

VBMA NEWSLETTER

OCTOBER 2021



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MARKET NEWS

Government bond auction results in October 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	TD2131018	State Treasury	10	06/10/2021	3000	6648	2310	2.13
2	TD2126004	State Treasury	5	06/10/2021	1000	2700	0	-
3	TD2151043	State Treasury	30	06/10/2021	2000	1310	1010	2.98
4	TD2136029	State Treasury	15	06/10/2021	2000	4660	1160	2.37
5	TD2131018	State Treasury	10	13/10/2021	2500	4100	1600	2.14
6	TD2128008	State Treasury	7	13/10/2021	1000	1150	0	-
7	TD2126005	State Treasury	5	13/10/2021	1000	2750	0	-
8	TD2136029	State Treasury	15	13/10/2021	2000	3760	60	2.37
9	TD2141038	State Treasury	20	13/10/2021	1000	1723	573	2.8
10	TD2126006	State Treasury	5	20/10/2021	1000	2000	0	-
11	TD2131018	State Treasury	10	20/10/2021	3000	5151	2250	2.15
12	TD2136029	State Treasury	15	20/10/2021	2000	3550	50	2.35
13	TD2151043	State Treasury	30	20/10/2021	2250	2332	1758	2.98
14	TD2128008	State Treasury	7	27/10/2021	1000	1200	0	-
15	TD2141038	State Treasury	20	27/10/2021	1500	2350	1050	2.81
16	TD2126162	State Treasury	5	27/10/2021	1000	2050	250	0.83-0.83
17	TD2131018	State Treasury	10	27/10/2021	3500	5816	2815	2.15
18	TD2136029	State Treasury	15	27/10/2021	2000	3360	1260	2.38

Sources: HNX, VBMA consolidated

Government Bond Payment Schedule in November 2021

No.	Bond code	Tenor (year)	Issuer	Repayment date	Value	Coupon Rate	Coupon Payment	Prin Payment	Total Payment
1	BVBS16373	10	11/1/2016	11/1/2021	100	6.8	7	-	7
2	BVBS16411	15	11/1/2016	11/1/2021	100	7.6	8	-	8
3	TD1823089	5	11/1/2018	11/1/2021	275	4.2	12	-	12
4	TD1727399	10	11/2/2017	11/2/2021	2930	5.4	158	-	158
5	BVDB15251	15	11/6/2015	11/6/2021	20	8.0	2	-	2
6	BVBS17061	10	11/7/2017	11/7/2021	400	5.9	24	-	24
7	BVBS17092	15	11/7/2017	11/7/2021	200	6.2	12	-	12
8	BVDB16110	5	11/7/2016	11/7/2021	600	5.5	33	600	633
9	BVBS16332	5	11/8/2016	11/8/2021	300	5.3	16	300	316
10	BVBS15173	15	11/10/2015	11/10/2021	110	8.0	9	-	9
11	BVDB20084	10	11/11/2020	11/11/2021	5000	3.1	155	-	155
12	BVDB20099	15	11/11/2020	11/11/2021	5000	3.3	165	-	165
13	VDB111060	10	11/11/2011	11/11/2021	1000	11.5	115	1000	1115
14	TD2030020	10	11/12/2020	11/12/2021	13451	2.5	336	-	336
15	BVDB19021	5	11/13/2019	11/13/2021	200	3.7	7	-	7
16	BVDB19041	7	11/13/2019	11/13/2021	300	4.0	12	-	12
17	BVDB19061	10	11/13/2019	11/13/2021	1000	4.5	45	-	45
18	BVDB19081	15	11/13/2019	11/13/2021	1000	4.5	45	-	45
19	BVBS17062	10	11/14/2017	11/14/2021	390	5.9	23	-	23
20	BVBS17093	15	11/14/2017	11/14/2021	200	6.2	12	-	12
21	BVBS16333	5	11/15/2016	11/15/2021	150	5.5	8	150	158
22	QH062133	15	11/15/2006	11/15/2021	100	9.0	9	100	109
23	TD1424204	10	11/15/2014	11/15/2021	200	6.4	13	-	13
24	TD1828119	10	11/15/2018	11/15/2021	7981	5.0	399	-	399
25	TD1833128	15	11/15/2018	11/15/2021	5810	5.3	308	-	308
26	BVDB19022	5	11/20/2019	11/20/2021	900	3.7	33	-	33
27	BVDB19042	7	11/20/2019	11/20/2021	850	3.9	33	-	33
28	BVDB19062	10	11/20/2019	11/20/2021	3000	4.4	132	-	132
29	BVDB19082	15	11/20/2019	11/20/2021	3000	4.5	135	-	135
30	VEC10712	15	11/20/2007	11/20/2021	400	9.0	36	-	36
31	BVBS17063	10	11/21/2017	11/21/2021	340	5.9	20	-	20
32	BVBS17094	15	11/21/2017	11/21/2021	192	6.2	12	-	12
33	BVDB20085	10	11/23/2020	11/23/2021	2500	3.0	75	-	75
34	BVDB20100	15	11/23/2020	11/23/2021	2500	3.2	80	-	80
35	TD1621489	5	11/24/2016	11/24/2021	7575.9	5.2	394	7576	7970
36	TD2035028	15	11/26/2020	11/26/2021	14500	2.7	392	-	392
37	BVBS20120	10	11/27/2020	11/27/2021	1000	2.7	27	-	27
38	BVBS20126	15	11/27/2020	11/27/2021	900	2.9	26	-	26
39	BVDB19063	10	11/27/2019	11/27/2021	1000	4.3	43	-	43
40	BVDB19083	15	11/27/2019	11/27/2021	1147	4.4	50	-	50
41	BVBS17064	10	11/28/2017	11/28/2021	300	5.9	18	-	18
42	BVBS17095	15	11/28/2017	11/28/2021	200	6.2	12	-	12
43	QH062138	15	11/28/2006	11/28/2021	100	9.0	9	100	109
44	BVBS16335	5	11/29/2016	11/29/2021	424	5.5	23	424	447
45	BVDB17218	5	11/29/2017	11/29/2021	1600	5.0	80	-	80
46	BVDB17269	10	11/29/2017	11/29/2021	1100	5.9	65	-	65
47	BVDB17318	15	11/29/2017	11/29/2021	2000	6.2	124	-	124
48	QH062139	15	11/30/2006	11/30/2021	150	9.0	14	150	164

