. Furthermore, bond yields are sensitive to interbank liquidity while interbank rates will not be able to cool down soon. With these factors, yield curve may shift upwards rather than shift downwards in the upcoming weeks.

Bond Market

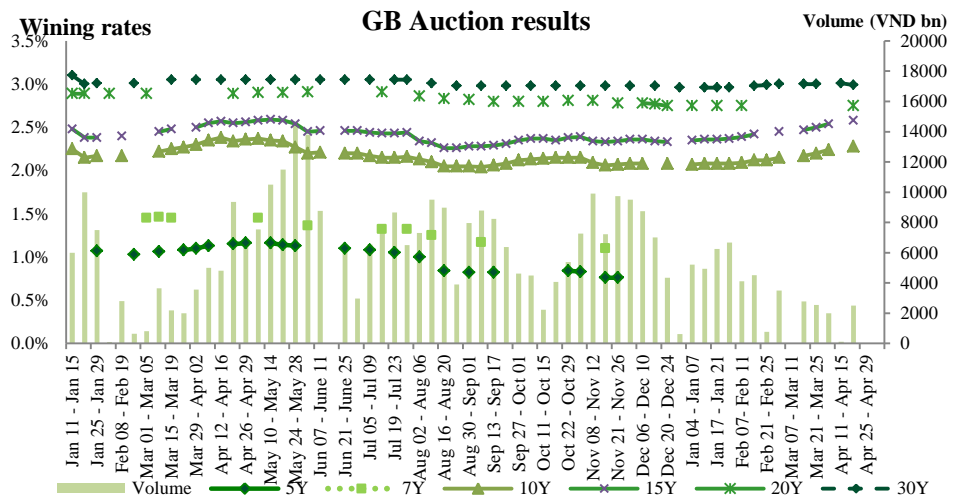
Primary Market

None of tenors issued successfully this week.

ST: The registered volume-to-offering volume ratios for 7Y, 10Y, 15Y, 20Y tenors were 1.2; 0.85; 1.68; 0.2 times respectively. It indicated low demand and conservative sentiment from market participants.

VBSP: The registered volume-to-offering volume ratios for 3Y, 5Y, 10Y, 15Y tenors were 2.2; 1.15; 0; 0 times respectively. It emphasized low demand from market participants.

VDB did not mobilize bond this week.

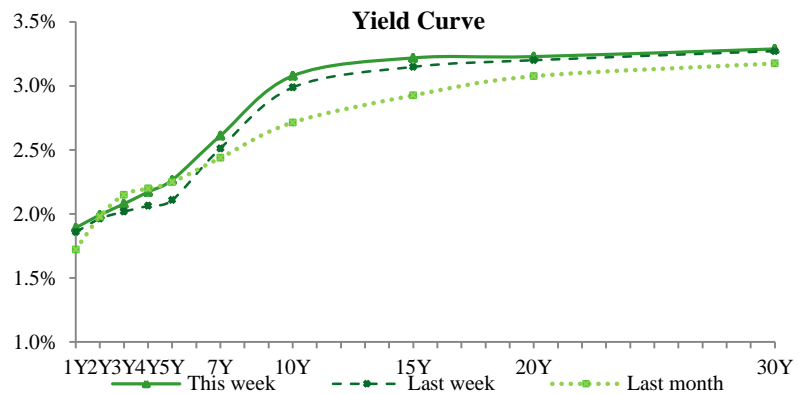


Source: HNX, VCBS compiles

Secondary Market

VND 27,812 bn (-38.0% wow) was traded on the secondary market. Average trading volume per day is VND 5,562 bn. In detail, Outright and repo values were at VND 9,536 bn (-53.4% wow) and VND 18,276 bn (-25.0% wow) respectively. Regarding outright, ST-Bond kept totally dominating trading volume with 97%

Yield curve continued to shift upwards. According to VBMA data, 1Y, 2Y, 3Y, 4Y, 5Y, 7Y, 10Y, 15Y, 20Y and 30Y bond yields posted at 1.892% (+3.4 bps), 1.992% (+2.9 bps), 2.079% (+6.1 bps), 2.172% (+10.9 bps), 2.265% (+15.7 bps), 2.611% (+9.9 bps), 3.078% (+9.1 bps), 3.218% (+7 bps), 3.228% (+2.8 bps), 3.288% (+1.7 bps), respectively.



