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The liquidity in the system eased mainly thanks to the SBV continuously injecting money through OMO channel, causing the interbank interest rate to drop sharply in the month. SBV decided to adjust the credit target for 2022 by about 1.5 - 2% for the whole system of credit institutions. The USD/VND exchange rate cooled down in the month. STV issued VND 42,790bn of G-bonds during the month with a marginally higher yield. Secondary G-bonds yields were flat compared to the previous month. Foreign investors net sold VND 959bn of G-bonds in November.

Money Market

Interbank interest rates cooled down because liquidity in the banking system was less tense. SBV has injected more than VND 83tn through the open market channel and is due mainly in December.

In the second half of November, SBV continued to inject VND 83,074.62bn into the banking system through the purchase of 14 days with the winning interest rates were all at 6%/year. Meanwhile, the SBV only issued bills with total value of VND 19,999.9bn with a term of 28 days, and the bill yield was also at 4.5%-6%/year.

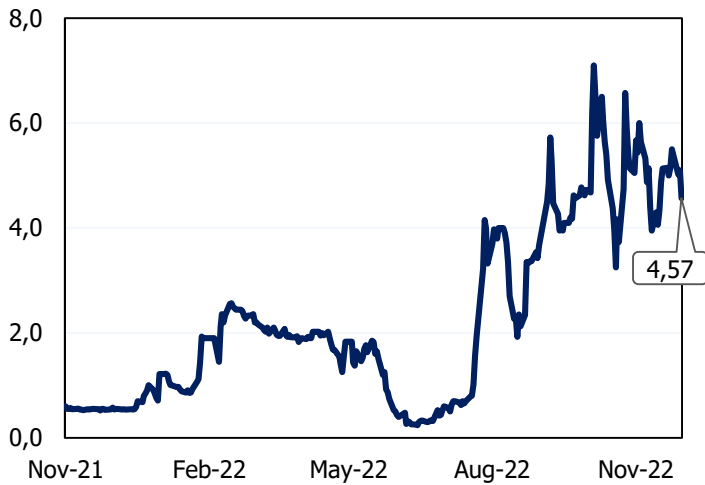
According to the SBV, through monitoring the implementation of credit growth targets of credit institutions, as of November 23, the credit of the whole system has increased by about 11.5% compared to the system-wide credit growth target in 2022 of about 14%. At the same time, the SBV decided to adjust the orientation credit target in 2022 by about 1.5 - 2% for the whole system of credit institutions. The motivation for the SBV to make the above decision is that the external impact situation has eased, the liquidity of the system of credit institutions has improved. A Bloomberg survey showed that the overnight interbank rates are trading at 4.75%/year, down by 48 bps compared to the end of last month. Interest rates for other terms are also around 5.23%-6.27%/year, a decrease of about 100 bps compared to the end of October. The expansion of credit goes hand in hand with the control of forward risks to ensure liquidity, operational safety, and affordability for businesses and people, especially during Lunar New Year.

VND/USD exchange rate adjusted downwards.

The SBV pumped net money quite strongly in the month and the international USD recorded a decline, causing the USD/VND exchange rate to simultaneously decrease, especially the free exchange rate. In November, the USD/VND exchange rate on the free market went down by VND 260 per USD compared to the end of October and is currently trading at 24,970 VND/USD. The central and interbank rates were respectively traded at VND 23,677 per USD, down VND 18 per USD and VND 24,243 per USD, down VND 24 per USD.

The USD Index is recording at 105.29. U.S. consumer spending accelerated from October. The upbeat reports have increased optimism that the economy could avoid a recession next year. The U.S. economy shows it is still showing some strength, despite tightening financial conditions, and that is good news for the growth outlook. However, this raises concerns that the central bank will push the US economy into a recession in an effort to combat inflation, Fed Chairman Jerome said that the Fed may slow the rate of interest rate hikes as soon as December to balance the situation.

