



MONTHLY REVIEW – Apr 2024

General Market Commentary

April saw continued focus on the currency and foreign exchange markets. Domestically, gold prices rose by 5.5%, while the VND depreciated 2.1% MoM, reaching 25,330. This depreciation of the Dong contrasted with global trends, as the DXY index declined by 1.6%. The VND's depreciation was second only to the JPY among major currencies but exceeded others such as CNY (-0.3%) and EUR (-1.2%). FX pressures extended into the money markets, with interbank rates stabilising around 4.0%, significantly higher than the 0.15% seen at the year's start. Although on an upward trajectory, deposit rates showed more stability, with modest increases of around 50bps. Rates for tenors under 6 months remained between 2.0-3.0%, and 12 months were between 4.5-5.0%. Overall, deposit rates continued at historically low levels, supporting low lending rates and aiding economic recovery. April also showed promising signs of activity in the property market.

Regarding macro factors, inflation remained stable with a slight increase of 0.07% MoM and 4.40% YoY. The trade balance continued to show a surplus but slowed to \$0.3bn for April, totalling \$8.4bn YTD. FDI remained robust with registrations at \$9.3bn and disbursements at \$6.3bn YTD, marking increases of 4.5% and 7.4%, respectively. Disbursements in April were about 6.4% higher than the average for 3M24, signalling a positive trend.

Vietnam Government Bond Market

The State Treasury announced a target of VND 120tn (\$4.7bn) for Q2-2024, slightly down from VND 127tn (\$5.0bn) in Q1. There were 17 VGB issuances in April, totalling VND 22.7tn (\$0.9bn), a 30% MoM decrease. The winning ratio continued to decrease significantly to 46% compared to 65% last month and 95% in February. This reflects the volatility in the interbank market, which exerted pressure on government bond mobilisation and contributed to the uptrend in interest rates. Since the beginning of the year, primary interest rates have risen steadily by about 1 to 5bps per week. The State Treasury's increased flexibility has allowed for higher issuance volumes without significant hikes in interest rates. Despite a clearer upward trend in interest rates, demand for government bonds remains robust. In the secondary market, interest rates fluctuated in line with interbank market liquidity. March VGB rates increased by 20-35bps MoM across all tenors. The yield curve shifted upwards but remained within a narrow range of 2.0-3.3% for terms from 1 to 30 years. The interest rate gap between secondary and primary markets was roughly 30-40bps.

The total volume of outright transactions decreased significantly, dropping by 42% MoM, returning to February's volume. Total transactions amounted to VND 90.1tn (\$3.5bn), equivalent to VND 4.5tn/day (\$177m/day). Repo transactions remained positive, up by 8% MoM to VND 82.7tn (\$3.3bn), forming an uptrend for VGBs despite good liquidity in the banking system being dispersed across the sector.

VGB PRIMARY ISSUANCES vs ISSUANCE PLAN

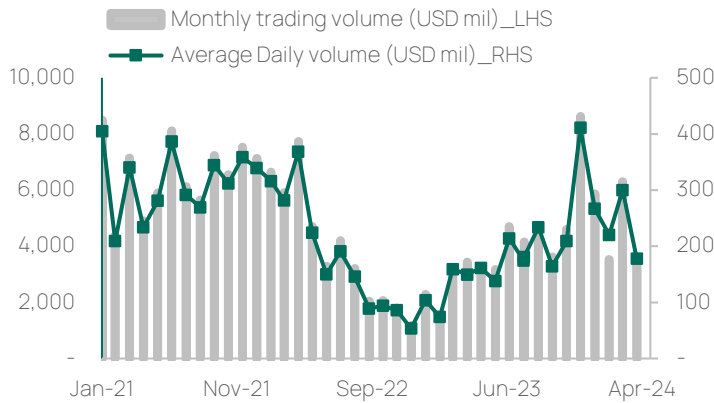
Tenor	Issuance Plan	Issuance Plan	Issued Value	Cumulative	Cumulative	% Completion	% Completion
	Q2-2024 (VND bn)	FY 2024 (VND bn)	Apr-24 (VND bn)	Issued Value Q2-2024 (VND bn)	Issued Value YTD (VND bn)	of Quarter Plan	of FY 2024 Plan
5-year	20,000	70,000	9,000	9,000	23,750	45%	34%
7-year	5,000	15,000	-	-	400	0%	3%
10-year	40,000	100,000	6,216	6,216	39,639	16%	40%
15-year	45,000	140,000	5,480	5,480	33,751	12%	24%
20-year	5,000	20,000	2,000	2,000	3,170	40%	16%
30-year	5,000	25,000	50	50	2,265	1%	9%
	120,000	400,000	22,746	22,746	102,975	19%	26%

