

**Fixed-Income Report**

July 18<sup>th</sup> – 22<sup>nd</sup> 2022

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

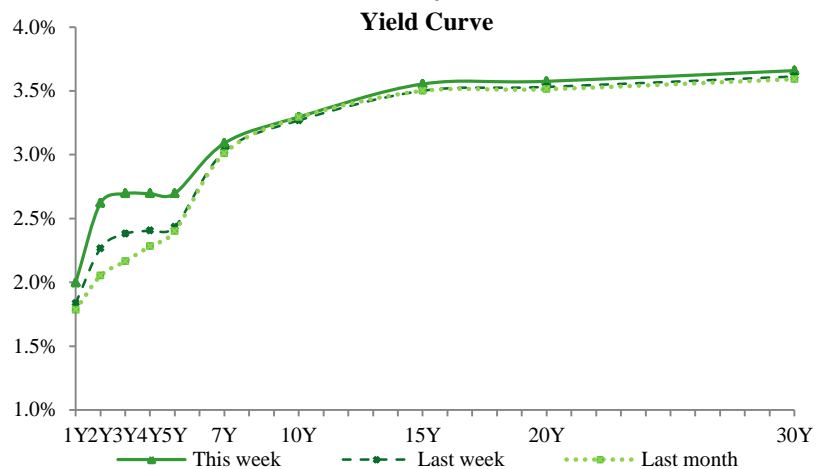
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**Round-up**

**Winning rates inched up.**

**Bond yields increased this week, especially for short-tenors.**

**Interbank rates increased considerably.**



Source: VBMA, VCBS compiles

■ VND 4,700 bn was mobilized from ST and VBSP. VND 38,655 bn (+16.3% wow) was traded on the secondary market.

■ Bond yields increased this week, especially for short-tenors. According to VBMA data, 1Y, 2Y, 3Y, 4Y, 5Y, 7Y, 10Y, 15Y, 20Y and 30Y bond yields posted at 1.996% (+16.1 bps), 2.621% (+35.6 bps), 2.695% (+31.5 bps), 2.695% (+28.9 bps), 2.696% (+26.4 bps), 3.09% (+6.4 bps), 3.295% (+2.6 bps), 3.554% (+5.3 bps), 3.575% (+4.4 bps), 3.659% (+4.6 bps), respectively.

■ Interbank rates increased considerably. In details, ON – 3M posted at 2.138%, 2.338%, 2.58%, 2.77% and 2.98%, according to Bloomberg.

■ SBV net injected VND 54,406.58 bn via OMO channel. SBV is actively withdrawing abundant liquidity from the interbank market with tenors for T-bills 56 days (longer than the previous ones: 14 days and 28 days).

**VCBS Commentary**

■ It can be seen that central banks are still raising interest rates to combat inflation. Thus, bond yields are still in an upward trend and shall move up fractionally next week.

**Bond Market**

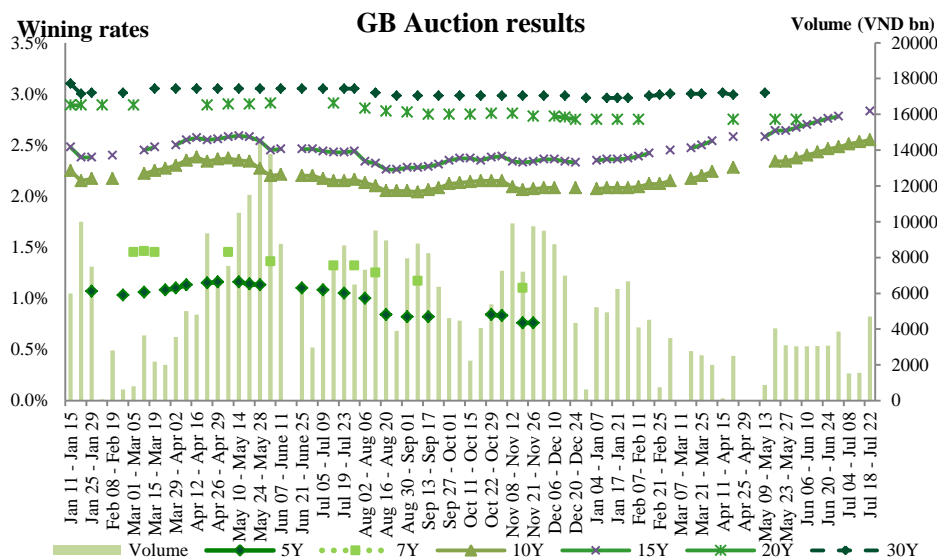
**Primary Market**

**Winning rates inched up.**

**VND 4,700 bn was mobilized from ST and VBSP.**

**VND 4,700 bn was mobilized from ST.** Therein, ST successfully issued VND 3,000 bn at 10Y tenor and 1,700 bn at 15Y tenor. The registered volume-to-offering volume ratios for 10Y, 15Y, 30Y tenors were 1.98; 1.5; 0 times respectively. Winning volume-to-offering ratios for 10Y, 15Y, 30Y tenors stood at 100.0%; 85.0%; 0%. Winning rates for 10Y and 15Y tenors stood at 2.55 (+2 bps) and 2.83% (+5 bps), respectively.