Figure 1. Interbank overnight lending rate (%)



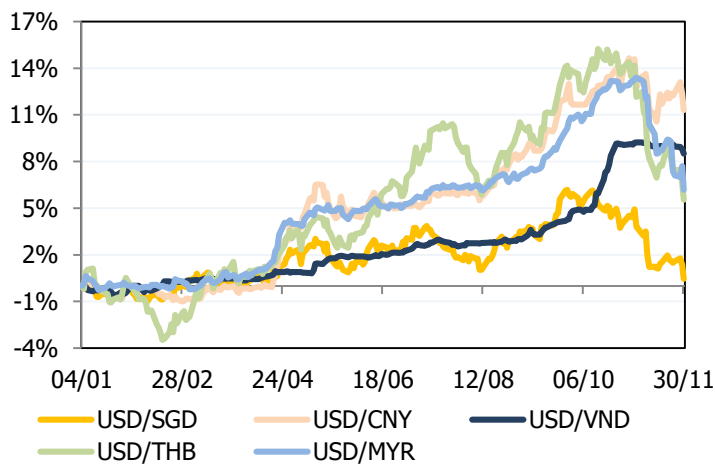
Source: Bloomberg.

Figure 3. Interbank interest rate (%)

	O/N	1 Week	2 Week	1 Month
31/08	3,67	3,77	3,83	4,33
30/09	4,73	4,90	4,98	4,98
31/10	5,05	6,30	6,88	7,43
30/11	4,57	5,23	5,67	6,27

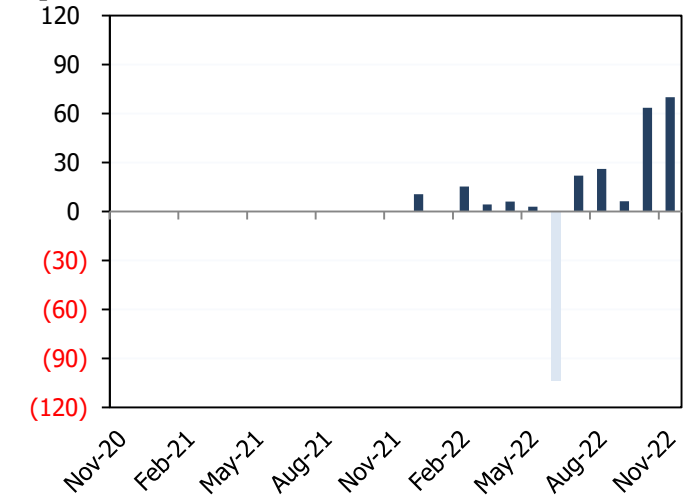
Source: Bloomberg.

Figure 5. Regional currencies performance in 2022



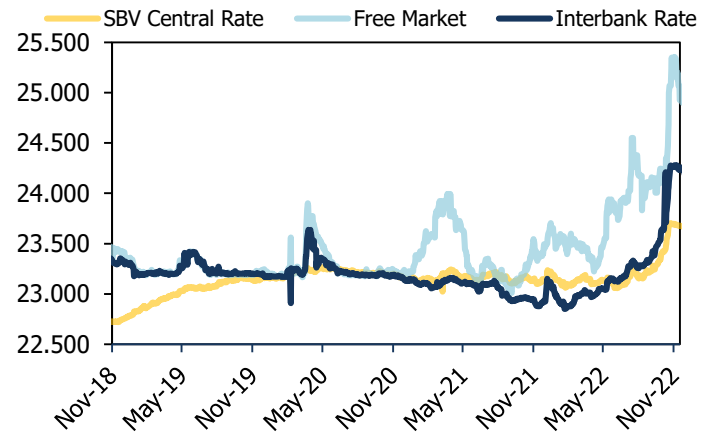
Source: Bloomberg.

Figure 2. SBV's Open Market Operation (Liquidity) [VND tn]



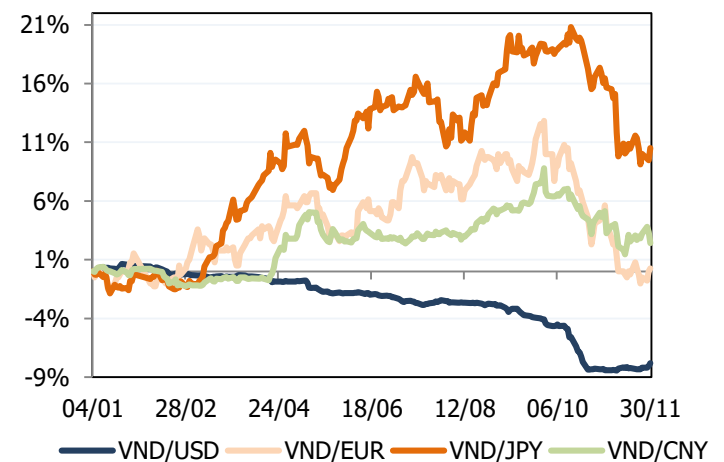
Source: SBV, MBS Research.

