



## MONTHLY REVIEW – June 2024

### General Market Commentary

June 2024 was marked by stabilisation in the gold and foreign exchange markets, largely due to the central bank's intervention through SOCBs, curbing speculation in these areas. By month-end, the FX rates remained largely unchanged from May.

Macroeconomic indicators continued to show strength; Vietnam's GDP grew by 6.9%, marking the 11th consecutive quarter of expansion. The PMI surged to 54.7, up from 50.3 in May, signalling a significant improvement in business conditions since June 2022. Inflation was well-contained, with a modest MoM increase of 0.2% and an annual rise of 4.3% YoY. The trade surplus was robust at \$3.62bn MoM and 11.6bn YTD. FDI was strong, with registrations and disbursements up 13.1% and 8.2% YoY, reaching \$15.19bn and \$10.84bn, respectively.

From a policy perspective, Vietnam is maintaining stable interest rates, with lending rates unchanged since the end of 2023 despite a rise in deposit rates by 50 to 100 basis points across various tenors. The recent depreciation of the VND (4.8% YTD) against the strengthening USD may limit the scope of monetary policy, potentially shifting emphasis towards fiscal policy as the main driver for the second half of 2024. Public investment disbursement has not yet fully played its role, having reached only 27.5% of the plan in the first half of the year, indicating substantial room for expansion in the latter half. Additionally, continuous reductions in various taxes and fees, coupled with a 30% increase in the base salary for state employees and a 6% increase in the minimum wage, will support purchasing power in the second half of 2024.

### Vietnam Government Bond Market

There were 18 VGB issuances in June totalling VND 29.47tn (\$1.16bn), representing a 22.5% MoM increase. The winning ratio edged up to 69% from April-May's 46-50%, nearing the Q1 average of 70%. The increase in yields and surplus cash from stagnant credit growth brought back the demand for VGBs. During the month, the 5-year primary rate increased 35bps while the 10-year increased 3bps.

In the secondary market, interest rates slightly reduced in a narrow range of 4 to 9bps. The spread between primary and secondary rates decreased to around 15bps compared to the 25bps in May and 30-40 bps in March and April.

The total volume of outright transactions was robust, increasing 30% MoM to VND 184.0tn (\$7.2bn) or VND 9.2tn/day (\$361m/day). Repo transactions were also strong, increasing by 13% MoM to VND 91.5tn (\$3.6bn), reflecting the return of VGB demand when rates reverted to reasonable levels.

### VGB PRIMARY ISSUANCES vs ISSUANCE PLAN

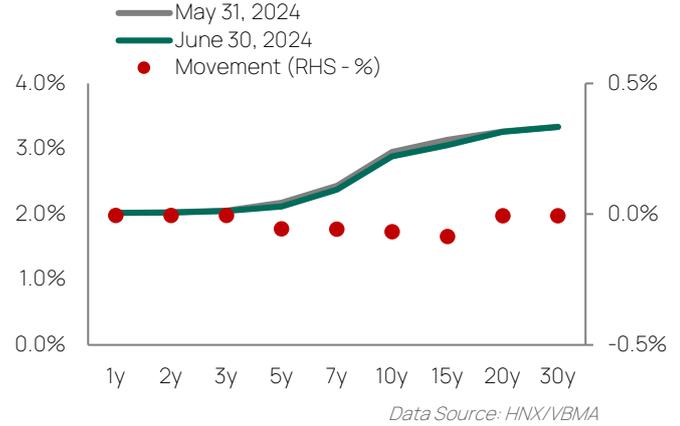
Tenor	Issuance Plan	Issuance Plan	Issued Value	Cumulative	Cumulative	% Completion	% Completion
	Q2-2024 (VND bn)	FY 2024 (VND bn)	Jun-24 (VND bn)	Issued Value Q2-2024 (VND bn)	Issued Value YTD (VND bn)	of Quarter Plan	of FY 2024 Plan
5-year	20,000	70,000	1,500	20,500	35,250	103%	50%
7-year	5,000	15,000	-	-	400	0%	3%
10-year	40,000	100,000	26,090	40,966	74,389	102%	74%
15-year	45,000	140,000	1,700	9,935	38,206	22%	27%
20-year	5,000	20,000	-	2,800	3,970	56%	20%
30-year	5,000	25,000	181	2,072	4,287	41%	17%
	<b>120,000</b>	<b>400,000</b>	<b>29,471</b>	<b>76,273</b>	<b>156,502</b>	<b>64%</b>	<b>39%</b>

