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Interbank interest rates dropped sharply at all tenors as liquidity in the system gradually improved. SBV focuses on using the OMO channel on the open market to regulate the money supply. The USD/VND exchange rate decreased slightly during the period. STV issued VND 16,940bn of G-bonds during the period with the winning yield increasing. The yield of secondary G-bonds went sideways compared to the previous month. Foreign investors net sold VND 822bn of G-bonds during the period

Money Market

Interbank interest rates cooled down because liquidity in the banking system was less tense. SBV has injected more than VND 84tn through the open market channel and is due mainly in November.

In the first half of November, SBV continued to inject VND 84,117.04bn 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 two-day bills with a value of VND 29,999.7bn with a term of 7-28 days, and the bill yield was also at 6%/year.

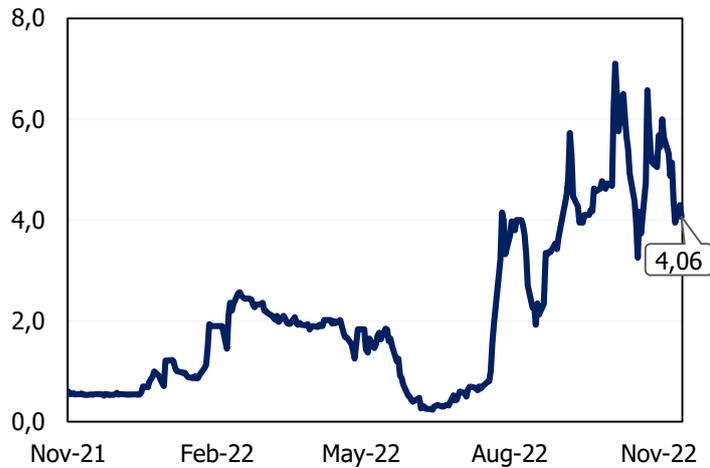
Liquidity in the system eased mainly thanks to the continuous net injection of money by the SBV, which caused interbank interest rates to drop sharply in a few sessions. A Bloomberg survey shows that overnight interbank rates are trading at 4.06%/year, down 1 percentage point from the end of last month. Interest rates for other terms are also around 5.04%-6.64%/year, down more than 100 bps compared to last week. In addition, deposit interest rates at commercial banks since the beginning of November have recorded a very strong upward trend. Currently, the highest 12-month savings interest rate is over 9%/year, the interest rate is expected to increase slightly in the near future because the demand for loans at the end of the year is usually high.

USD/VND exchange rate cooled down.

The SBV has pumped money quite strongly in the past two weeks, when the USD/VND exchange rate has cooled down somewhat. The SBV has adjusted the selling price of USD from 24,870 VND to 24,860 VND. The decline rate of this time is quite slow, only 10 VND, while the previous increases are from 200 to 490 VND. Compared to the end of October, the VND/USD exchange rate on the free market decreased by 160 VND and is currently traded at VND 25,070 per USD. The central and interbank rates traded at VND 23,677 per USD respectively, down 18 VND and VND 23,243 per USD, down 24 VND.

The USD Index fell to 106.57. The dollar fell sharply after US consumer prices rose less than expected last month and showed core inflation had peaked. Specifically, the US CPI rose 7.7% in October, the slowest pace in the past 9 months, suggesting that the Fed's series of sharp rate hikes this year has finally been achieved. This data could allow the Fed to scale back its aggressive rate hikes. The market is now expecting the Fed to ease monetary policy and bet on the possibility that the Fed will raise interest rates by 0.5 percentage points at the December meeting.

Figure 1. Interbank overnight lending rate (%)



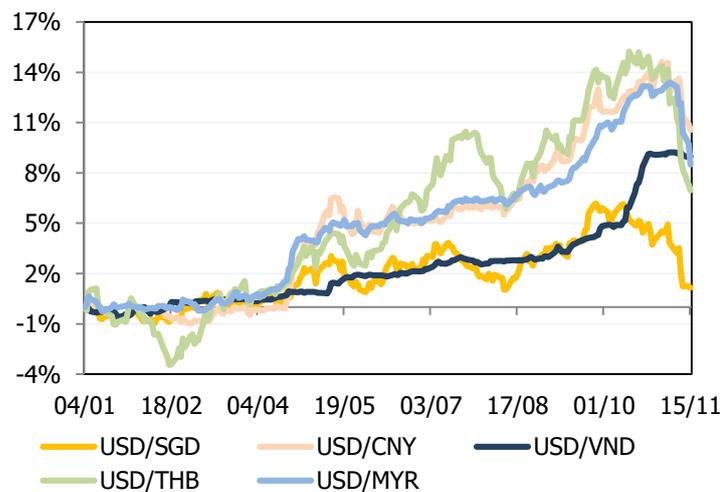
Source: Bloomberg.