Sources: HNX, VBMA consolidated

In October, the State Treasury of Vietnam called for 18 auctions of government bonds with the total offering value of VND 32,750 billion, the winning rate was 49.3%. Monthly Bond Market Report (Oct 2021).

In October, the State Treasury of Vietnam called for 20 auctions of government bonds with a total value of VND 32,750 billion, the total winning value was VND 16,146 billion, the winning rate was 49.3%. The two tenors with the highest offering value were 10-year tenor and 15-year tenor (VND 12,000 billion and VND 8,000 billion respectively, and the winning rate was 74.8% (10-year tenor) and 31.6% (15-year tenor). Winning bond yields at all tenors decreased compared to the previous month.

During the month, the 5-year tenor was issued by multiple-price bidding method, but the winning rate was very low (only VND 250 billion winning/VND 4,000 billion bid value). Average winning interest rate for the month in all maturities decreased compared to last month.

In Q4/2021, STV planned 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). The value of Outright and Repo transactions reached VND 175,232 billion and VND 67,241 billion.

On the secondary market, the average daily Outright transaction value decreased to VND 7,425 billion per day (-15.2% MoM), and the average daily Repo transaction value also slid to VND 3,025 billion per day (- 10% MoM). Compared to the same period last year, October Outright volume decreased by 12.7% and Repo trading increased 4.4%.

During the month, the 5-year, 10-year and 15-year tenors were traded the most. The range of trading yields increased by 27 and 5 bps at 5-year and 10-year tenors.

In October 2021, foreign investors net sold a total of VND 109 billion, thus, accumulated from the beginning of 2021, foreign investors have net bought VND 10,655 billion.

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

Government bond yields stretched slightly about 3-12 points in tenors from 1 year to 15 years compared to the previous month's average and remained the same in tenors of 20 and 30 years. Compared to last year's interest rate level, the interest rate for tenors from 5 years to 30 years is currently 26-39 bps lower, while the interest rate for tenors from 1-5 years is higher from 28-38 bps. In recent months, the yield curve has not changed much, however, compared to the same period last year, the slope tends to decrease slightly, (decreased long-term interest rates, increased short-term interest rates). In October/2021, 5-year and 7-year government bonds were traded the most with trading volume of VND 4,750 billion (accounting for 30%) and VND 5,000 billion (accounting for 31%).

