

VBMA NEWSLETTER

AUGUST 2021



In this issue,

MARKET NEWS

VBMA RECENT ACTIVITIES

VBMA UPCOMING EVENTS

MARKET NEWS

Government bond auction results in August 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	TD2131017	State Treasury	10	25/08/2021	2000	5170	1370	2.05
2	TD2151043	State Treasury	30	25/08/2021	3750	4958	1033	2.98
3	TD2136028	State Treasury	15	25/08/2021	3500	6055	1505	2.26
4	TD2131017	State Treasury	10	18/08/2021	3000	9642	2692	2.05
5	TD2126003	State Treasury	5	18/08/2021	1500	4850	1500	0.84
6	TD2136028	State Treasury	15	18/08/2021	4500	10776	3775	2.26
7	TD2141038	State Treasury	20	18/08/2021	1000	5150	1000	2.83
8	TD2151042	State Treasury	30	11/08/2021	3750	6568	2264	3.01
9	TD2131017	State Treasury	10	11/08/2021	2000	8700	2000	2.1
10	TD2128007	State Treasury	7	11/08/2021	750	3580	750	1.25
11	TD2136028	State Treasury	15	11/08/2021	4500	24200	4500	2.32
12	TD2136027	State Treasury	15	04/08/2021	4500	9250	4200	2.34
13	TD2131017	State Treasury	10	04/08/2021	2000	6301	2000	2.13
14	TD2126003	State Treasury	5	04/08/2021	1500	3513	613	1
15	TD2141038	State Treasury	20	04/08/2021	500	3145	500	2.86

Sources: HNX, VBMA consolidated

Government-guaranteed bond auction results in August 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	BVBS21149	VBSP	15	16/08/2021	1124	3748	1124	2.54
2	BVBS21133	VBSP	10	09/08/2021	2000	5701	1400	2.42
3	BVBS21148	VBSP	15	09/08/2021	2000	5500	2000	2.58
4	BVBS21147	VBSP	15	02/08/2021	2000	3700	0	-
5	BVBS21132	VBSP	10	02/08/2021	2000	5200	2000	2.47