Figure 4. USD/VND exchange rate



Source: SBV, Bloomberg, MBS Research.

Figure 6. VND compared to major currencies in 2022



Source: Bloomberg.

Government Bond Market

Primary market

STV successfully issued VND 42,790bn of G-bonds this month with the winning yield climbing up compared to the previous month.

In November, the G-bonds trading volume increased sharply compared to the same period in October, STV only offered G-bonds for two main tenors, 10Y and 15Y. Of the VND 59,500bn of bonds offered for sale, VND 42,790bn was mobilized, a rate of 72%. In addition, the Bank for Social Policies offered VND 3,500bn worth of bonds with a term of 3Y and 5Y in the month, of which VND 2,600bn was mobilized at yield of 4.69%- 4.8%/year. Since the beginning of the year, STV has issued a total of VND 182,222bn of G-bonds, the bond issuance speed of STV is quite slow when it only reached 46% of the plan.

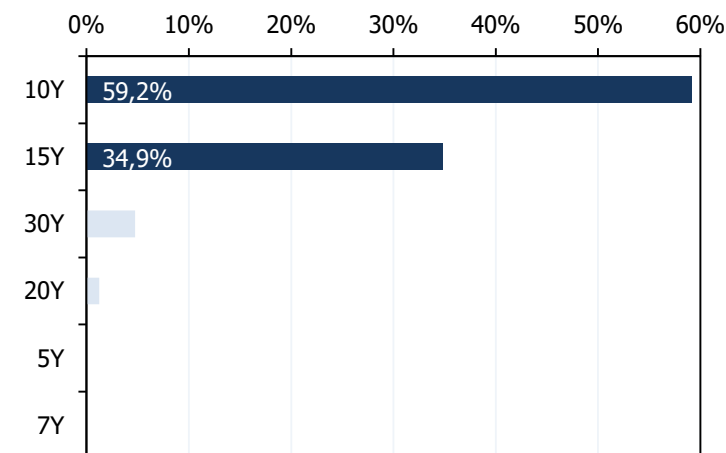
Winning yields of bonds increased sharply compared to the previous period. Yields for 10Y and 15Y tenor were 4.8%/year and 4.9%/year, respectively, up by 80 bps compared to the end of last month. Although the subscription value exceeded the bid value, very few bonds were raised successfully. The low issuance rate is expected to push the STV to raise the winning yield of bonds to attract investors in the next offering sessions.

Figure 7. G-bond auction result in November 2022

Tenor	Offering value	Winning value	Issuance rate	Yield
5Y				
7Y				
10Y	41.000	35.740	87%	4,2%- 4,8%
15Y	18.500	7.050	38%	4,4%-4,9%
20Y				
30Y				
Total	59.500	42.790	72%	Unit: VND bn

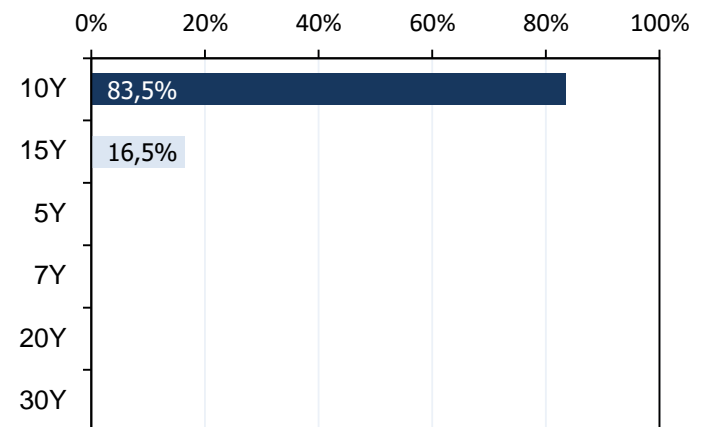
Nguồn: HNX

Figure 9. G-bond successful issuance in 2022



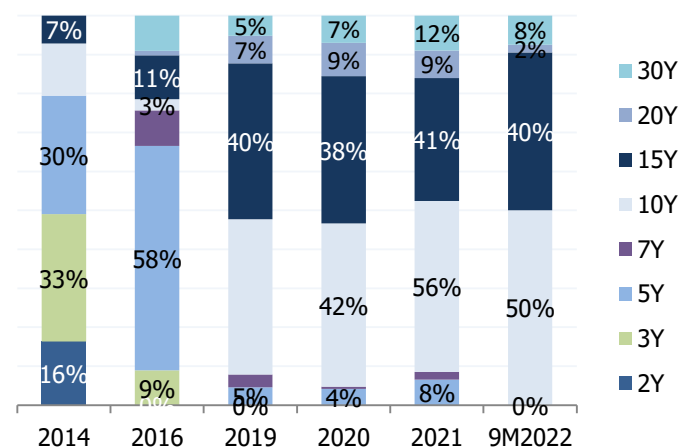
Nguồn: HNX

Figure 8. G-bond successful issuance November 2022



Nguồn: HNX.

