

Fixed-Income Report

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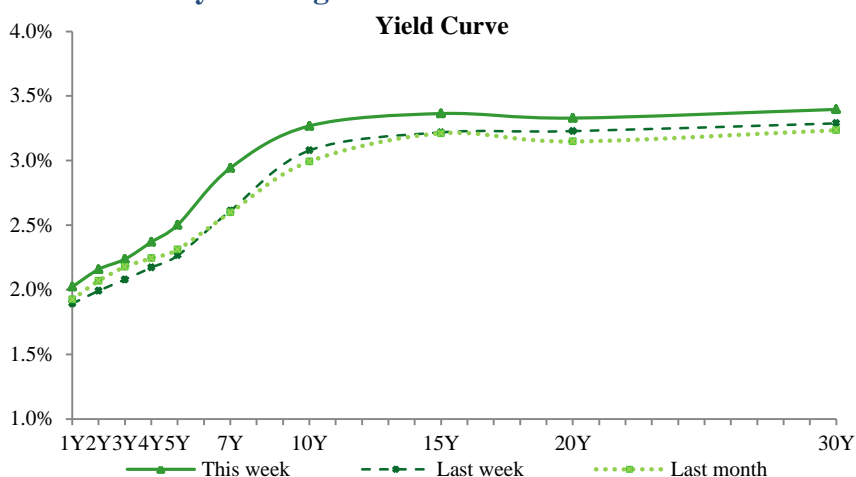
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Round-up

**The primary market was inactive.
Yield curve continued to shift upwards.
Interbank rates stayed at high levels.**



Source: VBMA, VCBS compiles

■ VND 2,370 bn was mobilized in the primary market. VND 45,623 bn (+63.6% 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 2.023% (+13.1 bps), 2.158% (+16.6 bps), 2.237% (+15.8 bps), 2.369% (+19.7 bps), 2.502% (+23.7 bps), 2.942% (+33.1 bps), 3.268% (+19 bps), 3.364% (+14.6 bps), 3.329% (+10.1 bps), 3.396% (+10.8 bps), respectively.

■ Interbank rates stayed at high levels. In details, ON – 3M rates posted at 1.633%, 1.867%, 1.983%, 2.2% and 2.483% respectively according to Bloomberg data

■ SBV net withdrew VND 2531.47 bn via OMO channel.

■ Foreign investors net sold VND 397.3 bn.

VCBS Commentary

■ At the present, we do not foresee any factors that can pull down bond yields; instead, bond yields may continue to go up in the upcoming weeks due to some factors. Bond yields are sensitive to interbank liquidity while interbank rates will not be able to cool down soon. Besides, there is still upward pressure on inflation. Thus, yield curve may shift upward further.

Bond Market

Primary Market

The primary market was inactive.

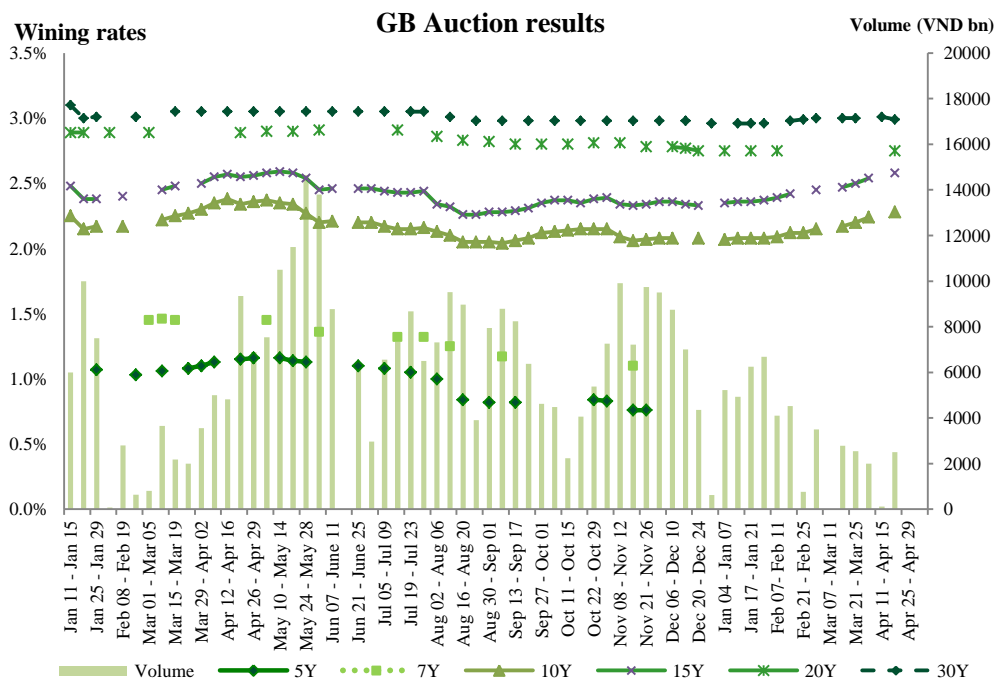
VND 870 bn was mobilized from ST.

