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SBV reopened the issuing central bank bills channel on the open market after 2 years with a net withdrawal volume of more than VND 150tn in the second half of June. At the same time, the SBV reduced the net injection to just over VND 1,700bn through 14-days tenor. Interbank interest rates continued to decrease slightly, showing that liquidity in the system is still abundant. The USD/VND exchange rate in the free market increased slightly during the month. STV issued VND 17,575bn of G-bonds during the month with the winning yields inching up from the previous month. The yield of secondary G-bonds continued to grow. Foreign investors net sold VND 503bn of G-bonds during the month.

Money Market

SBV made a net withdrawal of more than VND 150tn through the central bank bill channel after 2 years and also injected back VND 1,700bn through the channel with a term of 14 days. At the same time, interbank interest rates also decreased slightly compared to the end of May.

In the second half of June, the SBV reopened the issuing central bank bills channel to attract money in the open market after 2 years. After several trading sessions, the SBV has issued more than VND 150tn of 7-14 day bills with interest rates of 0.3%-0.9%, while there were nearly VND 50tn of bills matured in this period, bringing the amount bills in circulation to VND 102,039.6bn. Meanwhile, the net injection volume was also declining with amount of nearly VND 1,700bn, a rate of 2.5%/year, tenor of 2 weeks. Total maturity from this period reached VND 1,853.59bn, bringing the amount of OMO in circulation to VND 1,469.18tn and

Credit growth in the first 6 months of the year was estimated at 8.51%, much higher than 5.47% in the same period last year. Although capital mobilization growth was only 3.97%, lower than credit growth, the liquidity of the banking system was still quite abundant, reflected by a small decrease in interbank interest rates at the end of June. A Bloomberg survey showed that the overnight interbank rates are trading at 0.53%/year, up by 3 bps compared to the end of last month. Interest rates for other terms are also around 1.01%-2.05%/year, a decrease of about 5-9 bps compared to the end of May.

USD/VND exchange rate increased slightly.

In recent months, the SBV has attracted large amounts of VND through the foreign currency sale channel through a 3-month term to support the exchange rate in the context of USD/VND exchange rate has increased by about 2% compared to the end of 2021. In June, the USD/VND exchange rate on the free market went up by VND 70 per USD compared to the end of May and is currently trading at 23,925 VND/USD. The central and interbank rates were respectively traded at VND 23,110 per USD, up VND 53 per USD and VND 23,196 per USD, up VND 70 per USD.

Ending June, the DXY Index fluctuated at 104. The dollar has rebounded, creating a sideways path, as investors weigh the prospects for further policy actions from Fed to deal with soaring inflation. The dollar's rally was contributed by the weakening of the euro after the ECB president gave no new insight into the path of regional interest rates or an anti-fragmentation tool at the annual forum of central banks.

Figure 1. Interbank overnight lending rate (%)



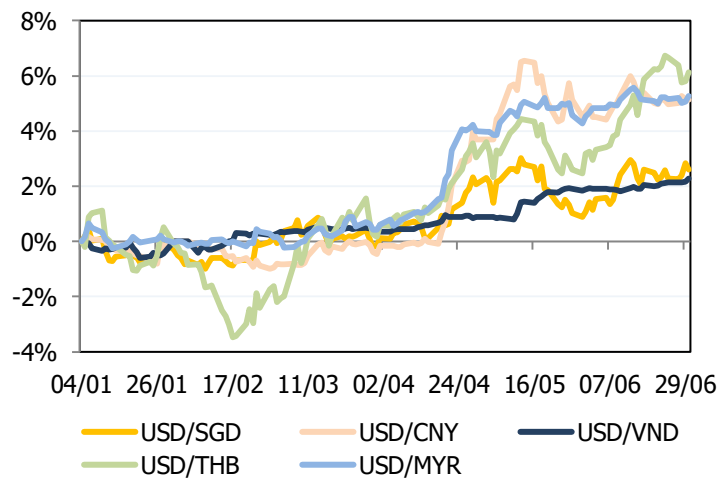
Source: Bloomberg.

