



MONTHLY REVIEW – MAY 2022

General Market
Commentary

The USD Index (DXY) rose steadily from the beginning of the month to 12 May from 102.96 to 104.75, after which it declined to close the month at 101.78, down 1.39% from end-Apr. However, the VND was under clear pressure. Vietnam's central bank, the SBV, had to increase the central rate as well as the selling price of the VND by 1% to 23,190. Overall, the VND has lost 1.76% against the USD ytd, in complete contrast to 2021, when it appreciated by 1.27%. 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 has fallen 5.2% ytd against the USD, from 1.0733 to 1.1323, and the Japanese yen has fallen 11.84%, from 115.06 to 128.68. In the meantime, the overall interest rate environment was still trending slightly upwards. The US Treasury rate fell slightly to 2.81% (-11 bps), the 10-year to 2.84% (-4 bps), while 20-, and 30-year tenors rose by 14 and 11 bps, respectively. Thai 10-year government bonds were at 2.96% (+10bps mom).

The rise in VGB screen rates was in a slowing uptrend in May. The 3- and 5-year tenors increased 8-25 bps to 2.22% and 2.50%, respectively. The increases were smaller than in Apr, when these two tenors rose 41 and 36 bps. Still, these interest rates are significantly higher compared to the end of last year when they were at only 0.83% and 0.94%. Likewise, the longer tenors continued increasing, at a bit more rapid pace. The 10- and 15-year tenors rose 14 and 4 bps, respectively, and ended at 3.24% and 3.4%.

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 (VGB). Of that, the target for 2Q22 is VND 120trn, VND 15trn higher than in 1Q, focusing on 10- and 15-year tenors.

In May, there were 13 VGB auctions, and a total of 73 since the beginning of the year. The issued amounts were VND 7.9 and 53.8trn, respectively, while the auctioned amount was VND 18.5trn in May and 113.5trn ytd. The fill ratio was 42.7% and 47.4%, respectively, which were lower than the 72.9% for FY2021. By lowering the targets for separate sessions, the State Treasury (VST) sent a signal that they were not to go to be pressured to fill the issuance target. However, although the auctioned target kept coming down, the demand and winning rates were still at low levels. In May 2022, VST allowed primary interest rates to increase some by 3 to 6 bps. This helped to push up the winning ratios of 10- and 15-year tenors to 44% and 48%. Although the numbers were more than double those in Apr, they were still far from what they were in FY2021 at 84% and 71%. This still indicates a very weak market. With the currently strong macro environment, the reasons for the market weakness were increasing inflation, the strong USD in the global market, low liquidity in corporate bonds, and increasing deposit rates. As at end-May, VST had issued 13% of its full-year target.

On the secondary market, trading volume declined in May, for the second consecutive month. The total Outright and Repo values were VND 76.4trn (-29% vs last month,) and VND 67trn (-17% vs last month). The average daily trading value of Outright transactions for the month was VND 3.47trn, -33.1% vs last month. The 10- and 15-year VGBs were the most traded tenors, at a value of VND 48.2trn, or 61% of the total Outright transactions. This was lower than the percentage of the previous month, which indicates that there was less concentration in selected trading tenors.

VGB PRIMARY ISSUED vs ISSUANCE PLAN

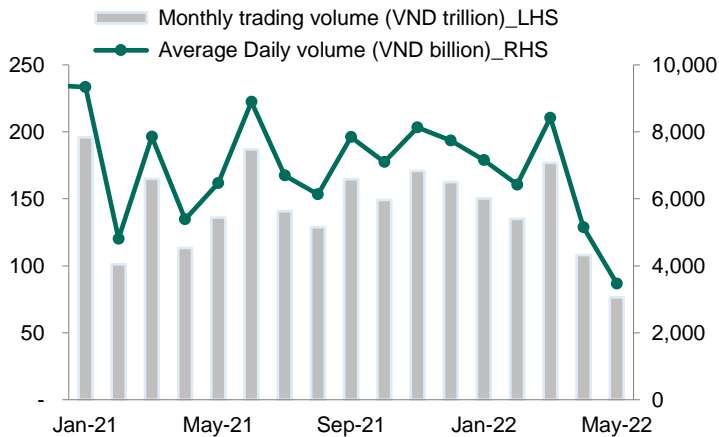
Tenor	Issuance Plan Q2-2022 (VND bn)	Issuance Plan FY 2022 (VND bn)	Issued Value in May 2022 (VND bn)	Cumulative Issued Value Q2-2022 (VND bn)	Cumulative Issued Value YTD (VND bn)	% Completion of Q2 Plan	% Completion of FY 2022 Plan
5-year	10,000	30,000	-	-	-	0	0
7-year	5,000	15,000	-	-	-	0	0
10-year	45,000	140,000	3,500	5,500	24,142	12	17
15-year	35,000	150,000	3,870	5,870	18,820	17	13
20-year	10,000	30,000	40	540	2,225	5	7
30-year	15,000	35,000	500	620	8,625	4	25
Total	120,000	400,000	7,910	12,530	53,812	10	13

