

## WEEKLY BOND REPORT

**VOL 25 – 2021**

*Interbank rates rose again*

*June 21 – 25, 2021*

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### MONEY MARKET

- **OPEN MARKET OPERATIONS (OMO)**

Last week, the SBV made no issuance of OMO or T-bills on the open market, and there were no matured OMO or T-bills. Thus, the outstanding amount of OMO remained at 0.

- **INTERBANK INTEREST RATE**

Overnight, 1-week and 2-week interbank rates rose by 0.26%, 0.24% and 0.29% to 1.21%, 1.41% and 1.74% p.a., respectively.

### FOREX MARKET

Last week, the central rate slightly increased by VND31, from VND23,148/USD to VND23,179/USD. Meanwhile, the exchange rate at commercial banks rose some time during the week, but the closing price remained the same as that of the previous week at VND23,010/USD.

### BOND MARKET

- **PRIMARY MARKET**

In the past week, the VST offered to sell 5Y, 10Y, 15Y and 30Y government bonds with an offering volume of VND1 trillion, VND3 trillion, VND2 trillion and VND1 trillion, with a success rate of 100%, 100%, 100% and 25%, respectively.

- **SECONDARY MARKET**

Total Outright trading value was VND43,816 bn, increasing 10.57% from the week before. Total Repo trading value ended the week at VND19,340 bn (up by 1.32%).

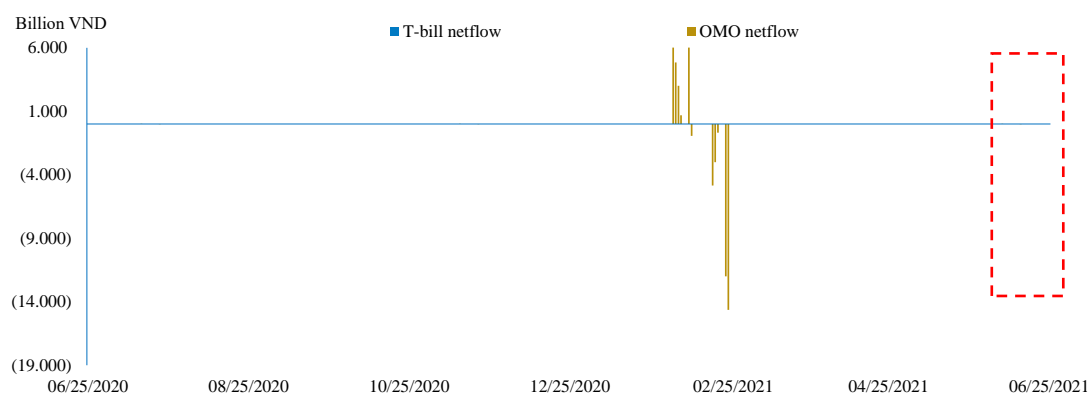
## MONEY MARKET

### OPEN MARKET OPERATIONS

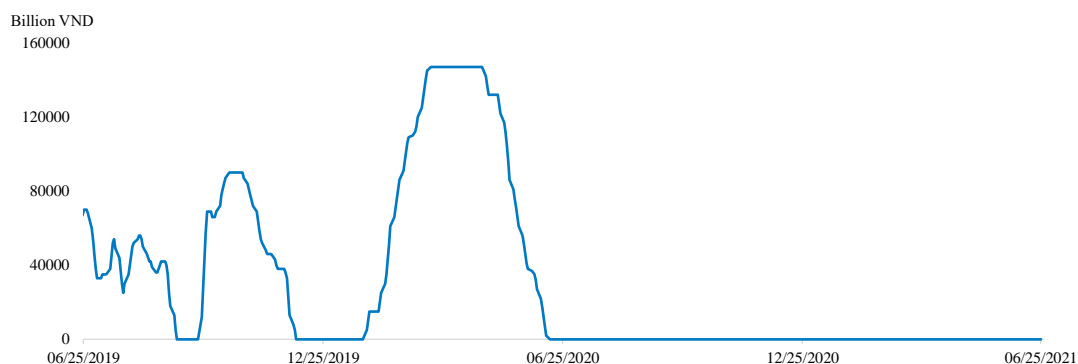
*Last week, the SBV made no injection/withdrawal of OMO or T-bills*

Last week, the SBV made no issuance of OMO or T-bills on the open market, and there were no matured OMO or T-bills. Thus, the outstanding amount of OMO and T-bills remained at 0.