Source: HNX/VBMA

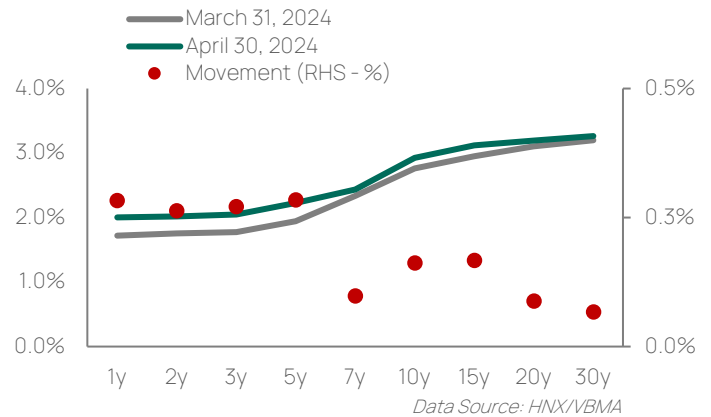


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VGB OUTRIGHT TRADING VALUE



VGB SECONDARY MARKET YIELD CURVE

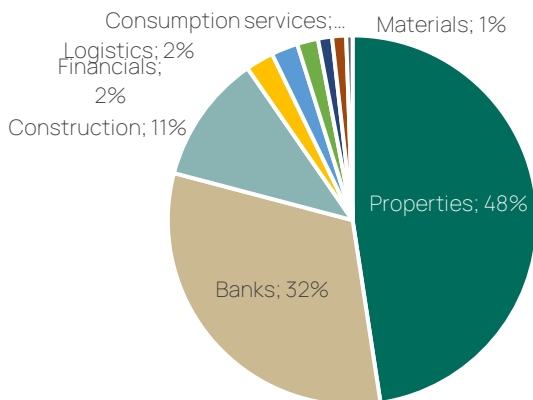


Vietnam Corporate Bond Market

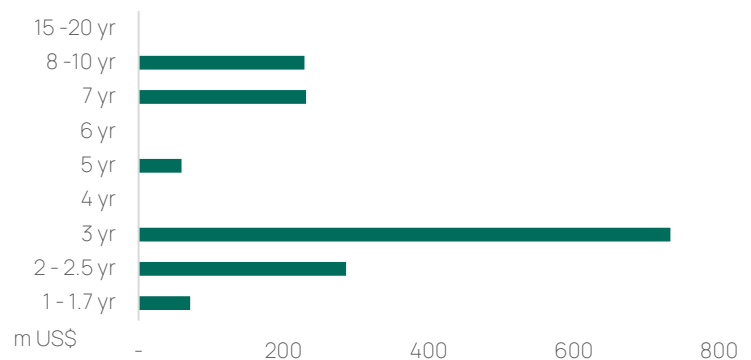
There were 13 new corporate bond issuances in April, all through private placements, totalling VND 13.9tn (\$547m), up 43% MoM and significantly higher than the monthly average of Q1. In April, three banks issued nine bonds valued at VND 7.8tn (\$307m), contributing 56% of the month's new issuances. Additionally, five new bank bonds were reported in March's revised numbers. This signals a positive restart from the largest issuer group of 2023, enhancing primary supply. Year-to-date, the market has seen 37 new issuances totalling VND 40.7tn (\$1.6bn), equivalent to 13% of 2023's volume. Property developers were the largest issuance group, accounting for 48% of new issuances, followed by banks at 32%, with construction in third place at 11%. The remaining 9.6% was spread across transportation, consumer services, securities sectors, and others.

In terms of market development, credit rating agencies are increasingly active in providing reports on both issuers and bonds. This is expected to be a key catalyst in improving the quality of the corporate bond market. With positive changes in April, the corporate bond market has a good chance to grow in Q2 and the remainder of 2024.

CORPORATE BONDS – PRIMARY ISSUANCE BY ISSUER YTD



CORPORATE BONDS – PRIMARY ISSUANCE BY TENORS YTD



Source: HNX/VBMA

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