



MONTHLY REVIEW – April 2022

General Market Commentary

As at the end of April, the US and Thai 5yr government bonds were at 2.92% (+30bps MoM) and 2.66% (+100bps MoM) respectively. The USD-index (DXY) increased 4.7% from 98.31 to 102.96 MoM, which resulted in the VND falling 0.5% against the USD, from 22,867 to 22,980. Ytd, the VND has depreciated by 0.73% against the USD, breaking the trend of appreciation that started from 2Q19. Still, since the VND has fallen much less than the DXY has risen, this means that the VND has appreciated against most other currencies. For instance, the Euro fell 4.7% against the USD, from 1.106 to 1.054, and the Japanese yen fell 6.6%, from 121.7 to 129.8.

Interest rates continued rising in Apr and into early May. Since end-Mar, the screen rates are up some 50 bps in the 3-year and 5-year tenures to 2.22% and 2.40%. By comparison, they were 0.83% and 0.94% at end-2021. Initially, the longer tenures were a bit slow to rise, but in Apr and May, the 10- and 15-year tenures rose 71 and 68 bps, respectively, and are now at 3.18% and 3.35%, compared to 2.17% and 2.44% at year-end 2021.

The discrepancy between the primary and secondary VGB markets is becoming significant, with no new bonds being issued in the primary auction. The lowest bids for the 10- and 15-year tenures were 2.32% and 2.62% in the 27 Apr auction, 86 and 73 bps below the secondary market.

Vietnam Government Bond Market

The Vietnam State Treasury (VST) announced the primary issuance plan for 2022, with a target to issue VND 400trn of Government bonds. Of that, the target for 2Q22 is VND 120trn, VND 15trn higher than in 1Q, focusing on 10- and 15-year tenures.

The VST held 16 VGB auctions in Apr and has held 60 since the beginning of the year, with a total called value of VND 21trn and VND 95trn respectively, while the announced target was VND 120trn for 2Q and VND 235trn for 1H22. Adjusting the targets for separate sessions, the State Treasury (VST) seems to be intentionally not trying to fill its issuance target. Despite relatively small auctioned volumes (VND 2bn of each the 10- and 15-year tenures), the bid-to-cover ratios were only 1.73% and 1.53%, indicating a rather tired market. With the current strong macro environment, the reasons were quite unclear, but they were emerging from the increasing inflation, the strong USD in the global market, low liquidity in corporate bonds, and increasing deposit rates. As at end-Apr, VST had issued 13% of its full-year target.

On the secondary market, the total Outright and Repo values were VND 109.8trn (-39% vs last month) and VND 91.8trn (-3.7% vs last month). The average daily trading value of Outright transactions for the month was VND 5.23trn, -33.1% vs last month. Meanwhile, the average daily repo transaction value increased to VND 4.37trn per day, 5.4% higher than last month, which suggests some tightening in liquidity. The 10- and 15-year VGBs were the most traded tenures, at a value of VND 78.9trillion or 72% of the total Outright transactions.

VGB PRIMARY ISSUED vs ISSUANCE PLAN

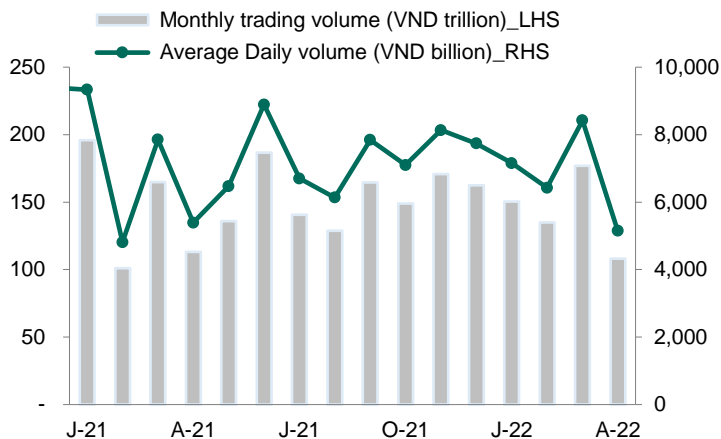
Tenor	Issuance Plan for 1Q22 (VND bn)	Issuance Plan for FY 2022 (VND bn)	Bidding Volume in 1Q22 (VND bn)	Issued Value in Apr 2022 (VND bn)	Cumulative Issued Value for 2Q22 (VND bn)	Cumulative Issued Value YTD (VND bn)	% Completion of 2Q22 Plan	% Completion of 2022 Plan
5-year	10000	30,000	1,700				0%	0%
7-year	5000	15,000	650				0%	0%
10-year	45000	140,000	16,704	2,000	2,000	20,642	4%	15%
15-year	35000	150,000	13,900	2,000	2,000	14,950	6%	10%
20-year	10000	30,000	1,000	500	500	2,185	5%	7%
30-year	15000	35,000	1,190	120	120	8,125	1%	23%
Total	120,000	400,000	35,144	4,620	4,620	45,902	4%	13%