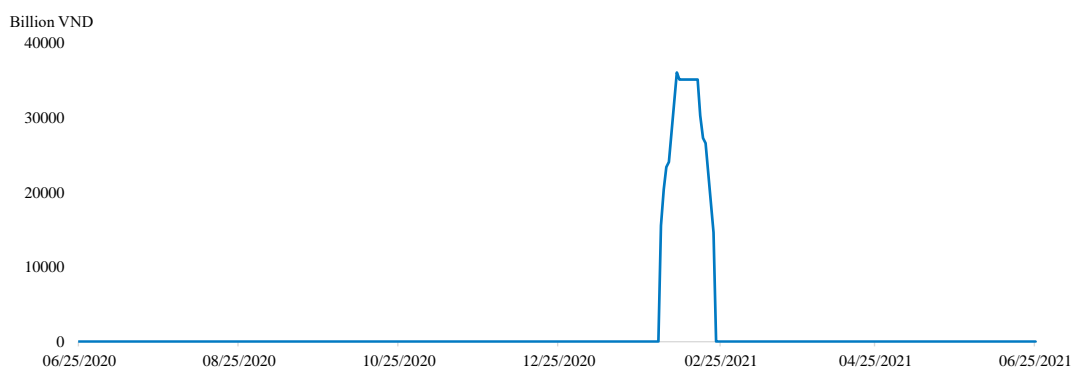
**Figure 1: Open Market Operations**

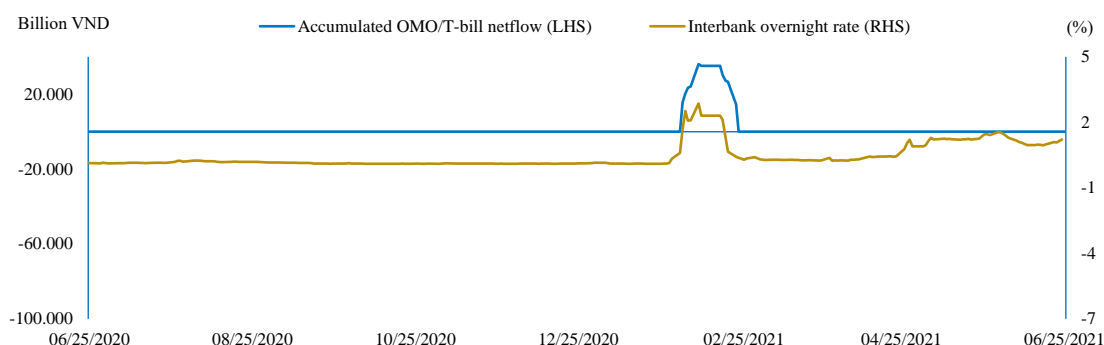


**Figure 2: Outstanding T-bill (net withdrawal)**



**Figure 3: Outstanding OMO (net injection)**



**Figure 4: Accumulated injection/withdrawal of OMO – T-bills over the past year**


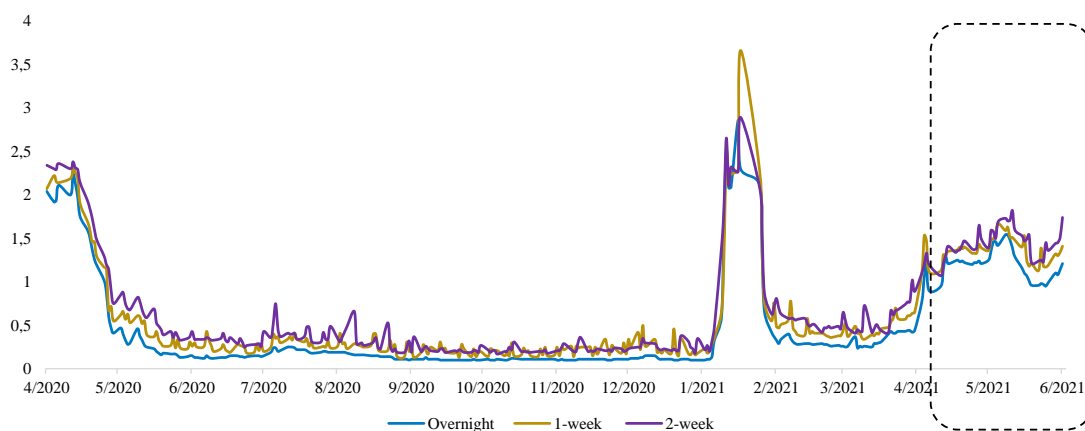
Sources: SBV, BVSC research

## INTERBANK INTEREST RATE

### *Interbank rates rose again*

From June 17 to 24, 2021, overnight, 1-week and 2-week interbank rates rose by 0.26%, 0.24% and 0.29% to 1.21%, 1.41% and 1.74% p.a.

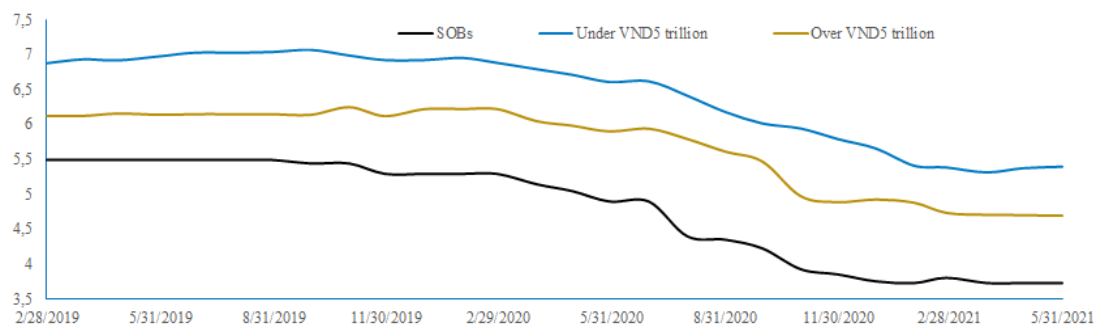
Thus, after 3 weeks decreasing, interbank rates have increased again. As of June 15, 2021, according to SBV's updates, credit growth was 5.1%, growing faster compared to the same period when credit growth only rose 3.65% YTD by the end of June 2020. Credit also grew faster than capital mobilization as by May 21, 2021, credit growth reached 4.67% while capital mobilization growth was only 2.68%. In 2021, the liquidity of the banking system is expected to not be as ample as in 2020.

**Figure 5: Interbank rates**


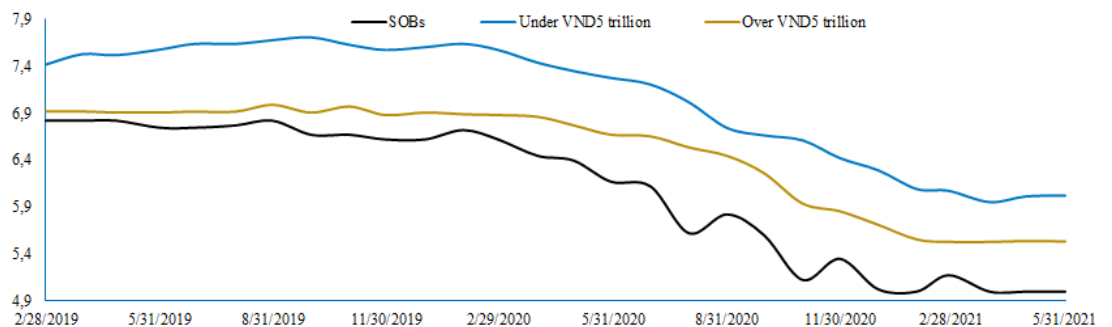
Sources: Bloomberg, BVSC research

*By the end of May, deposit rates continued to move sideways from the previous month*