VND 870 bn was mobilized from ST. Therein, ST issued VND 370 bn at 15Y tenors, VND 500 bn at 30Y tenors. The registered volume-to-offering volume ratios for 10Y, 15Y, 30Y tenors were 2.0; 1.56; 1.0 times respectively. It indicated low demand and conservative sentiment from market participants.

Winning volume-to-offering ratios for 15Y, 30Y tenors stood at 18.50%; 100% and ST did not issue successfully 10Y tenor. Winning rates for 15Y, 30Y stood at 2.58 (unchanged); 3.01 (+2 bp), respectively. These figures implied that the ST is not rushing to issue at all cost while they have achievable plan and public investment still focus on quality rather than quantity.

VND 1,500 bn was mobilized from VBSP. Therein, VBSP issued VND 1,500 bn at 3Y tenors, and winning rates stood at 2.3. The registered volume-to-offering volume ratios for 3Y, 5Y, 10Y, 15Y tenors were 1.33; 1.0; 1.1; 1.0 times respectively. It emphasized low demand from market participants.

VDB did not mobilize bond this week.



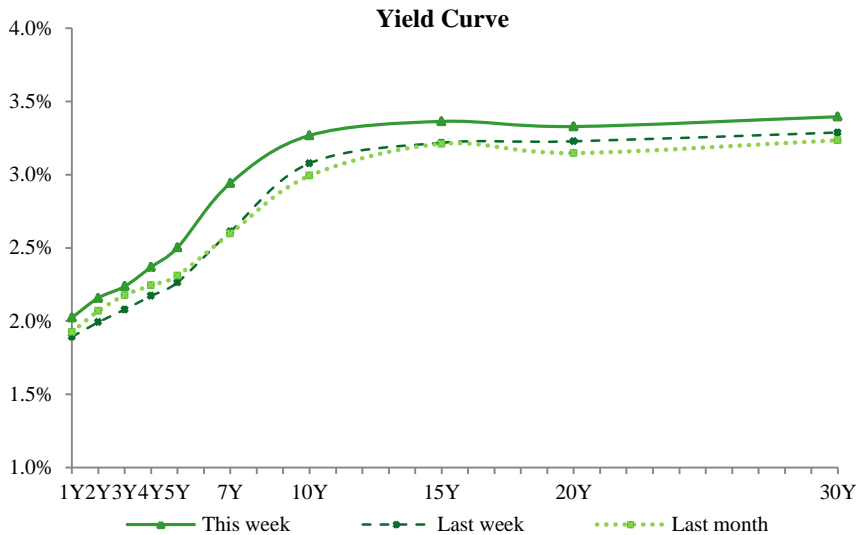
Source: HNX, VCBS compiles

Secondary Market

VND 45,623 bn (+63.6% wow) was traded on the secondary market

VND 45,623 bn (+63.6% wow) was traded on the secondary market. Average trading volume per day is VND 9,125 bn. In detail, Outright and repo values were at VND 17,218 bn (+79.3% wow) and VND 28,404 bn (+55.4% wow) respectively. Regarding outright, ST-Bond kept totally dominating trading volume with 99%.

