

VBMA NEWSLETTER

November 2021



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MARKET NEWS

Government bond auction results in November 2021

No.	Bond code	Issuer	Tenor (year)	Auction Date	Offering Value (VND bn)	Bidding Value (VND bn)	Winning Volume (VND bn)	Winning Yield (%/y)
1	TD2151043	State Treasury	30	03/11/2021	2000	1260	1010	2.98
2	TD2126162	State Treasury	5	03/11/2021	1000	2050	300	0.83-0.83
3	TD2131018	State Treasury	10	03/11/2021	4500	16491	4500	2.15
4	TD2136029	State Treasury	15	03/11/2021	2000	4150	1450	2.39
5	TD2131018	State Treasury	10	10/11/2021	4000	14094	4000	2.09
6	TD2136029	State Treasury	15	10/11/2021	3000	6962	2912	2.34
7	TD2141038	State Treasury	20	10/11/2021	3000	9785	3000	2.81
8	TD2136028	State Treasury	15	17/11/2021	3000	6663	2723	2.33
9	TD2128008	State Treasury	7	17/11/2021	1000	1350	250	1.1
10	TD2126162	State Treasury	5	17/11/2021	1000	1350	200	0.76-0.76
11	TD2131019	State Treasury	10	17/11/2021	3000	7391	2541	2.06
12	TD2151043	State Treasury	30	17/11/2021	1500	3953	1500	2.98
13	TD2131019	State Treasury	10	24/11/2021	3000	6986	2077	2.07
14	TD2126162	State Treasury	5	24/11/2021	1000	870	170	0.76-0.76
15	TD2136030	State Treasury	15	24/11/2021	4500	9152	4500	2.34
16	TD2141039	State Treasury	20	24/11/2021	3000	11008	3000	0.83-0.83

