



MONTHLY REVIEW – June 2022

General Market Commentary

By end-Jun, the USD Index (DXY) had risen to 104.685, from 101.782 at end-May, while the VND fell to 23,270 to the USD, -0.47% compared to end of last month. The VND has lost a total of 2.23% against the USD ytd, reversing its 1.27% gain from 2021. However, compared to most other currencies, the VND has been doing quite well. For example, the Euro has lost 7.4% against the dollar ytd, falling from 1.1323 to 1.0482, while JPY has dropped some 18.0% from 115.06 to 135.73. In the meantime, the overall interest rate environment is still trending up slightly and is flattening out. The short-term US Treasury rates rose to the range of 1.28-2.80%, and medium-term 5-year Treasuries were at 3.0% (+20 bps), while the 10-year tenors were at 2.98% (+13 bps) and the 20-, and 30-year tenors rose by 10 and 7 bps to 3.28% and 3.07%, respectively. Thai 10-year Government bonds were at 2.90% (-6 bps mom).

VGB screen rates were in a steady uptrend in Jun. The 3- and 5-year tenors increased 18 and 3 bps to 2.40% and 2.50%, respectively. The increases were smaller than in Apr, when these two tenors rose by 20 to 41 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, rates on the longer tenors continued rising. The 10- and 15-year tenors rose 12 and 18 bps, respectively, and ended the month at 3.37% and 3.59%.

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

There were 15 VGB auctions in Jun, with an issued amount of VND 15.27trn. Ytd there have been a total of 88 auctions, with an issued amount of VND 69.09trn, while the auctioned amounts were VND 22.5trn in Jun and 136trn ytd. The fill ratio was 67.8% and 50.8%, respectively, which was higher than the 43% in May but were still lower than the average of 72.9% for FY2021. By lowering the targets for separate sessions, the State Treasury sent a signal that they were not to going to be pressured into filling the issuance target. From May 2022, VST allowed primary interest rates to increase some by 3 to 6 bps in the auctions. This helped to push up the winning ratios of 10- and 15-year tenors to 42% and 53% from 23-26% in 1Q. Although the numbers were more than double, they were still far from what they were in FY2021 at 84% and 71%. This indicates a discrepancy between supply and demand and implies 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 only 17% of its full-year target.

On the secondary market, trading volume rebounded in Jun. The total outright values were VND 97.7trn (+28% vs last month), and VND 61trn (-9% vs last month). The average daily trading value of outright transactions for the month was VND 4.44trn, +28% vs last month. The 10- and 15-year VGBs were the most traded tenors, at a value of VND 62.9trn, or 61% of the total outright transactions.

VGB PRIMARY ISSUED vs ISSUANCE PLAN

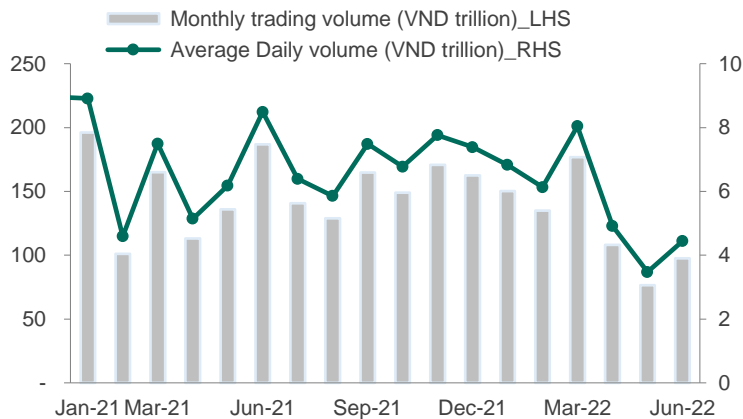
Tenor	Issuance Plan Q2-2022 (VND bn)	Issuance Plan FY 2022 (VND bn)	Issued Value in June 2022 (VND bn)	Cumulative Issued Value Q2-2022 (VND bn)	Cumulative Issued Value YTD (VND bn)	% Completion of Q2 Plan	% Completion of FY 2022 Plan
5-year	10,000	30,000	-	-	-	0%	0%
7-year	5,000	15,000	-	-	-	0%	0%
10-year	45,000	140,000	7,500	13,000	31,642	29%	23%
15-year	35,000	150,000	7,735	13,605	26,555	39%	18%
20-year	10,000	30,000	40	580	2,265	6%	8%
30-year	15,000	35,000	-	620	8,625	4%	25%
Total	120,000	400,000	15,275	27,805	69,087	23%	17%

