



BOND MARKET REVIEW – AUGUST 2021

General Market Comment

While the shortest tenures, 1 and 2yrs, at 0.45% and 0.68%, were stable in August, the longer ones came down significantly. The 5, 10 and 15yr VGB screen rates fell 20bps, 10bps and 18bps, to 0.91%, 2.13% and 2.33% and close to all-time low. As a comparison the 5, 10 and 15yr rates, 2yrs ago, were 3.06%, 4.02% and 4.37%. The 1mo interbank rate ended August at 1.17%, down from 1.35%, but still stopping the shortest tenures from falling further. It dawned on the market that the government will need to take significant measures as the pandemic lockdowns take a very hard toll on the economy. The PMI fell further from 45.1 to 40.2; retail sales were down 33.7% yoy; the trade balance showed a deficit of USD 1.7bn with exports falling 5.3% from one year earlier. There were rumors that SBV would reduce banks' reserve requirements and policy rates and within one day for instance the 15yr yield fell from 2.45% to 2.23%. But at the same time as SBV and the government need to support the economy, they have limited options, as they have vowed to keep the Dong stable and there are other economies which are at the beginning of a tightening cycle. While the PHP/MYR/IDT/THB have taken significant falls against the USD this year, the VND has even strengthened. This has resulted in a 9% appreciation against the THB and 4-5% versus the others. Since mid-2015 the dong has lost close to 9% against the THB but gained 3-6.5% versus the others. Thus, the dong's reputation as weak currency, at least for now, is overstated. In the primary market State Treasury shows no signs of urgency to issue debt as disbursements, as a result of the lockdowns, have been much lower than anticipated and large amounts of surplus are kept with the banks. Rather than raising rates, State Treasury prefer to let the auctions fail. This situation is unlikely to change before year-end. Thus, with a decent currency it is difficult to envision rates to rise very much from here till year-end. But at the same time, the banks are hesitant for yields, at extremely low levels, to come down very much. An upper and lower trading range for the 15yr VGB could be 2.45% and 2.20%.

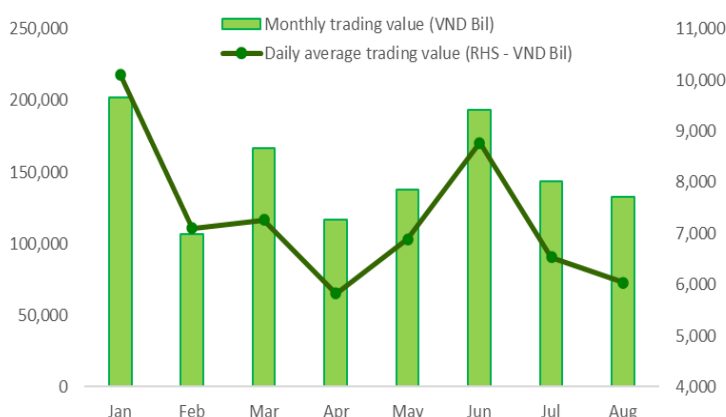
Vietnam Government Bond Market – Aug 2021

In August, the State Treasury held 15 auctions of VGB with a total called value of VND 38,750 billion, total bidding value of VND 111,358 billion and issued VND 29,720 billion, corresponding to a winning rate of 76.7% (in July was 85%, June was 69%). To the end of August, VST completed 53.6% of 3Q primary issuance plan and 58.8% of the whole year plan. Bonds with tenors of 5 and 10 years are most liquid. Value of trading in secondary market keeps its down going trend since June, total outright trading value in August was VND132.828 billion (-7.6% MoM) and daily average trading value was VND6,038 billion (-8% MoM). Yields in secondary market reduced significantly in comparison to the same time last year for tenors from 4 to 30 years with the gaps were 43bps to 102 bps.

