

Fixed-Income Report

June 07th – June 11th/2021

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

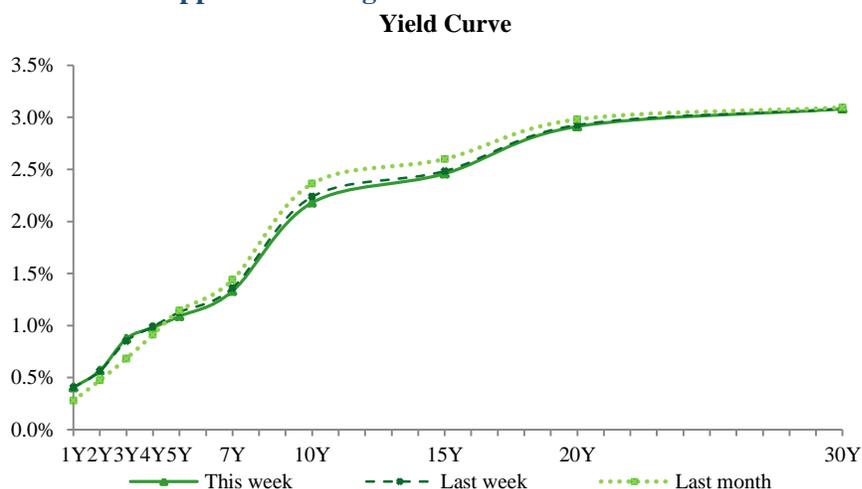
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Round-up

High demand remained in primary market.

Yield curve became more flatten.

Interbank rates stopped increasing this week.



Source: VBMA, VCBS compiles

■ VND 8,770 bn was mobilized from ST. VND 37,908 bn (-14.4% wow) was traded on the secondary market.

■ Bond yields decreased for almost all tenors. According to VBMA data, 1Y, 2Y, 3Y, 4Y, 5Y, 7Y, 10Y, 15Y, 20Y and 30Y bond yields posted at 0.405% (0 bps), 0.567% (+0.4 bps), 0.874% (+2.2 bps), 0.982% (-0.8 bps), 1.089% (-4 bps), 1.331% (-3.1 bps), 2.18% (-5.7 bps), 2.459% (-2.5 bps), 2.912% (-1.4 bps), 3.081% (0 bps) respectively.

■ Interbank rates decreased after weeks. In details, ON – 3M rates posted at 0.968%, 1.066%, 1.196%, 1.374% and 1.504% respectively according to Bloomberg data.

■ Almost no transaction recorded this week.

VCBS Commentary June 14th – June 18th

■ Yield curve in the upcoming week may become flatten as short-term bonds yields experienced a minimal change while long-term bond yields decrease slightly.

■ We expect that interbank rate shall hover steadily at this level in upcoming weeks.

Bond Market

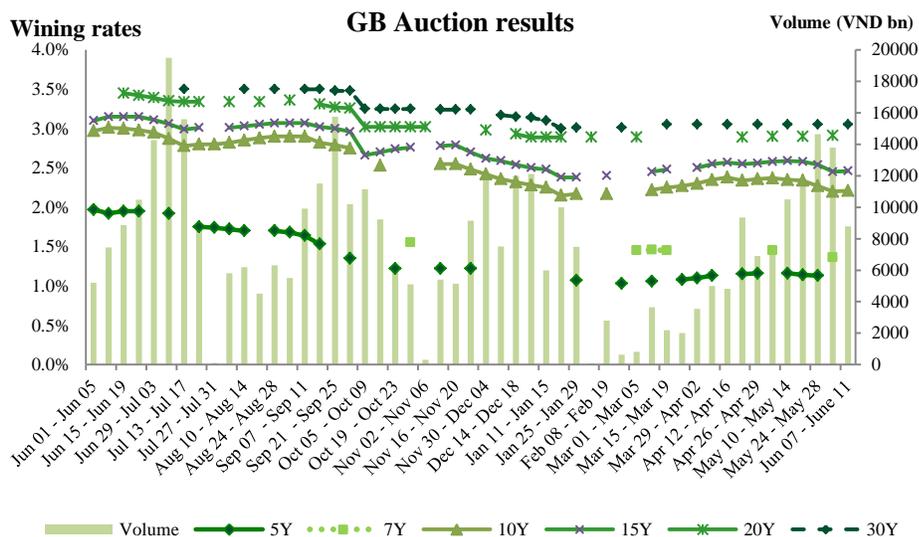
Primary Market

VND 8,770 bn was mobilized from ST.

Winning rates decreased with high demand.

VND 8,770 bn was mobilized from ST. Therein, ST successfully issued VND 5,800 bn at 10Y tenors, VND 2,450 bn at 15Y tenors, VND 520 bn at 30Y tenors. The registered volume-to-offering volume ratios for 10Y, 15Y, 30Y tenors were 2.21; 2.34; .95; 2.07 times respectively. Winning volume-to-offering ratios for 10Y, 15Y, 30Y tenors stood at 82.86%; 61.25%; 34.67%. Winning rates for 10Y, 15Y, 30Y stood at 2.21 (+1 bps); 2.46 (+1 bps); 3.05 (unchanged) respectively. Note that only long-term bonds mobilized this week.

