

VBMA NEWSLETTER

May 2023



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MARKET NEWS

Government bond auction results in May 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	TD2338134	State Treasury	15	4/05/2023	4,500	12,444	4,500	3.25
2	TD2333119	State Treasury	10	4/05/2023	2,000	6,689	1,922	3.12
3	TD2328098	State Treasury	5	4/05/2023	2,000	6,800	700	2.65
4	TD2328098	State Treasury	5	10/05/2023	1,000	4,927	327	2.49
5	TD2353151	State Treasury	30	10/05/2023	500	942	392	3.4
6	TD2338134	State Treasury	15	10/05/2023	3,000	9,987	3,000	3.1
7	TD2333119	State Treasury	10	10/05/2023	2,250	11,467	2,250	3
8	TD2333119	State Treasury	10	17/05/2023	1,500	5,114	1,500	2.95
9	TD2328098	State Treasury	5	17/05/2023	2,250	6,700	2,250	2.45
10	TD2338134	State Treasury	15	17/05/2023	2,000	3,617	1,000	3.05
11	TD2343146	State Treasury	20	24/05/2023	500	459	309	3.19
12	TD2328099	State Treasury	5	24/05/2023	1,500	4,600	1,500	2.45
13	TD2338134	State Treasury	15	24/05/2023	1,500	3,080	1,500	3.05
14	TD2333119	State Treasury	10	24/05/2023	1,500	3,554	1,500	2.95
15	TD2333119	State Treasury	10	31/05/2023	1,500	3,651	300	2.95
16	TD2328099	State Treasury	5	31/05/2023	1,500	5,019	219	2.4
17	TD2338134	State Treasury	15	31/05/2023	2,000	3,700	100	3.05

Sources: HNX, VBMA consolidated

In May 2023, the State Treasury of Vietnam called for 17 auctions of government bonds with the total offering value of VND 31,000 billion, the winning rate was 75.1%.

The STV called for auction of G-bonds at 5-year, 10-year, 15-year, 20-year and 30-year, the winning value was VND 4,996 billion, VND 7,472 billion, VND 10,100 billion, VND 309 billion and VND 392 billion, respectively. Compared to last winning yields, the average winning yields in May decreased by about 30 bps. Similar to the downtrend of interbank market rates and deposit rate, government bond winning interest rates were going down sharply since the beginning of the year as the SBV loosening monetary policy.

The issued value by STV since the beginning of the year was equivalent to 41% of the 2023 plan (VND 400,000 billion). For the second quarter, the issued value reached 48% of the quarter's plan (VND 120,000 billion).

There was no issuance of Government-Guaranteed bond in the month.

The value of Outright transactions was VND 75,157 billion (decreased by 5.5% compared to last month) and Repo transactions was VND 57,410 billion (increased by 12.2% compared to last month).

On the secondary market, the average daily Outright transaction value edged down by 17.8% to VND 3,288 billion per day, and the average daily Repo transaction value dropped to VND 2,496 billion per day, 2.4% lower than last month. Compared to the same period in 2022, May 2023 outright volume was 4.8% lower and repo volume dropped by 25.3%. Most of the trading value was in 10-year bonds, followed by 15-year bonds.

Foreign investors net sold a total of VND 1,414 billion in May 2023, lifting the net selling in 2023 to VND 3,768 billion.

In May 2023, Government bond yields (according to VBMA outright trading room) continued to go down across all tenors.

The 10-year G-bond yield remained in a downward trend in May, closing the month at 3.139%, 7.3 bps lower than the end of April. Impacts from two interest rate cuts by the State Bank in March & May and the slowdown of the global economy were the main drivers of G-bond yields. A sharp drop in the issuance interest rate in the primary market also helped pushing the yields lower in the secondary market.

While Vietnamese government bond yields kept declining, US government bond yields rose amid positive US economic data and some Fed officials still wanted hike rates to fight inflation. The gap between Vietnam and US government bond yields increased across all tenors in May, the 10-year gap increased to 0.5%, 27 points higher than the previous month.

Corporate bonds issued in 2023:

According to data consolidated by VBMA as of 1/6/2023, there were 4 issuances through private placement of corporate bond in May 2023 with the total issuing value of VND 2,600 billion. All of the

4 issuances belong to Nui Phao Company Limited, the bonds all have tenor of 5 years, issuing coupon of 9%/year.

Since the beginning of the year, the total issuing value recorded in 2023 was VND 34,258 billion with 7 issuances through public offerings with the total value of VND 5,521 billion (or 16% of the total issuing value) and 19 issuances through private placement with the total value of VND 28,737 billion (or 84% of the total issuing value).

In May, corporates redeemed VND 22,789 billion of corporate bonds, increasing by 73% compared to the same period of 2022. In the last 7 months of 2023, there will be VND 195,237 billion of corporate bonds reaching maturity. As of May 31, there were 16 companies that were late in paying interest, bond principal, or early redemption settlements. 19 companies announced that they had reached an agreement to change bond terms and conditions in May.

**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 May 2023.*

VBMA ACTIVITIES IN MAY, 2023

VBMA had a meeting with Bloomberg and Finastra

On May 4th, 2023, VBMA's Representative had a meeting with Bloomberg and Finastra at VBMA's office. The discussion focused on bond markets as well as co-operation opportunities between VBMA and two companies in the coming time.

VBMA had a meeting with CICC (China International Capital Corporation)

On May 10th, 2023, VBMA's Representative had a meeting with CICC at VBMA's office. The discussion focused on bond markets as well as co-operation opportunities between VBMA and CICC in the future.

VBMA had a meeting with Credit Guarantee & Investment Facility (CGIF) and Vietnam International Law Firm (VILAF)

On May 17th, 2023, VBMA's Representative had a meeting with CGIF via the online meeting platform. At the same day, VBMA also worked with VILAF. The discussion with both companies focused on bond markets as well as co-operation opportunities in the coming time.

VBMA had a meeting with UBS

On May 18th, 2023, VBMA's Representative had a meeting with UBS and institutional investors. The discussion focused on bond markets as well as co-operation opportunities between VBMA and UBS in the coming time.

VBMA held a meeting with members who are expected to join MMA for FI bonds

On May 29th, 2023, VBMA held a meeting with members who are expected to participate in the Market Maker Agreement (MMA) for valuable papers issued by credit institutions (FI Bond, CD).

The draft MMA will likely be completed in July 2023 and VBMA plans to carry out necessary procedures to implement the agreement in August 2023. This MMA implementation is expected to develop market curves for FI Bond as well as promote market liquidity.

VBMA UPCOMING EVENTS

Interbank Offsite 2023

VBMA will organize Interbank Offsite 2023 from 23 to 25 June in Danang.

“Workshop on Corporate Bond Market, Liquidity management in a Volatile Environment & Market Outlook” on June 23rd, 2023 at Furama resort will be the opening event of Interbank Offsite 2023.

Major issues in the corporate bond market, existing and potential risks will be discussed and solutions will be proposed at the Workshop. The workshop will also talk about Vietnam’s situation in developing green bond, ESG-related bond, and actions needed to attract investments into ESG.

At the workshop, keynote speakers and panelists will share their view on liquidity management methods amidst a volatile bond market, as well as the outlook of global and Vietnam’s debt, equity and FX markets.



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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