

### Fixed-Income Report

**Aug 10<sup>th</sup> – 14<sup>th</sup>/2020**

**In this issue**

- Round up
- Bond market
- Interest rates

**Le Thu Ha**

[ltha\\_ho@vcbs.com.vn](mailto:ltha_ho@vcbs.com.vn)

**Dang Khanh Linh**

+84 24 3936 6990 (ext. 7182)

[dklinh@vcbs.com.vn](mailto:dklinh@vcbs.com.vn)

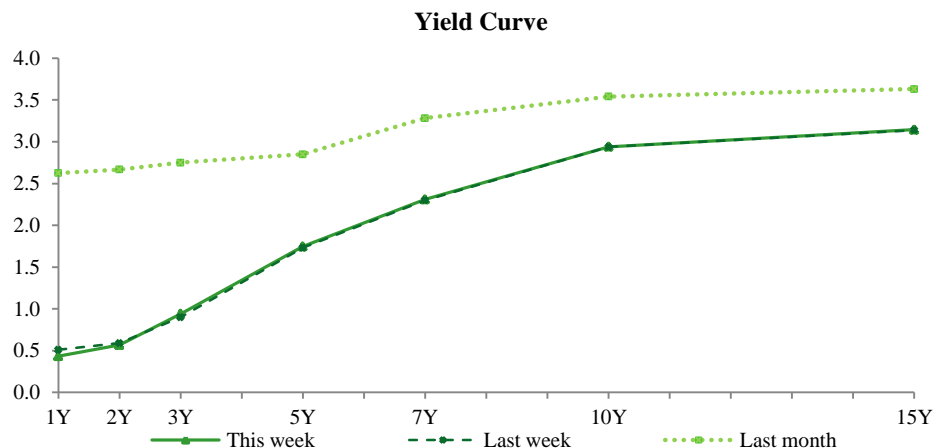
See Disclaimer at Page 5

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

[www.vcbs.com.vn/vn/Services/AnalysisResearch](http://www.vcbs.com.vn/vn/Services/AnalysisResearch)

### Round-up

- Primary market remained active.
- Yield curve went deeper.
- Interbank rates stayed at low levels.



Source: Bloomberg, VCBS

- VND 6,201 bn was mobilized on the primary market. VND 38,028 bn (-23.25% w/w) was traded on the secondary market.
- Yield curve went deeper when short-term yields edged down and long-term yields tick up fractionally. According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted at 0.433% (-7.8 bps), 0.567% (-2.4 bps), 0.94% (+4 bps), 1.747% (+1.6 bps), 2.309% (+0.8 bps), 2.94% (+0.2 bps) and 3.145% (+0.7 bps) respectively.
- Interbank rates settled stably at low levels. In details, ON – 3M rates posted at 0.138%, 0.188%, 0.25%, 0.36% and 1.4% respectively according to Bloomberg data.
- Foreign investors net bought VND ~500 bn this week..
- Last week saw no new transaction via OMO channel.

### VCBS Commentary Aug 17<sup>th</sup> – Aug 21<sup>th</sup>

- Abundant liquidity in the money market remained while there was hardly any unexpected news in the interbank market. Hence, we still believe that the overall trend of bond yields in this period is a downtrend. This period bond yields' movement is vulnerable to uncertainties reported in the market. In between, bond yields will fluctuate in a tight band.
- The event of the second wave of COVID-19 is preventing credit growth from speed up at least in Q3.2020. This supports a stably low level of the interbank rate for a while. Until further figures and facts signalize a recovery from the pandemic, the interbank rate shall hover at this low level.

**Bond Market**

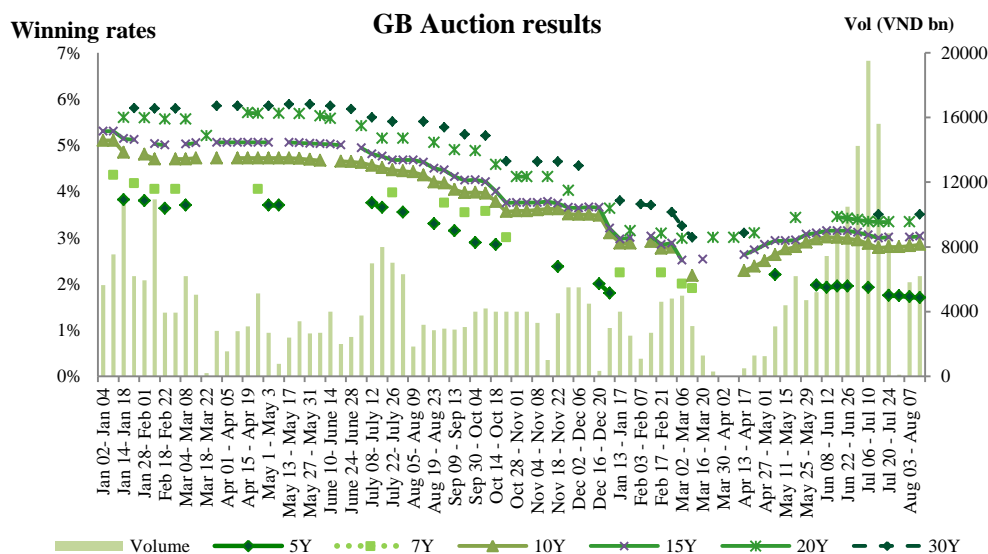
**VND 6,201 bn was mobilized this week.**