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
15/11	4.06	5.04	5.80	6.64

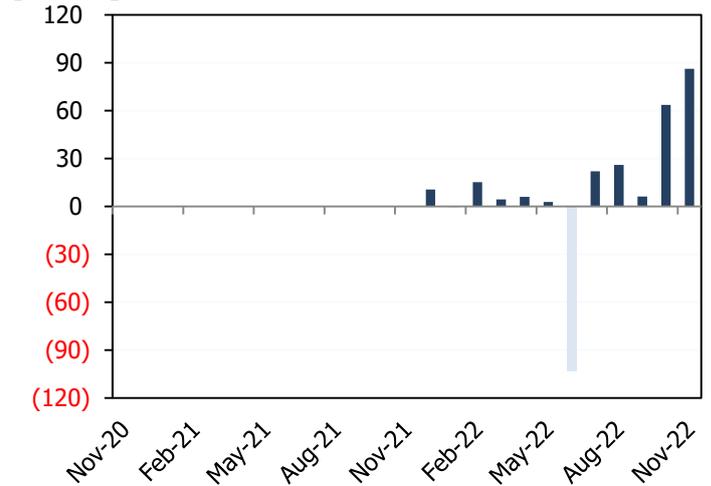
Source: Bloomberg.

Figure 5. Regional currencies performance in 2022



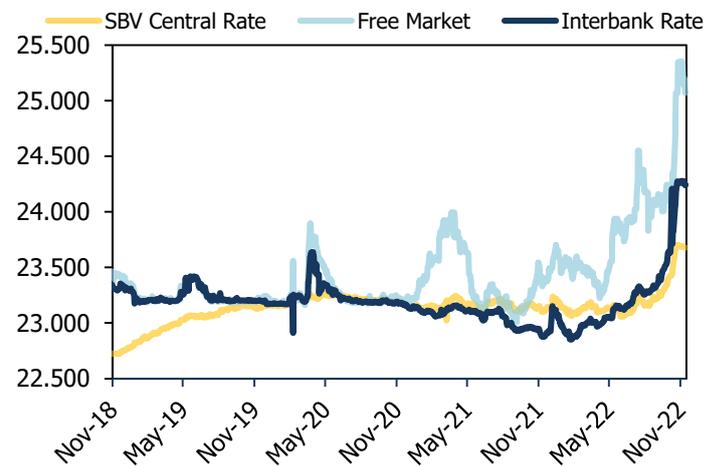
Source: Bloomberg.

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



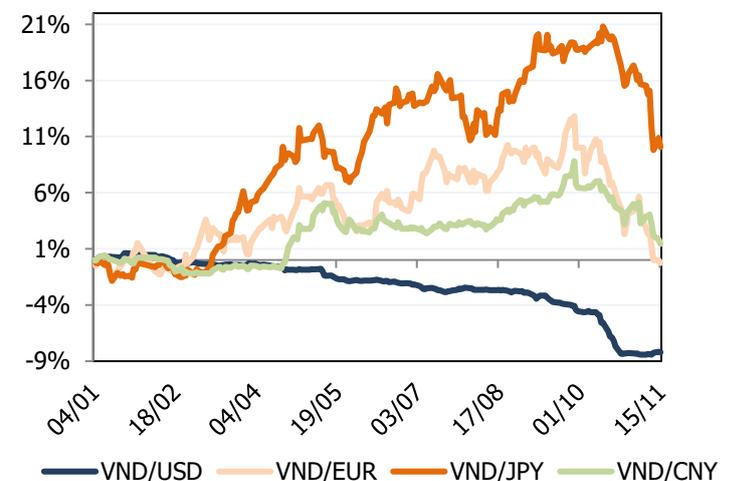
Source: SBV, MBS.

