



MONTHLY REVIEW – Jul 2024

General Market Commentary

Pressure on the foreign exchange (FX) market eased in July relative to the previous month, primarily due to a weakening of the USD in global markets as the likelihood of a Fed rate cut increased. During the month, the USD depreciated by nearly 2% and the influence of gold on the domestic market diminished, with no significant movements as seen in previous months.

These factors helped alleviate some of the pressure on the FX market. By the end of July, the USD/VND exchange rate had settled at 25,250, a decrease of 0.8% from the end of June, and a 3.9% increase year-to-date.

Macroeconomic indicators remained stable and robust. The Consumer Price Index (CPI) rose by 0.5% MoM and 4.4% YoY. Although this is higher than the previous month, it remains under control and within the government target level of 4.5%. The Purchasing Managers' Index (PMI) held steady at June's strong level of 54.7. The trade surplus was robust at \$2.5bn MoM and \$14.1bn YTD. FDI displayed positive trends, with registrations and disbursements up by 10.4% and 8.4% YoY, reaching \$18.0bn and \$12.6bn YTD, respectively.

The interest rate market saw modest increases in both deposit and lending rates, ranging from 0.2% to 0.5% compared to the first half of 2024. Overall, interest rates remain low compared to previous years, which is expected to support economic recovery.

Vietnam Government Bond Market

The State Treasury has announced a target of VND 150tn (\$5.9bn) for 3Q24, marking a 25% increase from VND 120tn (\$4.7bn) in 2Q24. In July, there were 20 VGB issuances totalling VND 36.5 trillion (\$1.4 billion), which represents a 24% MoM increase. However, due to the higher target, the winning ratio fell to 57% in July from 69% in June but remained above the 46-50% range seen in April and May. The rise in primary yields, although small, sustained the demand for VGBs. The 5-year primary rate increased by 9 basis points (bps) in July, while the 15-year rate rose by 10 bps. The 10-year rate showed a slight increase of 2 bps.

In the secondary market, interest rates remained unchanged. The spread between primary and secondary rates held steady at around 15 bps, consistent with June but narrower compared to 25 bps in May and 30-40 bps in March and April.

The total volume of outright transactions was VND 144.3tn (\$5.7bn), averaging VND 6.3tn per day, a decrease of 22% MoM. Conversely, Repo transactions remained strong, increasing by 27% MoM to VND 116.4tn (\$4.6bn), reflecting a shortage of short-term liquidity, with money market rates remaining high.

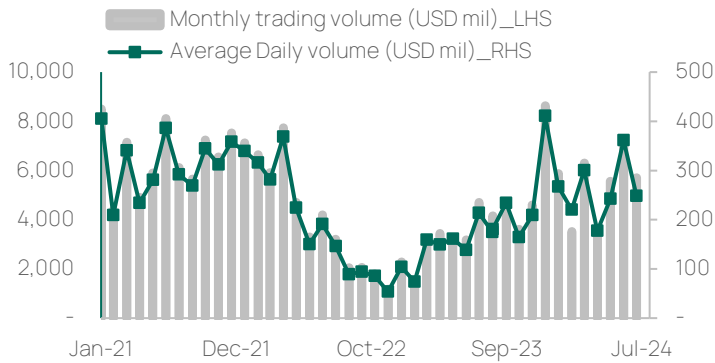
VGB PRIMARY ISSUANCES vs ISSUANCE PLAN

Tenor	Issuance Plan	Issuance Plan	Issued Value	Cumulative	Cumulative	% Completion	% Completion
	Q3-2024 (VND bn)	FY 2024 (VND bn)	Jul-24 (VND bn)	Issued Value Q3-2024 (VND bn)	Issued Value YTD (VND bn)	of Quarter Plan	of FY 2024 Plan
5-year	15,000	70,000	1,500	1,500	36,750	10%	53%
7-year	5,000	15,000	-	-	400	0%	3%
10-year	55,000	100,000	29,942	29,942	104,331	54%	104%
15-year	65,000	140,000	3,450	3,450	41,656	5%	30%
20-year	5,000	20,000	1,550	1,550	5,520	31%	28%
30-year	5,000	25,000	70	70	4,357	1%	17%
	150,000	400,000	36,512	36,512	193,014	24%	48%

