



MONTHLY REVIEW – September 2023

General Market Commentary

GDP continued to grow to 5.33% YoY and FDI registration advanced to \$20.2bn (+7.7% YoY), with disbursement hitting \$15.9bn, up 2.2% YoY, representing the most significant 9M disbursement observed in the past six years. The trade surplus reached \$21.7bn YTD, a substantial increase from the \$6.9bn of 9M22. However, the month was not without its challenges. CPI increased by 1.1% MoM and 3.7% YoY, driven largely by rising commodity prices. Compounded by strong movements in global markets, a largely negative VND/USD swap rate, and excess liquidity in the Vietnamese banking system, the VND depreciated by 0.9% MoM. Some of this pressure was alleviated by the SBV issuing bills, helping to narrow the swap rate and stabilise the FX. In the meantime, the interbank rates were almost unchanged, regardless of the SBV's activities. The O/N rate was still at 0.2%, 1-month at 3.1% and 3-months at 3.2%.

After many months adjusting down, deposit rates remained at low levels. The four SOCBs continue to offer 12-month deposits at rates below 6%, 6 to 9-month terms at sub-5% and 3-month and below at sub-3.5%. Credit showcased an uptick in September with a 6.9% YTD rise (3.6% QoQ). Although the increase was very impressive in September, it remains notably below the annual target of 14-15%.

Vietnam Government Bond Market

With regards to Government bonds (VGBs), September had 16 VGB auctions, culminating in total issuances of VND 19.4tn (\$0.8bn), an 11% MoM decline. By September's end, the cumulative issuance reached 249.9tn YTD (\$10.7bn), equating to 62% of the annual target. Despite apparent market fatigue, the State Treasury persistently moderated the weekly target to uphold the fill-up ratio. Consequently, primary rates remained stable, yet the secondary yield escalated, broadening the spread between the two to around 30-40bps. The secondary yield curve steepened slightly; 1-5 years dipping by 1bps and the longer tenors of 10-15 years rising by 10-14bps.

Secondary market outright trading volume escalated by 8% MoM to \$4.5bn, with daily transactions escalating to \$234m/day. However, repos had moved in the opposite direction by -1% to \$1.3bn/month, increasing on daily basis at \$68.2m/day. Foreign investors continued selling, but to a lesser extent in September, amounting to roughly \$7.3m (-65% MoM). The tenors spanning 5 to 15 years constituted a mere 71.2% of the total outright transactions, slightly lower than the 79% in preceding months.

VGB PRIMARY ISSUANCES vs ISSUANCE PLAN

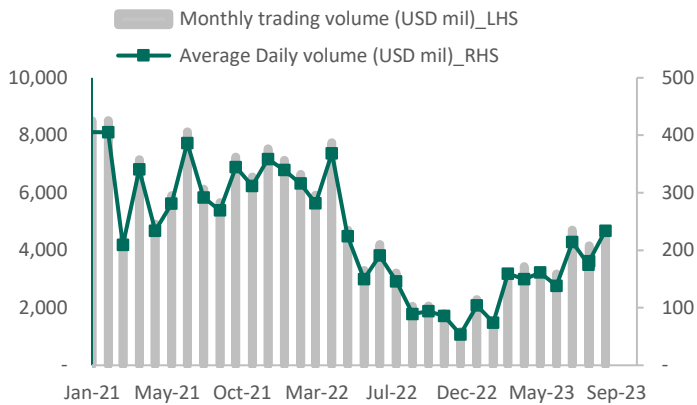
Tenor	Issuance Plan Q3-2023 (VND bn)	Issuance Plan FY 2023 (VND bn)	Issued Value in Current Month (VND bn)	Cumulative Issued Value in Current Quarter (VND bn)	Cummulative Issued Value YTD (VND bn)	% Completion of Quarterly Plan	% Completion of FY 2023 Plan
5-year	10,000	35,000	1,935	5,394	26,943	54%	77%
7-year	3,000	5,000	-	-	950	0%	19%
10-year	35,000	125,000	8,250	27,848	98,447	80%	79%
15-year	48,000	165,000	8,750	33,250	113,803	69%	69%
20-year	7,000	20,000	-	500	2,049	7%	10%
30-year	7,000	20,000	435	2,997	7,689	43%	38%
Total	110,000	400,000	19,370	69,989	249,881	64%	62%