Sources: HNX, VBMA consolidated

Government Bond Payment Schedule in December 2021

No.	Bond code	Tenor (year)	Issuer	Repayment date	Value	Coupon Rate	Coupon Payment	Prin Payment	Total Payment
1	BVBS15176	15	12/1/2015	12/1/2021	75	8.1	6.1	-	6.1
2	BVBS20121	10	12/4/2020	12/4/2021	1,000	2.7	27.0	-	27.0
3	BVBS20127	15	12/4/2020	12/4/2021	1,475	2.9	42.8	-	42.8
4	BVDB19064	10	12/4/2019	12/4/2021	700	4.2	29.4	-	29.4
5	BVDB19084	15	12/4/2019	12/4/2021	700	4.3	30.1	-	30.1
6	BVBS17065	10	12/5/2017	12/5/2021	208	5.8	12.1	-	12.1
7	TD1929181	10	12/5/2019	12/5/2021	4,350	3.5	152.3	-	152.3
8	BVDB17270	10	12/6/2017	12/6/2021	2,000	5.9	118.0	-	118.0
9	BVDB17319	15	12/6/2017	12/6/2021	2,000	6.2	124.0	-	124.0
10	BVBS15177	15	12/8/2015	12/8/2021	35	8.1	2.8	-	2.8
11	BVDB20086	10	12/9/2020	12/9/2021	1,250	2.7	33.8	-	33.8
12	BVDB20101	15	12/9/2020	12/9/2021	2,600	2.9	75.4	-	75.4
13	HPGB17438	5	12/11/2017	12/11/2021	174	6.0	10.5	-	10.5
14	BVDB18001	3	12/12/2018	12/12/2021	1,250	5.1	63.8	-	1,313.8
15	BVDB18021	5	12/12/2018	12/12/2021	500	5.3	26.5	-	26.5
16	BVDB18041	10	12/12/2018	12/12/2021	1,200	5.8	69.6	-	69.6
17	BVDB18061	15	12/12/2018	12/12/2021	1,495	6.0	89.7	-	89.7
18	BVDB18235	7	12/12/2018	12/12/2021	2,000	5.5	110.0	-	110.0
19	QH062140	15	12/12/2006	12/12/2021	150	9.0	13.5	-	163.5
20	TD1828120	10	12/13/2018	12/13/2021	10,400	5.1	530.4	-	530.4
21	TD1833129	15	12/13/2018	12/13/2021	8,540	5.3	452.6	-	452.6
22	BVBS15178	15	12/15/2015	12/15/2021	20	8.1	1.6	-	1.6
23	HPGB19209	5	12/17/2019	12/17/2021	969	4.3	41.7	-	41.7
24	TD2030135	10	12/17/2020	12/17/2021	7,500	2.3	172.5	-	172.5
25	TD2035029	15	12/17/2020	12/17/2021	12,000	2.5	300.0	-	300.0
26	BVDB18002	3	12/19/2018	12/19/2021	1,500	5.1	76.5	-	1,576.5
27	BVDB18022	5	12/19/2018	12/19/2021	700	5.3	37.1	-	37.1
28	BVDB18042	10	12/19/2018	12/19/2021	1,100	5.8	63.8	-	63.8
29	BVDB18236	7	12/19/2018	12/19/2021	1,000	5.5	55.0	-	55.0
30	HCMB17435	15	12/19/2017	12/19/2021	750	6.4	47.6	-	47.6
31	HCMB17436	20	12/19/2017	12/19/2021	1,250	6.5	81.3	-	81.3
32	TD1934193	15	12/19/2019	12/19/2021	200	3.6	7.2	-	7.2
33	HCMB20133	20	12/22/2020	12/22/2021	400	3.5	14.1	-	14.1
34	HCMB20134	30	12/22/2020	12/22/2021	1,600	3.8	60.0	-	60.0
35	QH062142	15	12/22/2006	12/22/2021	200	9.0	18.0	-	218.0
36	BVDB20087	10	12/23/2020	12/23/2021	600	2.7	16.2	-	16.2
37	BVDB20102	15	12/23/2020	12/23/2021	1,550	2.8	43.4	-	43.4
38	BVBS14199	15	12/24/2014	12/24/2021	100	8.1	8.1	-	8.1
39	BVDB17271	10	12/25/2017	12/25/2021	2,500	5.7	142.5	-	142.5
40	BVDB17320	15	12/25/2017	12/25/2021	2,545	5.9	150.2	-	150.2
41	BVDB18003	3	12/26/2018	12/26/2021	1,500	5.0	75.0	-	1,575.0
42	BVDB18023	5	12/26/2018	12/26/2021	900	5.3	47.7	-	47.7
43	BVDB18043	10	12/26/2018	12/26/2021	1,500	5.8	87.0	-	87.0
44	BVDB18063	15	12/26/2018	12/26/2021	400	6.1	24.4	-	24.4
45	BVDB18237	7	12/26/2018	12/26/2021	1,500	5.5	82.5	-	82.5
46	HCMB18240	30	12/27/2018	12/27/2021	800	6.4	51.2	-	51.2
47	TD1828121	10	12/27/2018	12/27/2021	4,300	5.1	219.3	-	219.3
48	TD1833130	15	12/27/2018	12/27/2021	10	5.3	0.5	-	0.5
49	BVDB20103	15	12/29/2020	12/29/2021	900	2.9	26.1	-	26.1
50	TL1545363	30	12/30/2015	12/30/2021	6,473	8.0	517.8	-	517.8

Sources: HNX, VBMA consolidated

In November, the State Treasury of Vietnam called for 16 auctions of government bonds with the total offering value of VND 40,500 billion, the winning rate was 84.3%.

In November, the State Treasury of Vietnam called for 16 auctions of government bonds with a total value of VND 40,500 billion, the total winning value was VND 34,133 billion, the winning rate was 84.3%. The two tenors with the highest offering value were 10-year tenor and 15-year tenor (VND 15,500 billion and VND 13,500 billion respectively), and the winning rate was 90.5% (10-year tenor) and 92.7% (15-year tenor).