Figure 3. Interbank interest rate (%)

	O/N	1 Week	2 Week	1 Month
31/03	1.88	2.03	2.16	2.26
30/04	1.83	2.17	2.17	2.17
31/05	0.50	1.10	1.40	2.13
30/06	0.53	1.01	1.35	2.05

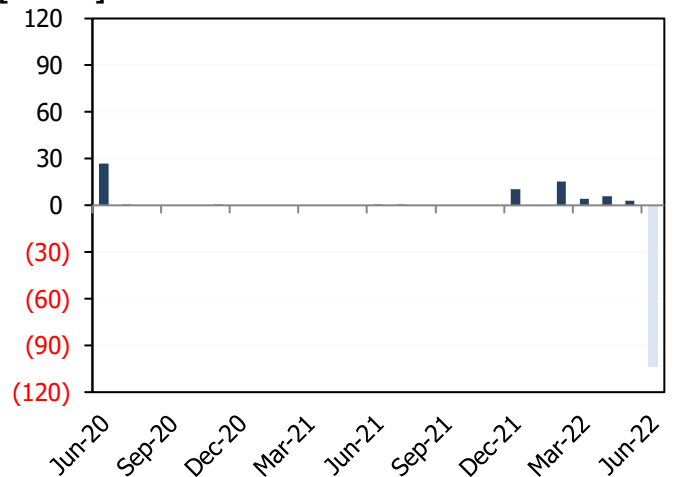
Source: Bloomberg.

Figure 5. Regional currencies performance in 2022



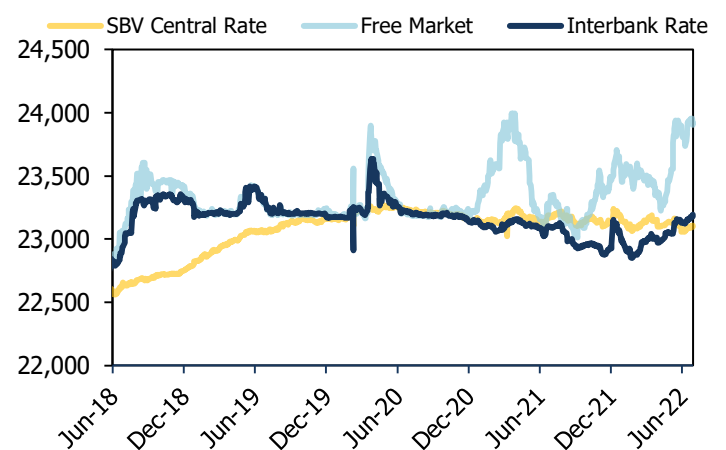
Source: Bloomberg.

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



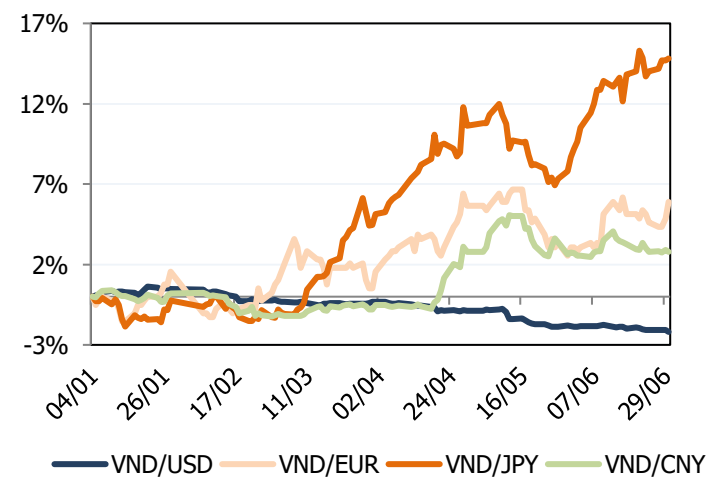
Source: SBV, MBS.