Sources: HNX, VBMA consolidated

Government Bond Payment Schedule in September 2021

No.	Bond code	Tenor (year)	Issuer	Repayment date	Value	Coupon Rate	Coupon Payment	Prin Payment	Total Payment
1	BVDB15242	15	01/09/2015	01/09/2021	29	7.9	2	-	2
2	TD1621488	5	01/09/2016	01/09/2021	4000	5.7	228	4000	4228
3	TL1535301	20	01/09/2015	01/09/2021	1120	7.8	87	-	87
4	VEC10801	15	01/09/2008	01/09/2021	500	16.0	80	-	80
5	TD2025006	5	03/09/2020	03/09/2021	4490	1.6	72	-	72
6	TD2030018	10	03/09/2020	03/09/2021	18000	2.9	522	-	522
7	BVBS18147	3	05/09/2018	05/09/2021	400	5.0	20	400	420
8	BVBS16329	5	06/09/2016	06/09/2021	400	6.1	24	400	424
9	TD1623483	7	08/09/2016	08/09/2021	5600	6.2	347	-	347
10	BVGD16497	5	09/09/2016	09/09/2021	500	6.7	34	500	534
11	BVBS19126	10	10/09/2019	10/09/2021	122	4.4	5	-	5
12	BVBS19144	15	10/09/2019	10/09/2021	500	4.7	24	-	24
13	QHB0823039	15	10/09/2008	10/09/2021	130	15.0	20	-	20
14	BVBS18148	3	11/09/2018	11/09/2021	1000	5.0	50	1000	1050
15	BVBS18225	15	11/09/2018	11/09/2021	250	6.0	15	-	15
16	QH062123	15	12/09/2006	12/09/2021	30	8.9	3	30	33
17	TD1924164	5	12/09/2019	12/09/2021	1950	3.1	60	-	60
18	TD1939201	20	12/09/2019	12/09/2021	4603.1424	4.9	226	-	226
19	BVBS16330	5	13/09/2016	13/09/2021	500	6.0	30	500	530
20	BVBS16367	10	13/09/2016	13/09/2021	150	7.5	11	-	11
21	BVBS16405	15	13/09/2016	13/09/2021	300	8.0	24	-	24
22	TD1833127	15	13/09/2018	13/09/2021	7925	4.9	388	-	388
23	QHD0823042	15	15/09/2008	15/09/2021	110	15.0	17	-	17
24	TD1424173	10	15/09/2014	15/09/2021	5700	7.3	416	-	416
25	TD1631465	15	15/09/2016	15/09/2021	4160	7.4	308	-	308
26	TD1646495	30	15/09/2016	15/09/2021	7490.6845	7.9	592	-	592
27	QHB0823044	15	16/09/2008	16/09/2021	461	15.0	69	-	69
28	BVBS19127	10	17/09/2019	17/09/2021	200	4.4	9	-	9
29	BVBS19145	15	17/09/2019	17/09/2021	1000	4.7	47	-	47
30	HCMB15312	15	17/09/2015	17/09/2021	510	8.1	41	-	41
31	BVBS18149	3	18/09/2018	18/09/2021	900	4.9	44	900	944
32	BVBS18169	5	18/09/2018	18/09/2021	550	5.0	28	-	28
33	BVBS18226	15	18/09/2018	18/09/2021	500	6.0	30	-	30
34	BVDB13151	10	20/09/2013	20/09/2021	100	9.2	9	-	9
35	TD1828118	10	20/09/2018	20/09/2021	7895	4.7	371	-	371
36	BVDB15244	15	21/09/2015	21/09/2021	125	7.9	10	-	10
37	QHB0823049	15	23/09/2008	23/09/2021	130	15.0	20	-	20
38	BVBS19146	15	24/09/2019	24/09/2021	1000	4.6	46	-	46
39	BVBS18170	5	25/09/2018	25/09/2021	500	5.0	25	-	25
40	BVBS18227	15	25/09/2018	25/09/2021	1000	6.0	60	-	60
41	TD1926171	7	26/09/2019	26/09/2021	1440	3.5	50	-	50
42	TD1949206	30	26/09/2019	26/09/2021	3624	5.2	188	-	188
43	BVBS16368	10	27/09/2016	27/09/2021	250	7.1	18	-	18
44	BVBS16406	15	27/09/2016	27/09/2021	286	7.6	22	-	22
45	QHD0823050	15	30/09/2008	30/09/2021	85	15.0	13	-	13
46	TD1323032	10	30/09/2013	30/09/2021	1408	8.9	125	-	125

Sources: HNX, VBMA consolidated

In August 2021, the State Treasury of Vietnam called for 15 auctions of government bonds with the total offering value of VND 38,750 billion, the winning rate was 76.7%.

In August 2021, the State Treasury of Vietnam called for 15 auctions of government bonds with a total value of VND 38,750 billion, the total bidding value was VND 111,858 billion, of which the winning value was VND 29,702 billion, equivalent to the winning rate of 76.7%. The two tenors with the highest offering value were 10-year tenor and 15-year tenor (VND 9,000b and VND 17,000b, respectively), and the winning rate was 89.6% (10-year tenor) and 82.2% (15-year tenor). Winning bond yield at all tenors decreased compared to the previous month.

In Quarter 3/2021, the State Treasury of Vietnam plans to issue VND 120,000 billion of government bonds, including 5-year (VND 10,000 billion), 7-year (VND 8,000 billion), 10-year (VND 40,000 billion) and 15-year (VND 50,000 billion) tenors, 20 years (5,000 billion VND) and 30 years (7,000 billion VND).