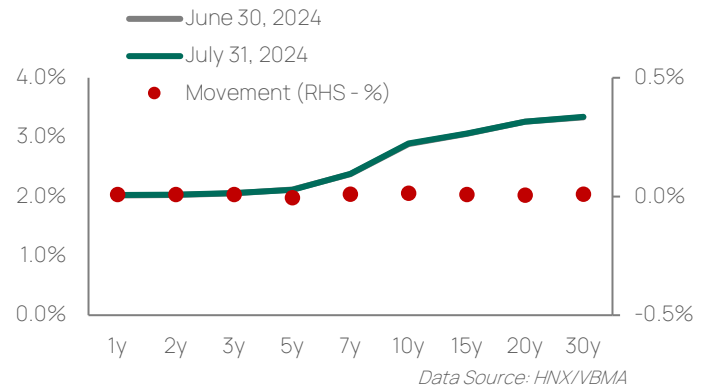


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VGB OUTRIGHT TRADING VALUE



VGB SECONDARY MARKET YIELD CURVE



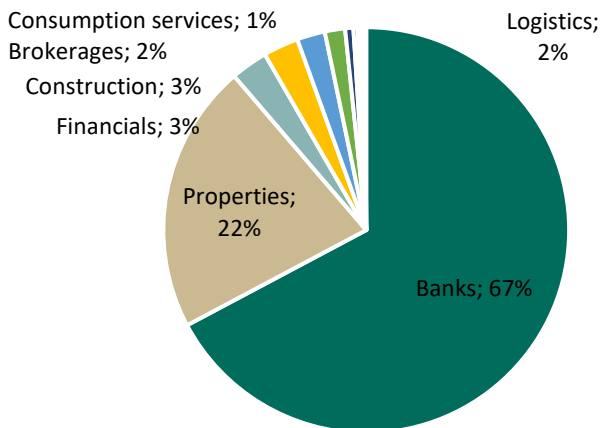
Vietnam Corporate Bond Market

In July, there were 33 private placements and 1 public offering, totalling VND 31.8tn (\$1.3bn). This represents a 25% decrease from the volume reported in June and a 58% decrease from the revised figure, which included 39 additional bonds amounting to VND 33.2tn (\$1.3bn) that were issued in June but reported in July. Despite this decrease, the July figures are still significantly stronger compared to previous months in 2024, indicating a continued recovery in the corporate bond market. This recovery has been primarily driven by the banking sector. In June and July alone, banks issued 72 bonds totalling VND 87.8tn (\$3.5bn), accounting for 82% of the total new issuances during this period. This demonstrates a strong rebound from the largest issuing sector of 2023 and bolsters the primary supply of bonds.

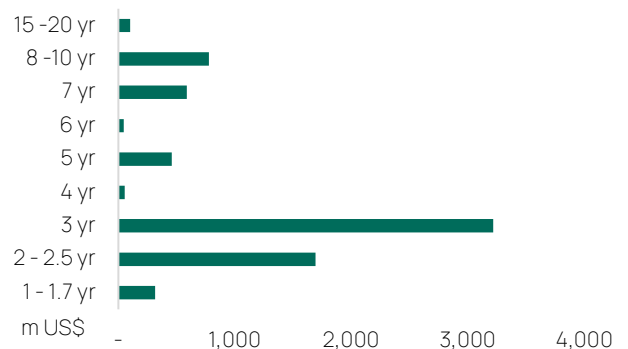
Year-to-date, the market has seen 186 new issuances worth VND 180.2tn (\$7.1bn), accounting for 58% of the total volume in 2023. Banks have now surpassed property developers as the predominant issuing group, contributing 67% of the new issuances. Property developers follow with 22%, while the construction sector accounts for 3%. The remaining 8% is 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 2Q24, 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

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