**Primary Market**

**Primary market remained active.**

**VND 6,201 bn was mobilized this week from ST.** Therein, ST issued **VND 1,000 bn** at 5Y, **VND 3,151 bn** at 10Y tenors, **VND 1,300 bn** at 15Y tenors and **VND 750 bn** at 30Y tenors. The registered volume-to-offering volume ratios for 5Y, 10Y, 15Y & 30Y tenors were 1.77, 1.79, 2.15 and 2.43 times. Winning rates for 5Y, 10Y, 15Y & 30Y tenors stood at 1.7% (-02 bps), 2.85% (+3 bps), 3.03% (+2 bps) and 3.5% (+0 bps), respectively.

VDB and VBSP did not mobilize bond this week.



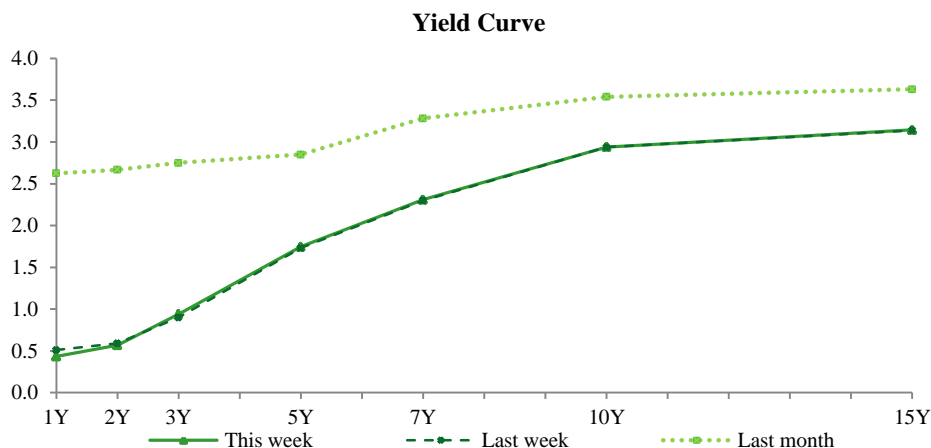
Source: HNX, VCBS

**Secondary Market**

**VND 38,028 bn (-23.25% wow) was traded on the secondary market.**

**VND 38,028 bn (-23.25% wow) was traded on the secondary.** In detail, Outright and repo values were at VND 23,921 bn (-19.44% wow) and VND 14,108 bn (-28.94% wow), respectively. Regarding outright, ST-Bond kept dominating trading volume with 97%. Remarkably, 80% of trading volume recorded in less than 10Y tenor. Market participants were not rush in trading these days.

**Yield curve went deeper when short-term yield edged down and long-term yield tick up fractionally.** According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted at 0.433% (-7.8 bps), 0.567% (-2.4 bps), 0.94% (+4 bps), 1.747% (+1.6 bps), 2.309% (+0.8 bps), 2.94% (+0.2 bps) and 3.145% (+0.7 bps) respectively.



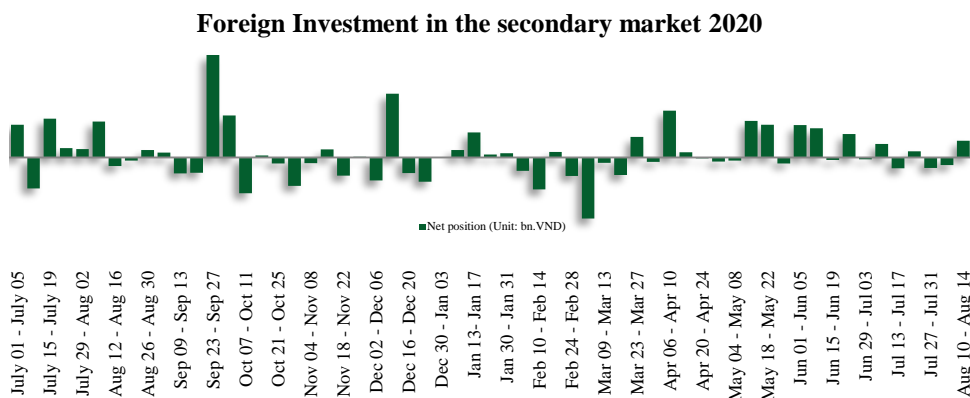
Source: Bloomberg, VCBS

Last week saw the center exchange rate recorded a minor change. Though, according to the latest figures from the Customs office, the trade surplus in July recorded at roughly USD 6bn, beating far the estimated figures by GSO. This shall add up resources to support the stability of the exchange rate.

