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*Interbank interest rates rose considerably at 1-week tenor, showing that liquidity in the system is somewhat strained due to seasonal factors before the holiday. The SBV net injected over VND 6tn in the second half of April. The USD/VND exchange rate increased in line with the strong rise in the global USD exchange rate. STV issued VND 46,002bn of G-bonds during the month with winning yields continuing to rise from the previous month. The yield of secondary G-bonds continued to grow sharply. Foreign investors net sold VND 1,194bn of G-bonds during the month.*

### Money Market

**Interbank interest rates fluctuated in the opposite direction in April. In the second half of April, SBV injected more than VND 6tn through the open market channel and all this money was returned to the in the first half of May.**

SBV said that credit accelerated significantly in March and April, from the beginning of the year to April 25, 2022, credit growth was estimated at 6.75% while capital mobilization growth was 3.35%. In which, many banks made strong breakthroughs in profit and credit growth. Liquidity in the system is somewhat more strained due to seasonality before the holiday. A Bloomberg survey showed that the overnight interbank rates are trading at 1.83%/year, down by 5 bps compared to the end of last month. Interest rates for other terms are also around 2.17%, of which the 1-week tenor rate increased by 13 bps compared to the end of March. With with encourage signs of credit growth, we anticipate credit growth could reach over 14% for the full year.

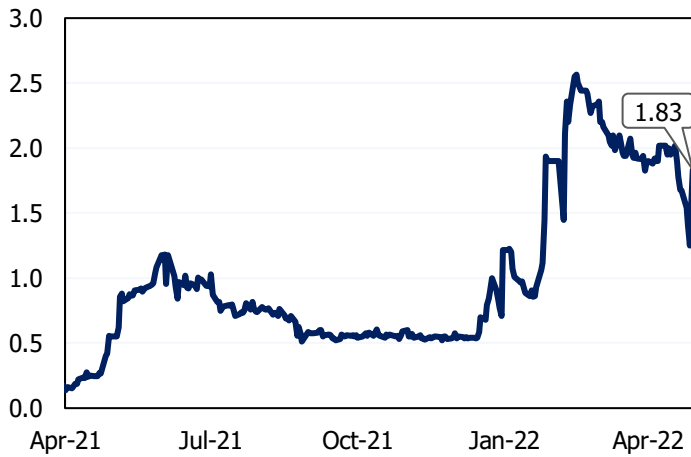
In the second half of April, SBV continued to net inject more than VND 6tn via the OMO channel, with a rate of 2.5%/year, tenor of 2 weeks. Total maturity from this period reached VND 2,217.84bn, bringing the amount of OMO in circulation to VND 6,035.03tn. Thus, the whole amount will return to SBV in May.

**USD/VND exchange rate increased in line with the strong rise in the global USD exchange rate.**

While the value of USD compared to some regional currencies as well as VND tends to increase due to the pressure of a strong international dollar and reaching a 20-year high. The USD/VND exchange rate on the free market went up by VND 110 per USD compared to the end of March and is currently trading at 23,445 VND/USD. The central and interbank rates were respectively traded at VND 23,140 per USD, up VND 40 per USD and VND 23,054 per USD, up VND 86 per USD.

In April, the DXY Index rose to a record high of 103.53. The Fed on May 4th raised its benchmark interest rate by half a percentage point, the most aggressive step yet in its fight against a 40-year high in inflation. Accordingly, Wednesday's rate hike will push the federal funds rate to a range of 0.75%-1%. The Fed also announced it will start scaling back its nearly \$9 trillion balance sheet in June. However, the Fed also indicated that raising rates by 75 basis points at a time "is not something the committee is actively considering" despite promising to take positive action to quell inflation, which caused the dollar to drop significantly in the next session and return to 102.

**Figure 1. Interbank overnight lending rate (%)**



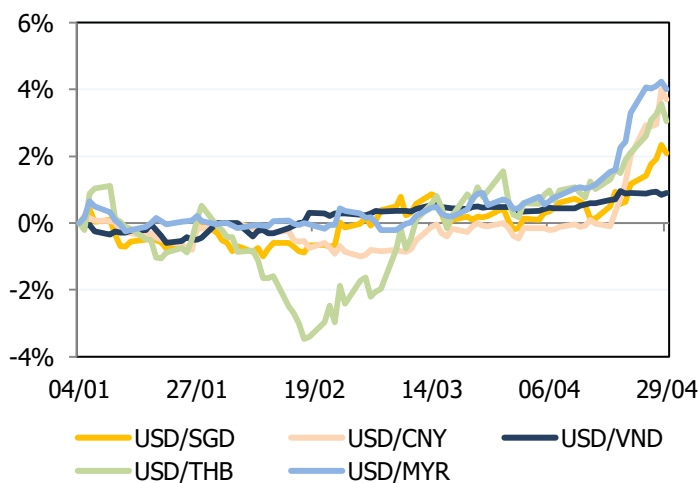
Source: Bloomberg.

