

## Fixed-Income Report

Aug 31<sup>st</sup> – Sep 04<sup>th</sup>/2020

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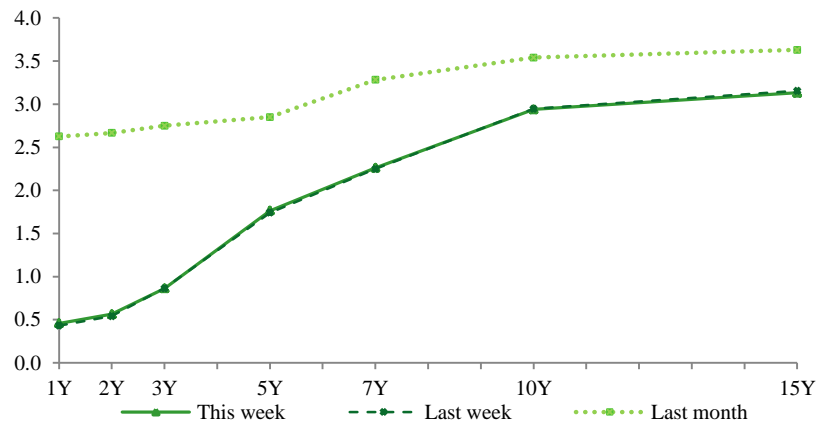
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## Round-up

**Primary market is still active.  
Yield curve fluctuated in a tight band.  
Interbank rates stayed at low levels.**

Yield Curve



Source: Bloomberg, VCBS

- VND 7,782 bn was mobilized on the primary market this week. VND 29,442 bn (-13.46% w/w) was traded on the secondary market.
- Yield curve fluctuated in a tight band, bond yields for short-tenors inched up while bond yields for long-tenors inched down. According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted at 0.458% (+2.6 bps), 0.563% (+2.2 bps), 0.862% (-0.3 bps), 1.764% (+2.1 bps), 2.261% (+1.2 bps), 2.94% (-0.7 bps), 3.133% (-2.2 bps), respectively.
- Interbank rates stayed at low levels. In details, ON – 3M rates posted at 0.162%, 0.225%, 0.281%, 0.39% and 1.48%, respectively according to Bloomberg data.
- Foreign investors net bought VND 199.20 bn this week.
- Last week saw no new transaction via OMO channel.

## VCBS Commentary Sep 07<sup>th</sup> – Sep 11<sup>th</sup>

- This week, we draw attention to the ECB meeting whether a more aggressive expansionary approach will be implemented in response to Fed's measures and consequently keep the exchange rate USD/EUR at a more reasonable level. In general, we still support a projection of the downward trend in bond yields remain.
- We are confident that liquidity in the banking system continued to be abundant based on some supporting ideas: (i) Credit growth is slower than the same period last year and projected at 10%; (ii) The exchange rates shall remain stable in the next period. Thus, there is a high probability that interbank rates will stay at current low levels.

**Bond Market**

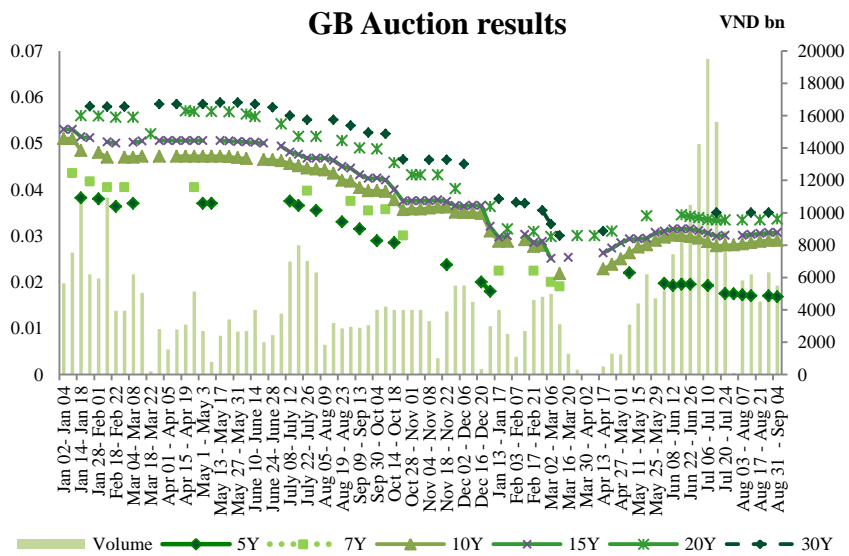
**VND 7,782 bn was mobilized this week.**

**Primary Market**

**Primary market is still active.**

**VND 7,782 bn was mobilized this week from ST.** Therein, ST issued VND 750 bn at 5Y tenors, VND 4500 bn at 10Y tenors, VND 2,032 bn at 15Y tenors, VND 500 bn at 20Y tenors. The registered volume-to-offering volume ratios for 5Y, 10Y, 15Y & 20Y tenors were 4.58, 2.36, 1.95 and 2.20 times. Except for 15Y, winning volume-to-offering ratios for 10Y, 15Y & 20Y tenors recorded at 100%. Winning rates for 5Y, 10Y, 15Y and 20Y tenors stood at 1.68% (-02 bps), 2.90% (0 bps), 3.07% (0 bps), 3.36 (+02 bps), respectively.

