

VBMA NEWSLETTER

December 2022



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MARKET NEWS

Government bond auction results in December 2022

No.	Bond code	Issuer	Tenor (year)	Auction Date	Offering Value (VND bn)	Bidding Value (VND bn)	Winning Volume (VND bn)	Winning Yield (%/y)
1	TD2237126	State Treasury	15	7/12/2022	3,000	7,808	3,000	4.9
2	TD2232114	State Treasury	10	7/12/2022	9,000	21,800	9,000	4.8
3	TD2237126	State Treasury	15	14/12/2022	3,000	9,357	3,000	4.9
4	TD2232114	State Treasury	10	14/12/2022	6,000	18,010	6,000	4.8
5	TD2232114	State Treasury	10	21/12/2022	3,000	19,000	3,000	4.74
6	TD2237126	State Treasury	15	21/12/2022	3,000	12,190	3,000	4.89
7	TD2232113	State Treasury	10	28/12/2022	2,500	12,950	2,500	4.65
8	TD2237126	State Treasury	15	28/12/2022	3,000	15,213	3,000	4.8

Sources: HNX, VBMA consolidated

In December 2022, the State Treasury of Vietnam called for 8 auctions of government bonds with the total offering value of VND 32,500 billion, the winning rate was 100%.

10-year and 15-year were the only two tenors issued with the value of VND 20,500 billion and VND 12,000 billion, respectively. Compared to last winning yields, the average winning yields of 10-year and 15-year tenors increased by 0.19% points to 4.75% and 0.15% points to 4.87%.

Since the beginning of the year, STV has issued VND 214,722 billion of government bonds, equivalent to 99.9% of the 2022 adjusted plan (VND 215,000 billion including bonds issued by Vietnam Social Security). Specifically, the total issuing value of 10-year tenor was VND 128,312 billion, 15-year tenor was VND 75,520 billion, 20-year tenor was VND 2,265 billion and 30-year tenor was VND 8,625 billion. 5-year and 7-year bonds were not successfully issued. Compared to the same period last year, the issuing value of 10-year tenor decreased by VND 5,594 billion (-4%), 15-year tenor decreased by VND 28,184 billion (-27%), 20-year tenor decreased by VND 21,620 billion (-91%) and 30-year tenor decreased by VND 21,844 billion (-72%).

The Vietnam Bank For Social Policy called for auctions a total of VND 5,000 billion at tenors of 3 years (VND 500 billion), 5 years (VND 2,500 billion), 10 years (VND 1,000 billion) and 15 years (VND 1,000 billion), the bid/offer ratio was 129%. In which, 3-year and 5-year bonds were successfully issued with VND 500 billion (equivalent to the winning ratio of 100%) and VND 2,500 billion (equivalent to the winning ratio of 100%) while 10 and 15 year tenors were not successfully issued.

Since the beginning of the year, Vietnam Bank for Social Policy has issued VND 17,900 billion government guaranteed bonds at tenors of 3 years and 5 years.

The value of Outright transactions was VND 58,035 billion (increased by 92.9% compared to last month) and Repo transactions was VND 28,241 billion (decreased by 9.8% compared to last month).

On the secondary market, the average daily Outright transaction value increased by 92.9% to VND 2,638 billion per day, and the average daily Repo transaction value decreased to VND 1,284 billion per day, 9.8% lower than the last month. Compared to the same period in 2021, December 2022 outright volume decreased by 64.8% and repo volume decreased by 77%. 7-year and 10-year bonds were traded the most in the month.

Foreign investors net sold a total of VND 420 billion in December 2022, therefore, they have net sold VND 8,060 billion since the beginning of the year.

Compared to November 2022, Government bond yields (according to VBMA outright trading room) stayed mostly unchanged.

Government bond yields remained static compared to the previous month's average, the yield curve's shape continued to be flat. Inflation was still under control and the Fed slowed down rate hikes had kept domestic yields stable since the fourth quarter of 2022. According to the IMF, the world economy in 2023 will face many challenges with one third of countries forecasted to fall into recession, so government bond yields will not have much upside room.

Yield gap between Vietnam and US government bonds narrowed at all tenors in December, in which 7-year and 10-year tenors had the largest decrease, 0.3% and 0.31% lower, respectively.

Corporate bonds issued in 2022:

According to data consolidated by VBMA as of 30/12/2022, there were 11 issuances under private placement with the total value of VND 1,700 billion in December 2022.

In 2022, there were 2 issuances to the international market of VinGroup JSC with a value of USD 625 million, 23 issuances to the public with a value of VND 10,599 billion (accounting for 4% of total issuing value) and 431 issuances under private placements with a total value of VND 244,565 billion (accounting for 96% of total issuing value). The total issuing value under public offering decreased approximately by 65% compared to last year and the total issuing value under private placement decreased nearly by 66% compared to last year.