VDB and VBSP did not mobilize bond this week.



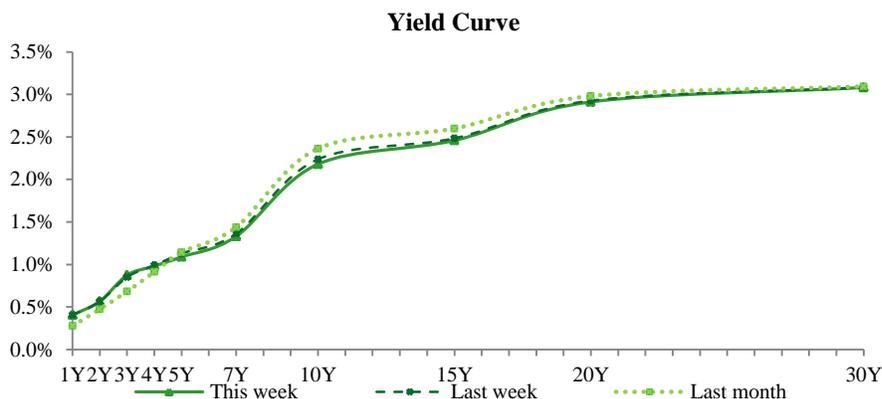
Source: HNX, VCBS

Secondary Market

VND 37,908 bn (-14.4% wow) was traded on the secondary market.

VND 37,908 bn (-14.4% wow) was traded on the secondary market. Average trading volume per day is VND 7,582 bn. In detail, Outright and repo values were at VND 25,610 bn (-8.7% wow) and VND 12,298 bn (-24.3% wow) respectively. Regarding outright, ST-Bond kept totally dominating trading volume with 99%. 60% of outright volume is long-term bond.

Bond yields decreased for almost all tenors. According to VBMA data, 1Y, 2Y, 3Y, 4Y, 5Y, 7Y, 10Y, 15Y, 20Y and 30Y bond yields posted at 0.405% (0 bps), 0.567% (+0.4 bps), 0.874% (+2.2 bps), 0.982% (-0.8 bps), 1.089% (-4 bps), 1.331% (-3.1 bps), 2.18% (-5.7 bps), 2.459% (-2.5 bps), 2.912% (-1.4 bps), 3.081% (0 bps) respectively.



Source: VBMA, VCBS compiles

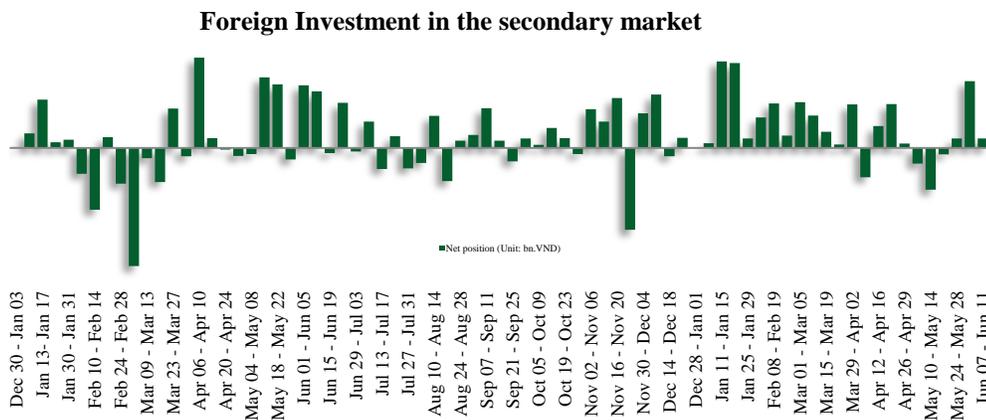
The demand for long-term bond recorded both in primary and secondary market still support a further fractional decrease for long-term bond yields. In the meantime, we consider a lower interbank rate last week a good signal and can dampen an upward force on short-term bond yields lately.

In the long run, as mentioned in [Macroeconomic report May.2021](#), we do not observe any forward guidance on change from expansionary monetary policy result from higher expected inflation. Still, this is the main reason to support our argument of a long-term downward trend of bond yields. This week, we also draw attention to Fed meeting in June. So far, market participants do not expect any profound change.

To sum up, yield curve in the upcoming week may become flatten as short-term bonds yields experienced a minimal change while long-term bond yields decrease slightly.

Foreign investors net bought VND 146 bn.