This week, VBSP and VDB did not successfully issue any tenor this week.



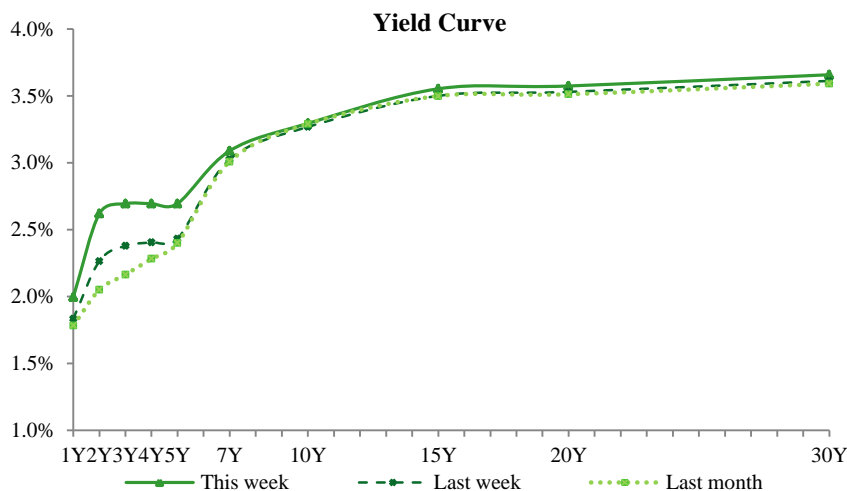
Source: HNX, VCBS compiles

**Secondary Market**

**VND 38,655 bn (+16.3% wow) was traded on the secondary market.**

**VND 38,655 bn (+16.3% wow) was traded on the secondary market.** Average trading volume per day is VND 7,731 bn. In detail, Outright and repo values were at VND 25,189 bn (+8.4% wow) and VND 13,466 bn (+34.6% wow) respectively. Regarding outright, ST-Bond kept totally dominating trading volume with 88%.

**Bond yields increased this week, especially for short-tenors.** According to VBMA data, 1Y, 2Y, 3Y, 4Y, 5Y, 7Y, 10Y, 15Y, 20Y and 30Y bond yields posted at 1.996% (+16.1 bps), 2.621% (+35.6 bps), 2.695% (+31.5 bps), 2.695% (+28.9 bps), 2.696% (+26.4 bps), 3.09% (+6.4 bps), 3.295% (+2.6 bps), 3.554% (+5.3 bps), 3.575% (+4.4 bps), 3.659% (+4.6 bps), respectively.

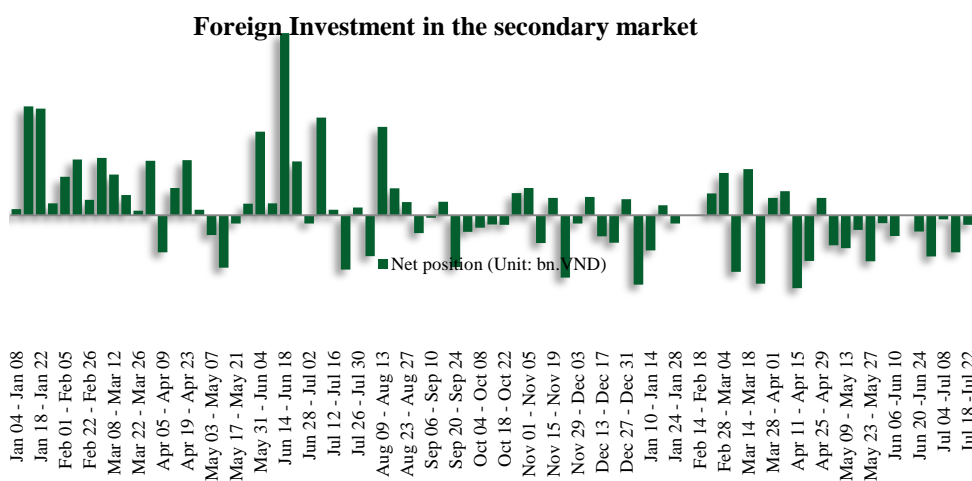


Source: VBMA, VCBS compiles

At the moment, geopolitical uncertainties remain and inflation increases globally. VCBS believes that the cautious sentiment will prevail as market participants are waiting for the Fed's interest rate decisions in the next meeting in July. The expectation for this hike can be up to 1%. This week ECB surprised markets with a larger-than-expected rate hike, its first in 11 years. It can be seen that central banks are still raising interest rates to combat inflation. Thus, bond yields are still in an upward trend and shall move up fractionally next week.