Source: HNX/VBMA

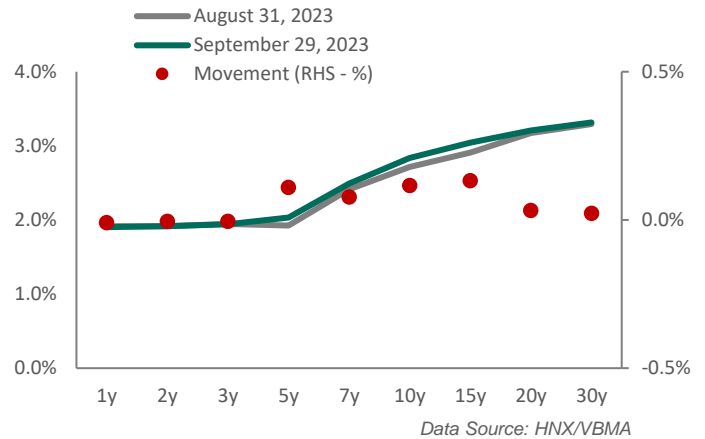


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VGB OUTRIGHT TRADING VALUE



VGB SECONDARY MARKET YIELD CURVE

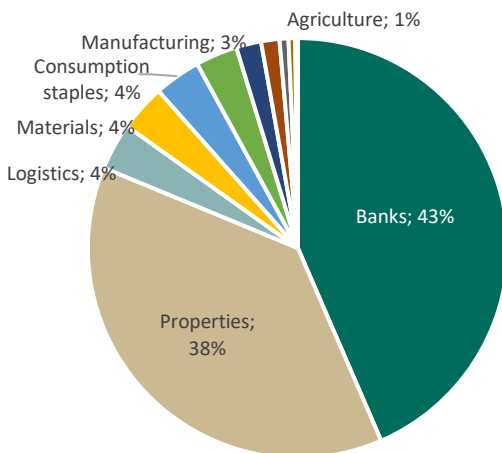


Vietnam Corporate Bond Market

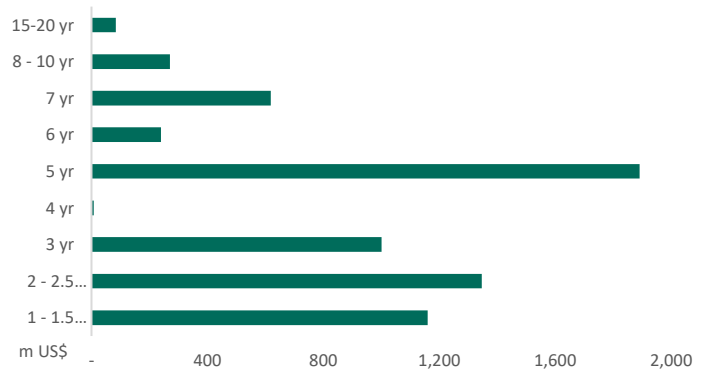
New corporate bond issuances declined to VND 13.9tn (\$0.6bn), -44% MoM, and -60% compared to August. This is not a good signal, but may be because of a delayed reporting time. Since the start of the year, there have been 151 bond issuances, totalling VND 160.3tn or \$6.7bn, with 78% of these issued from June. The banking sector regained prominence, accounting for 43% of the total outstanding issuances. Following closely was the real estate sector, emerging as a significant contributor, forming 38% of the YTD new issuances, with the remaining 19% dispersed across various other sectors.

Regulatory changes underscore the rigorous involvement and commitment of policymakers. Firstly, the major amendments to Decree 8 in March allow issuers to renegotiate terms by up to two years, giving holders the option to receive cash or assets as repayment, and extending the deadline until year-end for the requirements of professional investor status and professional credit rating. Secondly, the new dedicated platform for private corporate bonds with T+0 settlement was launched by HNX in July, marking a significant step for the corporate bond market, centralising information and enhancing transparency. Finally, the postponing of key provisions of Circular 06/2023 by the SBV in August releases banks from constraints to restructure real estate loans and bonds. Currently, issuers are in the final period to register their bond to HNX trading platform. This may lead to the bond market freezing for a period, but the potential liquidity should be high once that has passed.

CORPORATE BONDS – PRIMARY ISSUANCE BY ISSUER YTD



CORPORATE BONDS – PRIMARY ISSUANCE BY TENORS YTD



Source: HNX/VBMA

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