



MONTHLY REVIEW – November 2023

**General Market
Commentary**

The resilience observed in October continued into November. The DXY decreased by 3% MoM to 103.5, while global bond yields experienced an average reduction of 50 basis points on 10-year tenors. Vietnam inflation remained well under control at 0.3% MoM and 3.5% YoY. Trade balance stayed robust with a YTD surplus of \$25.8bn. However, the PMI was weak, dropping 2.3 points to 47.3, indicating that total demand was not strong and credit growth stagnant.

Reflecting these macro factors, the FX market eased, with the VND gaining 1.3%. With this release of FX risk, the SBV ceased withdrawing liquidity. The overnight rate returned to 0.2% from 1.0% at the end of October. Deposit rates saw a significant drop, approaching 5.2% for a 12-month tenors. Concurrently, short-term tenors also decreased by at least 10 basis points to a range of 2.85-3.2% for terms of less than six months. This is expected to lower the base of lending rates, which in turn should stimulate the economy.

**Vietnam Government
Bond Market**

Regarding Government bonds (VGBs), November had 18 VGB auctions, resulting in total issuances of VND 19.6tn (\$0.8bn), marking a 36% MoM increase. By end of November, the annual cumulative issuance reached VND 284tn (\$11.7bn), 71% of the annual target. The primary driver of VGB yield movements was the strong liquidity in the money market. In the primary market, the fill-up ratio reached 100% for sessions towards the end of November. Primary rates decreased by 10-20bps, while secondary rates saw a more substantial reduction, approximately 10-60bps. The spread between secondary and primary yields narrowed significantly to 5-10bps from 40-50bps in October. The secondary yield curve also flattened markedly; yields for 1-5 year tenors decreased by 10bps, whereas longer tenors of 10-15 years decreased by 60bps.

In the secondary market, outright trading volumes grew by 26% MoM to \$4.6bn, with daily transactions escalating to \$209m. Repo transactions declined by 20% to \$0.7bn per month, averaging \$33.2m per day. The contribution of tenors between 5 to 15 years returned to the usual level of 75% of the total volume, a significant change from the unusual 40% observed in October. Transactions in longer tenors (15-30 years) decreased to 22% of the total outright transactions, down from 43% in the previous month. Notably, foreign investors shifted to net buying in November, totalling approximately \$30m. Since the beginning of 2021, foreign investors have been net sellers in the secondary market, averaging sales of circa \$25m per month.

VGB PRIMARY ISSUANCES vs ISSUANCE PLAN

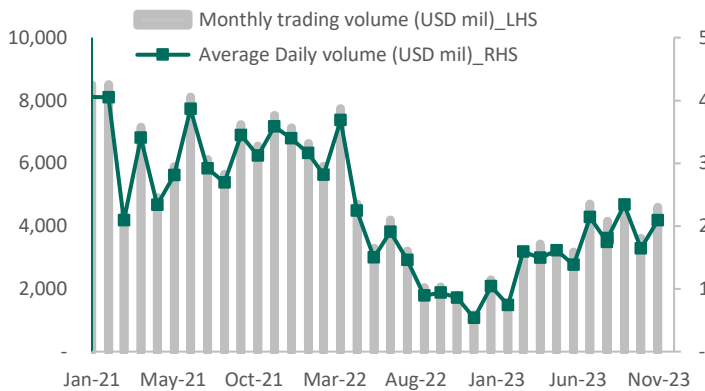
Tenor	Issuance Plan Q4-2023 (VND bn)	Issuance Plan FY 2023 (VND bn)	Issued Value in Current Month (VND bn)	Cumulative Issued Value in Current Quarter (VND bn)	Cummulative Issued Value YTD (VND bn)	% Completion of Quarterly Plan	% Completion of FY 2023 Plan
5-year	23,000	35,000	900	4,350	31,293	19%	89%
7-year	2,000	5,000	-	-	950	0%	19%
10-year	40,000	125,000	8,000	14,000	112,447	35%	90%
15-year	55,000	165,000	8,000	13,000	126,803	24%	77%
20-year	5,000	20,000	-	-	2,049	0%	10%
30-year	5,000	20,000	2,750	2,775	10,464	56%	52%
Total	130,000	400,000	19,650	34,125	284,006	26%	71%

