



BOND MARKET REVIEW – APRIL 2021

General Market Comment

In an environment where rates are expected to come up but where the banks are also forced to buy VGB's, the banks choose short duration bonds, despite them being totally out of line with fundamentals. The shorter end of the curve out to 5 years came down some 3-5bps with the 1year and 5year tenures at 0.26% and 1.13% , while the 10, 15, 20 and 30year tenures rose 5, 5, 11 and 16bps to 2.47, 2.67, 3.14 and 3.33%. The money market rates came down from 0.8% to 0.55% as the banks continued to be liquid despite a slowdown in savings deposits growth as people allocated their money to other asset classes. Although weakening from 23018 to 23075, the currency remains fundamentally sound. Interestingly enough, the black market traded 300-400 dong higher. The auctions were slow despite a small target volume of some 29.75 trillion, only 12.194 trillion were sold. The 5 and 7 year tenures which normally have been unpopular performed best at some 64.2% filling ratio, while the 20 and 30year VGB's managed to sell a mere 3.1%. The gap between the secondary and primary market was very wide, while for instance the 15year VGB traded at 2.6-2.65% the accepted auction rate was 2.50%. Thus, this is a stand-off between the banks and State Treasury (ST)/MoF. It may be the case that ST is willing to accept higher rates but only slowly and gradually. The shortest tenures are very difficult to pinpoint. At the moment some 14% of the VGB's outstanding are 1year or less, else out to 7 years the percentages are 2-6%. Next year the total percentage out to 5years will be less than 17%. There will clearly be a misbalance between demand and supply. And if the shorter tenures are artificially low the slope effect will put a lid on the longer tenures as well. To see a significant move in yields, we need to see a game changer. That could be sharply increasing VGB issuance, radically higher inflation or FX pressure through for instance an EM currency sell-off.

Government Bond Update March and 1Q 2021

At end of 1Q 2021, VST issued VND39.2 trillion value of VGB, equals to 39.2% 1Q 2021 plan and 11.2% whole 2021 plan. Amount issued in Mar is significantly low in comparison to Jan amount. On secondary market, average trading value per day in March 2021 is VND10,413 billion, -9.7% MoM.

At end of 1Q 2021, value of listing VGB on HNX is 1.34 trillion, slightly decreased (-0.7%) from the amount at 31/12/2020. Average trading value per trading day in 1Q is VND12.3 trillion, increase 20.2% vs average in 2020, among those repo transaction accounts for 33.6%. Foreign investors traded values is 3.04% total trading value in the quarter.

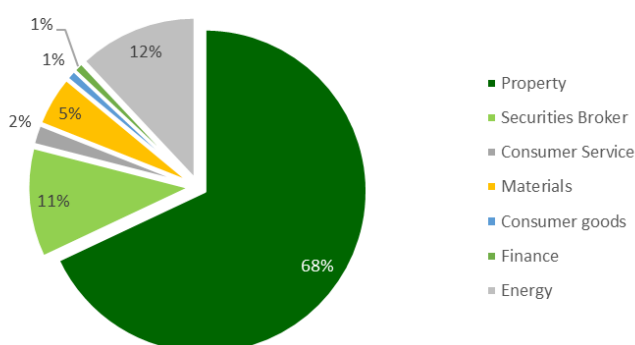
Corp Bond Update March and 1Q 2021

Total value of Corp bond issued in March 2021 is 8035 billion, among those 64% is private placement and 36% through public offering. Total 1Q 2021, nearly VND 25.1 trillion value of Corp bond has been issued, property sector issues VND 15558 billion accounts for 62% of total issuance. Around 40% of bond issued in 1Q 2021 does not have collaterals. VinGroup and Massan are the biggest issuers during the quarter.

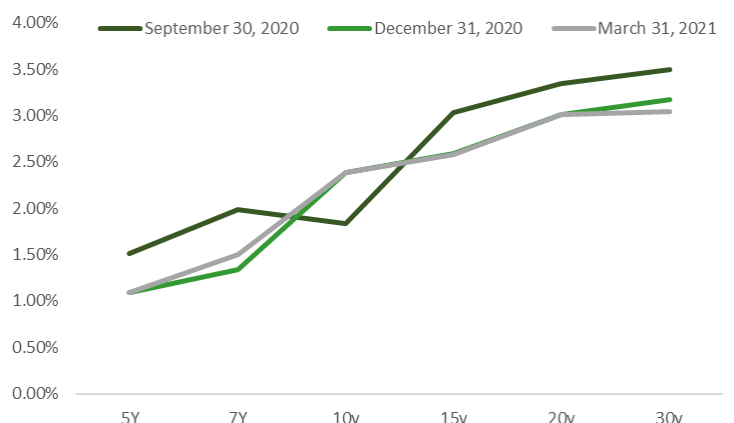
VIETNAM GOVERNMENT BOND PRIMARY ISSUANCE – MARCH AND 1Q 2021 – 2Q 2021 ISSUANCE PLAN

Tenor	2021 Plan (VND Bil)	1Q 2021 plan (VND Bil)	Issued				% completion of 1Q 2021	Issues plan	
			2021 (VND Bil)	Issued Feb 2021 (VND Bil)	Issued Mar 2021 (VND Bil)	Issued 1Q 2021 (VND Bil)		2Q 2021 (VND Bil)	% complete 2021 plan
5 Y	20000	5000	1300	500	2550	4350	1	10000	21.8%
7 Y	15000	5000		0	1781	1781	35.6%	4,000	11.9%
10 Y	120000	35000	8850	1500	4550	14900	42.6%	35,000	12.4%
15 Y	135000	35000	8281	1300	3000	12581	35.9%	35,000	9.3%
20 Y	30000	10000	2000	80	60	2140	21.4%	8,000	7.1%
30 Y	30000	10000	3065	135	253	3453	34.5%	8,000	11.5%
	350000	100000	23496	3515	12194	39205	39.2%	100,000	11.2%

CORP BOND – PRIMARY ISUANCE – MAR 2021



VBMA VGB FIXING YIELD CURVE – TO 31 MARCH 2021





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