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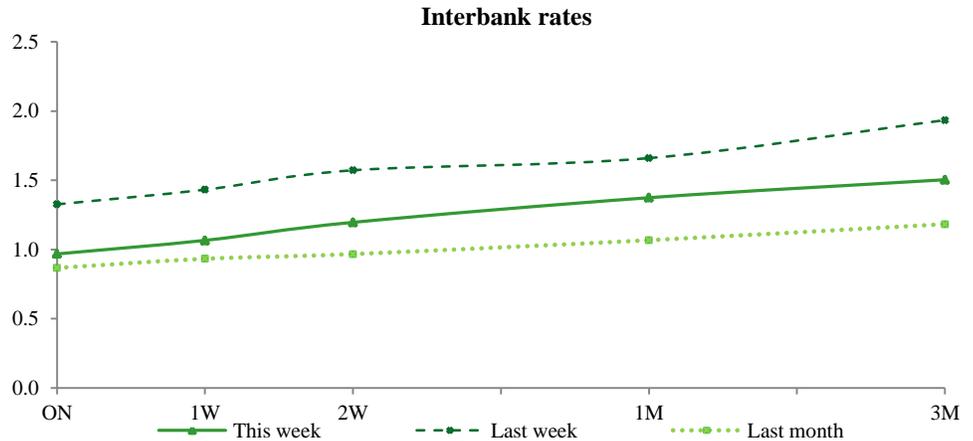
Source: HNX, VCBS

INTEREST RATE

Interbank rates decreased after weeks.

Interbank Rates

Interbank rates decreased after weeks. In details, ON – 3M rates posted at 0.968%, 1.066%, 1.196%, 1.374% and 1.504% respectively according to Bloomberg data.



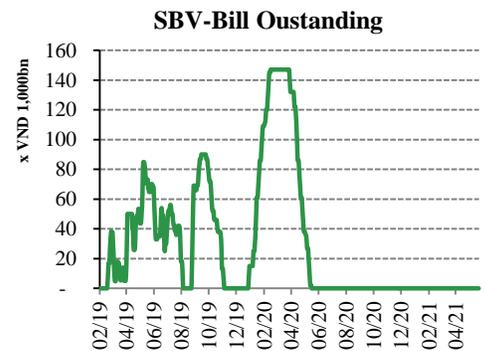
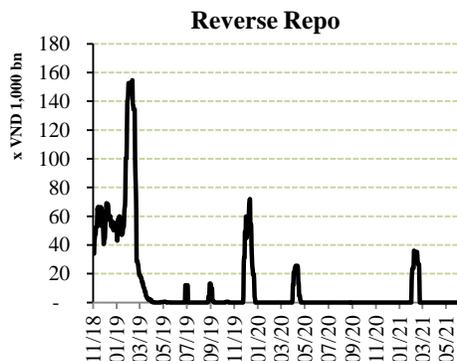
Source: Bloomberg, VCBS

Last week, SBV starts to make foreign currency forward buying contract with a lower executed price. It indicates that administrative body is confident about their tools and resources on hand to deal with uncertainties if any. In the meantime, it seems that interbank rate stop increase. We expect that interbank rate shall hover steadily at this level in upcoming weeks.

Almost no transaction recorded this week.

Open Market Operation

SBV do not need to pump liquidity in the system.



Source: Bloomberg, VCB

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								
9-Jun-21	10Y	7,000	15,451	5,800	2.21	2.21	82.86%	ST
9-Jun-21	15Y	4,000	9,350	2,450	2.34	2.46	61.25%	ST
9-Jun-21	30Y	1,500	1,420	520	.95	3.05	34.67%	ST

Secondary Market

Issuer	Last week		Current week	
	Value	Value share	Value	Value share
Outright				
ST	28,037	100.00%	25,503	99.58%
VDB	-	0.00%	106	0.42%
VBSP	-	0.00%	-	0.00%
Others	-	0.00%	-	0.00%
Subtotal (1)	28,037	100.00%	25,610	100.00%
Repo				
Repo	16,240	49.54%	12,298	34.63%
Reserve Repo	16,539	50.46%	23,211	65.37%
Subtotal (2)	32,779	100.00%	35,510	100.00%
ST bills				
Outright				
Repo				
Subtotal (3)				
Total (1)+(2)+(3)	60,816		61,119	

Open Market Operation

Date	Due	Reverse Repo			Outright (SBV Bills)			
		Offer	Balance	Outstanding	Due	Offer	Balance	Outstanding
03/15 – 03/19	-	-	-	-	-	-	-	-
03/22 – 03/26	-	-	-	-	-	-	-	-
03/29 – 04/02	-	-	-	-	-	-	-	-
04/05 – 04/09	-	-	-	-	-	-	-	-
04/12 – 04/16	-	-	-	-	-	-	-	-
04/19 – 04/23	-	-	-	-	-	-	-	-
04/26 – 04/29	-	-	-	-	-	-	-	-
05/03 – 05/07	-	-	-	-	-	-	-	-
05/10 – 05/14	-	-	-	-	-	-	-	-
05/17 – 05/21	-	-	-	-	-	-	-	-
05/24 – 05/28	-	-	-	-	-	-	-	-
05/31 – 06/04	-	-	-	-	-	-	-	-
06/07 – 06/11	-	1	1	1	-	-	-	-

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.

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