Source: HNX/VBMA

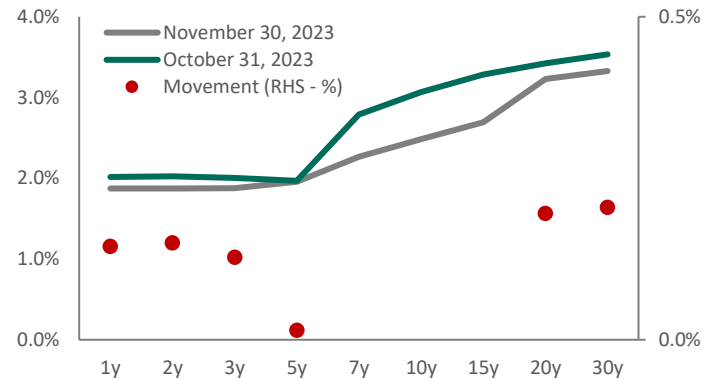


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VGB OUTRIGHT TRADING VALUE



VGB SECONDARY MARKET YIELD CURVE



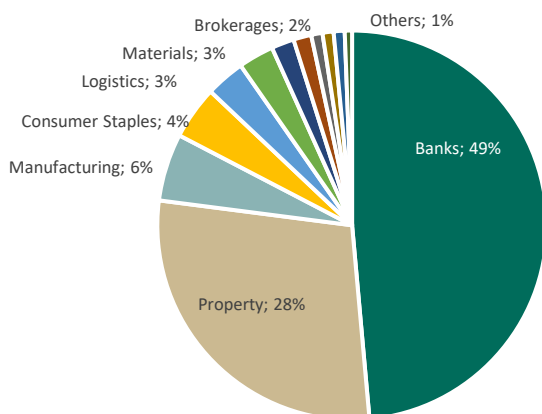
Data Source: HNX/VBMA

Vietnam Corporate Bond Market

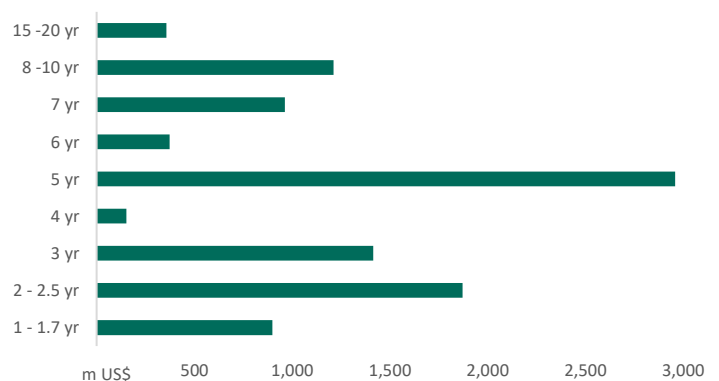
The corporate bond market reported new issuances of VND 27.5tn (\$1.1bn), a 32% MoM increase on reported numbers, but an 11% decrease from the actual October figures due to reporting delays. The revised October figures stood at VND 31.1tn (\$1.3bn), 50% higher than initially reported. YTD, the market has seen 236 bond issuances, totalling VND 245.6tn (\$10.1bn), with 86% issued since June. The banking sector regained prominence, accounting for 49% of the total outstanding issuances, closely followed by the real estate sector, which emerged as a significant contributor, forming 28% of the YTD new issuances. This marked a decrease of 33% from the previous month. The remaining 23% was dispersed across other various sectors.

Regulatory changes highlight the rigorous involvement and commitment of policymakers. Firstly, major amendments to Decree 8 in March allowed issuers to renegotiate terms by up to two years, offering holders the option to receive cash or assets as repayment, and extending the deadline until year-end for meeting the requirements of professional investor status and professional credit rating. Secondly, the launch of a new dedicated platform for private corporate bonds with T+0 settlement by HNX in July marked a significant step for the market, centralising information and enhancing transparency. Thirdly, the postponement of key provisions of Circular 06/2023 by the SBV in August relieved banks from constraints in restructuring real estate loans and bonds. Currently, issuers are in the final period to register their bonds on the HNX trading platform. Finally, from the beginning of 2024, the requirements of Decree 65/2022 for professional investors will be reinstated. While this may present initial difficulties, it is expected to foster long-term sustainability in the overall corporate bond market.

CORPORATE BONDS – PRIMARY ISSUANCE BY ISSUER YTD



CORPORATE BONDS – PRIMARY ISSUANCE BY TENORS YTD



Source: HNX/VBMA

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