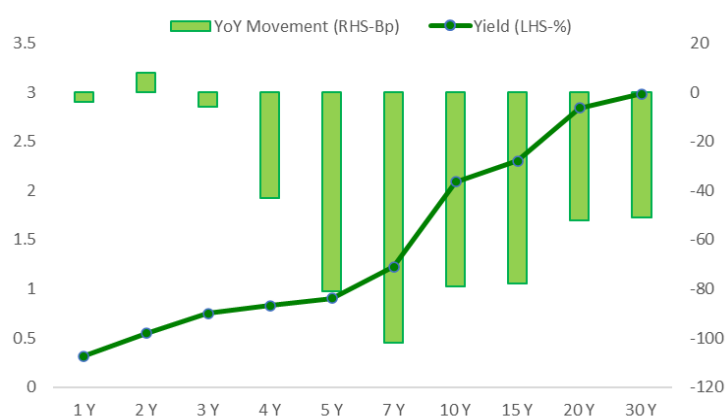
VIETNAM GOVERNMENT BOND PRIMARY ISSUANCE – AUG AND ACCUMULATION 2021

Tenor	Issued in August 2021 (VND Bil)	Issues plan 3Q 2021 (VND Bil)	Accumulated to August 2021 (VND Bil)	% complete 3Q 2021 plan	2021 Plan (VND Bil)	% complete 2021 plan
5 Y	2,113	10,000	18,232	44.6%	20,000	91.2%
7 Y	750	8,000	4,231	21.3%	15,000	28.2%
10 Y	11,462	40,000	97,254	55.3%	120,000	81.0%
15 Y	17,104	50,000	64,025	50.7%	135,000	47.4%
20 Y	1,500	5,000	5,080	32.8%	30,000	16.9%
30 Y	3,297	7,000	16,958	128.6%	30,000	56.5%
	36,226	120,000	205,780	53.6%	350,000	58.8%

VGB MONTHLY & DAILY AVERAGE OUTRIGHT TRADING – 2021



VGB SECONDARY MARKET YIELD CURVE – AUGUST 2021



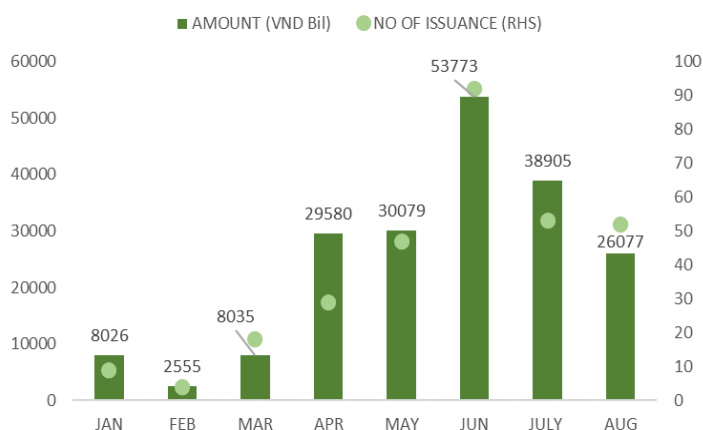


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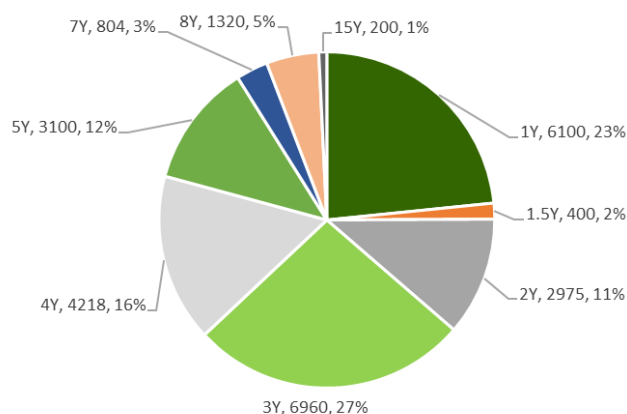
Vietnam Corporate Bond Market - Aug and 8 months 2021

In August there were 52 issuance of CB (including 51 private placements and 1 public offering by Massan MeatLife) with issued amount of 24,077 billions privately and VND 2000 to public. In accumulation for 8 months of 2021, a total of 476 domestic corporate private placement bonds were issued with a total value of VND 296,933 billion. Only 14 bonds were publicly issued (VND11,584 billion). In August, bonds were issued mainly in tenors from 3 to 5 years (accounted for 55% of total issued amount in the month) and followed by short tenor of 1 year. Banks were major issuers in August and issued 41.6% of total and issued in tenors from 3 to 5 years. Property sector followed by issuing 34.3% of total with coupon rate from 11% to 13%. The picture of main issuers in August is unchanged for whole 8 months of 2021 (Banks issued 37.6% of total and property sector accounted for 35%).

CORPORATE BOND – PRIMARY ISSUANCE JAN TO AUG 2021



CORPORATE BOND PRIMARY ISSUANCE BY TENOR (VND Bil) AND WEIGHT - AUGUST 2021



SOURCE: HNX/VBMA

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