## MONTHLY REVIEW – June 2024

### VGB OUTRIGHT TRADING VALUE



### VGB SECONDARY MARKET YIELD CURVE



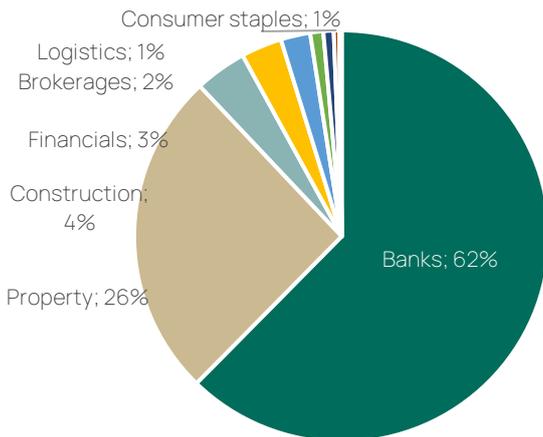
### Vietnam Corporate Bond Market

June saw a significant return in new corporate bond issuances. There were 30 private placements and 3 public offerings, totalling VND 42.1tn (\$1.65bn), up 150% from May's initial figures and 41% from the revised figure, with 15 bonds totalling VND 13.15tn (\$515m) added to May's issuance.

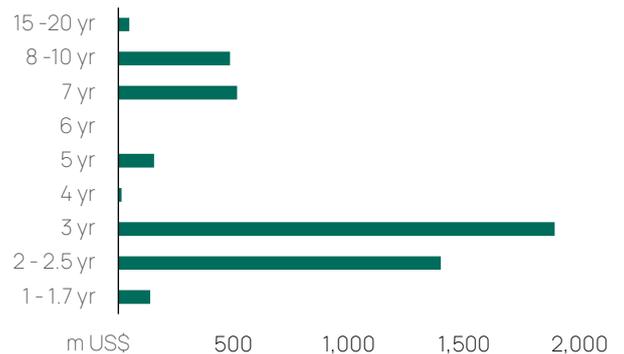
This resurgence was led by the banking sector, which issued 24 bonds totalling VND 38.47bn (\$1.5bn), representing 91% of the month's total new issuances and confirming a robust restart from the largest issuing group of 2023, enhancing primary supply. Year-to-date, the market has seen 112 new issuances worth VND 118.05bn (\$4.63bn), accounting for 40% of the total volume in 2023. Banks have now overtaken property developers as the predominant issuing group, contributing 62% of the new issuances, followed by property at 26% and construction at 4%. The remaining 8% was distributed among transportation, consumer services, securities, and other sectors.

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 Q2, the corporate bond market has a good chance to grow in the remainder of 2024.

### CORPORATE BONDS – PRIMARY ISSUANCE BY ISSUER YTD



### CORPORATE BONDS – PRIMARY ISSUANCE BY TENORS YTD



*Source: HNX/VBMA*

### DISCLAIMER

This document has been prepared by Dragon Capital Vietnam (\*Dragon Capital\*).

This document is not an offer or invitation to apply for shares, and neither this document nor anything contained herein shall form the basis of any contract of commitment whatsoever.

The information contained in this document is for background purposes only, and is subject to updating, revision and amendment, and no representation or warranty (express or implied), is made, and no liability whatsoever is accepted by Dragon Capital or any other person, in relation thereto.

Any investment must be made on the basis of the relevant offering documents alone. Past performance is not necessarily a guide to the future.

You are advised to exercise caution in relation to this document. If you are in any doubt about any information contained in this document, you should obtain independent professional advice.

The information contained in this document is strictly confidential and is intended only for the use of the individual or entity to whom Dragon Capital has provided the report. No part of this report may be divulged to any other person, distributed, and/or reproduced without the prior written permission of Dragon Capital.