**Figure 6: 6-month deposit rate – up to May 31<sup>st</sup>, 2021**



**Figure 7: 12-month deposit rate – up to May 31<sup>st</sup>, 2021**



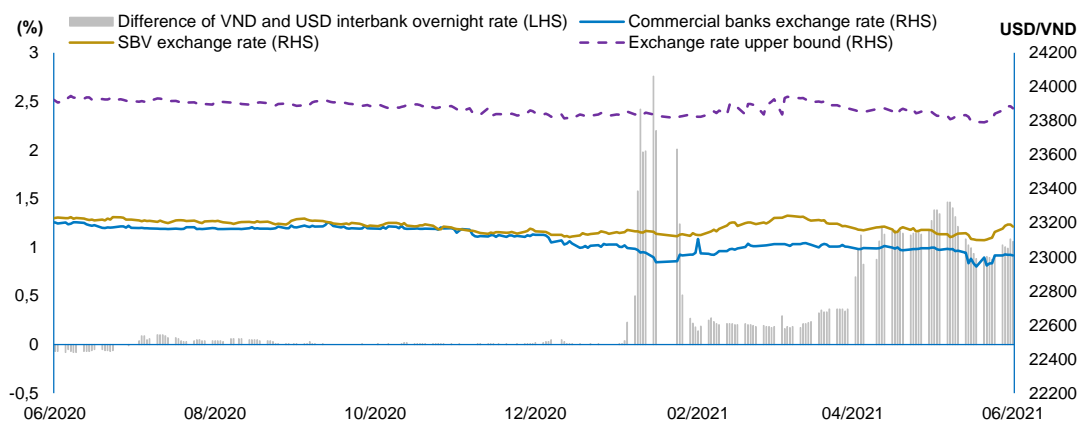
*Sources: Fiinpro, BVSC research*

## FOREX MARKET

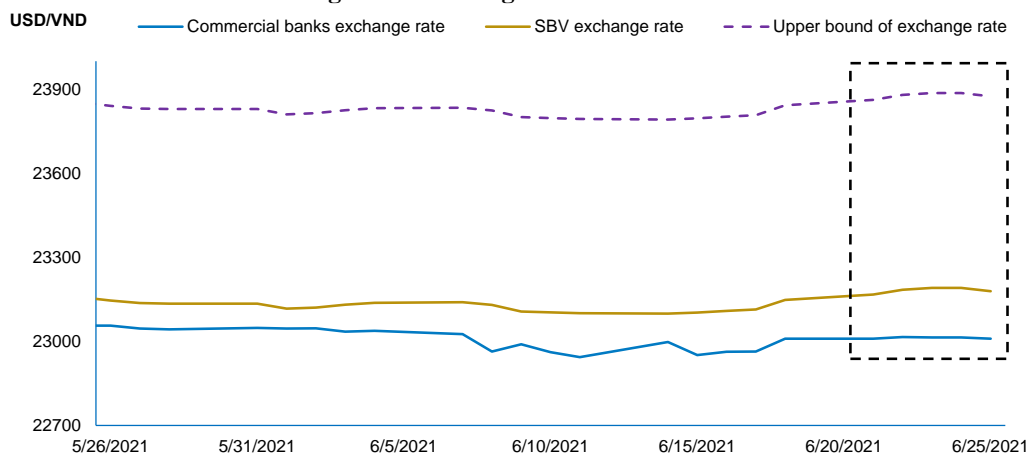
*The central rate further rose while the exchange rate unchanged*

Last week, the central rate slightly increased by VND31, from VND23,148/USD to VND23,179/USD. Meanwhile, the exchange rate at commercial banks rose some time during the week, but the closing price remained the same as that of the previous week at VND23,010/USD.

**Figure 8: Exchange rate – last year**



**Figure 9: Exchange rate – last month**



*Sources: Bloomberg, SBV, BVSC research*

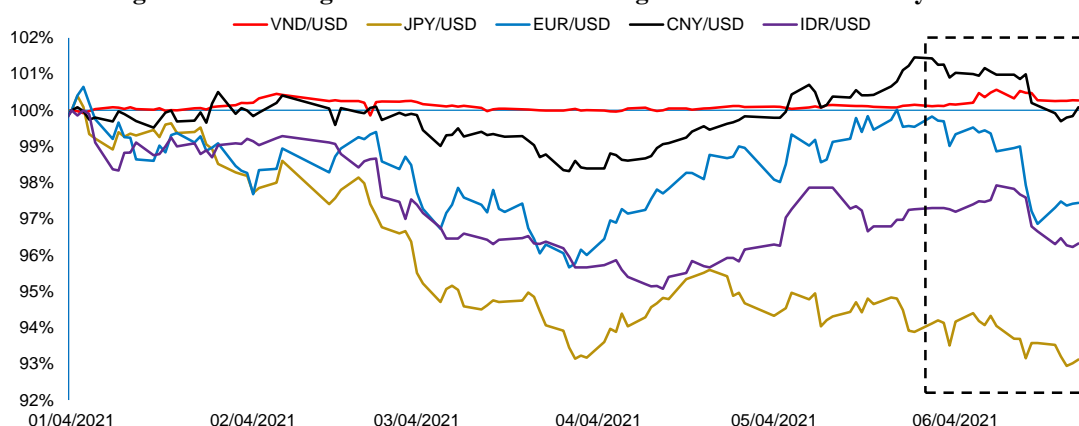
## *DXY dropped*

Last week, DXY dropped again by 0.41% to 91.85 points. The USD decreased against most of other currencies. Particularly, the USD decreased by 0.5%, 0.6%, 1.41%, 1.41% and 0.47% against GBP, EUR, SEK, CAD and CHF, respectively. It only increased against the JPT, by 0.49%.

