

# VBMA NEWSLETTER

July 2023



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**VBMA RECENT ACTIVITIES**

## MARKET NEWS

### Government bond auction results in July 2023

No.	Bond code	Issuer	Tenor (year)	Auction Date	Offering Value (VND bn)	Bidding Value (VND bn)	Winning Volume (VND bn)	Winning Yield (%/y)
1	TD2333120	State Treasury	10	5/07/2023	3,000	3,951	3,000	2.45
2	TD2338135	State Treasury	15	5/07/2023	3,750	4,570	3,750	2.7
3	TD2328099	State Treasury	5	5/07/2023	750	2,092	750	2
4	TD2353151	State Treasury	30	12/07/2023	500	1,130	500	3.2
5	TD2328099	State Treasury	5	12/07/2023	500	721	479	2
6	TD2333120	State Treasury	10	12/07/2023	3,000	3,801	3,000	2.45
7	TD2338135	State Treasury	15	12/07/2023	3,750	4,450	3,750	2.7
8	TD2338135	State Treasury	15	19/07/2023	4,500	10,084	4,500	2.7
9	TD2353151	State Treasury	30	19/07/2023	500	1,473	500	3.1
10	TD2328099	State Treasury	5	19/07/2023	500	1,650	-	-
11	TD2333120	State Treasury	10	19/07/2023	3,750	11,550	3,750	2.45
12	TD2338135	State Treasury	15	26/07/2023	3,000	13,311	3,000	2.6
13	TD2328099	State Treasury	5	26/07/2023	500	2,160	10	1.8
14	TD2333120	State Treasury	10	26/07/2023	2,000	6,049	1,348	2.4
15	TD2343146	State Treasury	20	26/07/2023	500	1,050	500	2.75

**Sources: HNX, collected by VBMA**

**In July 2023, the State Treasury of Vietnam called for 15 auctions of government bonds with the total offering value of VND 30,500 billion, the winning rate was 94.5%.**

The STV called for auction of G-bonds at 5-year, 10-year, 15-year, 20-year and 30-year. The 10 and 15-year tenors accounted for most of the winning value with VND 11,098 billion and VND 15,000 billion, respectively. The 5-year tenor was successfully issued VND 1,239 billion, winning value of 20-year and 30-year were VND 500 billion and VND 1,000 billion. The average winning yield extended the decline, about 10 to 30 bps lower compared to last month.

The issued value by STV since the beginning of the year was equivalent to 52% of the 2023 plan (VND 400,000 billion).

In July, Vietnam Bank for Social Policy issued VND 4,450 billion of government guarantee bonds at tenor 5 years (VND 500 billion), 10 years (VND 2,000 billion) and 15 years (VND 1,950 billion).

**The value of Outright transactions was VND 87,454 billion (decreased by 22.7% compared to the previous month) and Repo transactions was VND 22,160 billion (46.9% lower).**

In the secondary market, the average daily Outright transaction value rise by 15.3% to VND 4,164 billion per day, and the average daily Repo transaction value slided to VND 1,055 billion per day, 41.9% lower than last month. Compared to the same period in 2022, July 2023 outright volume was 6.7% higher and repo volume dropped by 49.2%.

Market liquidity was in the recovery phase but still much lower than the period of 2019-2021.

Foreign investors net bought a total of VND 152 billion in July 2023, ending the 3 consecutive months of selling. Since the beginning of the year, foreign investors had net sold VND 4,763 billion.

**Government bond yields (according to VBMA outright trading room) remained in downtrend across all tenors in July, dropping about 20 to 40 bps.**

The State Bank of Vietnam maintained the accommodative monetary policy as domestic economy faced difficulties due to the decline in the number of business orders, stagnant real estate market, etc. It put pressure on Government bond yields, leading to a drop of about 300 bps at the 5-year tenor and 250 bps at the 10-year tenor compared to the high at the end of 2022.

Meanwhile, the Fed raised rates by 25 bps in July to the 5.25%-5.5% range but also leaved the door open for a pause in the next meeting in September. The Fed will be data-dependent, focusing on inflation and the labor market to determine whether to hike or keep interest rates unchanged. The Vietnam-US gap rate continuously widened to a record negative level since the beginning of the year.