**Figure 3. Interbank interest rate (%)**

	O/N	1 Week	2 Week	1 Month
31/01	1.90	1.88	2.02	2.02
28/02	2.33	2.38	2.27	2.33
31/03	1.88	2.03	2.16	2.26
30/04	1.83	2.17	2.17	2.17

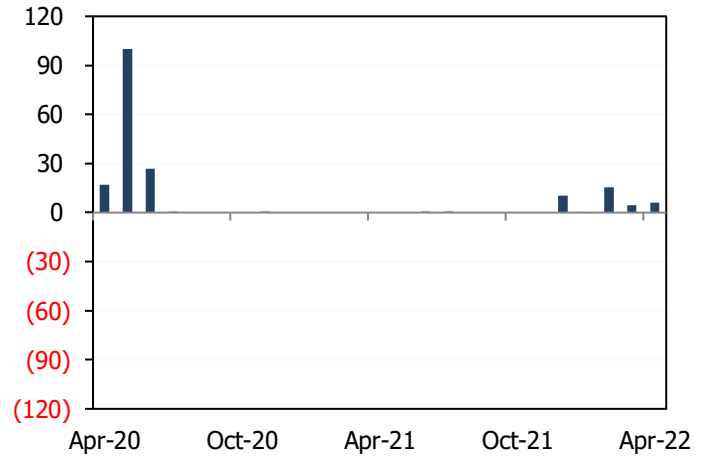
Source: Bloomberg.

**Figure 5. Regional currencies performance in 2022**



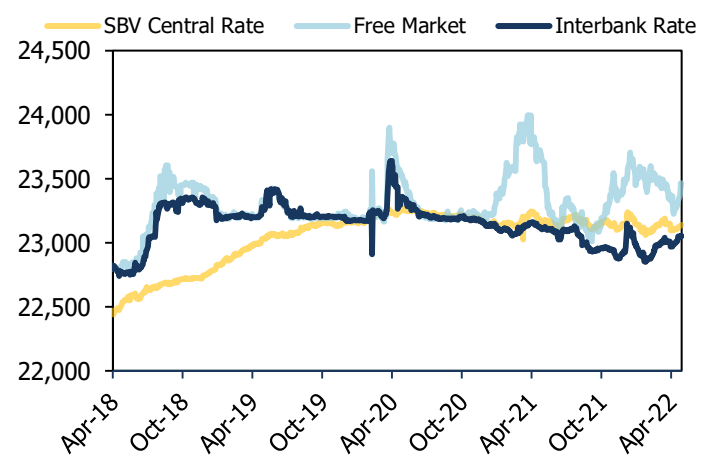
Source: Bloomberg.

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



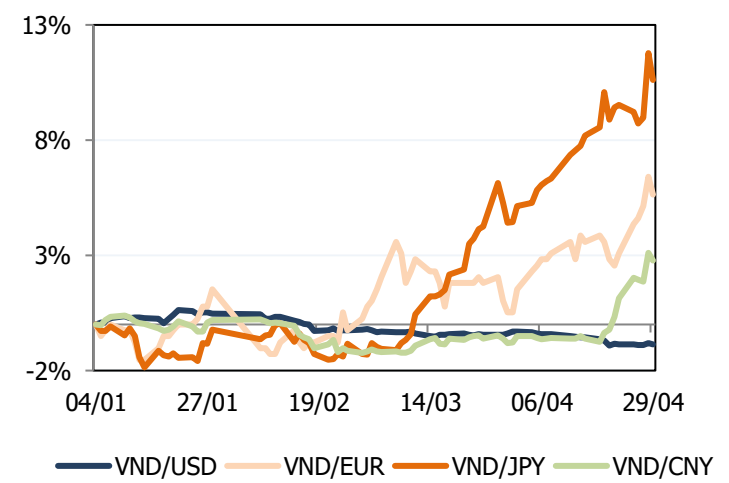
Source: SBV, MBS.