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 17,575bn of G-bonds this month with the winning yield inching up compared to the previous month.

In June, G-bond issuance situation has improved compared to the previous month. In the VND 35,000bn proposed, there were VND 17,575bn of G-bonds successfully mobilized, at the rate of 50%. The majority of the issuance still occurs in the two main terms, 10Y and 15Y. Vietnam Bank For Social Policies offered to sell VND 5,500bn of G-bonds with a term of 3Y in the month, there were VND 2,100bn of G-bonds successfully mobilized. Nevertheless, STV has only issued VND 74,087bn of G-bonds in the first 6 months, reaching 19% of the year plan.

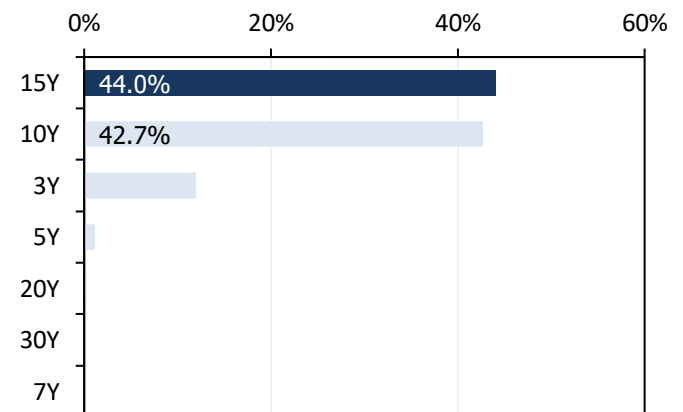
The winning yield of the bonds rose compared to the end of May. The yield for 10Y and 15Y terms were 2.48%/year and 2.78%/year, both went up 14bps compared to the end of May. The 5Y term yield surged by 31bps to 2.7%/year. The 3Y term yield went up to 2.4%/year. We forecast that government bond yields will increase slightly in the coming months as the demand for bonds issued by the STV rises in line with the intention to accelerate the disbursement of public investment to stimulate the economy.

Figure 7. G-bond auction result in June 2022

Tenor	Offering value	Winning value	Issuance rate	Yield
3Y	5,500	2,100	38%	2.40%
5Y	3,000	200	7%	2.70%
7Y				
10Y	12,000	7,500	63%	2.37%-2.48%
15Y	12,000	7,735	64%	2.67%-2.78%
20Y	1,500	40	3%	2.75%
30Y	1,000	0	0%	0.00%
Total	35,000	17,575	50%	Unit: VND bn

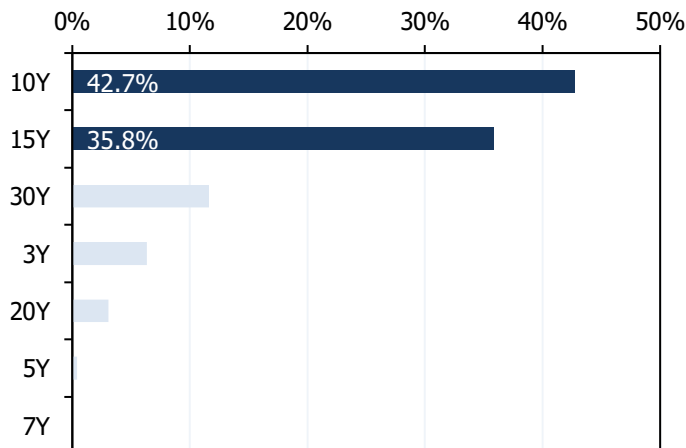
Source: HNX.

