



MONTHLY REVIEW – October 2023

General Market Commentary

October was a turbulent month with the Israel – Hamas war strongly affecting global markets. Many equity markets dropped more than 10% while bond yields saw an average increase of 30bps across tenors. Gold rose 6.8%, closing at around \$2000/ounce and the DXY increased 0.5% to 106.66.

These macro factors also affected local Vietnam markets. The VND, under pressure from global markets, faced huge pressure reflected in the negative swap rates with the USD. The SBV started to withdraw liquidity to increase the local interbank rates. Within the month, the o/n rate hit 3.0%, up from 0.2% in September before cooling down to sub-1.0% at month-end. The VND depreciated 1.1% MoM, peaking at -1.4%, totalling -4.1% YTD against the USD, outpacing the USD's global appreciation. The Vietnamese equity market contracted by nearly 11%.

However, the macro numbers were stable to positive; inflation was largely unchanged at +0.1% MoM and +3.6% YoY. FDI registration advanced to \$25.8bn (+14.7% YoY), with disbursement hitting \$18.0bn, up 2.4% YoY, continuing the significant high disbursement from September. The trade surplus reached \$24.6bn YTD, a substantial increase from the \$9bn of 10M22, a five-year record high. Public investments were also high, reaching 65.7% of the Government target compared to 46.4% of 10M2022.

Vietnam Government Bond Market

With regards to Government bonds (VGBs), September had 14 VGB auctions, culminating in total issuances of VND 14.5tn (\$0.6bn), a 25% MoM decline, the lowest issuance YTD. By October's end, the cumulative issuance reached 264.4tn (\$10.9bn) YTD, equating to 66% of the annual target. Despite the State Treasury keeping the target unchanged the fill-up ratio dropped to 67%, the lowest YTD. The primary rates finally moved up, albeit with modest changes of just 1 to 9bps. Yet the secondary yield kept escalating, increasing 20bps, broadening the spread between them to around 40-50bps. The secondary yield curve steepened slightly; 1-5 years increased by 10bps and the longer tenors of 10-15 years rose by 24bps.

Secondary market outright trading volume contracted by 18% MoM to \$3.6bn, with transactions escalating to \$164m/day. Repos also declined 28% to \$0.9bn/month, with figures falling to \$42.2m/day. Foreign investors continued selling in October, amounting to only \$2.4m (-67% MoM). The contribution of tenors between 5 to 15 years dwindled to 40.5% of the total volume, compared to 71.2% in the preceding month. The longer tenors (15-30 years) emerged as 43% of the total outright transactions.

VGB PRIMARY ISSUANCES vs ISSUANCE PLAN

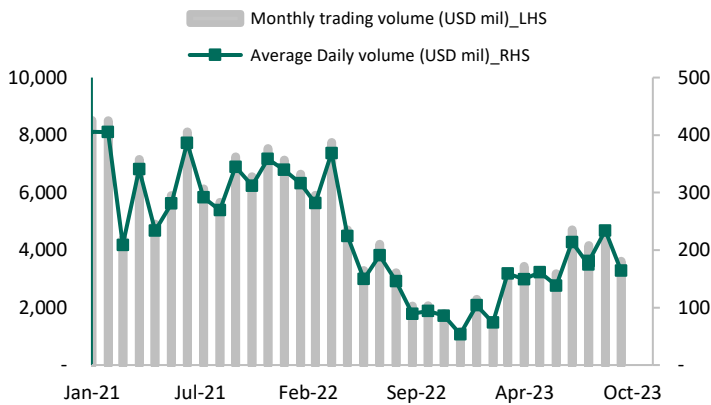
| Tenor | Issuance Plan Q3-2023 (VND bn) | Issuance Plan FY 2023 (VND bn) | Issued Value in Current Month (VND bn) | Cumulative Issued Value in Current Quarter (VND bn) | Cummulative Issued Value YTD (VND bn) | % Completion of Quarterly Plan | % Completion of FY 2023 Plan |
|--------------|--------------------------------|--------------------------------|--|---|---------------------------------------|--------------------------------|------------------------------|
| 5-year | 23,000 | 35,000 | 3,450 | 3,450 | 30,393 | 15% | 87% |
| 7-year | 2,000 | 5,000 | - | - | 950 | 0% | 19% |
| 10-year | 40,000 | 125,000 | 6,000 | 6,000 | 104,447 | 15% | 84% |
| 15-year | 55,000 | 165,000 | 5,000 | 5,000 | 118,803 | 9% | 72% |
| 20-year | 5,000 | 20,000 | - | - | 2,049 | 0% | 10% |
| 30-year | 5,000 | 20,000 | 25 | 25 | 7,714 | 1% | 39% |
| Total | 130,000 | 400,000 | 14,475 | 14,475 | 264,356 | 11% | 66% |