Figure 10. G-bond successful issuance over the years



Nguồn: HNX

Figure 11. Government bond issuance 2022 (bn VND)

Tenor	VST 2022 plan	VST 2022 issued	% VST 2022 plan
5Y	30,000	0	0%
7Y	15,000	0	0%
10Y	140,000	107.812	77%
15Y	150,000	63.520	42%
20Y	30,000	2.265	8%
30Y	35,000	8.625	25%
Total	400,000	182.222	46%

Source: VST, HNX

Figure 12. 10Y G-bond yields (%) in selected countries **As at 30/11/2022**
*Bps changed compared to last closing

Market	Last closing	Last week*	Last month	31/12/2021*
U.S.	3,61	-8,73	-44,2	209,5
EU	1,93	0,00	-21,2	210,7
Japan	0,25	0,40	0,5	18,2
China	2,92	12,70	27,4	14,3
South Korea	3,68	-8,70	-54,7	142,5
India	7,28	-1,10	-16,5	82,6
Malaysia	4,10	-27,80	-27,0	53,9
Singapore	3,06	-3,13	-37,9	133,7
Indonesia	6,94	-3,50	-59,8	55,7
Philippines	4,91	-18,85	-73,1	255,9
Thailand	2,72	-11,45	-55,1	76,5
Vietnam	4,92	2,20	-3,0	274,5

Source: Bloomberg.

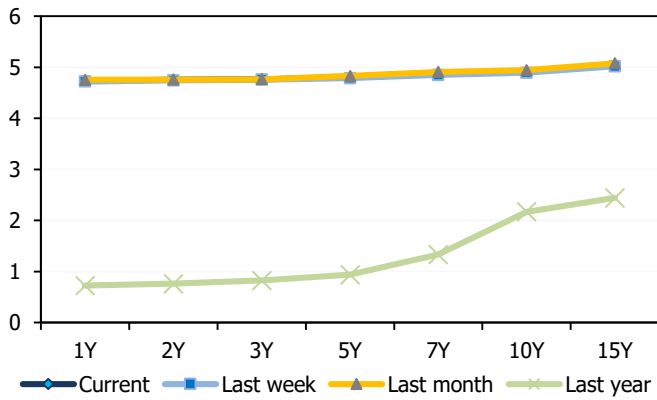
Secondary Market

Secondary G-bond yields were flat during the month. Average transaction volume on the secondary G-bond market went down by 28%. Foreign investors net sold VND 959bn of G-bonds this month.

At the end of November, the 10Y yield was at 4.92%/year, up 3 bps compared to the previous month whereas the 2Y yield grew to 4.76%/year, did not increase compared to the previous month. Since the beginning of the year, the 2Y yield has increased by 4%bps while the 10Y term yield has also increased by 3%bps.

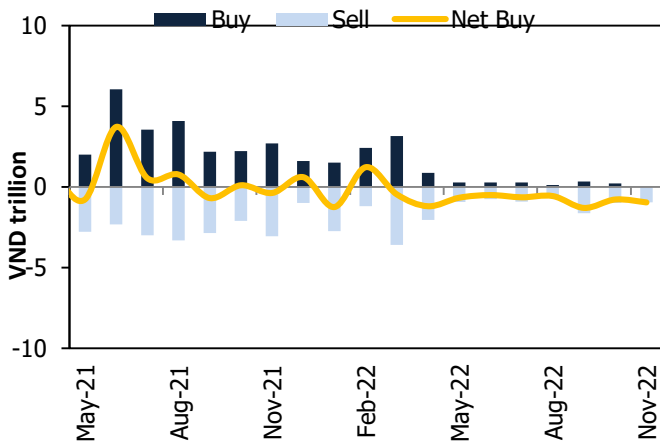
Transactions on the secondary government bond market less active compared to the previous month with daily average volumes of VND 2.7tn, down 28%. Of which, outright trading accounted for 49% of the volume this period and VND 30tn. Average transaction was VND 1.3tn/day, down by 40% from the previous month's average. Average repos trading volume decreased by 10% compared to October, reaching VND 1.4tn/day. In October, foreign investors net sold G-bonds with an amount of VND 959bn. Overall, foreign investors have sold VND 7,095bn in 2022 and VND 6,490bn in the past 12 months.