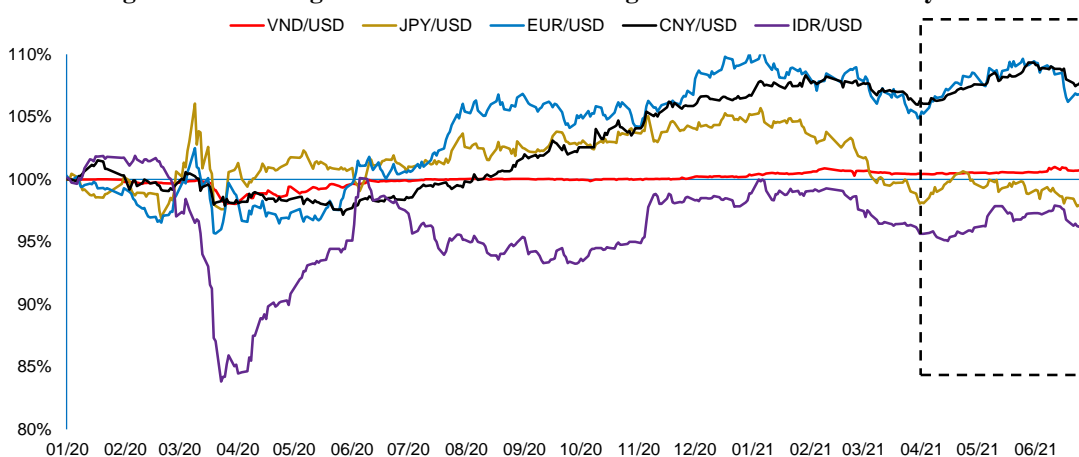
During the week, the US Federal Reserve (Fed) had an answer session for Congressional hearings. According to Fed Chairman Jerome Powell, the recent increase in inflation is only

temporary. The reason Fed pointed out was the sharp drop in prices of many commodities last year when Covid-19 broke out, causing the current inflation to increase sharply. In addition, higher crude oil prices and rapidly increasing consumer demand as the economy reopens, along with supply chain disruptions, also contributed to the continued rise in prices. However, in the Fed's view, once the current high base is reached, inflation is expected to return to the Fed's long-term target of 2%. The growth rate of inflation will gradually decrease as the US economy continues to recover, and in the long term will return to the target of 2%.

**Figure 10: Exchange rate of some currencies against USD since January 2021**



**Figure 11: Exchange rate of some currencies against USD – since January 2020**



Sources: Bloomberg, SBV, BVSC research

## BOND MARKET

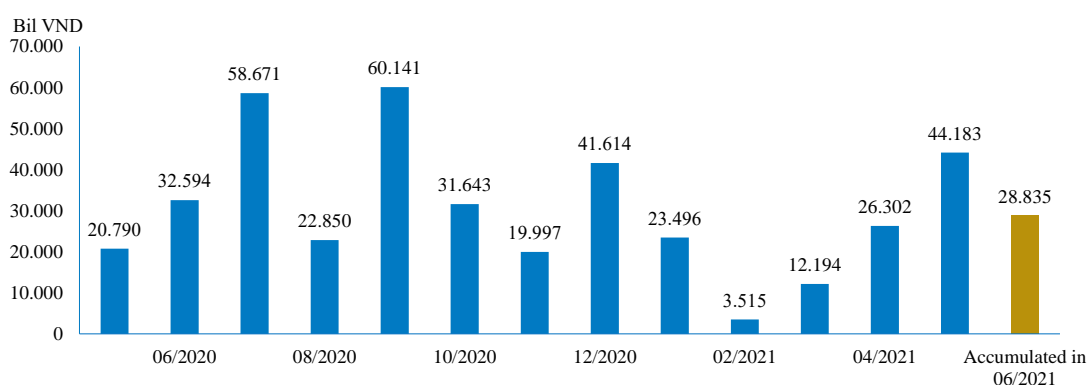
### PRIMARY MARKET

#### G-bond auction results

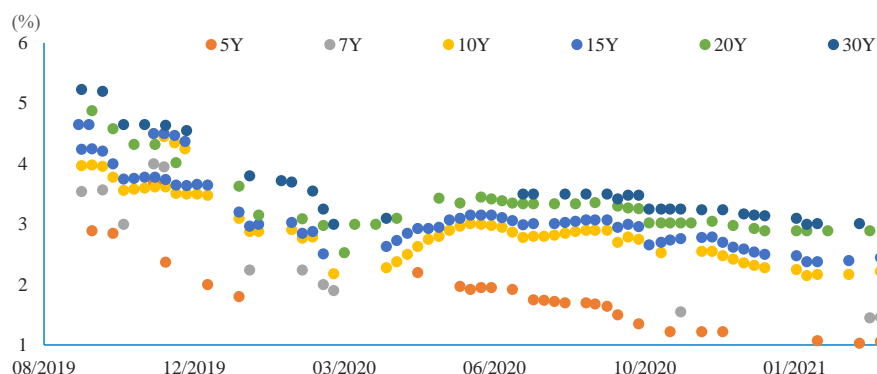
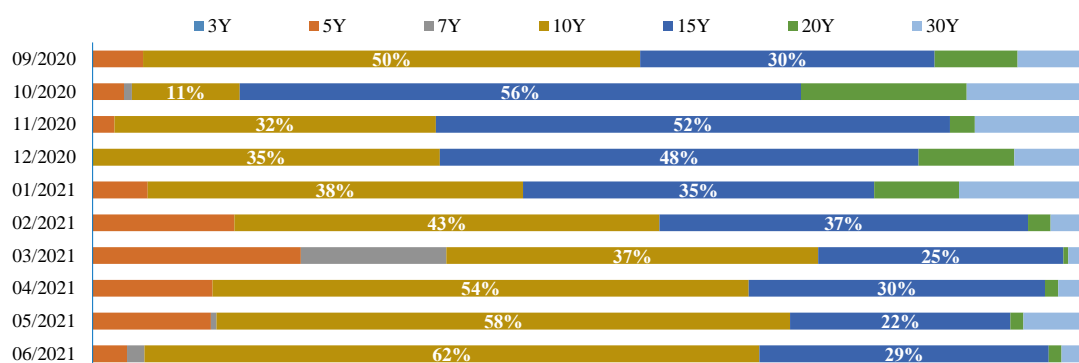
Date	Issuer	Term (year)	Offering value (bn VND)	Bidding value (bn VND)	Winning value (bn VND)	Success rate (%)	Ceiling rate (%)	Bidding rate (%)
06/23/2021	VST	5	1000	2700	1000	100.00%	1.09-1.2	1.1
06/23/2021	VST	10	3000	6900	3000	100.00%	2.15-2.24	2.2
06/23/2021	VST	15	2000	5050	2000	100.00%	2.4-2.52	2.46
06/23/2021	VST	30	1000	975	275	27.50%	3.05-3.6	3.05

VST last week offered to sell 5Y, 10Y, 15Y, and 30Y Government bonds with an offering volume of VND1 trillion, VND3 trillion, VND2 trillion and VND1 trillion, respectively. Bidding volume of 5Y was 2.7 times the offering volume with a success rate of 100% at a 1.1% interest rate – **decreased 0.03% from the last winning auction**. Bidding volume of 10Y was 2.3 times the offering volume, with a success rate of 100% at a 2.2% interest rate – **down 0.01% from the last winning auction**. Bidding volume of 15Y was 2.53 times the offering volume, with a success rate of 100% at a 2.46% interest rate – **unchanged from the last winning auction**. Bidding volume of 30Y was 0.96 times the offering volume, with a success rate of 28% and a 3.05% interest rate – **unchanged from the last winning auction**.