VDB and VBSP did not mobilize bond this week.



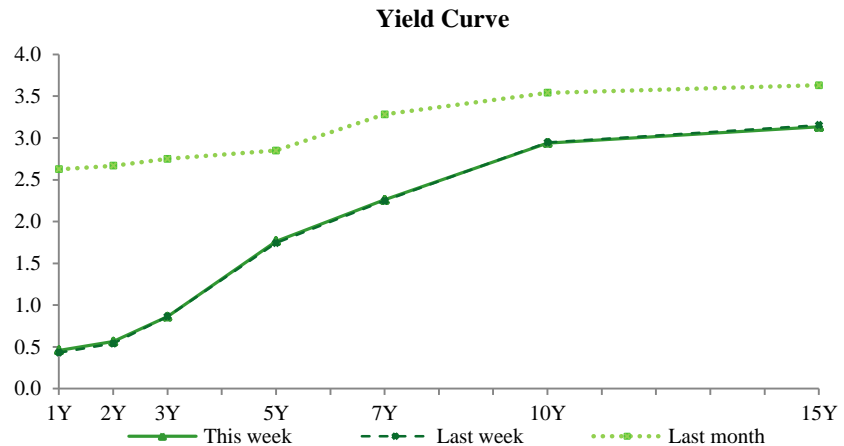
Source: HNX, VCBS

**Secondary Market**

**VND 29,442 bn (-13,46% wow) was traded on the secondary market.**

**VND 29,442 bn (-13,46% wow) was traded on the secondary.** In detail, Outright and repo values were at VND 20,411 (-15.8% wow) and VND 9,031 bn (-7.7% wow), respectively. Regarding outright, ST-Bond kept dominating trading volume with 99.72%. Remarkably, 35% of trading volume recorded in less than 5Y tenor.

**Yield curve fluctuated in a tight band, bond yields for short-tenors inched up while bond yields for long-tenors inched down.** According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted at 0.458% (+2.6 bps), 0.563% (+2.2 bps), 0.862% (-0.3 bps), 1.764% (+2.1 bps), 2.261% (+1.2 bps), 2.94% (-0.7 bps), 3.133% (-2.2 bps), respectively.



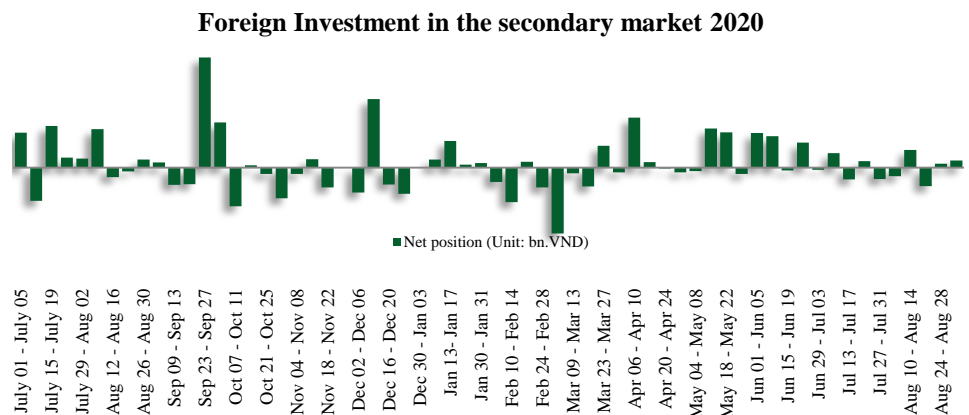
Source: Bloomberg, VCBS

At the end of August, the US Treasury Department has determined that Vietnam depressed its currency by 4.7% in 2019. There is a certain probability that Vietnam is labeled a currency manipulator. However, we believe that with bilateral consultations, Vietnam shall be able to correct the situation and secure the country before the official result released this October.

This week, we draw attention to the ECB meeting whether a more aggressive expansionary approach will be implemented in response to Fed’s measures and consequently keep the exchange rate USD/EUR at a more reasonable level. In general, we still support a projection of the downward trend in bond yields remain.