**Foreign investors net sold VND 116.88 bn.**

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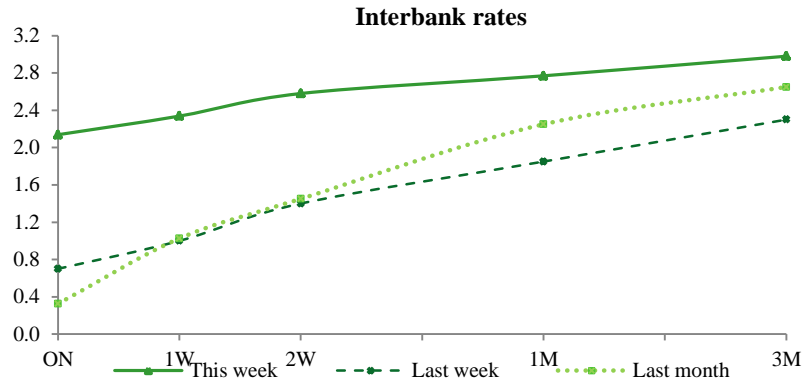
Source: HNX, VCBS

**INTEREST RATE**

**Interbank rates increased considerably.**

**Interbank Rates**

**Interbank rates increased considerably.** In details, ON – 3M rates posted at 2.138%, 2.338%, 2.58%, 2.77% and 2.98%, according to Bloomberg data.



Source: Bloomberg, VCBS

In recent weeks, given that exchange rates climbed up and gap between rates for VND and USD in the interbank market is quite wide, SBV is actively withdrawing abundant liquidity from the interbank market with tenors for T-bills 56 days (longer than the previous ones: 14 days and 28 days). Accordingly, we observed that the gap became narrowed. In our opinion, SBV operate flexibly and actively to respond upward pressure on inflation and remain the stability of exchange rates. We believe that SBV shall actively utilize bills to minimize ongoing pressure on inflation and exchange rates.

Thus, interbank liquidity will be less abundant compared to recent weeks and interbank rates may increase slightly in the next week.

**Open Market Operation**

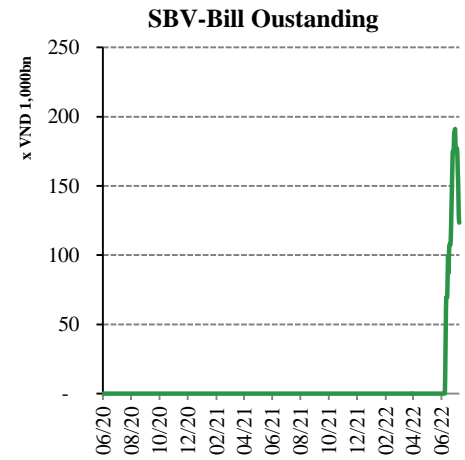
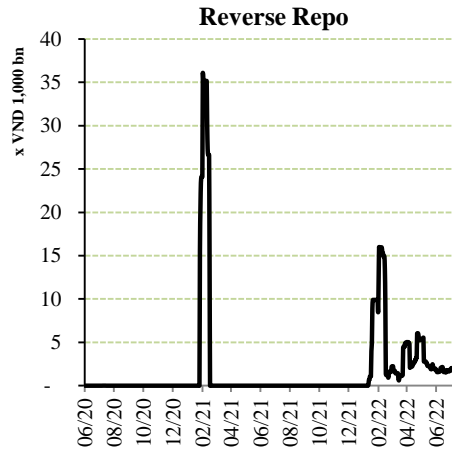
**SBV net injected VND 54,406.58 bn via OMO channel**

**SBV net injected VND 54,406.58 bn via the OMO channel.** In detail, SBV offered VND 1,450 bn of repo while VND 793 bn are due; and SBV offered VND 24,300 bn of T-bills and VND 78,050 bn are due this week (please see Appendix for more detail).

**From 21<sup>st</sup> June till now, SBV keep utilizing T-bills to actively withdraw liquidity from the system.** In detail, SBV offered VND 10,000 bn of T-bills at 0.3% and only VND 200 bn was successfully issued; later on in the next three sessions VND 69,399 bn T-bills issued at 0.7%. In the following week, SBV offered T-bills for 2 tenors (7 days and 14 days). In recent 3 weeks, SBV offered T-bills for 2 tenors (14 days and 28 days). **Especially, SBV offered T-bills for longer tenors (56 days).** (Table below).