**Figure 12: G-bond auction results**



Sources: HNX, BVSC research

**Figure 13: Weekly winning volume**

**Figure 14: Weekly winning volume by terms**


Sources: HNX, BVSC research

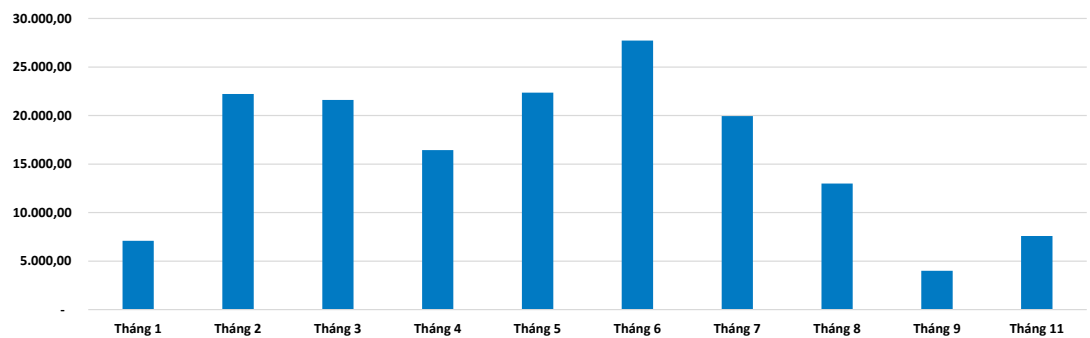
### Forecast for upcoming auctions

Next week, VST is expected to offer VND 6 trillion G-bonds of 7Y, 10Y, 15Y, and 20Y terms.

Issuer	Type	Term	Date	Trading volume (bn VND)
VST	Additional	7	06/30/2021	500
VST	Additional	10	06/30/2021	3,000
VST	Additional	15	06/30/2021	2,000
VST	Additional	20	06/30/2021	500

Accumulated from 2Q21, the SBV has successfully issued over 99 trillion G-bonds, fulfilling 99% of the 2Q21 plan, and over 39% of the FY21 plan. The issuance rate in the past week has increased again after the previous unsuccessful week, reaching 90% of the offering volume. However, the success rate of 5Y and 10Y rates slightly decreased by 0.01% and 0.03%, while that of 15Y and 30Y terms remained unchanged from the last issuance.



**Matured G-bonds in 2021 (VND bn)**

**2021 plan completion**

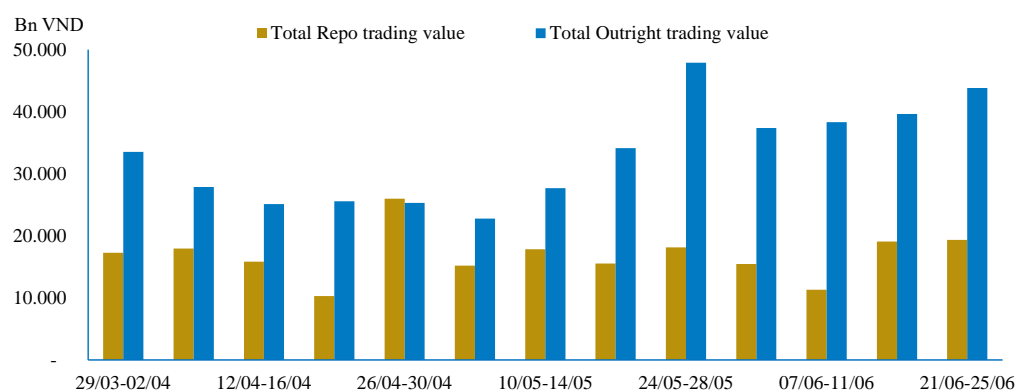
Unit: VND bn	5Y	7Y	10Y	15Y	20Y	30Y	Total
FY21 issuance plan	20,000	15,000	120,000	135,000	30,000	30,000	350,000
Issued volume	13,769	2,531	72,286	38,541	3,440	7,958	<b>138,525</b>
% Fulfill the FY21 plan	68.85%	16.87%	60.24%	28.55%	11.47%	26.53%	39.58%
2Q21 issuance plan	10,000	4,000	35,000	35,000	8,000	8,000	100,000
Issued volumn in 2Q21	9,419	750	57,386	25,960	1,300	4,505	<b>99,320</b>
% Fulfill the 2Q21 plan	94%	19%	164%	74%	16%	56%	99%

## SECONDARY MARKET

*Outright transactions were VND 43,816 bn. Repo transactions reached VND 19,340 bn.*

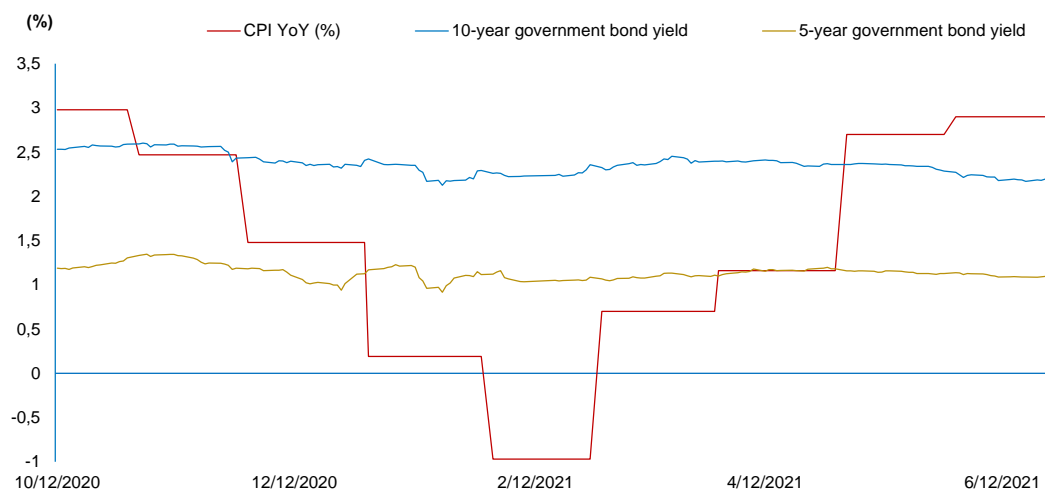
Total Outright trading value last week was VND 43,816 bn, increasing by 10.57% from the week before. Total Repo trading value ended the week at VND 19,340 bn, up by 1.32%.