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 16,940bn of G-bonds during the period, with a strong increase in winning yield.

In the first half of November, the G-bonds trading volume increased sharply compared to the same period in October, STV only offered Government bonds for two main tenors, 10Y and 15Y. Of the VND 22,500bn of bonds offered for sale, VND 16,940bn was mobilized, a rate of 75%. 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 156,372bn of G-bonds, the bond issuance speed of STV is quite slow when it only reached 39% of the plan.

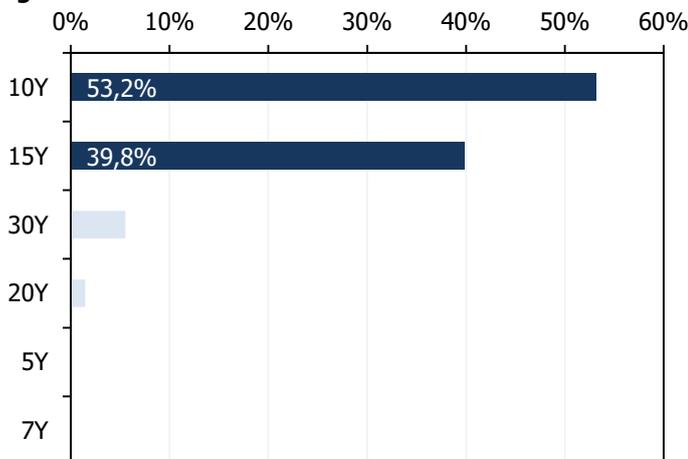
Winning yields of bonds increased sharply compared to the previous period. Yields for 10Y and 15Y tenor were 4.4%/year and 4.7%/year, respectively, up by 40-60 bps compared to the end of last month. Although the subscription value exceeded the bid value, very few bonds were raised successfully. The low 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	12,500	11,140	89%	4.2%- 4.4%
15Y	10,000	5,800	58%	4.4%-4.7%
20Y				
30Y				
Total	22,500	16,940	75%	Unit: VND bn

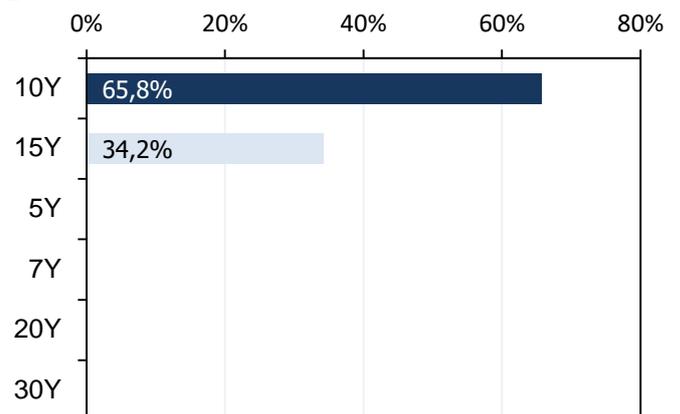
Source: HNX.

Figure 9. G-bond successful issuance in 2022



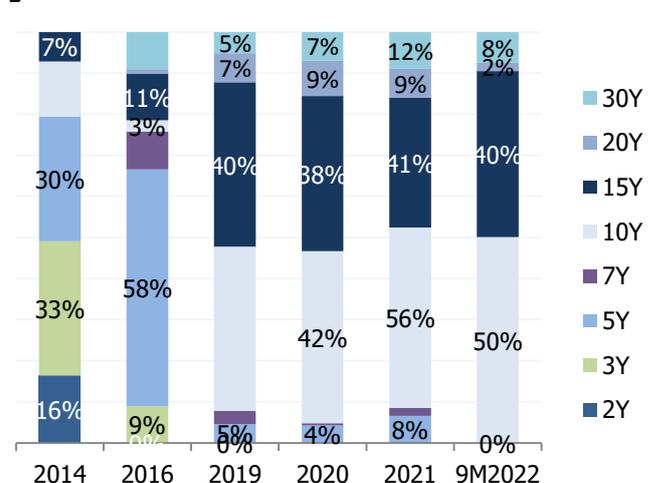
Source: HNX.