Meanwhile, abundant liquidity in the money market remained while there was hardly any unexpected news in the interbank market. Hence, we still believe that the overall trend of bond yields in this period is a downtrend. This period bond yields' movement is vulnerable to uncertainties reported in the market. In between, bond yields will fluctuate in a tight band.

**Foreign investors net bought VND ~500 bn this week.**

**Foreign investor net bought roughly 500 bn this week, mainly on 5Y bond.**



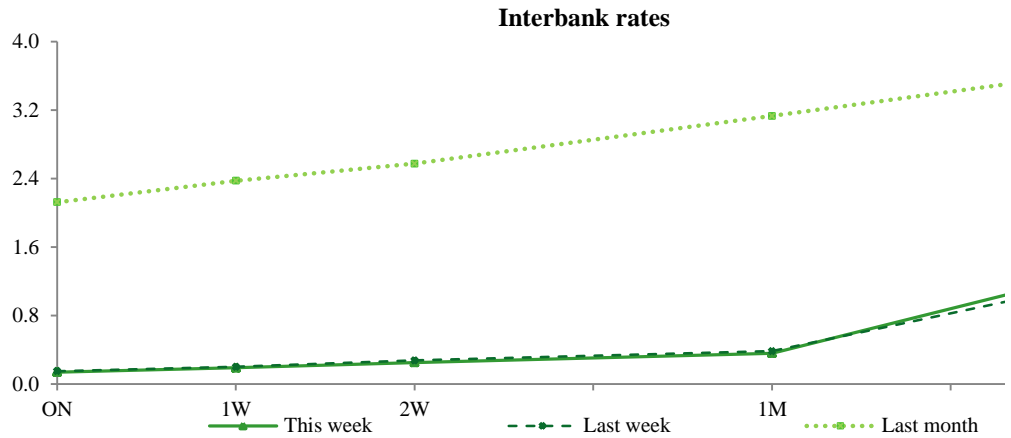
Source: HNX, VCBS

**INTEREST RATE**

**Interbank rates settled stably at low levels.**

**Interbank Rates**

**Interbank rates settled stably at low levels.** In details, ON – 3M rates posted at 0.138%, 0.188%, 0.25%, 0.36% and 1.4% respectively according to Bloomberg data.



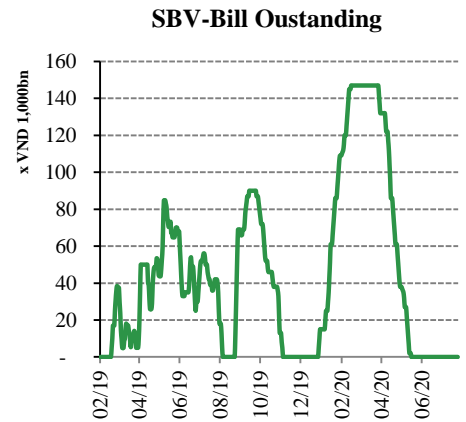
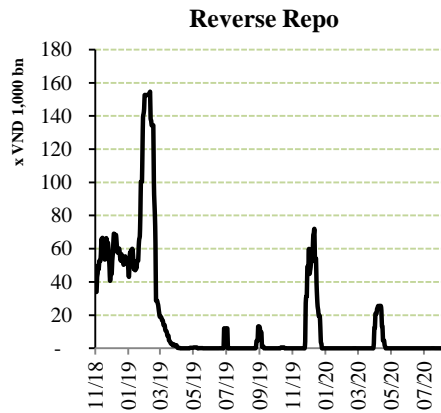
Source: Bloomberg, VCBS

The event of the second wave of COVID-19 is preventing credit growth from speed up at least in Q3.2020. This supports a stably low level of the interbank rate for a while. Until further figures and facts signalize a recovery from the pandemic, the interbank rate shall hover at this low level.

**Open Market Operation**

**No intervention needed as abundant liquidity recorded.**

**Last week saw no new transaction via the OMO channel.** The outstanding amount of repo and T-bill stood at VND 0 bn. SBV has not made any significant changes in the open market for the last 10 consecutive weeks as the banking system liquidity remains abundant while interbank interest rates stably stood at low levels.