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 2.023% (+13.1 bps), 2.158% (+16.6 bps), 2.237% (+15.8 bps), 2.369% (+19.7 bps), 2.502% (+23.7 bps), 2.942% (+33.1 bps), 3.268% (+19 bps), 3.364% (+14.6 bps), 3.329% (+10.1 bps), 3.396% (+10.8 bps), respectively.



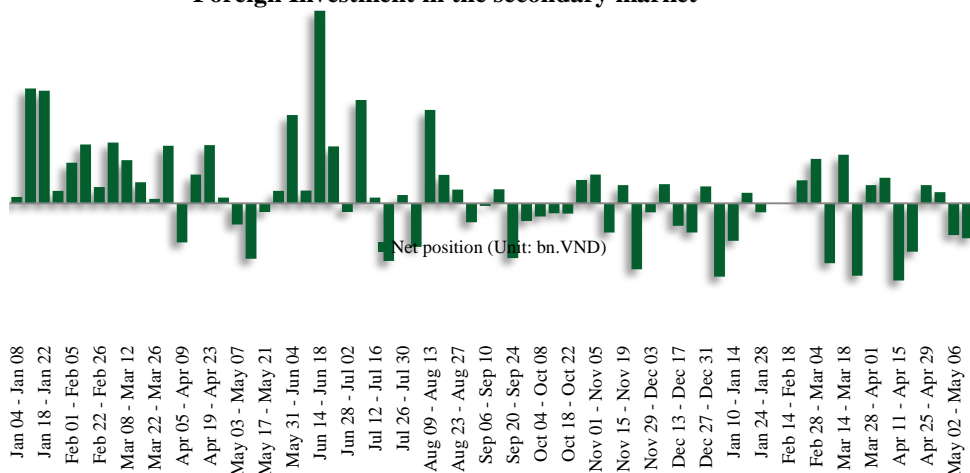
Source: VBMA, VCBS compiles

At the present, we do not foresee any factors that can pull down bond yields; instead, bond yields may continue to go up in the upcoming weeks due to some factors. Bond yields are sensitive to interbank liquidity while interbank rates will not be able to cool down soon. Besides, there is still upward pressure on inflation. Thus, yield curve may shift upward further.

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Foreign investors net sold VND 397.3 bn. Net bought focused on long-tenors this week.

Foreign Investment in the secondary market



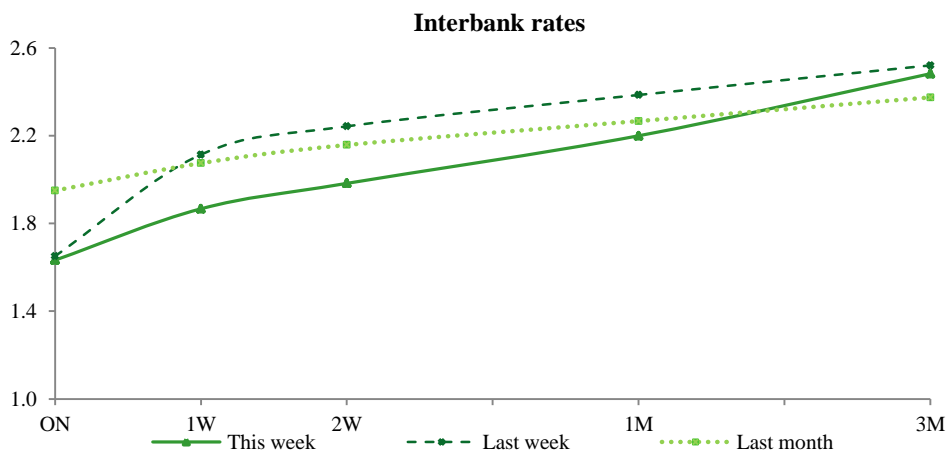
Source: HNX, VCBS

INTEREST RATE

Interbank Rates

Interbank rates stayed at high levels.

Interbank rates stayed at high levels. In details, ON – 3M rates posted at 1.633%, 1.867%, 1.983%, 2.2% and 2.483% respectively according to Bloomberg data.