Figure 8. G-bond successful issuance November 2022



Source: HNX.

Figure 10. G-bond successful issuance since 2021



Source: HNX.

Figure 11. Government bond issuance 2022

Tenor	VST 2022 plan	VST 2022 issued	% VST 2022 plan
5Y	30,000	0	0%
7Y	15,000	0	0%
10Y	140,000	83,212	59%
15Y	150,000	62,270	42%
20Y	30,000	2,265	8%
30Y	35,000	8,625	25%
Total	400,000	156,372	39%

Source: VST, HNX

Figure 12. 10Y G-bond yields (%) in selected countries **As at 15/11/2022**

Market	Last closing	Last week*	*Bps changed compared to last closing		31/12/2021*
			Last month		
U.S.	3.77	-35.38	-27,8		226.0
EU	2.11	-17.30	-3,4		228.5
Japan	0.25	-0.70	-0,3		17.4
China	2.83	13.80		 17,8	4.7
South Korea	3.85	-39.00	-38,2		159.0
India	7.26	-17.40	-18,3		80.8
Malaysia	4.34	-16.40	-3,0		77.9
Singapore	3.31	-21.01	-13,1		158.5
Indonesia	7.05	-38.50	-48,3		67.2
Philippines	5.17	-51.23	-47,1		281.9
Thailand	2.87	-29.28	-40,9		90.7
Vietnam	4.90	0.50	-4,5		273.0

Source: Bloomberg.

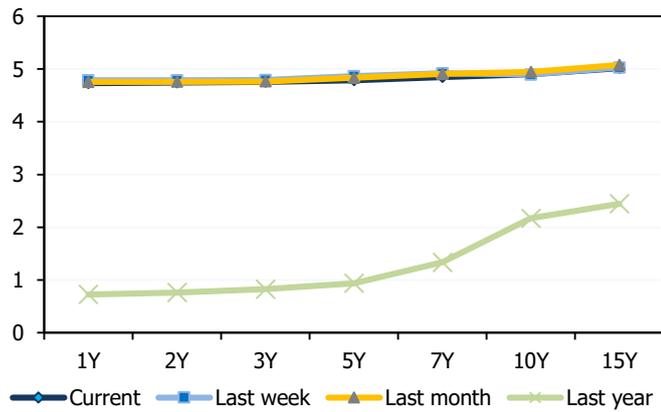
Secondary Market

Secondary G-bonds yields were flat at tenors. The average trading volume on the secondary government bond market decreased by 46% compared to the previous month. In the first half of November, foreign investors continued their net selling of VND 822bn of G-bonds

In mid-November, the 10Y yield was at 4.9%/year, down 4 bps from the previous month while the 2Y yield was up at 4.75%/year, down 1 bps. In the first half of November, 10Y tenor of G-bonds yields of many countries continued to decrease.

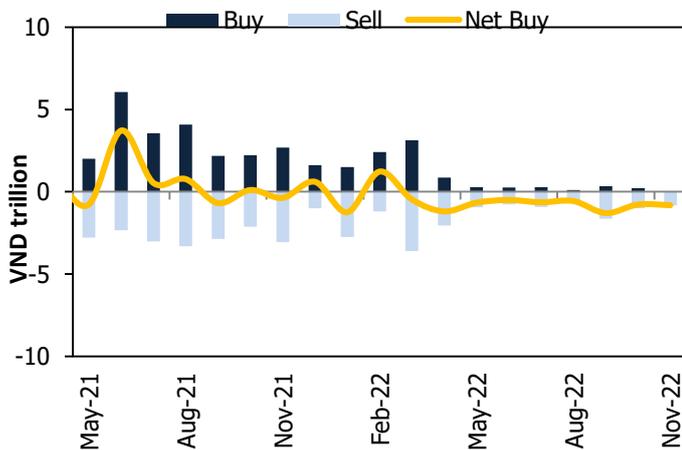
Trading in the secondary G-bonds market was less active when the average daily trading volume reached VND 2tn, down 46% from the previous month. In which, outright transactions accounted for 49% of the volume in the period with VND 11tn. Average transaction is VND 1tn/day, down 55% compared to last month's average. The average repos transaction volume decreased by 34% compared to October, reaching VND 1tn/day. Foreign investors net sold VND 822bn of government bonds in the period. In total, foreign investors net sold a total of VND 6,958bn of G-bonds in 2022 and net sold VND 6,353bn of government bonds in the last 12 months.