Government bond interest rates in Vietnam are relatively low in the region. The interest rate spread between Vietnam and the US from the beginning of October until now has tended to narrow by 4-35 bps for the 1-year to 10-year tenors and stretch for the 30-year tenor.

In the first 10 months of 2021, there were a total of 723 domestic corporate bond issuances with a total value of VND 438 trillion, of which there were 705 issuances under private placement and 18 issuances under public offering, 4 bond issuances on international market with a total value of USD 1.425 billion.

In the first ten months of 2021, there were 705 private placements with a total value of VND 422.45 trillion (accounting for 96% of total issuing value), 18 issuances under public offering with a value of VND 15.5 trillion (accounting for 4% 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 10 months of the year, the group of real estate companies ranked first with a total issuing value of VND 163.9 trillion, account for 37.4% of total issuing value. In which, about 27.56% of bonds issued were unsecured or secured by common shares. Issuing interest rates ranged from 5.2-13%/year.

Commercial banks sector ranked second with a total issuing value of VND 149.1 trillion. In which, there were VND 34.1 trillion of Tier 2-capital raising bonds (accounting for 22.8%). 75% of bonds issued with short tenors of 2-4 years.

Since the beginning of 2021, there were 3 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 VinPearl JSC (USD 425 million).

VBMA RECENT ACTIVITIES

VBMA implemented Government bond pricing service

VBMA has officially launched the Government Bond Pricing Service due to demands of VBMA members for portfolio valuation. Government Bond Price will be calculated based on the actual trading yields quoted by VBMA Market Makers according to the MMA for Outright transaction. VBMA Government Bond Yield Fixing Curve is provided to market participants and published on VBMA website, Bloomberg and Refinitiv.

Government Bond prices will be provided for every tenor from 1 year to 30 years, in which the prices of bond without year-rounded TTM are calculated through interpolation method using yields at standard tenors defined in MMA for Government Bond Yield Fixing. The calculation method was consulted and agreed by all VBMA members. Bid price or mid-price will be applied upon the request of members.

The provision of this service is one of the activities of building and developing the market of VBMA, initially building up the infrastructure to provide pricing service from an independent and reputable organization like VBMA.

Webinar: Cloud Treasury

On October 7, 2021, VBMA in collaboration with FIS and AWS organized the webinar: Cloud Treasury.

The Covid pandemic is accelerating the way people interact with financial services, and cloud solutions are becoming one of the options to help adapt to a changing environment and optimize business process.

Cloud technology is the sharing of on-demand IT resources over the Internet with a pay-as-you-go policy. Instead of buying, owning, and maintaining servers and data centers, you can access technological services, like compute power, storage, and databases from cloud service vendors.

Digitization is an inevitable trend for the management of Treasury and one of the advantages of using the function of a cloud-based system is the ability to handle large amounts of the Treasury's transactions as well as support business operations and liquidity management of financial institutions.

However, there are still doubts about the real benefits of cloud application compared to the costs incurred, interrupted work during internal server relocation, safety and data security as well as regulatory issues for deployment and compliance.

Because the movements and changes of the function and operation of the Treasury are constant, innovation is very important and is an inevitable trend of the development process.

The webinar was organized by VBMA with the desire to update and share knowledge with members about the trend and practical application of cloud technology to the operations of Treasury worldwide

and regionally, the benefits and issues that need attention in the process of applying this technology into practice. The main topics of the webinar shared by experts are as follows:

1. Digitizing your Treasury business with AWS – Mr. Luu Danh Anh Vu – Senior Partner Development Manager – Amazon Web Services Vietnam
2. Regulatory Implications within Vietnam - Client Data & Compliance – Ms. Ha Nguyen – Head of Public Policy - Amazon Web Services Vietnam
3. Key Market Trends globally/APAC region – Mr. Yash Titus – FIS Capital Markets U.S
4. What is Treasury + Cloud and why its pivotal to move onto Cloud – Mr. Filippo Carone – FIS Capital Markets Italy

In the current Vietnamese market, the application of cloud technology with the Treasury Department of financial institutions is being considered and researched by financial institutions such as Techcombank. VBMA will continue to collaborate with service providers to organize seminars to update and share trends in financial technology application in the coming time for members.