**Foreign investors net bought VND 199.20 bn this week.**

**Foreign investor net bought VND 199.20 bn this week, mainly on 5Y-7Y bond.**



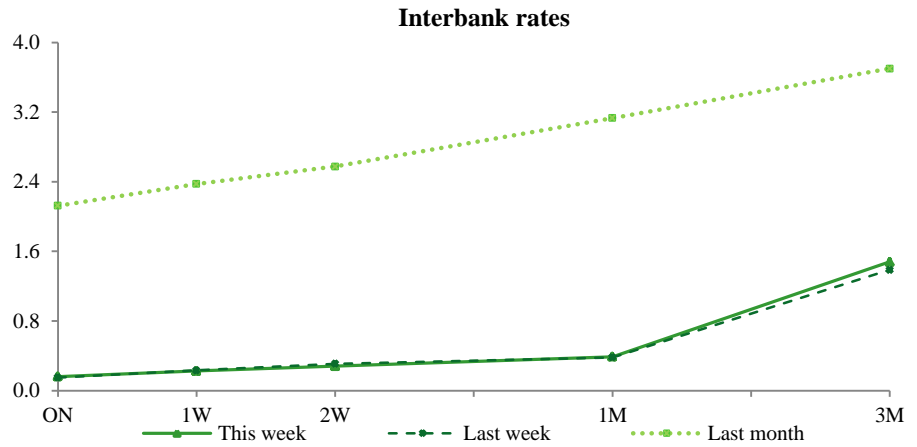
Source: HNX, VCBS

**INTEREST RATE**

**Interbank rates stayed at low levels.**

**Interbank Rates**

**Interbank rates stayed at low levels.** In details, ON – 3M rates posted at 0.162%, 0.225%, 0.281%, 0.39% and 1.48%, respectively according to Bloomberg data.



Source: Bloomberg, VCBS

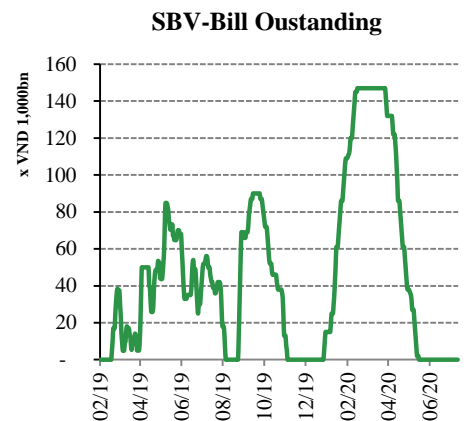
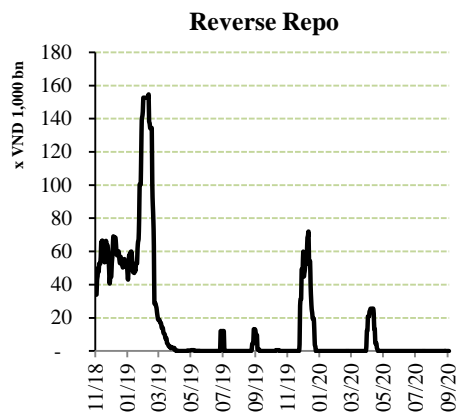
Last week saw deposit rates continue to decrease further at all tenors, especially deposit rates for 6M-12M declined by 05 bps – 30 bps in some commercial banks. It is explicable in the context of abundant liquidity in the system.

We are confident that liquidity in the banking system continued to be abundant based on some supporting ideas: (i) Credit growth is slower than the same period last year and projected at 10%; (ii) The exchange rates shall remain stable in the next period. Thus, there is a high probability that interbank rates will stay at current low levels.

**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 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
<b>ST bills</b>								
<b>Government and government-backed bonds</b>								
3-Sep-20	5Y	750	3,437	750	4.58	1.68	100.00%	ST
3-Sep-20	10Y	4,500	10,629	4,500	2.36	2.9	100.00%	ST
3-Sep-20	15Y	2,250	4,382	2,032	1.95	3.07	90.31%	ST
3-Sep-20	20Y	500	1,100	500	2.20	3.36	100.00%	ST

### Secondary Market

Issuer	Last		Current	
	Value	Value share	Value	Value share
<b>Outright</b>				
ST	24,185	99.78%	20,354	99.72%
VDB	54	0.22%	57	0.28%
VBSP	-	0.00%	-	0.00%
Others	-	0.00%	-	0.00%
<b>Subtotal (1)</b>	<b>24,240</b>	<b>100.00%</b>	<b>20,411</b>	<b>100.00%</b>
<b>Repo</b>				
Repo	9,781	32.71%	9,031	45.31%
Reserve Repo	20,121	67.29%	10,902	54.69%
<b>Subtotal (2)</b>	<b>29,902</b>	<b>100.00%</b>	<b>19,933</b>	<b>100.00%</b>
<b>ST bills</b>				
Outright				
Repo				
<b>Subtotal (3)</b>				
<b>Total (1)+(2)+(3)</b>	<b>54,142</b>		<b>40,344</b>	

### Open Market Operation

Date	Due	Reverse Repo			Outright (SBV Bills)			
		Offer	Balance	Outstanding	Due	Offer	Balance	Outstanding
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	-	-	-	-	-	-	-	-
<b>08/31 - 09/04</b>	-	-	-	-	-	-	-	-

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