During the month, the winning rate for 5-year tenor bond increased by 16% compared to October. Average winning interest rates of all tenors decreased compared to last month.

In Q4/2021, STV plans to issue VND 135,000 billion of government bonds, including tenors of 5 years (VND 15,000 billion), 7 years (VND 5,000 billion), 10 years (VND 37,000 billion) and 15 years (VND 50,000 billion), 20 years (13,000 billion VND) and 30 years (15,000 billion VND). Since the beginning of Q4, STV has issued VND 50,279 billion of government bonds, equivalent to 37% issuing plan. Since the beginning of the year, STV has issued VND 287,993 billion, equivalent to 77% of the adjusted annual plan. In December, there will be about VND 4,600 billion of government bonds reaching maturity, about 2.4% of bonds matured in the year.

In November, the Vietnam Development Bank called for 4 auctions of Government-Guaranteed bonds with the total value of VND 3,000 billion, of which the winning rate was 66.6%.

In November, the Vietnam Development Bank called for 4 auctions with total value of VND 3,000 billion, the bid/offer ratio reached 495.3%. In which, the winning volume reached VND 2,000 billion (equivalent to the winning rate of 66.6%) at 3 tenors of 5-year (VND 500 billion), 7-year (VND 500 billion) and 10-year (VND 1,000 billion). The winning rates for 5-year, 7-year and 10-year tenor were 100%, 15-year bond was not successfully issued. Winning yields for 5-year, 7-year and 10-year tenors were 1.12%, 1.5% and 2.35% respectively, 0.34%, 0.4% and 0.26% higher than the winning yields of government bonds at the same tenors.

The value of Outright and Repo transactions reached VND 181,778 billion (+16.6% MoM) and VND 100,021 billion (+57.5% MoM).

On the secondary market, the average daily Outright transaction value increased to VND 8,263 billion per day (+11% MoM), and the average daily Repo transaction value also climbed to VND 4,546 billion per day (+50% MoM). Compared to the same period last year, November Outright volume increased by 10.9% and Repo volume increased by 31.9%. During the month, the 10-year and 15-year tenors were traded the most.

In November 2021, foreign investors net sold a total of VND 373 billion, thus, accumulated from the beginning of 2021, foreign investors have net bought VND 10,828 billion.

Compared to the previous month, Government bond yields (according to VBMA outright trading room) decreased slightly at almost all tenors.

Government bond yields slid slightly about 4-12 points in tenors from 1 year to 30 years compared to the previous month's average. Compared to last year's interest rate level, the yield for tenors from 5 years to 30 years was currently 26-50 bps lower, while the yields for tenors from 1-3 years was 25-30 bps higher. In recent months, the yield curve has become steeper, (increased long-term yields, decreased short-term yields). In November, 10-year and 5-year government bonds were traded the most with trading volume of VND 7,100 billion (accounting for 41%) and VND 3,250 billion (accounting for 20%).

Government bond yields in Vietnam are relatively low in the region. The yield spread between Vietnam and the US from the beginning of November until now has tended to narrow by 6 - 9 bps for tenors of 1 year to 3 years while widening 19.5 bps for the 30-year tenor.

In the first 11 months of 2021, there were a total of 826 domestic corporate bond issuances with a total value of VND 495 trillion, of which there were 803 issuances under private placement and 23 issuances under public offering, 4 bond issuances on international market with a total value of USD 1.425 billion.

In the first 11 months of 2021, there were 826 private placements with a total value of VND 468.85 trillion (accounting for 94.7% of total issuing value), 23 issuances under public offering with a value of VND 26.34 trillion (accounting for 5.3% of total issuing value), and 4 issuances of bonds on the international markets with a total value of USD 1.425 billion.