Source: VBMA, VCBS compiles

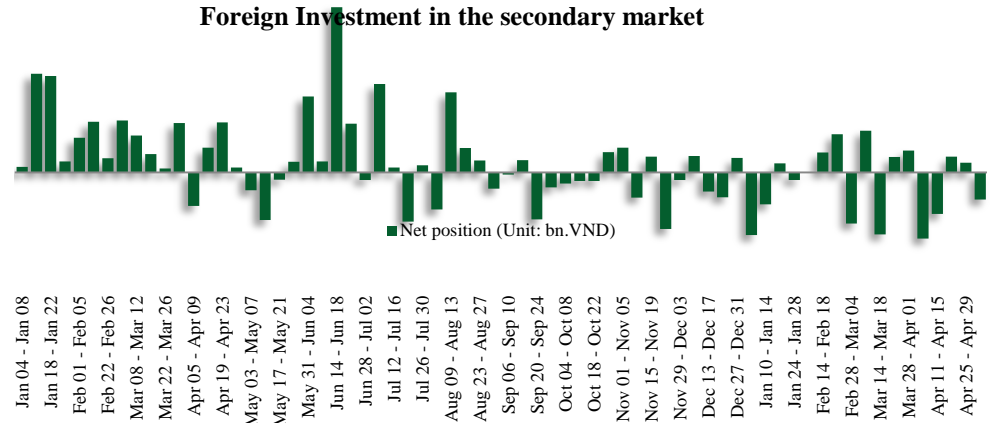
On May 4, the Fed announced its decision to raise interest rates for the second time since the drastic easing of monetary policy due to the pandemic. Specifically, the Fed decided to raise interest rates by 50 bps, to 0.75% - 1.0%. The Fed hasn't raised interest rates by more than 25 basis points since April 2000. In addition, the Fed announced it will begin reducing the size of its balance sheet from next month. Accordingly, the Fed plans to reduce its asset portfolio worth \$9 trillion, specifically: 47.5 billion per month from June, then raise it to \$95 billion from September. In the meantime, the Fed reached consensus on only moves of 50 basis points "should be on the table at the next couple of meeting, and Fed has not considered the possibility of a 75 bps increase in the next meeting.

Thus, the Fed's decision on the timeline and level of interest rate hike is quite similar to market expectations, especially in the context that US inflation data recorded high. Thus, the trend of neutralizing monetary policy of central banks is still the main trend in the next period, led by more hawkish moves of the Fed. From now until the end of the year, the Fed is expected to have 4-5 interest rate hikes. Thus, the USD appreciates against other strong foreign currencies. That leads to the possibility of VND depreciating against USD. This shows a difficult problem for central banks when ensuring targets related to inflation and the balance in the correlation of monetary policy compared to other countries in the world when many central banks have raised interest rates to combat inflation.

Given that central banks tend to neutralize the adverse effects of easing monetary policy, and geopolitical risks unchanged, market sentiment is still conservative. Furthermore, bond yields are sensitive to interbank liquidity while interbank rates will not be able to cool down soon. With these factors, yield curve may shift upwards rather than shift downwards in the upcoming weeks.

Foreign investors net sold VND 361.5 bn.

Foreign investors net sold VND 361.5 bn. Net bought focused on long-tenors this week.



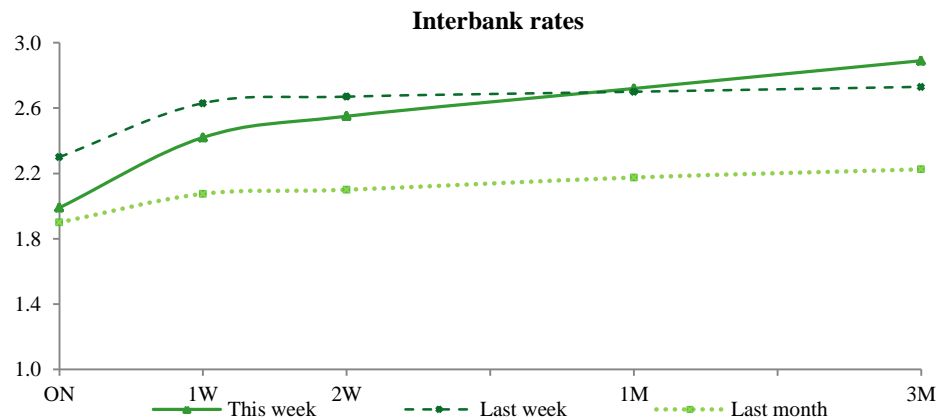
Source: HNX, VCBS

INTEREST RATE

Interbank Rates

Interbank rates stayed at high levels.

Interbank rates stayed at high levels. In details, ON – 3M rates posted at 1.99%, 2.42%, 2.55%, 2.72% and 2.89%, respectively according to Bloomberg data.



