

Fixed-Income Report

Aug 24th – 28th/2020

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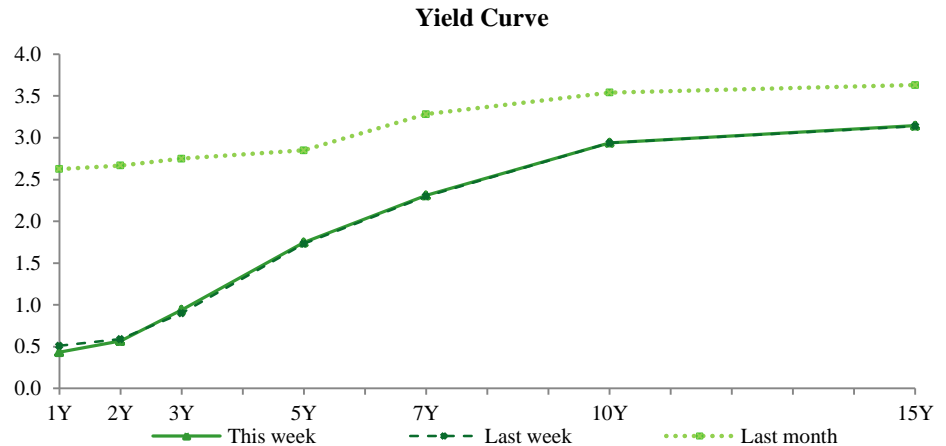
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Round-up

**Primary market remained active.
Yield curve experienced a minor change.
Interbank rates stayed at low levels.**



Source: Bloomberg, VCBS

■ VND 6,320 bn was mobilized this week. VND 33,972 bn (-15,87% wow) was traded on the secondary market.

■ Bond yield struggled to find direction last week. According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted at 0.432% (-0.8 bps), 0.541% (+0.2 bps), 0.865% (-5.9 bps), 1.743% (-1.5 bps), 2.249% (-2.8 bps), 2.947% (+0.7 bps) and 3.155% (+3.2 bps) respectively.

■ Interbank rates inched down and settled stably at low levels. In details, ON – 3M rates posted at 0.15%, 0.233%, 0.308%, 0.381% and 1.388% respectively according to Bloomberg data.

■ Foreign investors net bought VND ~110 bn this week.

■ Last week saw no new transaction via OMO channel.

VCBS Commentary Aug 31st – Sep 04th

■ This week, after the social-economic release, we believe that bond yields move downward slightly as a government's effort to contain the second wave of a pandemic while still minimize the impact on the economy is working quite well.

■ Next week after the social-economic release, it appears that government's effort to contain the second wave of a pandemic while still minimize the impact on the economy is working quite well. Hence, we believe that bond yields move downward slightly.

Bond Market

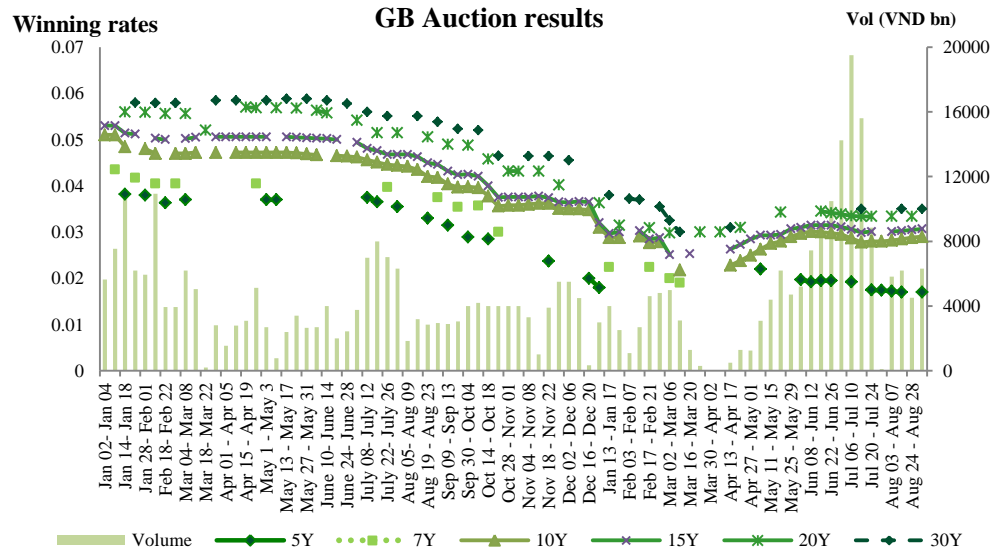
VND 6,320 bn was mobilized this week.

Primary Market

Primary market remained active.