In the first 11 months of the year, the group of Real Estates company ranked first with a total issuing value of VND 187.16 trillion, account for 38% of total issuing value. In which, about 30% of bonds issued were unsecured or secured by common shares, this ratio increased compared to the last month. Issuing interest rates ranged from 4.5-13%/year. Commercial banks sector ranked second with a total issuing value of VND 169.6 trillion. In which, there were VND 46.5 trillion of Tier 2-capital raising bonds (accounting for 27%), 71% of bonds issued with short tenors of 2-4 years.

Since the beginning of 2021, there were 4 issuances of bonds on the international market, including: Vingroup (USD 500 million), green bonds of BIM Real Estate Joint Stock Company (USD 200 million), convertible bonds of Novaland (USD 300 million) and sustainable bonds issued by Vinpearl (USD 425 million).

VBMA RECENT ACTIVITIES

Implementation on the amended MMA for Repo transaction since November 15, 2021

VBMA together with VBMA Market Makers has implemented the amended MMA for Repo transactions since Monday, November 15, 2021. According to this new MMA, Market Makers will quote indicative prices for 9-month and 1-year tenors in order to create a curve with full short-term tenors and the MMA also added the haircuts for 20-year and 30-year bonds. The current VBMA short-term curve includes tenors of 2 weeks, 1 month, 2 months, 3 months, 6 months, 9 months and 12 months.

The Market Maker Agreement for repo transactions (MMA) has been implemented since June 1st, 2020. In 2021, there are 11 market makers taking part in implementing this agreement, including: OCB, HDBank, TPBank, SCB, MSB, BIDV, TCB, MB, VCB, VPBank, SeABank. The implementation of the MMA provides market members with a reliable short-term benchmark rate curve while boosting liquidity for the Repo market.

Webinar: Opportunities for scaling up Green Finance in Vietnam

On November 16, 2021, VBMA in collaboration with Global Green Growth Institute (GGGI) and Asian Development Bank organized the webinar: Opportunities for scaling up Green Finance in Vietnam to share with market participants knowledge and experience from the international market in developing Green bond market in Vietnam and bring about investment opportunities to the market participants. The webinar consisted of 4 parts:

Part 1: Recent trends of sustainable finance market in developing Asia, presented by Ms. Shu Tian, Economist at ADB.

Part 2: Legal Framework for Corporate bond market development and drivers for ESG bond market growth in Thailand, presented by Ms. Kruaonn Tontyaporn, Assistant Director, Thailand Securities and Exchange Commission and Ms. Paneeya Nitiwanakun, Assistant Director, Thailand Securities and Exchange Commission.

Part 3: Past, present, future: Vietnam's Green Bond Market, Challenges and Opportunities
The discussion was under the moderation of Mr. Do Ngoc Quynh – VBMA General Secretary with the participation of the panelist as follow:

- Mr. Ketut Kusuma, Senior Financial Sector Specialist, World Bank Group
- Mr. Pham Phu Khoi, Deputy Chief Executive Officer, VPB
- Mr. Le Nhu Phuoc An, deputy General Director, Trung Nam Group
- Mr. Ngo The Trieu, Chief Executive Officer, Eastspring Investments
- Ms. Le Dung, Deputy Director of Corporate Finance Dept, VCBS
- Mr. Donald Lambert, Principal Private Sector Development Specialist, ADB

Part 4: Resources available to support issuers, market players and the ecosystem, presented by Mr. Srinath Komarina, Program Manager, GGGI and Mr. Kosintr Puongsophol, Financial Sector Specialist, ADB

VBMA held a meeting with the Ministry of Finance on developing Vietnam's bond market

On November 19, 2021, the Board of Directors of VBMA had a meeting with Mr. Nguyen Duc Chi, Deputy Minister of Finance and leading representatives of the Finance Department, Legal Department, SSC, HNX and VSD regarding the development issues of Vietnam's bond market in general and corporate bond market in particular. The opinions of VBMA members were collected, exchanged and discussed at the meeting with leaders of the Ministry of Finance.