**Figure 15: Outright and Repo Transactions**



Sources: HNX, BVSC research

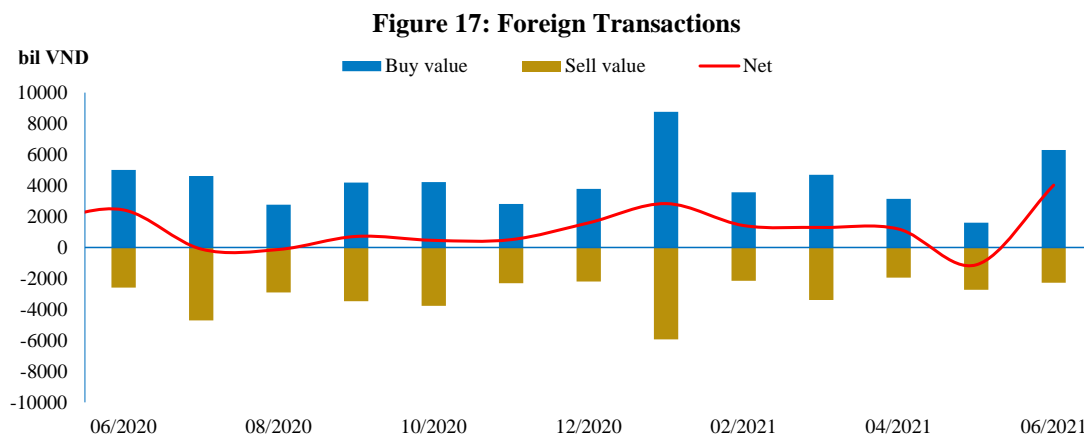
**Figure 16: Bond yield rates and CPI YoY**



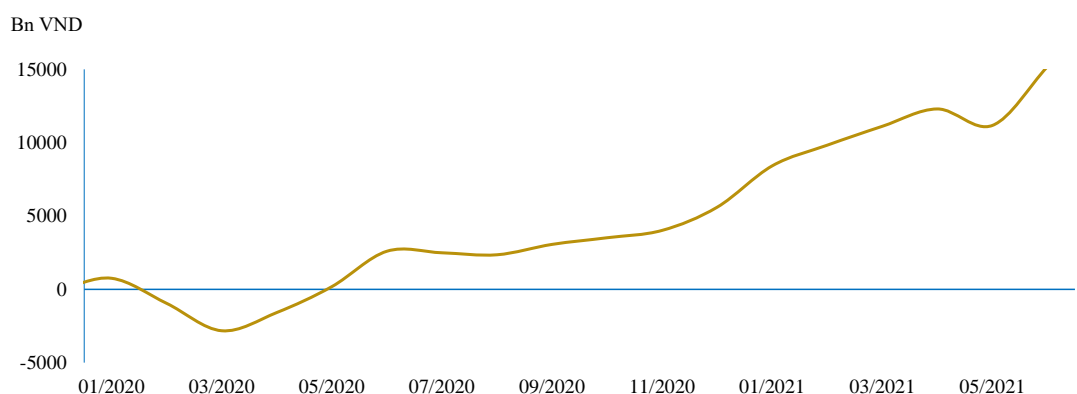
Sources: Bloomberg, BVSC research

*Foreign investors net bought VND 652 bn on the secondary market.*

Foreign investors has further net bought last week, with the total value of VND 652 bn. The buying value reached VND 867 bn, while the selling value was VND 215 bn. Thus, accumulated from the beginning of the year until now, foreign investors' net buying value has further increased, reaching VND 9,601 bn.