Source: Bloomberg, VCBS

On May 11, the SBV adjusted the forward selling price for exchange rate from 23,050 to 23,250 dong and the transaction shall be irrevocable. Consequently, the exchange rate at commercial banks has also increased. Thus, as of May 13, the VND has depreciated by about 1.3% against the USD based on the exchange rate of commercial banks. With this adjustment, it is likely that the previous forward contract between the State Bank and

commercial banks will be executed in full. In the upcoming months, there shall be an amount of VND liquidity withdrawn from the banking system.

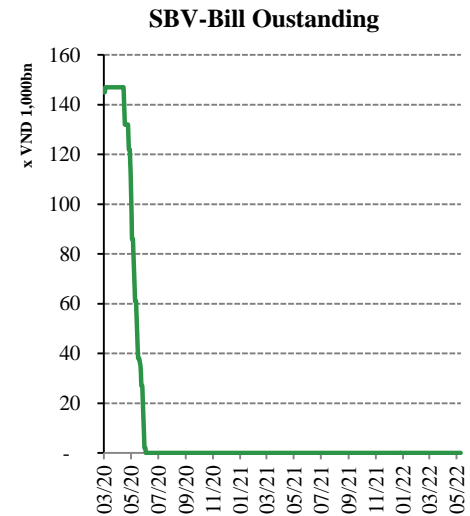
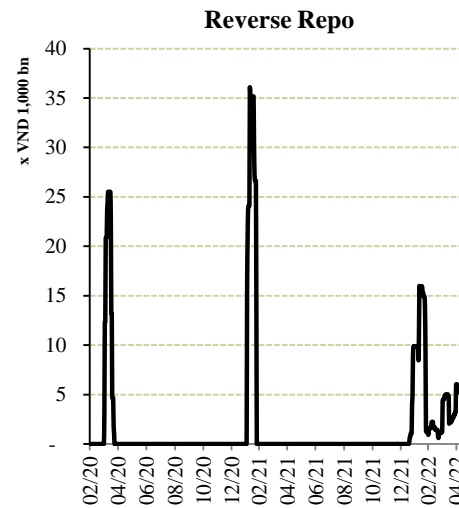
From a macroeconomic viewpoint, this is a reasonable move for the exchange rate in the context of the USD continuously strengthening. **In general, this year due to movement from central banks worldwide, we still keep the forecast that VND will depreciate against USD roughly 2%.**

In the upcoming weeks, we believe that interbank rates are unlikely to fall deeply; instead, interbank rates may stay at current levels while there is no further supportive news in the market.

Open Market Operation

SBV net withdrew VND 2,531.47 bn via OMO channel

SBV net withdrew VND 2,531.47 bn via OMO channel In detail, SBV offered VND 1,772 bn of repo while VND 4,303 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								
11-May-22	10Y	2,000	4,001	-	2.	0	0.00%	ST
11-May-22	15Y	2,000	3,120	370	1.56	2.58	18.50%	ST
11-May-22	30Y	500	500	500	1.	3.01	100.00%	ST
9-May-22	3Y	1,500	2,000	1,500	1.33	2.3	100.00%	VBSP
9-May-22	5Y	500	500	-	1.	0	0.00%	VBSP
9-May-22	10Y	500	551	-	1.1	0	0.00%	VBSP
9-May-22	15Y	500	500	-	1.00	0	0.00%	VBSP

Secondary Market

Issuer	Last week		Current week	
	Value	Value share	Value	Value share
Outright				
ST	9,364	97.50%	17,098	99.30%
VDB	240	2.50%	120	0.70%
VBSP	-	0.00%	-	0.00%
Others	-	0.00%	-	0.00%
Subtotal (1)	9,605	100.00%	17,218	100.00%
Repo				
Repo	18,276	55.85%	28,404	57.75%
Reserve Repo	14,450	44.15%	20,780	42.25%
Subtotal (2)	32,726	100.00%	49,184	100.00%
ST bills				
Outright				
Repo				
Subtotal (3)				
Total (1)+(2)+(3)	42,331		66,403	

Open Market Operation

Date	Due	Reverse Repo			Outright (SBV Bills)			
		Offer	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	-	-	-	-
05/09 - 05/13	4,303	1,772	(2,531)	2,783	-	-	-	-

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