In November, VBMA collected comments on several Drafts:

- Draft Decree Amending and Supplementing a Number of Articles of the Decree No. 95/2018/ND-CP dated June 30, 2018 of the Government on providing the issuance, registration, depositing, listing and trading of government debt instruments on securities market.
- Draft Circular Amending and Supplementing a Number of Articles of the Circular No. 48/2019/TT-BTC dated August 08, 2019 of the Ministry of Finance on instructions on the appropriating and handling of provisions of devaluation of stocks, losses of investments, bad debts and warranty on products, goods, services, construction works at enterprises.
- Draft Circular guiding the form of contribution, level of contribution, the setting up, management and use of payment support fund, clearing fund, and operational risk prevention fund managed by Vietnam Securities Depository and Clearing Corporation.

VBMA sent a Letter of Comments on the Draft Circular on organizing for privately placed corporate bond trading

VBMA has sent an official letter of comments on this Draft to the State Securities Commission after holding an online meeting with members to reach consensus on the comments for the draft Circular on organizing for privately placed corporate bond trading on 11/11/2021.

VBMA announced Bond Market and Macroeconomic survey Q4/2021 result

Survey of the fourth quarter of 2021 was conducted in November 2021 with the participation of 55 market members including: 33 banks and credit institutions, 11 securities companies, 8 insurance funds and 3 largest investment funds in Vietnam, of which, 49% of the respondents are active participants of secondary government bond market.

Accordingly, about the operation of the secondary government bond market, 47% of the survey participants said that the market is operating efficiently. In terms of liquidity, 87% of the members believe that the bid-ask spread is not too large and up to 79% of the members said that their institutions can fill their desired volume of transactions.

Long-term prospect of government bond interest rates: about 66.7% of survey participants (28/42 members) believe that the yield of 10-year government bonds will rise above 2.5% by the end of March 2023, equivalent to an increase of at least 42 basis points (bps) compared to the current level of 10-year government bond yield. By March 2024, the number of members who believe that the 10-year government bond yield will increase above 2.5% is 78.6% (33/42 responses).

Macroeconomic outlook: Member's views in the Q4/2021 survey are more cautious. The number of members who think that Vietnam can recover in a V-shape, the model with the fastest recovery, decrease in both percentage and absolute number in this survey period. The responses lean towards scenarios with slower recovery patterns such as the U, W, and K. Specifically, the number of responses choose a W-shaped recovery increase from 13 to 17, equivalent to an increase from 27% to 31% of total opinions; the newly introduced K model also account for 13% of the total selection.

81% of survey respondents believe that inflation in the next one year will increase to 2% or higher and 41% believe inflation will be higher than 3%. The lowest inflation expectation remains unchanged, the forecast of the highest inflation decrease by 0.2% for the 1-year horizon and increase by 0.3% and 0.15% for the 3-year and 5-year periods. Within 3 years, 62% of members expect inflation to not exceed 4.5%/year and in 5 years, 52% of the number of responses think that inflation will be below 4.65%/year.

Regarding the policy rate, 11/34 members who contributed answers on OMO interest rate have raised their opinions about the minimum OMO rate compared to the assessment in the previous period. With this increase, most members believe that the SBV will keep the OMO rate at the current level for 2022. 40% think that there is possibility that the State Bank will continue to lower rates next year, with a common reduction of 0.5%. In contrast, 57% think that the minimum OMO interest rate in 2022 will stay at the current level and SBV may increase the OMO interest rate from 0.25% to 0.5% in 2022.

VBMA collected the responses from VBMA Members and has sent the official survey results report to members at the end of November.

Thank you for reading this issue of VBMA monthly newsletter
If you want to sign up to receive this newsletter, please contact us at:

info@vbma.org.vn

We would like to thank you for your contribution

Vietnam Bond Market Association

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