By the end of August 2021, the State Treasury of Vietnam has issued a total of VND 57,763 billion of government bonds in the quarter, equivalent to 48.1% of the 3rd quarter plan. Since the beginning of the year, the total issuing value has reached VND 199,256 billion, equivalent to 56.9% of the 2021 plan. In September 2021, there will be VND 7.7 trillion of government bonds due, accounting for 4% of the total bond value matured this year.

The value of Outright and Repo transactions reached VND 132,828 billion and VND 48,637 billion.

On the secondary market, the average daily Outright transaction value fell to VND 6,038 billion per day (-7.6% MoM), and the average daily Repo transaction value dropped to VND 2,211 billion per day (-19.5% MoM). Compared to the same period last year, August 2021 Outright trading volume increased by 20.5% while repo volume decreased by 26.1%. During the month, 5-year, 10-year and 15-year tenors were traded the most. The range of trading yields increased by 0.28%-0.3% at 5-year and 10-year tenors, decreased by 0.24% at 15-year tenor.

In August 2021, foreign investors net bought a total of VND 769 billion, thus, accumulated from the beginning of 2021, foreign investors have net bought VND 11,456 billion.

Compared to the previous month, Government bond yields decreased slightly at all tenors.

Government bond yields decreased by 2-16 bps compared to previous month's average yields at all tenors. Compared to last year, the current yields at tenors from 5 years to 30 years were 51 - 102 bps lower. Government bond yields in Vietnam are relatively low in the region. The gap between Vietnam Government bond yield and the US Treasury bond from the beginning of August 2021 until now has tended to narrow by 0.03%-0.33% at all tenors (from 1Y-30Y). In some days at the end of August 2021, this gap between the 5-year Vietnam G-bond and US T-bond approached close to 0%.

In the first 8 months of 2021, there were a total of 490 domestic corporate bond issuances with a total value of VND 308,517 billion.

According to consolidated data of VBMA, in the first eight months of 2021, there were 490 domestic corporate bond issuances with a total issuance value of VND 308,517 billion, of which 476 were under private placements with a total value of VND 296,933 billion, 14 issuances under public offering with a total value of VND 11,584 billion (accounting for 3.75%), and 3 issuances of bonds on the international markets with a total value of USD 1 billion. The proportion of bonds issued under public offering decreased compared to the same period in 2020 (5.28%).

VBMA RECENT ACTIVITIES

VBMA has conducted the survey on Bond Market and Macroeconomic Outlook for Quarter 3/2021

The stable and predictable macroeconomic environment is one of the basic factors for the success of business activities. In the context of the outbreak of the COVID-19 pandemic affecting the global economy, Vietnam is not an exception. An assessment of the market, which reflects the effects of constantly changing phenomena in the market and provides market participants with reference for making business decisions, is one of the needs of the market.

Therefore, VBMA will conduct quarterly surveys for market members' assessments on the bond market's performance, members' opinions on long-term interest rates and other macroeconomic indicators to provide survey results to members on a regular basis with structured and systematic data. This survey will be conducted quarterly in February, May, August and November. The results of the quarterly survey will be published in the first week of the following month of the survey's month.

VBMA has sent to VBMA members the survey on the Bond Market and Macroeconomic Outlook for the third quarter of 2021. The third quarter of 2021 survey will be the first to conduct, the survey report will be provided to members in September 2021. For the one for the fourth quarter of 2021, VBMA will have an online survey.

VBMA sent a Letter of Comment on the Draft Circular replacing Circular 22/2016/TT-NHNN

The State Bank of Vietnam drafted a Circular to replace Circular No. 22/2016/TT-NHNN regulating the purchasing and selling corporate bonds of credit institutions, foreign banks' branches. This Draft Circular, if issued, will have a lot of impacts on the corporate bond investment activities of credit institutions in particular and the corporate bond market in general.

VBMA collected comments from VBMA Members on this Draft Circular and organized a meeting to reach consensus amongst the members on these comments on August 24, 2021. After the meeting, VBMA sent an official Letter of comments on the draft Circular to the State Bank of Vietnam on August 30, 2021.