Figure 13. Vietnam T-bond Yield (%)



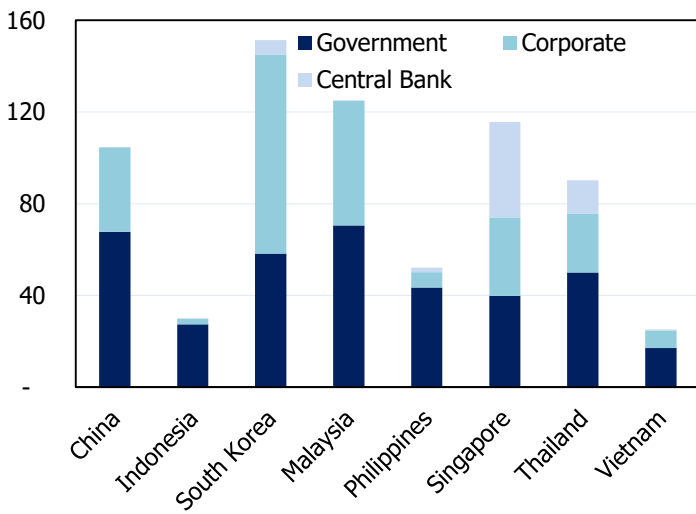
Source: Bloomberg.

Figure 15. Foreign investors' activity in secondary market



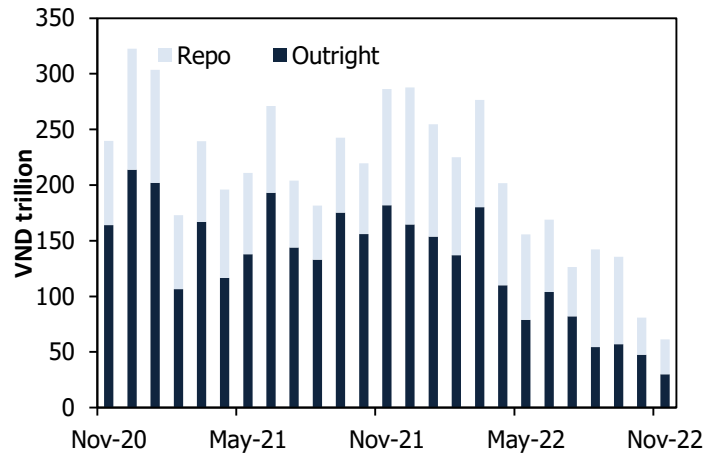
Source: HNX.

Figure 17. Size of bond markets (%GDP Q3 2022)



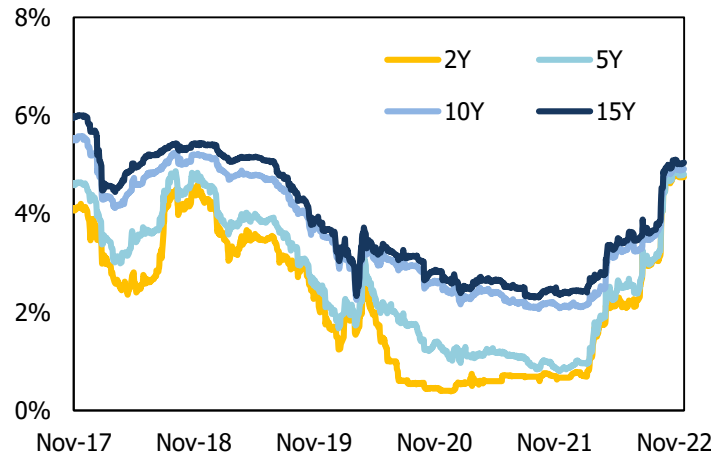
Source: ADB.