Figure 8. G-bond successful issuance June 2022



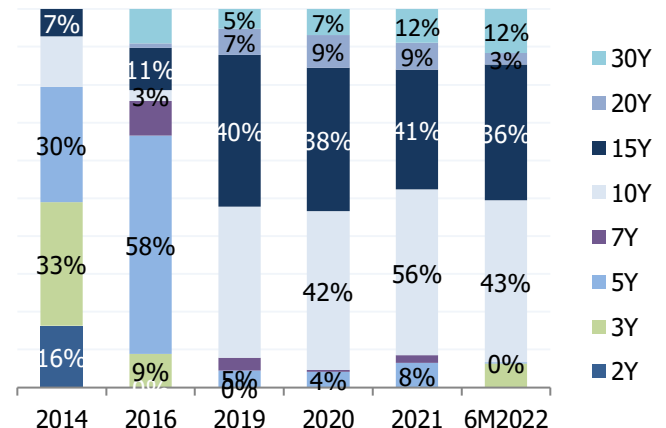
Source: HNX.

Figure 9. G-bond successful issuance in 2022



Source: HNX.

Figure 10. G-bond successful issuance over the years



Source: HNX.

Figure 11. Government bond issuance 2022 (bn VND)

Tenor	VST 2022 plan	VST 2022 issued	% VST 2022 plan
3Y		4,700	
5Y	30,000	100	1%
7Y	15,000	0	0%
10Y	140,000	24,142	23%
15Y	150,000	18,820	18%
20Y	30,000	2,225	8%
30Y	35,000	8,625	25%
Total	400,000	74,087	19%

Source: VST, HNX

Figure 12. 10Y G-bond yields (%) in selected countries **As at 30/06/2022**

Market	Last closing	Last week*	*Bps changed compared to last closing	
			Last month	31/12/2021*
U.S.	3.01	-7.41	16.9	150.3
EU	1.34	-9.20	21.4	151.3
Japan	0.23	-0.50	-1.2	16.0
China	2.82	-1.30	1.9	3.7
South Korea	3.62	-10.40	29.1	136.6
India	7.45	3.00	3.4	99.5
Malaysia	4.30	10.60	13.8	74.0
Singapore	3.00	-3.13	26.1	127.7
Indonesia	7.22	-19.10	17.9	83.8
Philippines	4.67	9.42	51.3	232.2
Thailand	3.03	0.84	6.6	106.9
Vietnam	3.37	-5.30	12.2	119.7

Source: Bloomberg.

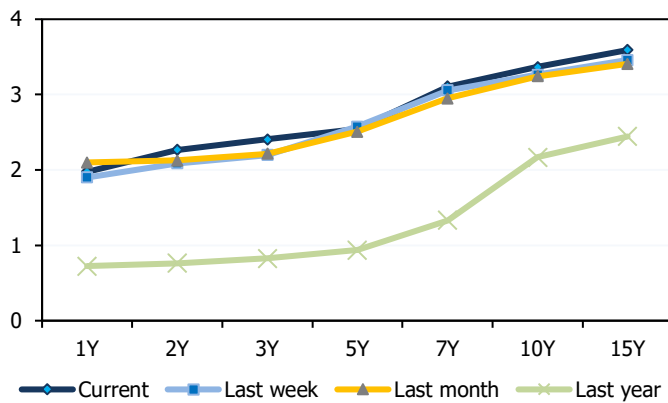
Secondary Market

G-bond yield increased during the month. Average transaction volume on the secondary G-bond market went sideways MoM with the proportion of outright transactions increasing compared to previous month. Foreign investors net sold VND 503bn of G-bonds this month.

At the end of June, the 10Y yield was at 3.37%/year, up 12bps compared to the previous month whereas the 2Y yield was at 2.27%/year, up 14bps. The yield curve is continuing its upward trend since the beginning of the year.