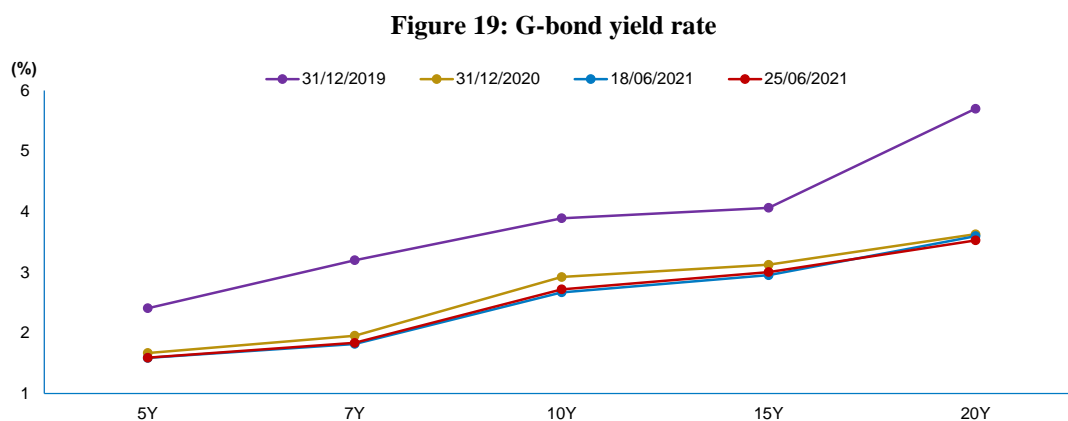


**Figure 18: Accumulated foreign trading – since 1/1/2020**



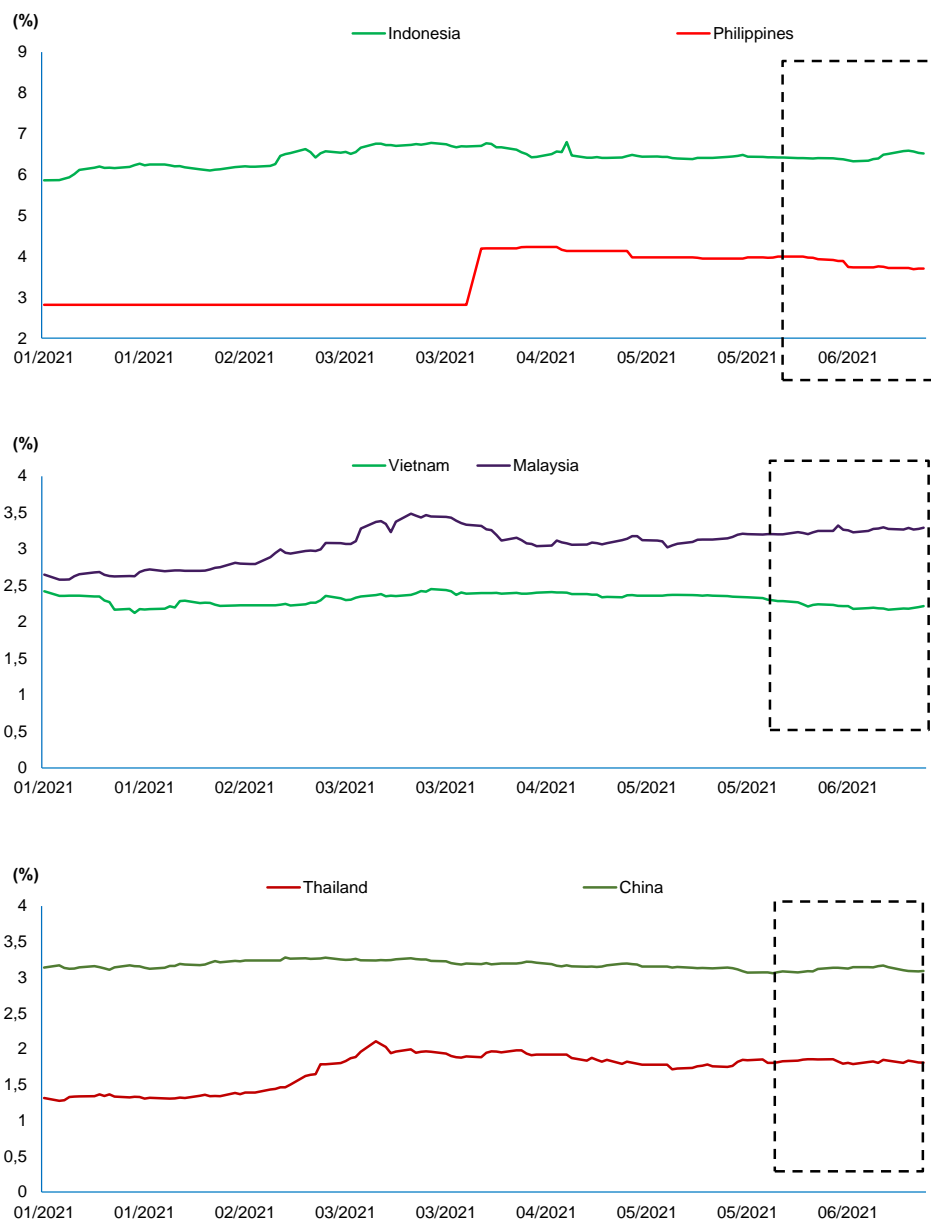
Sources: HNX, BVSC research

In the past week, 7Y, 10Y and 15Y yield rates rose again by 0.02%, 0.05% and 0.05% to 1.34%, 2.22% and 2.5% p.a, respectively. Meanwhile, 5Y yield rate remained at 1.09% p.a. and 20Y yield rate decreased by 0.07% to 3.03% p.a.