VND 6,320 bn was mobilized this week from ST. Therein, ST issued VND 20 bn at 5Y tenors, VND 4500 bn at 10Y tenors, VND 1300 bn at 15Y tenors, VND 500 bn at 30Y tenors. The registered volume-to-offering volume ratios for 5Y, 10Y, 15Y & 20Y tenors were 3.24, 2.02, 2.00 and 2.7 times. Except for 5Y, winning volume-to-offering ratios for 10Y, 15Y & 30Y tenors were high, recorded at 87%-100%. Winning rates for 10Y, 15Y edged up 2bps each at 2.9% and 3.07%. Meanwhile, winning rates for 5Y and 30Y are stable 1.7% and 3.50% respectively.

VDB and VBSP did not mobilize bond this week.



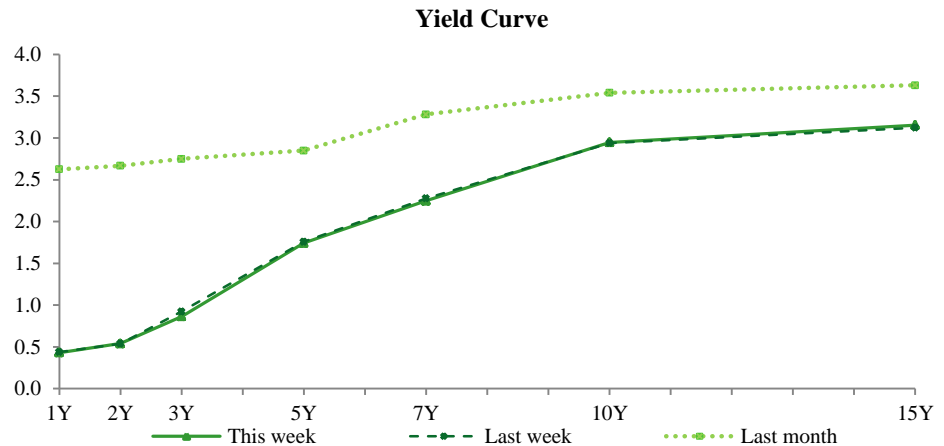
Source: HNX, VCBS

Secondary Market

VND 33,972 bn (-15,87% wow) was traded on the secondary market.

VND 33,972 bn (-15,87% wow) was traded on the secondary. In detail, Outright and repo values were at VND 24,191 (+10% wow) and VND 9,781 bn (-46.8% wow), respectively. Regarding outright, ST-Bond kept dominating trading volume with 99%. Remarkably, 72% of trading volume recorded in less than 10Y tenor.

Bond yield struggled to find direction last week. According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted at 0.432% (-0.8 bps), 0.541% (+0.2 bps), 0.865% (-5.9 bps), 1.743% (-1.5 bps), 2.249% (-2.8 bps), 2.947% (+0.7 bps) and 3.155% (+3.2 bps) respectively.



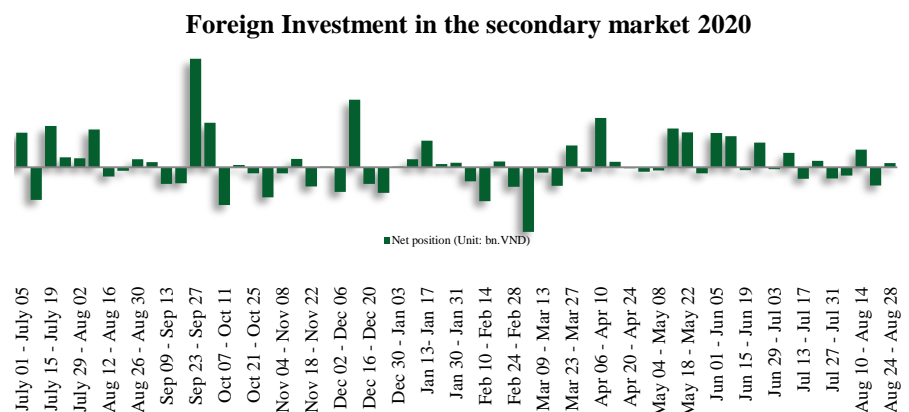
Source: Bloomberg, VCBS

Last week saw the center exchange rate recorded a minor change. Meanwhile, the exchange rate traded at commercial banks was moderately stable. Also, FED officially released information about the latest policy framework change since 2012. Though in the short-term, it did not appear to create fundamental change to the interest level threshold. Therefore, the market reacts quite calmly to this news as US bond yields slightly tick down.

This week, after the social-economic release, it appears that government's effort to contain the second wave of a pandemic while still minimize the impact on the economy is working quite well. Hence, we believe that bond yields move downward slightly.

Foreign investors net bought VND ~110 bn this week.

Foreign investor net bought VND ~110 bn this week, mainly on 5Y-7Y bond.