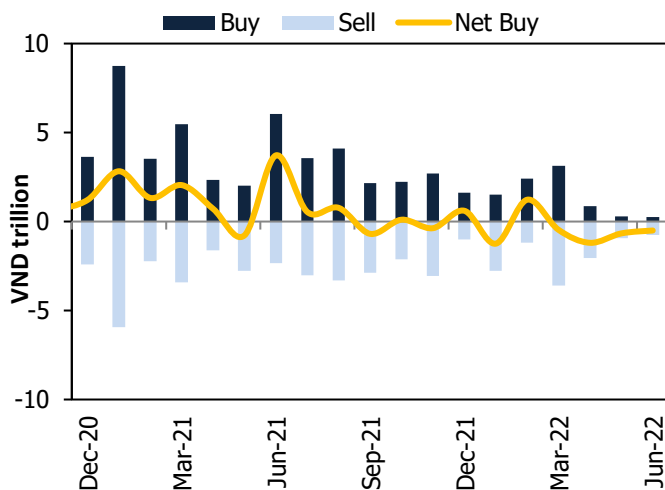
Transactions on the secondary government bond market continued to be gloomy compared to the previous month with daily average volumes of VND 7.6tn, unchanged from May. Of which, outright trading accounted for 62% of the volume this period and VND 103tn. Average transaction was VND 4.7tn/day, up by 20% from the previous month's average. Average repos trading volume decreased by 23% compared to May, reaching VND 3tn/day. In June, foreign investors net sold G-bonds with an amount of VND 503bn. Overall, foreign investors have sold VND 2,850bn in 2022 and VND 1,900bn in the past 12 months.

Figure 13. Vietnam T-bond Yield (%)



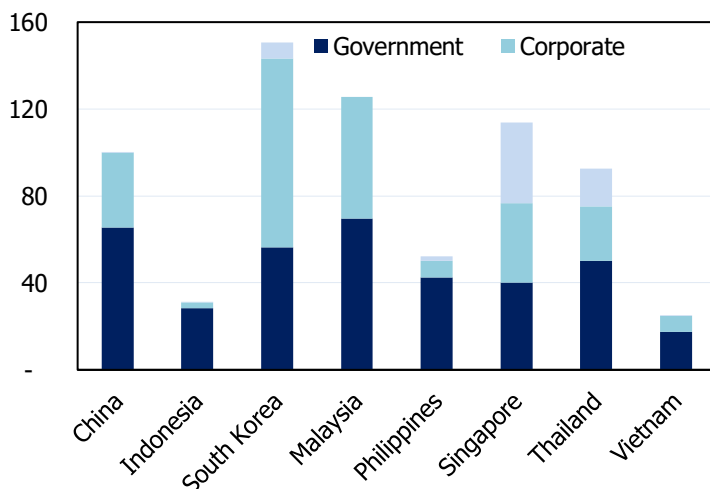
Source: Bloomberg.

Figure 15. Foreign investors' activity in secondary market



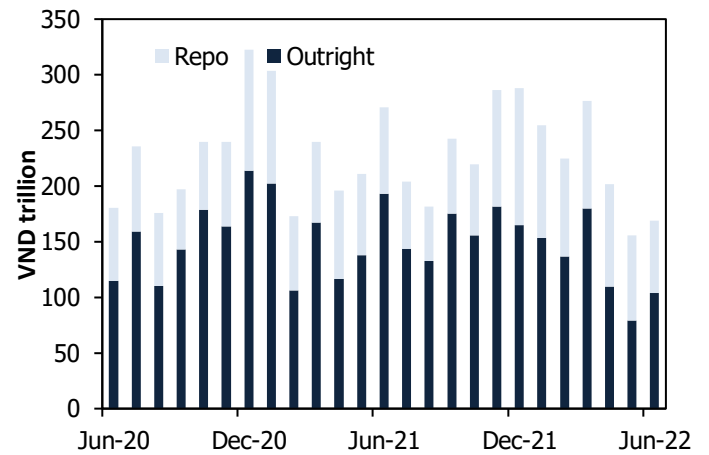
Source: HNX.