Source: HNX/VBMA

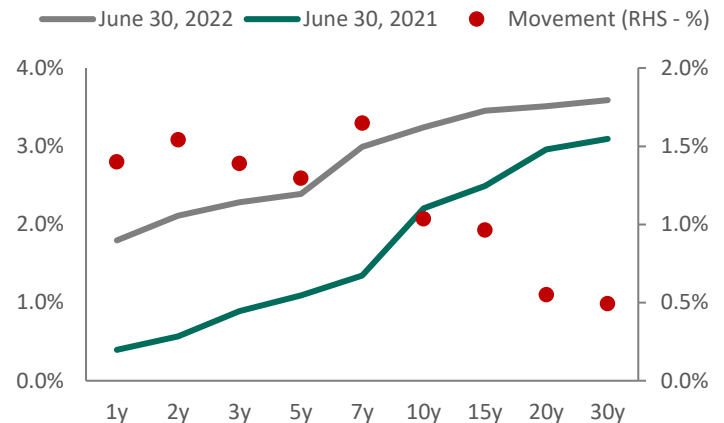


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VGB OUTRIGHT TRADING VALUE



VGB SECONDARY MARKET YIELD CURVE



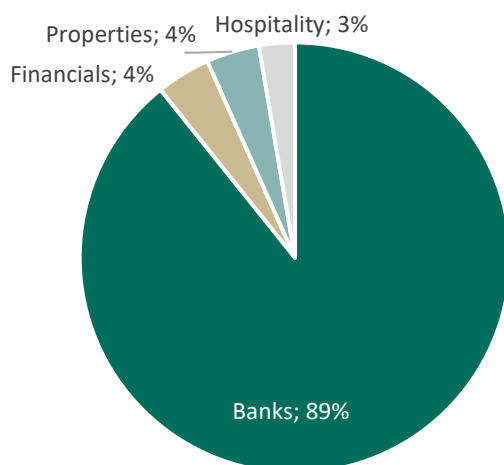
Data Source: HNX/VBMA

Vietnam Corporate Bond Market

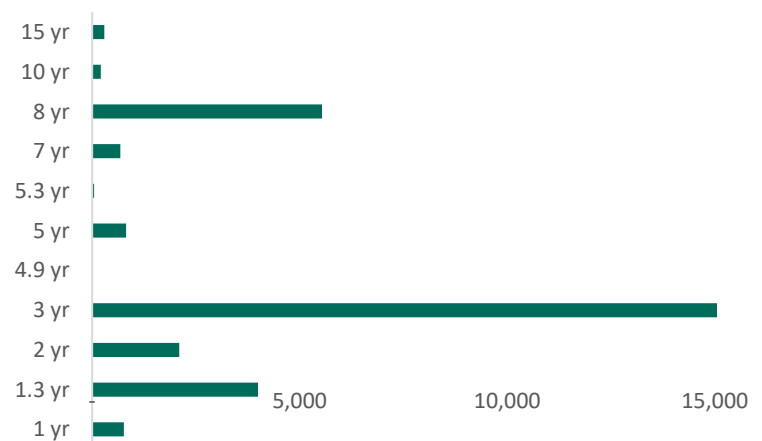
In Jun, with consolidated data from the HNX and the VBMA, there was no issuance through public offerings, and one international bond issuance and 44 issuances through private placements. The issued amount was VND 32.8trn (+36% vs last month). This is a good sign, especially compared to the situation in Apr, when there was only VND 16.5trn from 24 issuances. However, the issuer diversification was reduced compared to May, with banks' domination increasing to 89% from 61%. Property issuers decreased to 4% from 28% in May. Hospitality, Financials, and other sectors contributed the remaining 7%. 3-years was the most issued tenor in Jun. The average maturity fell to 3.87 years compared to 5.24 in May. The effect from TanHoangMinh has gradually calmed down.

Ytd, there have been 259 issuances via private placements, with a total value of VND 180trn. Of that, 241 bonds were issued through private placements with a total value of VND 156trn, or 87% of the total issuance ytd; 17 bonds were issued through public offerings with a total value of VND 8.99trn, or 5% of the total; and two international bonds in USD from Vingroup with a value of \$625m, or 8% of the total issuance ytd.

CORPORATE BOND – PRIMARY ISSUANCE BY ISSUER



CORPORATE BOND – PRIMARY ISSUANCE BY TENORS



Source: HNX/VBMA

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