Source: Bloomberg, VCBS

**END.**

## 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>								
12-Aug-20	5Y	1,500	2,650	1,000	1.77	1.7	66.67%	ST
12-Aug-20	10Y	4,000	7,151	3,151	1.79	2.85	78.78%	ST
12-Aug-20	15Y	2,000	4,300	1,300	2.15	3.03	65.00%	ST
12-Aug-20	30Y	750	1,823	750	2.43	3.5	100.00%	ST

### Secondary Market

Issuer	Last		Current	
	Value	Value share	Value	Value share
<b>Outright</b>				
ST	28,825	98.19%	23,240	97.16%
VDB	419	1.43%	680	2.84%
VBSP	113	0.39%	-	0.00%
Others	-	0.00%	-	0.00%
<b>Subtotal (1)</b>	<b>29,357</b>	<b>100.00%</b>	<b>23,921</b>	<b>100.00%</b>
<b>Repo</b>				
Repo	19,854	58.28%	14,108	41.90%
Reserve Repo	14,210	41.72%	19,559	58.10%
<b>Subtotal (2)</b>	<b>34,064</b>	<b>100.00%</b>	<b>33,667</b>	<b>100.00%</b>
<b>ST bills</b>				
Outright				
Repo				
<b>Subtotal (3)</b>				
<b>Total (1)+(2)+(3)</b>	<b>63,421</b>		<b>57,588</b>	

### Open Market Operation

Reverse Repo					Outright (SBV Bills)			
Date	Due	Offer	Balance	Outstanding	Due	Offer	Balance	Outstanding
03/23 - 03/27	1	1	-	-	-	-	-	149,987
03/30 - 04/03	1	20,855	20,854	20,855	-	-	-	146,987
04/06 - 04/10	-	4,656	4,656	25,511	-	-	-	146,987
04/13 - 04/17	20,855	1	(20,854)	4,657	-	-	-	146,987
04/20 - 04/24	4,656	1	(4,655)	2	15,000	-	(15,000)	131,987
04/27 - 05/01	1	-	(1)	1	10,000	-	(10,000)	121,988
05/04 - 05/08	1	-	(1)	-	35,998	-	(35,998)	85,990
05/11 - 05/15	-	3	3	3	24,998	-	(24,998)	60,992
05/18 - 05/22	3	-	(3)	-	22,997	-	(22,997)	37,995
05/25 - 05/29	-	2	2	2	10,998	-	(10,998)	26,997
06/01 - 06/05	2	-	(2)	-	24,997	-	(24,997)	2,000
06/08 - 06/12	-	-	-	-	2,000	-	(2,000)	-
06/15 - 06/19	-	-	-	-	-	-	-	-
06/22 - 06/26	-	-	-	-	-	-	-	-
06/29 - 07/03	-	1	1	1	-	-	-	-
07/06 - 07/10	1	-	(1)	-	-	-	-	-
07/13 - 07/17	-	6	6	6	-	-	-	-
07/20 - 07/24	6	-	(6)	-	-	-	-	-
07/27 - 07/31	-	-	-	-	-	-	-	-
08/03 - 08/07	-	-	-	-	-	-	-	-
<b>08/10 - 08/14</b>	-	-	-	-	-	-	-	-

## 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.

It must be stressed that all opinions, judgments, estimations and projections in this report represent independent views of the analyst at the date of publication. Therefore, this report should be best considered a reference and indicative only. It is not an offer or advice to buy or sell or any actions related to any assets. VCBS and/or Departments of VCBS as well as any affiliate of VCBS or affiliate that VCBS belongs to or is related to (hereafter, VCBS), provide no warranty or undertaking of any kind in respect to the information and materials found on, or linked to the report and no obligation to update the information after the report was released. VCBS does not bear any responsibility for the accuracy of the material posted or the information contained therein, or for any consequences arising from its use, and does not invite or accept reliance being placed on any materials or information so provided.

This report may not be copied, reproduced, published or redistributed for any purpose without the written permission of an authorized representative of VCBS. Please cite sources when quoting. Copyright 2012 Vietcombank Securities Company. All rights reserved.

## CONTACT INFORMATION

**Tran Minh Hoang**

Head of Research

tmhoang@vcbs.com.vn

**Le Thu Ha**

Senior Analyst - Economic research

Ltha\_ho@vcbs.com.vn

**Dang Khanh Linh**

Analyst - Economic research

dklinh@vcbs.com.vn

**VIETCOMBANK SECURITIES COMPANY**

<http://www.vcbs.com.vn>