Figure 17. Size of bond markets (%GDP Q1 2022)



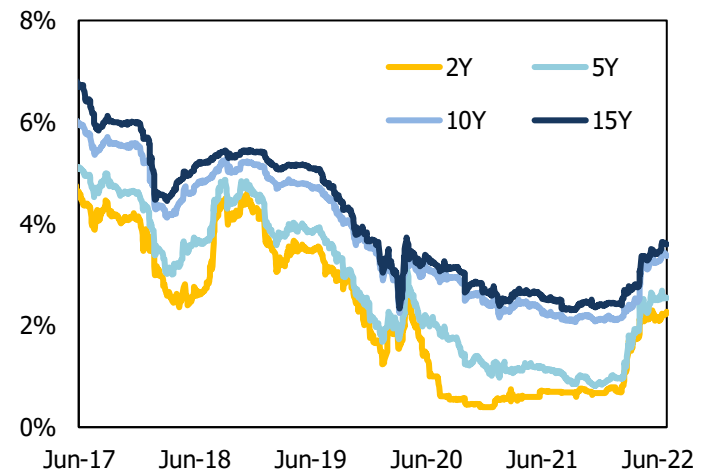
Source: ADB.

Figure 14. Outright and Repo transaction volume



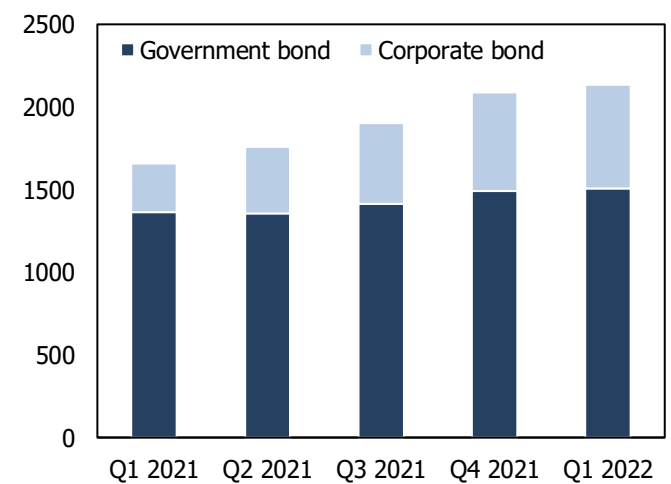
Source: HNX.

Figure 16. G-bond yield curve – Secondary Market



Source: Bloomberg.

Figure 18. Vietnam bond market size (VND tn)

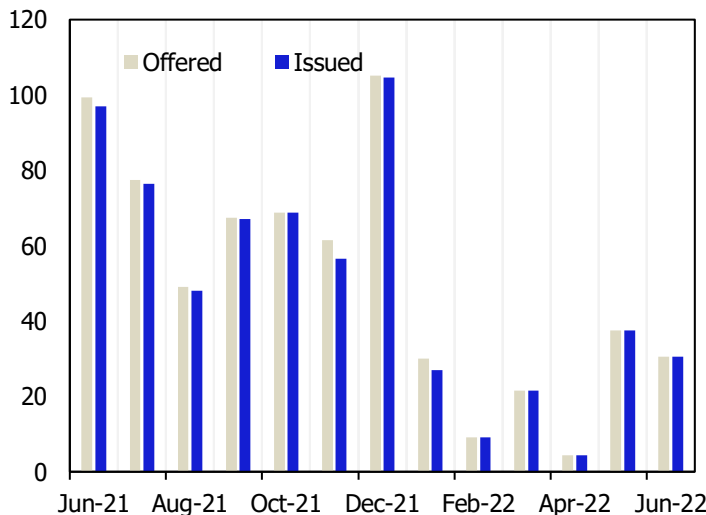


Source: ADB.