Source: Bloomberg, VCBS

Given that there are many risks and uncertainties, the operator has chosen to maintain a moderate level of liquidity in the interbank market, ensuring the harmonization of credit growth with business objectives, while closely managing the movement of capital and currency to the real estate market or other markets. Up to this point, the selection of the State Bank has still shown reasonableness and flexibility in the context of the global general situation,

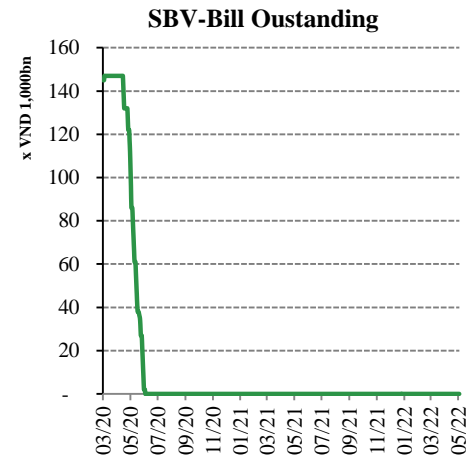
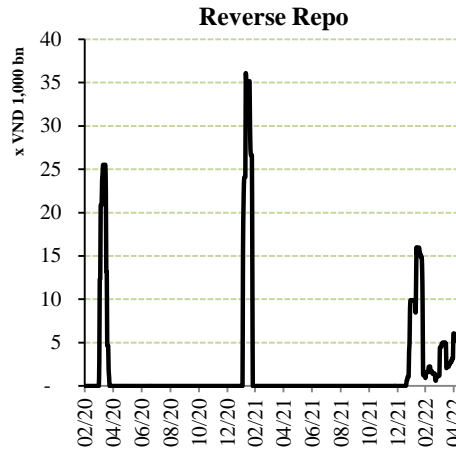
especially when inflation has not yet determined a time to change positively.

In the upcoming weeks, we believe that interbank rates are unlikely to fall deeply; instead, interbank rates may stay at current levels.

Open Market Operation

SBV net withdrew VND 720.67 bn via OMO channel

SBV net withdrew VND 720.67 bn via OMO channel. In detail, SBV offered VND 1,011 bn of repo while VND 7,046 bn are due this week.



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-May-22	7Y	500	600	-	1.2	0	0.00%	ST
4-May-22	10Y	2,000	1,701	-	0.85	0	0.00%	ST
4-May-22	15Y	2,000	3,350	-	1.68	0	0.00%	ST
4-May-22	20Y	500	100	-	.2	0	0.00%	ST
5-May-21	3Y	500	1,100	-	2.2	0	0.00%	VBSP
5-May-21	5Y	1,000	1,150	-	1.15	0	0.00%	VBSP
5-May-21	10Y	1,000	1	-	0.00	0	0.00%	VBSP
5-May-21	15Y	500	-	-	0.00	0	0.00%	VBSP

Secondary Market

Issuer	Last week		Current week	
	Value	Value share	Value	Value share
Outright				
ST	19,474	95.09%	9,296	97.48%
VDB	1,005	4.91%	240	2.52%
VBSP	-	0.00%	-	0.00%
Others	-	0.00%	-	0.00%
Subtotal (1)	20,479	100.00%	9,536	100.00%
Repo				
Repo	24,356	50.65%	18,276	55.85%
Reserve Repo	23,733	49.35%	14,450	44.15%
Subtotal (2)	48,089	100.00%	32,726	100.00%
ST bills				
Outright				
Repo				
Subtotal (3)				
Total (1)+(2)+(3)	68,568		42,262	

Open Market Operation

Date	Due	Offer	Reverse Repo		Outright (SBV Bills)			
			Balance	Outstanding	Due	Offer	Balance	Outstanding
02/14 - 02/18	1,065	522	(543)	14,912	-	-	-	-
02/21 - 02/25	14,390	918	(13,471)	1,440	-	-	-	-
02/28 - 03/04	522	678	156	1,596	-	-	-	-
03/07 - 03/11	918	1,019	101	1,697	-	-	-	-
03/14 - 03/18	678	411	(268)	1,430	-	-	-	-
03/21 - 03/25	1,019	715	(304)	1,125	-	-	-	-
03/28 - 04/01	411	3,794	3,384	4,509	-	-	-	-
04/04 - 04/08	715	1,231	517	5,026	-	-	-	-
04/11 - 04/15	3,794	987	(2,808)	2,218	-	-	-	-
04/18 - 04/22	1,231	1,732	500	2,718	-	-	-	-
05/02 - 05/06	1,732	1,011	(721)	5,314	-	-	-	-

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