Source: HNX/VBMA

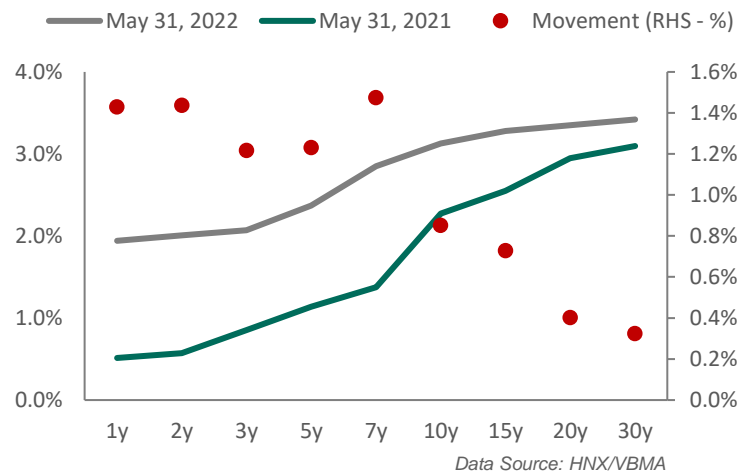


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VGB OUTRIGHT TRADING VALUE



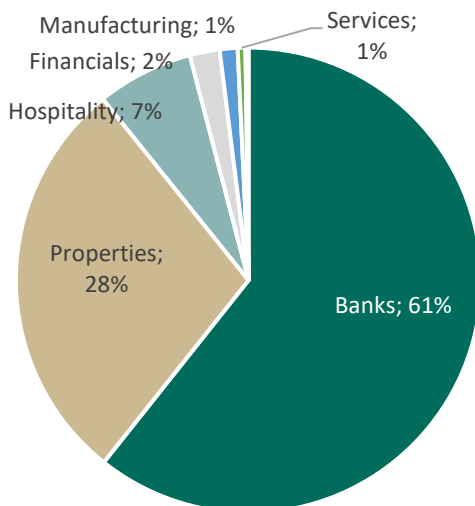
VGB SECONDARY MARKET YIELD CURVE



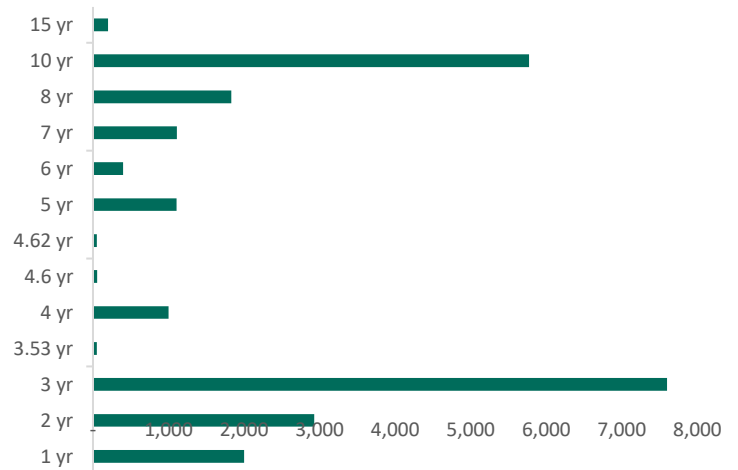
Vietnam Corporate Bond Market

In May, with the consolidated data from the HNX and the VBMA, there was one issuance through public offerings and 34 issuances through private placements. The issued amount was VND 24.1trn (+46% vs last month). This is a good signal compared to the situation in Apr, when there was only VND 16.5trn from 24 issuances. Issuer diversification also improved, with banks' domination decreasing to 61% from 91%. Property issuers increased to 28% from 0% in Apr. Hospitality and other sectors contributed the remaining 11%. 3- and 10-years were the most issued tenors in May. The average maturity advanced quite a lot to 5.24 years compared to 3.05 in Apr. The effect from TanHoangMinh has gradually calmed down. Ytd, there have been 177 issuances under private placements, with a total value of VND 113.8trn (accounting for 92.1% of total issued value), and 17 issuances under public offerings with a total value of VND 8.99trn (accounting for 7.9% of total issued value). Overall, the weight of public offerings is higher than the average number in 2021, which is a positive signal.

CORPORATE BOND – PRIMARY ISSUANCE BY ISSUER – May/ 22



CORPORATE BOND – PRIMARY ISSUANCE BY TENORS – May/ 22



Source: HNX/VBMA

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