Figure 13. Vietnam T-bond Yield (%)



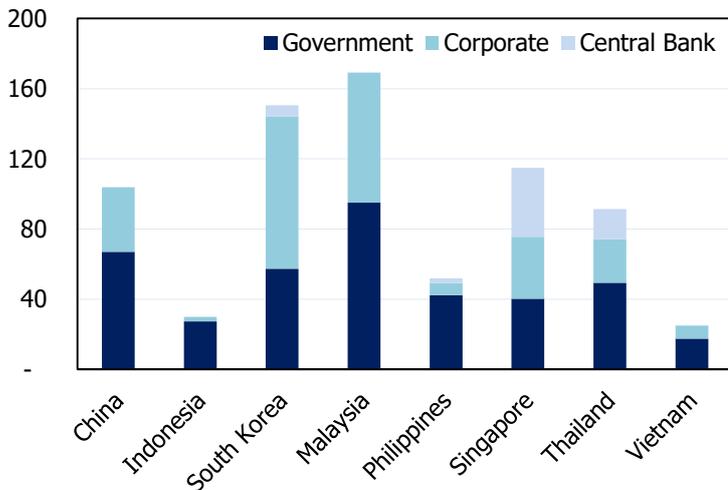
Source: Bloomberg.

Figure 15. Foreign investors' activity in secondary market



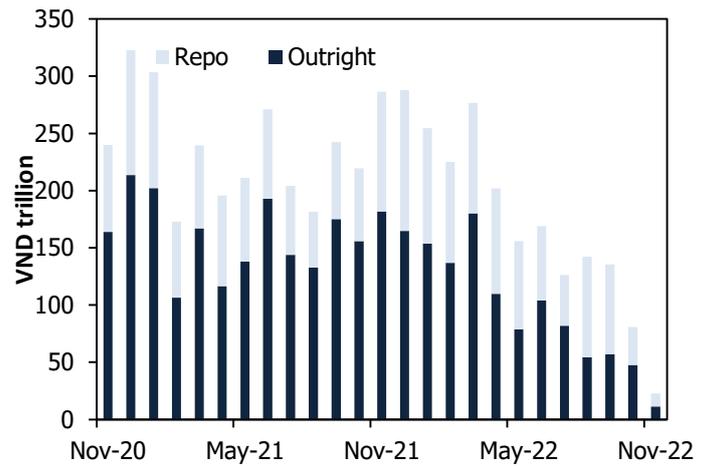
Source: HNX.

Figure 17. Size of bond markets (%GDP Q2 2022)



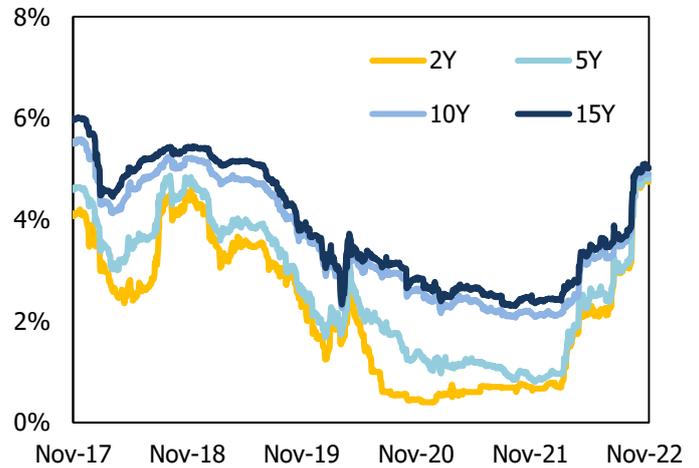
Source: ADB.