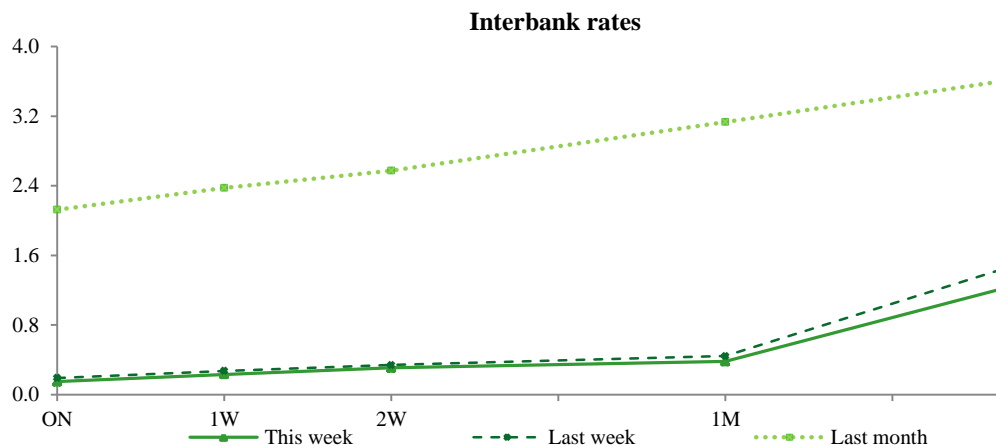
Source: HNX, VCBS

INTEREST RATE

Interbank rates inched down and settled stably at low levels.

Interbank Rates

Interbank rates inched down and settled stably at low levels. In details, ON – 3M rates posted at 0.15%, 0.233%, 0.308%, 0.381% and 1.388%, respectively according to Bloomberg data.



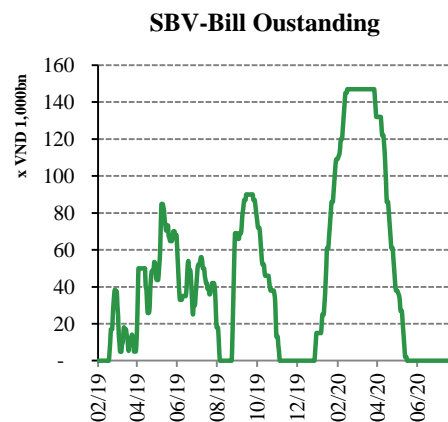
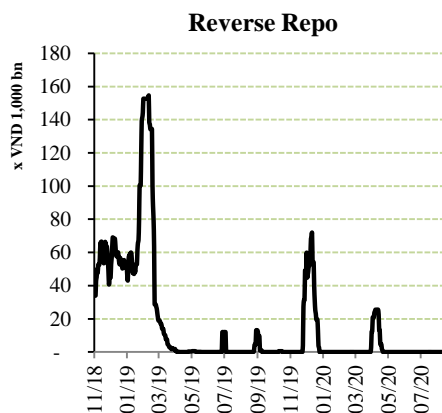
Source: Bloomberg, VCBS

As mentioned in the previous report, the latest approach from SBV kept sending messages about the flexible monetary policy applying in the upcoming period. Hence, next week we are quite confident about chance that abundant liquidity in the market shall prolong, supporting a period of a low level of interbank rate.

No intervention needed as abundant liquidity recorded.

Open Market Operation

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 3 months 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
ST bills								
Government and government-backed bonds								
26-Aug-20	5Y	500	1,621	20	3.24	1.7	4.00%	ST
26-Aug-20	10Y	4,500	9,077	4,500	2.02	2.9	100.00%	ST
26-Aug-20	15Y	1,500	3,000	1,300	2.00	3.07	86.67%	ST
26-Aug-20	30Y	500	1,350	500	2.70	3.5	100.00%	ST

Secondary Market

Issuer	Last		Current	
	Value	Value share	Value	Value share
Outright				
ST	21,197	96.38%	24,137	99.77%
VDB	797	3.62%	54	0.23%
VBSP	-	0.00%	-	0.00%
Others	-	0.00%	-	0.00%
Subtotal (1)	21,995	100.00%	24,191	100.00%
Repo				
Repo	18,388	52.85%	9,781	32.71%
Reserve Repo	16,401	47.15%	20,121	67.29%
Subtotal (2)	34,789	100.00%	29,902	100.00%
ST bills				
Outright				
Repo				
Subtotal (3)				
Total (1)+(2)+(3)	56,784		54,093	

Open Market Operation

Date	Due	Reverse Repo			Outright (SBV Bills)			
		Offer	Balance	Outstanding	Due	Offer	Balance	Outstanding
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	-	-	-	-	-	-	-	-
08/10 - 08/14	-	-	-	-	-	-	-	-
08/17 - 08/21	-	-	-	-	-	-	-	-
08/24 - 08/28	-	-	-	-	-	-	-	-

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