The Commercial banks sector ranked first in term of issuing value in 2022 with VND 136,772 billion, accounting for 53.6% of total issuing value. The average tenor of this sector was 5.47 years and average issuing coupon rate was 5.48%/year.

Real Estate sector ranked second with VND 51,979 billion, accounting for 20.4% of total issuing value.

In 2022, corporates redeemed VND 210,830 billion of corporate bonds, increasing by 46% compared to 2021. In 2023, there will be VND 289,819 billion of corporate bonds come to mature.

**The data consolidated by VBMA was recorded by the bond issuing date, the total bond issuing value since the beginning of the year recorded by the issuing completion date was VND 337,713 billion.*

VBMA ACTIVITIES IN DECEMBER

VBMA held a meeting with Market Makers of MMA for Repo Transaction

On 09/12/2022, VBMA organized a meeting with Market Makers of MMA for Repo Transaction to discuss and agree on key following points: (i) adjust the minimum trading volume of year 2022 for each Market Maker from VND 24,152 billion down to VND 12,000 billion; (ii) remain the mechanism to determine the minimum trading volume for each Market Maker and the minimum trading volume could be adjusted in the condition that market has adverse movements and the adjustment of minimum trading volume shall be applied based on the voting principles of market makers; (iii) VBMA would add the minimum trading volume information in the weekly volume email for each market maker; (iv) remain the types of bonds tradable in the Repo room and (v) remain the requirements of hair-cut.

VBMA supported the State Treasury to conduct survey on demand for government bond investment in 2023

On December 14, 2022, VBMA supported the State Treasury to conduct survey collecting comments from primary dealers of government debt instrument (PDs) on demand for the government bond investment in 2023. VBMA sent the survey for members to complete the survey and submitted to the State Treasury.

VBMA sent a Letter of Comment on the Draft Decree supplementing and amending Decree 65/2022/ND-CP

On December 09, 2022, VBMA received the letter No. 13088/BTC-TCNH from Ministry of Finance getting the VBMA's feedback on the draft Report to the Government and the Draft Decree supplementing and amending Decree 65/2022/ND-CP dated 16/09/2022 on privately placement of corporate bond issuance. VBMA collected comments from VBMA Members on the Draft Decree and organized a meeting to reach consensus amongst members on these comments on December 16, 2022. After the meeting, VBMA sent an official Letter of comments on the draft Decree to the Ministry of Finance on December 16, 2021.

VBMA sent a Letter of Comment on the Draft Letter on the right, obligations and the rating criteria of the 2023 Market Maker for Government Debt Instruments

On December 19, 2022, VBMA collected comments from VBMA Members on the Draft Letter on the right, obligations, and the rating criteria of the 2023 Primary Dealers for Government Debt Instruments. Based on these comments, VBMA sent an official Letter of comments on the Draft Letter to the Ministry of Finance on December 22, 2022.

VBMA sent invitations to join VBMA Market Maker Agreements in 2023 to members

With the effort to develop Government Bond Yield Curve for Vietnam Bond Market, Short-term Benchmark Curve for Vietnam Money Market and FX Swap Curve, VBMA has introduced the Market Maker Agreement (MMA) for Outright transaction (since 2012), Repo transaction (since 2020) and FX Swap transaction (since 2021) and stated the conditions and criteria for selecting market makers. For 2022, there are currently 13 market makers for Outright transaction, 10 market makers for Repo transaction and 15 market makers for FX Swap transaction.

Annually, VBMA conducts a review and evaluation to select organizations that wish to participate in MMA and meet the criteria to participate in MMA. On December 7th and 8th, 2022, VBMA sent invitations to join VBMA Market Maker Agreements for Outright, Repo and FX Swap transactions in 2023 to members including criteria, rights and obligations as well as MMs screening mechanism.

VBMA attended the meeting held by Ministry of Justice to review/appraise the Draft Decision of the Prime Minister on the promulgation of regulations on environmental criteria and certification for green credit and green bond issuance projects

On December 28, 2022, VBMA Representative attended the meeting held by Ministry of Justice to review/appraise the Draft Decision of the Prime Minister on the promulgation of regulations on environmental criteria and certification for green credit and green bond issuance projects. VBMA collected comments from members and presented opinions on material aspects in the meeting.

VBMA's Steering Committee Meeting

On December 21, 2022, VBMA's Steering Committee held a meeting at the headquarter of VCB to summarize the activities of VBMA in 2022 as well as agree on the operation plans in 2023.



Thank you for reading this issue of VBMA monthly newsletter
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We would like to thank you for your contribution

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