**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 46,002bn of G-bonds this month with the winning yield continued to grow compared to the previous month.**

In April, G-bond issuance continued to be continued to be bleak even though the SBV raised the volume of offerings. In the VND 102,500bn proposed, there were VND 46,002bn of G-bonds successfully mobilized, at the rate of 45%. The majority of the issuance still occurs in the two main terms, 10Y and 15Y, while the 5Y term has had the first winning volume since the beginning of the year. Vietnam Bank For Social Policies offered to sell VND 1,000bn of G-bonds with a term of 3Y in the month, but there was no winning volume.

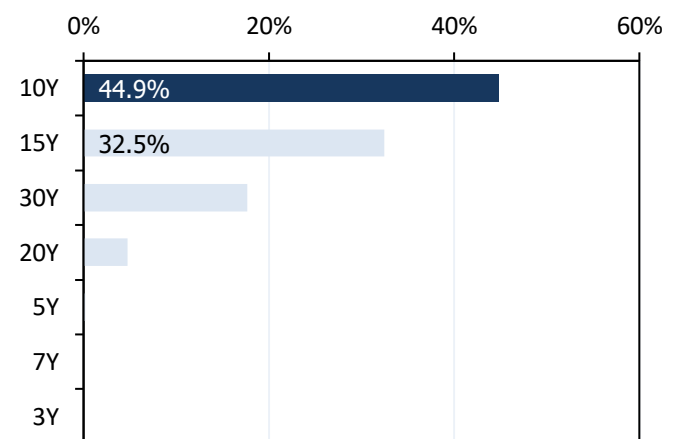
The winning yield of the bonds continued to increase compared to the end of March. The yield for 10Y and 15Y terms were 2.28%/year and 2.58%/year, both went up 8bps compared to the end of March. The 5Y term yield surged to 2.39%/year compared to 1.12% since the last issuance at the end of last year. 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 as well as provide financing capital for maturing bonds

**Figure 7. G-bond auction result in April 2022**

Tenor	Offering value	Winning value	Issuance rate	Yield
3Y	1,000	0	0%	0.00%
5Y	3,500	100	3%	2.39%
7Y	2,500	0	0%	0.00%
10Y	39,800	20,642	52%	2.07%-2.28%
15Y	35,200	14,950	42%	2.35%-2.58%
20Y	7,000	2,185	31%	2.75%
30Y	13,500	8,125	60%	2.96%-3.01%
<b>Total</b>	<b>102,500</b>	<b>46,002</b>	<b>45%</b>	<b>Unit: VND bn</b>

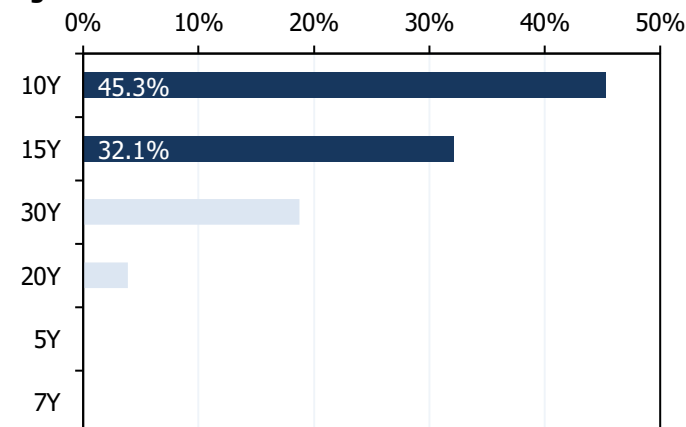
Source: HNX.

**Figure 8. G-bond successful issuance April 2022**



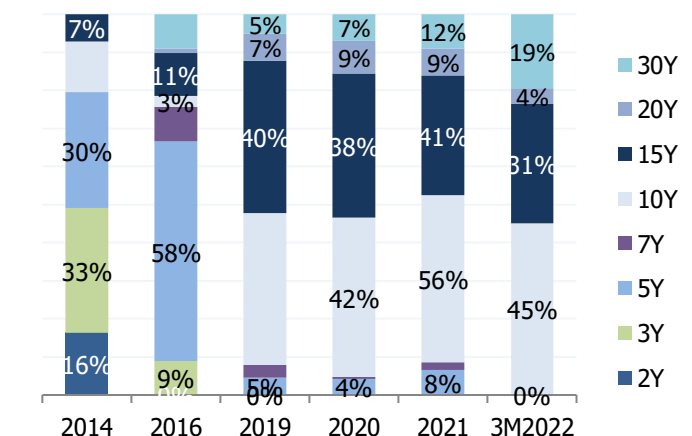
Source: HNX.