## Vietnam State Treasury (VST) announce Government Bond Auction plan for the 3rd Quarter 2023

On July 20<sup>th</sup> 2023, Vietnam State Treasury (VST) issued Letter No. 4154/KBNN-QLNQ regarding Government Bond Auction Plan Announcement in the third quarter of 2023 with the total offering value of VND 110.000 billion.

Details of offering value by tenors in the third quarter can be found below:

- 5-year tenor: VND 10.000 billion.
- 7-year tenor: VND 3.000 billion
- 10-year tenor: VND 35.000 billion.
- 15-year tenor: VND 48.000 billion.
- 20-year tenor: VND 7.000 billion.
- 30-year tenor: VND 7.000 billion.

### Corporate bonds issued in 2023:

According to data consolidated by VBMA as of 31/7/2023, there were 14 issuances through private placement of corporate bond in July 2023 with the issuing value of VND 5,180 billion and 7 issuances through public offering, worth VND 7,5000 billion. The average issuing coupon rate was 9.4%/year and average tenor was 5.7 years.

Since the beginning of the year, the total issuing value of corporate bond was VND 78,988 billion with 17 issuances through public offerings worth VND 16,476 billion (or 20.8% of the total issuing value) and 63 issuances through private placement worth VND 62,512 billion (or 79.2% of the total issuing value). The Banking sector issued the most with VND 28,631 billion (accounting for 36.2%), Real Estate ranked second with VND 26,055 billion (accounting for 33%). Almost all of the Banking bonds were issued since the end of June.

In July, corporates redeemed VND 20,533 billion of corporate bonds, increasing by 2% compared to the same period of 2022. In the last 5 months of 2023, there will be VND 132,637 billion of corporate bonds reaching maturity.

*\*The data consolidated by VBMA was collected from website of HNX according to the issuing date and redemption date. This data might subject to change from time to time based on the information disclosure from HNX and SSC. The corporate bond data is collected as of 31 July 2023.*

## VBMA ACTIVITIES IN JULY 2023

### **VBMA participated in the Conference on releasing regulations on registering, depository activities, clearing and market of privately placed corporate bond**

On July 11th afternoon, Hanoi Stock Exchange (HNX) and Vietnam Securities Depository (VSD) held the Conference on statutes and regulations on the registering, depositing, clearing and market structuring of corporate bond privately-placed in the domestic market. VBMA representatives took part in this Conference and made several comments.

Also on July 11th, VBMA representative witnessed the agreement signing ceremony between Vietcombank, VSD and HNX to coordinate the trading and clearing of privately-placed corporate bond. After the signing of this Agreement, Vietcombank officially became the clearing bank for privately-placed corporate bond market.

### **VBMA attended the Workshop: Thematic Bonds and Transition Investments in Vietnam**

On July 6, VBMA's representatives attended the "Thematic Bonds and Transition Investments in Vietnam" Workshop in Hanoi, organized by Prudential/Eastspring in collaboration with the British Chamber of Commerce (Britcham) and Climate Bond Initiative. VBMA representatives and experts discussed issues related to the environment, sustainability and development of Vietnam's green bond market.

### **Representative of VBMA attended the 37th ASEAN+3 Bond Market Forum (ABMF) in Tokyo, Japan.**

VBMA representatives attended the 37th meeting of the ASEAN+3 Bond Market Forum (ABMF) and other events in Tokyo, Japan. The program was co-organized by ADB, APFF, XBRL and ABLI with the participation of more than 100 experts from the Ministry of Finance, Central Bank, regional financial market associations and institutions.

The program took place for 4 days from July 24 to July 27, 2023, discussing in-depth contents on cooperation and sustainable financial market development in the region, as well as the application of technology in sustainable financial development, and regulatory framework for digitalization in Asian financial markets.

### **VBMA welcome 2 new official members in July 2023**

VBMA was pleased to welcome DNSE Securities JSC and ICML Advisory Law Firm to become official members of the Association since July 13rd and July 18th, respectively.

VBMA hopes that with the active participation of DNSE Securities JSC and ICML Advisory Law Firm, VBMA together with our members will build a professional, liquid and dynamic bond market for Vietnam.



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