Figure 14. Outright and Repo transaction volume



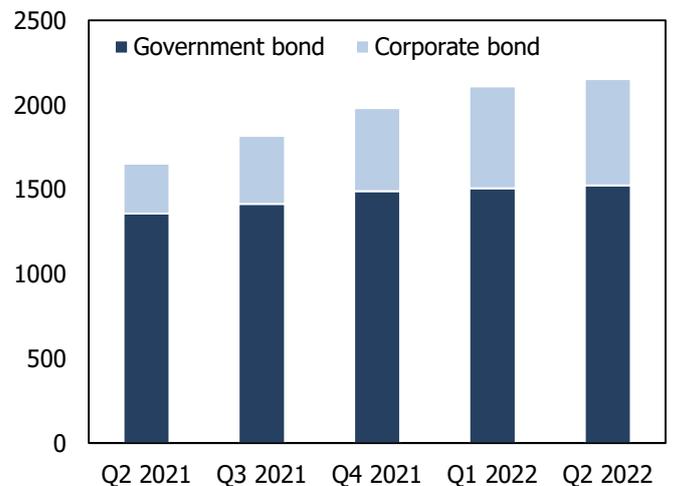
Source: HNX.

Figure 16. G-bond yield curve – Secondary Market



Source: Bloomberg.

Figure 18. Vietnam bond market size (VND tn)

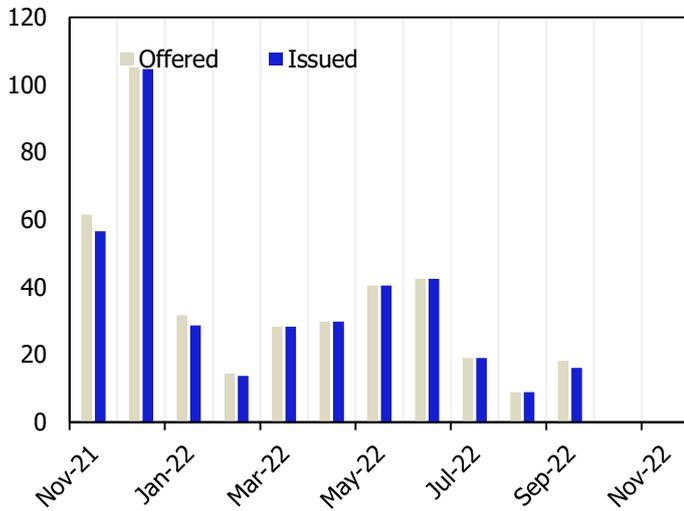


Source: ADB.

Corporate Bond Market

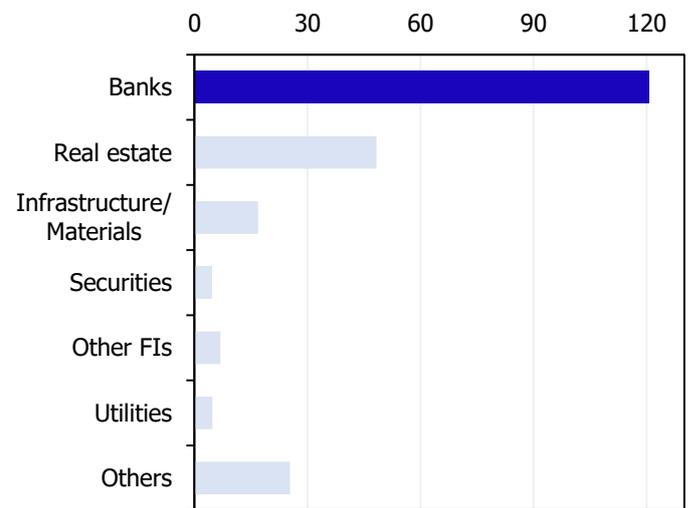
FiinPro data shows that in the first half of November there were only two corporate bond issuances in the domestic market. In which, Duc Trung Investment Joint Stock Company issued bonds with a volume of VND 100bn and City Auto Joint Stock Company issued bonds with a volume of VND 50bn.

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



Source: HNX. FiinPro. MBS Research.

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



Source: HNX. FiinPro. MBS Research.

Figure 21. Top issuers in November 2022

Tick er	Issuer	Tenor (year)	Amount (VND bn)	Coupon rate (%/year)
DTI	Công ty Cổ phần Đầu tư Đức Trung	1	100	N/A
CTF	Công ty Cổ phần City Auto	1.5	50	11%

Source: HNX. FiinPro. MBS Research.

PRODUCT

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