Postponing MMA implementation for FX SWAP until September 16th 2021 and completing MMA signing procedure.

After consulting market makers on the plan of launching MMA for FX Swap transaction on August 23, 2021, VBMA received comments from members based in Ho Chi Minh City regarding the current social distancing situation which causes difficulties in arranging personnel and preparation for executing FX Swap MMA. Therefore, VBMA has agreed with market makers on the MMA implementation date for FX Swap as proposed by the parties to be on September 16, 2021.

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

- Draft Circular regulating the purchasing and selling corporate bonds of credit institutions, foreign banks' branches replacing Circular 22/2016/TT-NHNN.
- Draft Circular regulating prices of services in securities sector applied for Stock Exchange and Vietnam Securities Depository, replacing Circular 127/2018/TT-BTC.

- Draft Circular regulating prices of services in securities sector applied for securities trading organizations and commercial banks participating in Vietnam securities market, replacing Circular 128/2018/TT-BTC.

In August 2021, there were several newly issued legal documents. These documents were sent to VBMA Members for reference:

- Circular 12/2021/TT-NHNN regulating credit institutions, foreign bank branches purchasing and selling promissory notes, treasury bills, deposit certificates, bonds issued domestically by other credit institutions, foreign bank branches.
- Circular 11/2021/TT-NHNN regulating classification of assets, levels and methods of setting up risk provisions and the use of provisions against risks in the banking activity of credit institutions and foreign banks' branches.
- Decision 1393/QĐ-Ttg on approving the issuance limit of domestic bonds guaranteed by the Government of Vietnam Development Bank in 2021.
- New Regulations of Vietnam Securities Depository.

VBMA UPCOMING EVENTS

Seminar on LIBOR transition

VBMA in collaboration with Bloomberg organize the Webinar on The End of LIBOR: Preparation and Readiness for Transition on September 28th, 2021 from 2pm to 4.30pm.

The London Interbank Offered Rate (LIBOR) is one of the main interest rate benchmarks used in financial markets. It determines interest rates for financial contracts around the world, worth trillions of USD. It will be replaced by a variety of alternative reference rates (ARRs) around the globe. In the US, the recommended ARR is the Secured Overnight Financing Rate (SOFR). After 2021, banks will no longer be able to enter into new USD LIBOR transactions, though some rates will still be published until mid-2023. Changing from LIBOR to ARR requires financial firms to update front- and back-office systems, retrain staff, educate their customers and redesign processes.

Industry experts will update on the progress of Libor transition and provide information on ISDA Supplements and protocols and application of fallbacks and fallback calculation. This event will also share with you about Loans fallbacks and revised form of replacement of screen rates clause.

Virtual Policy Dialogue and Market Outlook – Vietnam Bond Market Annual Report 2020 Launch – VBMA’s Best Bond Award 2020

VBMA plans to organize an event: Virtual Policy Dialogue and Market Outlook – Vietnam Bond Market Annual Report 2020 Launch – VBMA’s Best Bond Award 2020 at 2pm on September 24th, 2021.

The agenda of the events includes:

- Vietnam Bond Market Annual Report 2020 Launch.
- VBMA Best Bond Award 2020.
- Bond Market, Money Market and FX Market Outlook for the 3 last months of 2021 and Perspective for 2022.
- Global Economic Outlook: The Price of Recovery.
- Monetary Policy of Quarter IV/2021 and Orientation for 2022.
- Orientation for the developments of Government Bond, Corporate Bond, Green Bond Markets in the near future.

Seminar on Cloud Treasury

VBMA will hold a seminar on Cloud Treasury on October 7th, 2021.

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

Floor 17, Gelex Tower, 52 Le Dai Hanh Street, Hanoi Phone: (84-24) 39748781 Fax: (84-4) 39748782

www.vbma.org.vn