VBMA announced Bond Market and Macroeconomic survey Q3/2021 result

ABOUT QUARTERLY SURVEYS OF VBMA

Stability and predictability of macroeconomic environment in which the business operates is fundamental to its success. The COVID-19 pandemic outbreak has been triggering an economic shock across economies globally and the Vietnam economy was not exempt from the adversity stemming from the COVID-19 pandemic. Against this backdrop, there is a need for an assessment that can reflect the effects of constantly changing phenomena in the markets for member's reference for making decisions.

With that regards, VBMA conducts quarterly survey to get the views of its members on the bond market functioning, outlook on long –term interest rate and macroeconomic indicators. Based on the survey, a result with a structured, systematic and regularly updated data block on bond market functioning, outlook on long –term interest rate and macroeconomic indicators will be provided.

Quarterly survey will be conducted in February, May, August and November. The results will be released in the first week of the following month of the survey. We do hope you find this report useful and valuable source of reference.

THE SURVEY OF Q3/2021

Survey of the third quarter of 2021 was conducted in September 2021 with the participation of 51 market members including: 32 banks and credit institutions, 9 securities companies, 8 insurance funds

and 2 largest investment funds in Vietnam, of which, 40% of the respondents are active participants of secondary government bond market.

Accordingly, about the operation of the secondary government bond market, 55% of the survey participants said that the market is operating efficiently, and no member believes that the market is inefficient. In terms of liquidity, only 10% of the respondents said that the market has a large difference between the bid and ask prices (from 10 to 30 points) and up to 65% of the members said that their institutions can fill their desired volume of transactions.

Long-term prospect of government bond interest rates: about 61% of survey participants (28/41 members) believe that the yield of 10-year tenor government bonds will rise above 2.5% by the end of March 2023, equivalent to an increase of at least 350 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 76.7% (33/43 responses).

Macroeconomic outlook: 49% of members chose the U-shaped recovery plan for Vietnam's economy with the expectation of a slow recovery as large cities have not yet opened synchronously, as well as, vaccination speed and vaccine supply is limited. Majority of respondents thought that the resilience of the economy will depend on (1) fiscal policy that supports public investment, (2) free trade agreements that help promote exports and (3) mechanism to encourage FDI, FII along with (4) vaccination rate.

81% of survey respondents believe that inflation will increase in the next one year, with the lowest inflation expectation of 2.5%, higher than the average level of the first 9 months of 2021, which is 1.82%. However, in the long-term, all members believe that inflation is not a big pressure, as the market expect the base level of inflation from 3% to 4%/year for the next 3 to 5 years, similar to those of the period 2016 - 2020.

Regarding the policy rate, in general, members expect the SBV to keep or cut the rates within the next one year. Specifically, 64% of members think that in the worst-case scenario, the State Bank of Vietnam may lower the open market rate (OMO) by 0.25% - 1% to stimulate the economy. In contrast, 36% think that the OMO interest rate has bottomed; however, the SBV will not raise the OMO interest rate in 2022.

VBMA organized a meeting with VBMA MMA for FX Swap's market makers

On October 12th, 2021, VBMA organized a meeting with VBMA MMA for FX Swap's market makers to reach agreements on certain matters:

- Finalizing the formula for “The highest trading volume Market Maker” award.
- Modifying several Articles in the MMA for FX Swap transaction, including adding SPOT and 3W tenors to the standard tenor range. Currently the modified Agreement is being signed and the SPOT and 3W tenors' prices will be quoted and volumes will be counted as soon as the new Agreement takes effect.

In August 2021, VBMA sought comments from VBMA Members on the following Draft:

- Draft Circular on the organization of privately placed corporate bond trading
- Draft Circular regulating the collection, collection regime, payment, management and use of fees and charges.

VBMA UPCOMING EVENTS

VBMA will hold a webinar on Opportunities for scaling up Green Finance in Vietnam on November 16, 2021, from 2:00 pm to 4:30 pm

The agenda of the webinar includes the following topics:

1. Recent trends of sustainable finance market in developing Asia
2. Legal Framework for Corporate bond market development and drivers for ESG bond market growth in Thailand
3. Past, present, future: Vietnam's Green Bond Market, Challenges and Opportunities
4. Resources available to support issuers, market players and the ecosystem

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

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We would like to thank you for your contribution

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