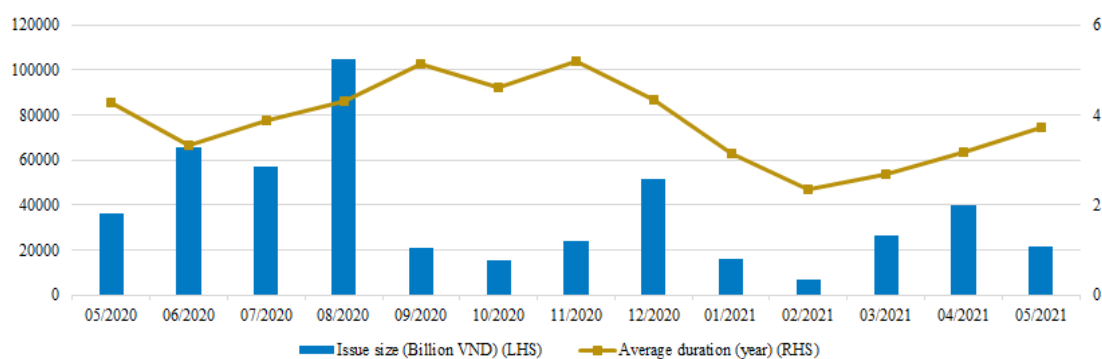
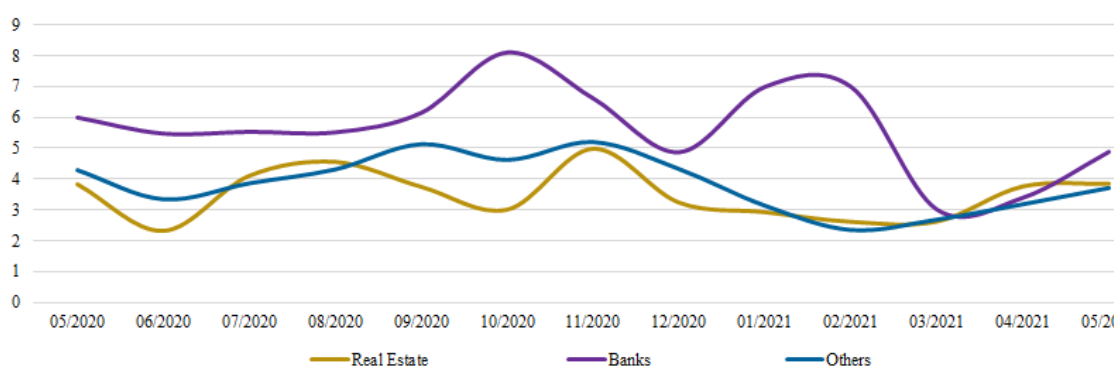
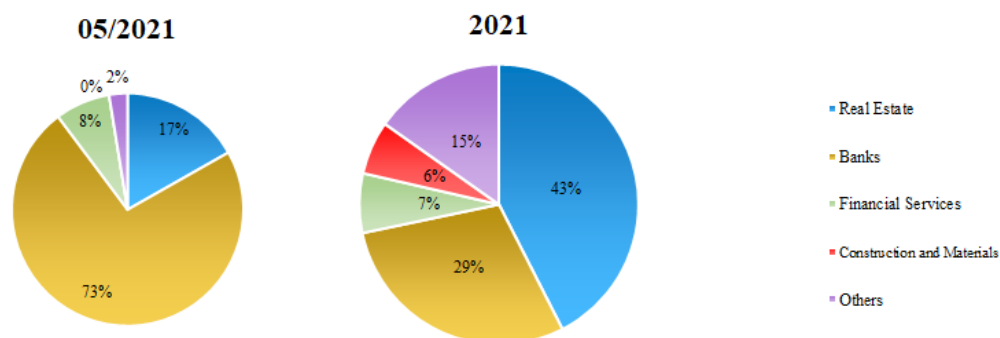
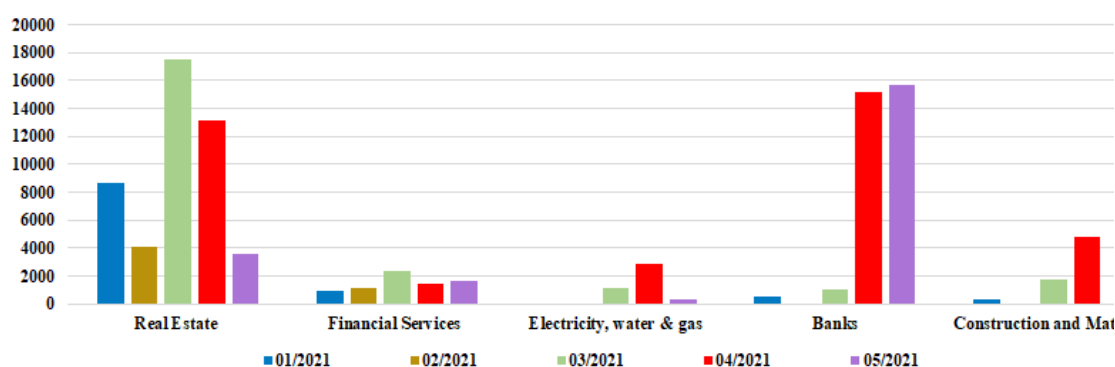


Last week, the 10Y yield rate of Thailand, Philippines and China decreased by 0.03%, 0.02% and 0.05% respectively. Meanwhile, the 10Y yield rate of Indonesia and Malaysia slightly rose by 0.01% and 0.02%.

**Figure 20: 10Y bond yield rate of some countries**



Sources: Bloomberg, BVSC research

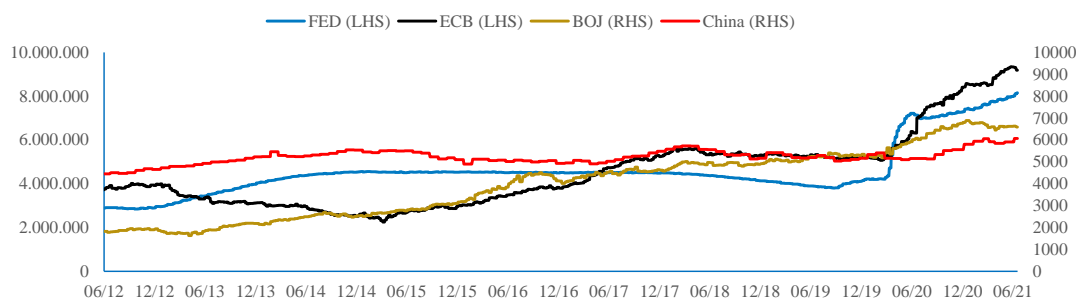
**CORPORATE BOND MARKET**
**Figure 21: Total registered value and issue size of corporate bonds**

**Figure 22: Average duration by sectors**

**Figure 23: Proportion of corporate bonds by sectors**

**Figure 24: Corporate bond issue size by sectors**


Sources: Fiin Group, BVSC research

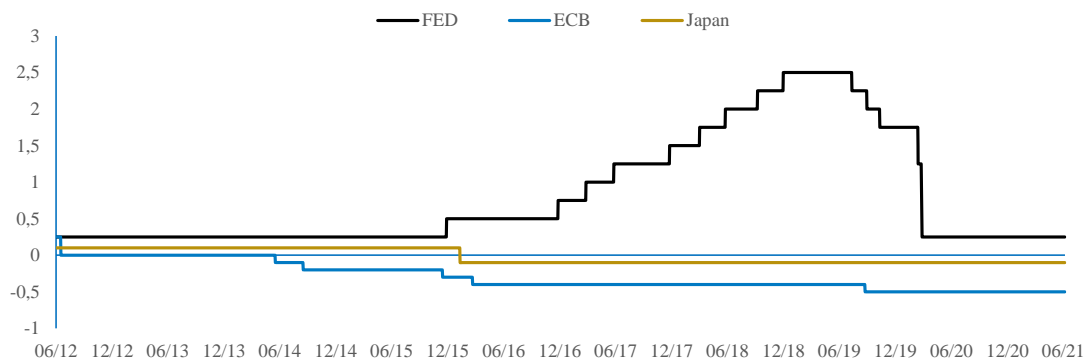
## MONETARY POLICIES OF MAJOR CENTRAL BANKS

*Major central banks such as the US Federal Reserve, Bank Of Japan and European Central Bank maintain monetary easing policy*

**Figure 25: Balance sheets of major central banks**



**Figure 26: Policy rates at major markets**



*Sources: Bloomberg, BVSC*



## Disclaimer

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