Source: HNX/VBMA

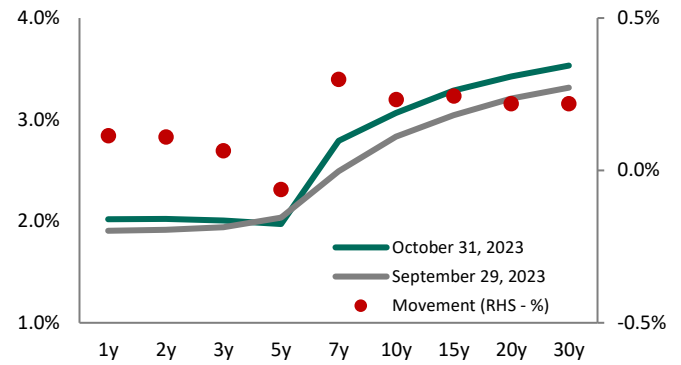


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VGB OUTRIGHT TRADING VALUE



VGB SECONDARY MARKET YIELD CURVE



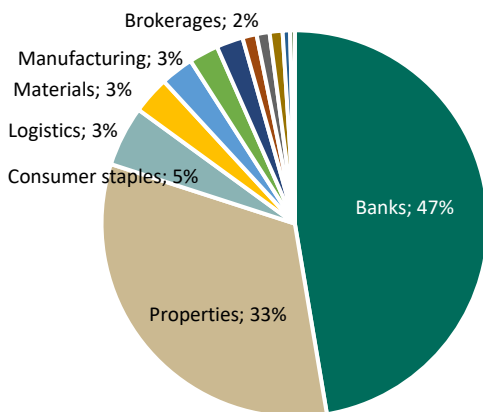
Data Source: HNX/VBMA

Vietnam Corporate Bond Market

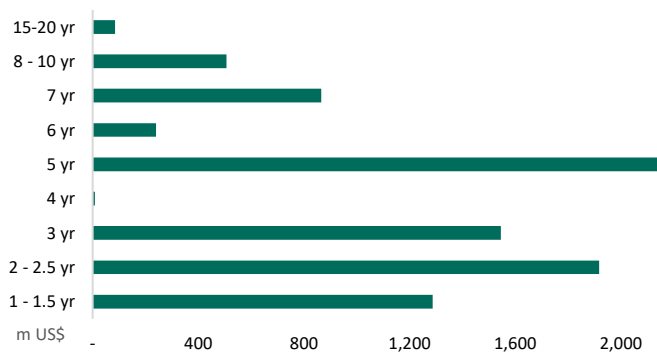
The corporate bond market reported new issuances of VND 20.8tn (\$0.9bn), a 50% MoM increase on reported numbers but a 49% decrease from actual September figures. Reporting delays were a significant factor. The revised September figures were VND 40.8tn, or \$1.7bn, almost triple the reported numbers and the second highest monthly volume YTD. Year-to-date, there have been 194 bond issuances, totalling VND 209.1tn or \$8.5bn, with 83% issued from June. The banking sector regained prominence, accounting for 47% of the total outstanding issuances. Following closely was the real estate sector, emerging as a significant contributor, forming 33% of the YTD new issuances, with the remaining 20% 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 once passed, potential liquidity should be higher.

CORPORATE BONDS – PRIMARY ISSUANCE BY ISSUER YTD



CORPORATE BONDS – PRIMARY ISSUANCE BY TENORS YTD



Source: HNX/VBMA

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