Source: HNX/VBMA

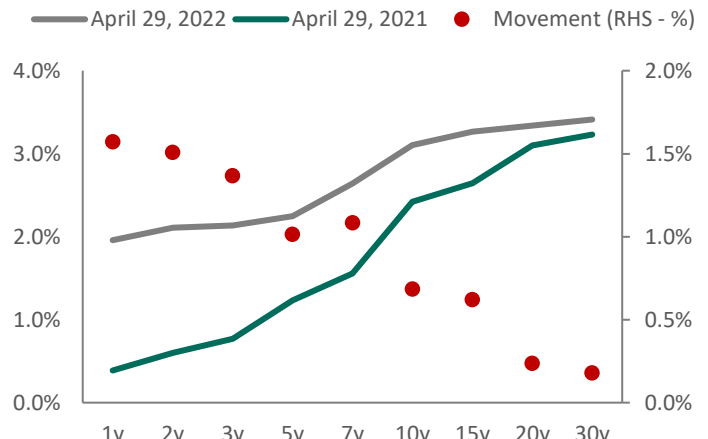


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VGB OUTRIGHT TRADING VALUE



VGB SECONDARY MARKET YIELD CURVE

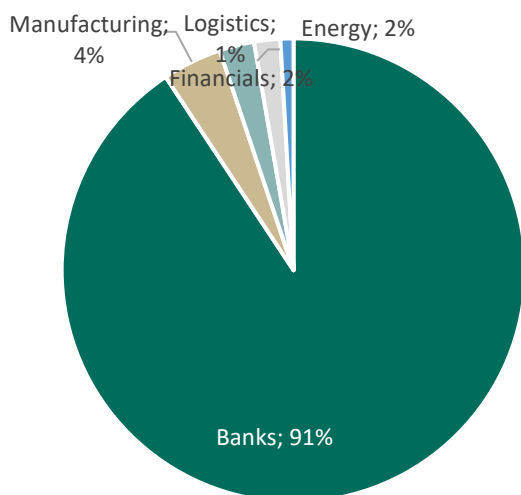


Data Source: HNX/VBMA

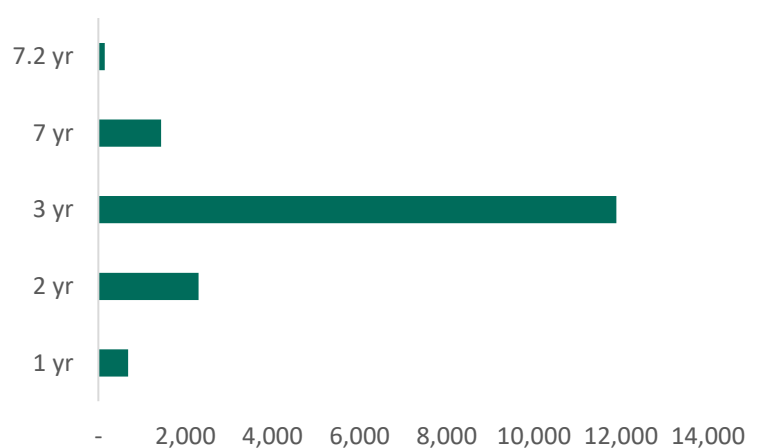
Vietnam Corporate Bond Market

In April, with the consolidated data from the HNX and the VBMA, there was no issuance through public offerings and 23 issuances through private placements with an issued amount of VND 16,472bn. Different to the diversified picture before, commercial banks were the dominated issuers with an issued amount of VND 14,940bn (accounting for 91% of the total), 4% in manufacturing and 5% in others, respectively. After TanHoangMinh case, there was no bond from real estates nor brokerage companies. In terms of maturity, the average maturity among the issuers was 3.5 years. The largest issuance tenure was the 3-year, in the banking sectors, in the amount of VND 11,900bn, accounting for 72.24% of issuances. 2-, and 7-year tenures were also issued in large amounts. YTD there were 97 issuances under private placements with a total value of VND68.6 trillion (accounts for 88.7% of total issuing value) and 9 issuances under public offering with a total value of VND 8.7 trillion (accounts for 11.3% of total issuing value). Overall, the weight of public offering is increasing, which is a positive signal.

CORPORATE BOND – PRIMARY ISSUANCE BY ISSUER – APRIL/22



CORPORATE BOND – PRIMARY ISSUANCE BY TENORS – APRIL/ 22



Source: HNX/VBMA

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