Figure 14. Outright and Repo transaction volume



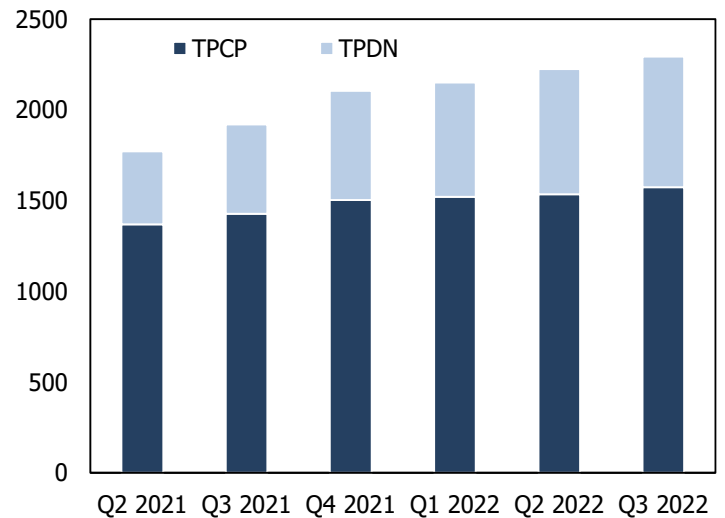
Source: HNX.

Figure 16. G-bond yield curve – Secondary Market



Source: Bloomberg.

Figure 18. Vietnam bond market size (VND tn)

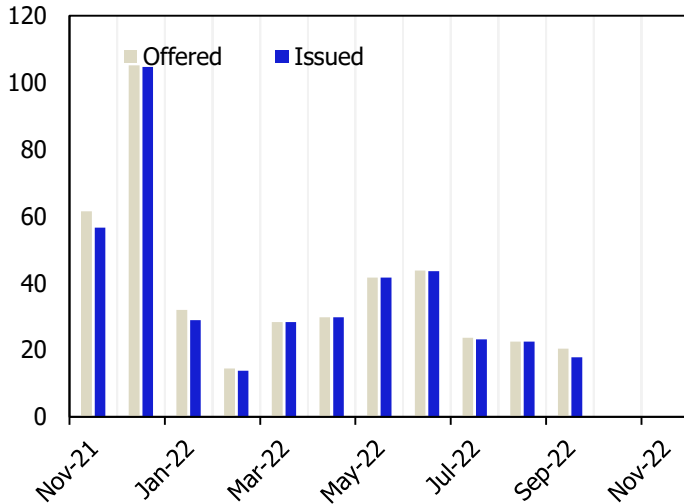


Source: ADB.

Corporate Bond Market

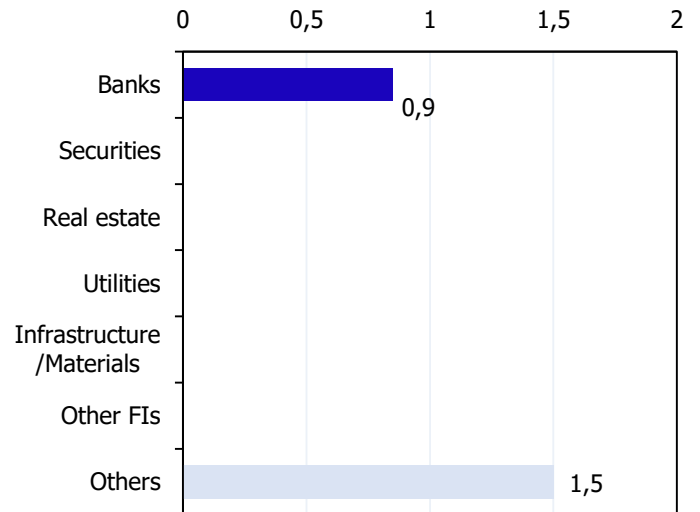
FiinPro data showed that in November, VND 234.7 bn of corporate bonds were issued in the domestic market. Of which, Duc Trung Investment Joint Stock Company issued the most significant bond volume of VND 100bn and City Auto Joint Stock Company issued bonds with a high coupon rate of 11%/year.

Figure 19. Corporate bond offering and issuance (VND tn)



Source: HNX, FiinPro, MBS Research.

Figure 20. Corporate bond issued by sectors in November 2022(VND tn)



Source: HNX, FiinPro, MBS Research.

Figure 21. Top issuers in November 2022

Ticker	Issuer	Tenor (years)	Amount (VND tn)	Coupon rate (%/year)
DTI	Công ty Cổ phần Đầu tư Đức Trung	1	100	N/A
BID	Ngân hàng Thương mại Cổ phần Đầu tư và Phát triển Việt Nam	6-7	84,7	N/A
CTF	Công ty Cổ phần City Auto	1,5	50	11%

Source: HNX, FiinPro, MBS Research.

PRODUCT

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