**SBV T-bills offered in the last 5 weeks**

Week	Date	Volume (VND bn)	Rate (%/year)	Tenor (days)
Week 1	6/21/2022	200	0.3	7
	6/22/2022	19,400	0.7	7
	6/23/2022	29,999.7	0.7	7
	6/24/2022	19,999.8	0.7	7
Week 2	6/27/2022	15,000	0.65	7
	6/28/2022	15,000	0.65	7
	6/29/2022	7,015	0.65	7
		25	0.9	14
	6/30/2022	24,999.9	0.65	7
		19,999.9	0.9	14
	7/1/2022	10,600	0.65	7
14,999.9		0.9	14	
Week 3	7/4/2022	6,300	0.65	7
		15,200	0.9	14
	7/5/2022	11,000	0.65	7
		19,700	0.9	14
	7/6/2022	4,500	0.65	7
		18,000	0.9	14
	7/7/2022	19,999.6	0.9	14
		19,999.9	1.5	28
	7/8/2022	5,150	0.9	14
19,900		1.5	28	
Week 4	7/11/2022	4,150	0.9	14
		14,999.9	1.5	28
	7/12/2022	1,999.9	0.9	14
		8,999.9	1.5	28
	7/13/2022	1,999.8	0.9	14
		5,999.7	1.5	28
	7/14/2022	3,999.9	0.9	14
		3,650	1.5	28
	7/15/2022	230	0.9	14
13,250		1.5	28	
Week 5	7/18/2022	10,000	2.3	56
	7/19/2022	7,000	2.3	56
	7/20/2022	7,000	2.3	56
	7/21/2022	150	2.4	56
	7/22/2022	150	2.4	56



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
<b>ST bills</b>								
<b>Government and government-backed bonds</b>								
18-Jul-22	5Y	1,000	500	-	.5	0	0.00%	VBSP
18-Jul-22	10Y	500	100	-	.2	0	0.00%	VBSP
18-Jul-22	15Y	500	-	-	.	0	0.00%	VBSP
20-Jul-22	10Y	3,000	5,951	3,000	1.98	2.55	100.00%	ST
20-Jul-22	15Y	2,000	3,000	1,700	1.5	2.83	85.00%	ST
20-Jul-22	30Y	500	-	-	.	0	0.00%	ST

### Secondary Market

Issuer	Last week		Current week	
	Value	Value share	Value	Value share
<b>Outright</b>				
ST	22,235	95.69%	22,152	87.94%
VDB	1,002	4.31%	3,037	12.06%
VBSP	-	0.00%	-	0.00%
Others	-	0.00%	-	0.00%
<b>Subtotal (1)</b>	<b>23,237</b>	<b>100.00%</b>	<b>25,189</b>	<b>100.00%</b>
<b>Repo</b>				
Repo	10,004	42.57%	13,466	52.95%
Reserve Repo	13,497	57.43%	11,963	47.05%
<b>Subtotal (2)</b>	<b>23,501</b>	<b>100.00%</b>	<b>25,429</b>	<b>100.00%</b>
<b>ST bills</b>				
Outright				
Repo				
<b>Subtotal (3)</b>				
<b>Total (1)+(2)+(3)</b>	<b>46,738</b>		<b>50,618</b>	

### Open Market Operation

Reverse Repo					Outright (SBV Bills)			
Date	Due	Offer	Balance	Outstanding	Due	Offer	Balance	Outstanding
05/09 - 05/13	4,303	1,772	(2,531)	2,783	-	-	-	-
05/16 - 05/20	1,011	550	(461)	2,322	-	-	-	-
05/23 - 05/27	1,772	1,372	(400)	1,921	-	-	-	-
05/30 - 06/03	550	556	6	1,928	-	-	-	-
06/06 - 06/10	1,372	1,017	(354)	1,573	-	-	-	-
06/13 - 06/17	556	1,045	489	2,063	-	-	-	-
06/20 - 06/24	1,017	530	(488)	1,575	-	69,600	69,600	69,600
06/27 - 07/01	1,045	1,187	142	1,717	69,600	107,640	38,040	107,640
07/04 - 07/08	530	793	264	1,980	72,615	139,750	67,135	174,774
07/11 - 07/15	1,187	1,161	(26)	1,954	56,825	59,279	2,454	177,229
<b>07/18 - 07/22</b>	<b>793</b>	<b>1,450</b>	<b>657</b>	<b>2,611</b>	<b>78,050</b>	<b>24,300</b>	<b>(53,750)</b>	<b>123,479</b>

## **DISCLAIMER**

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