Corporate Bond Market

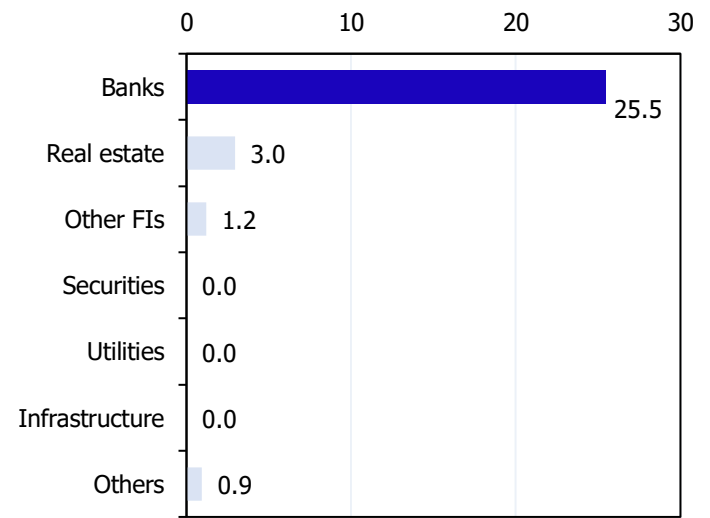
FiinPro data showed that in the first half of June, VND 30,578.18bn of corporate bonds were issued in the domestic market and USD 100mn of international convertible bonds was issued to the international market of Vingroup Joint Stock Company. Of which, Joint Stock Commercial Bank for Investment and Development of Vietnam issued the most significant bond volume of VND 9,455bn. In addition, Nam Long Investment Corporation issued bonds with the highest coupon rate of 9.35%/year. The banks sector is the top issuer, accounting for the most monthly volume, reaching nearly 80% of the issuance volume in the month.

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



Source: HNX, FiinPro, MBS Research.

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



Source: HNX, FiinPro, MBS Research.

Figure 21. Top issuers in June 2022

Ticker	Issuer	Tenor (years)	Amount (VND tn)	Coupon rate (%/year)
VIC	Tập đoàn Vingroup - Công ty Cổ phần	59 months	2,303 (100mn USD)	N/A
BID	Ngân hàng Thương mại Cổ phần Đầu tư và Phát triển Việt Nam	9,455	6.45-6.55%	1.25-10
TCB	Ngân hàng Thương mại Cổ phần Kỹ thương Việt Nam	7,000	N/A	3
OCB	Ngân hàng Thương mại Cổ phần Phương Đông	2,800	N/A	3
MBB	Ngân hàng Thương mại Cổ phần Quân đội	2,730	N/A	3-7
VIB	Ngân hàng Thương mại Cổ phần Quốc tế Việt Nam	1,400	N/A	3
	Công ty Tài chính TNHH Ngân hàng Việt Nam Thịnh Vượng SMBC	1,000	N/A	2
MSB	Ngân hàng Thương mại Cổ phần Hàng Hải Việt Nam	1,000	N/A	3
	Công ty Cổ phần Đầu tư và Phát triển Du lịch Phú Quốc	820.18	N/A	5
NLG	Công ty cổ phần Đầu tư Nam Long	500	9.35%	7
BAB	Ngân hàng Thương mại Cổ phần Bắc Á	500	N/A	3
CTG	Ngân hàng Thương mại Cổ phần Công thương Việt Nam	300	N/A	15
SSB	Ngân hàng Thương mại Cổ phần Đông Nam Á	300	N/A	3
	Công ty Cổ phần Tập đoàn TASECO	120	N/A	1

Ticker	Issuer	Tenor (years)	Amount (VND tn)	Coupon rate (%/year)
	Công ty Cổ phần IMG Phước Đông	100	N/A	8
	Công ty Cổ phần PACIFIC PARTNERS	100	N/A	1
	Công ty Tài chính TNHH MB Shinsei	100	N/A	2
	Công ty Cổ phần Đầu tư Kiến Vàng	50	N/A	1

Source: HNX, FiinPro, MBS Research.

PRODUCT

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