**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
5Y	30,000	100	0%
7Y	15,000	0	0%
10Y	140,000	39,284	28%
15Y	150,000	27,900	19%
20Y	30,000	3,870	13%
30Y	35,000	16,130	46%
<b>Total</b>	<b>400,000</b>	<b>87,284</b>	<b>22%</b>

Source: VST, HNX

**Figure 12. 10Y G-bond yields (%) in selected countries As at 30/04/2022**

Market	Last closing	Last week*	*Bps changed compared to last closing	
			Last month	31/12/2021*
U.S.	2.93	3.49	59.6	142.4
EU	0.94	-3.40	39.0	111.5
Japan	0.23	-2.00	1.0	15.9
China	2.84	-0.70	5.2	6.0
South Korea	3.24	-7.00	27.0	98.0
India	7.14	-2.60	30.4	68.6
Malaysia	4.38	19.70	53.0	81.6
Singapore	2.58	-5.04	20.4	85.6
Indonesia	6.99	2.60	24.8	60.4
Philippines	4.27	19.27	87.5	192.6
Thailand	2.90	-3.83	44.1	93.9
<b>Vietnam</b>	<b>3.11</b>	<b>-7.40</b>	<b>64.1</b>	<b>93.6</b>

Source: Bloomberg.

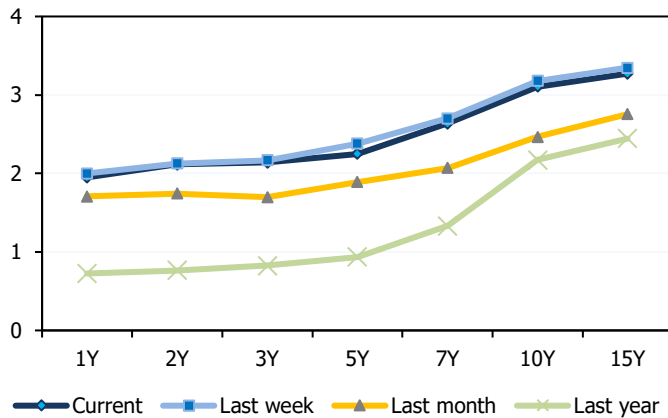
## Secondary Market

**G-bond yield surged during the month. Average transaction volume on the secondary G-bond market went down by 16% MoM with the proportion of repos transactions increasing compared to previous month. Foreign investors net sold VND 1,194bn of G-bonds this month.**

Following the global trend, 10Y treasury yield in Vietnam has been climbing in recent weeks. At the end of April, the 10Y yield was at 3.11%/year, up 64bps compared to the previous month whereas the 2Y yield jumped to 2.11%/year, up 37bps. The yield curve is continuing its upward trend since the beginning of the year.

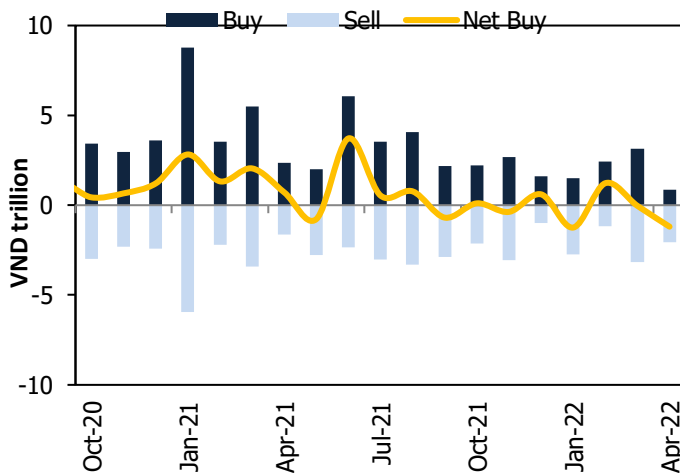
Transactions on the secondary government bond market were less active than the previous month with daily average volumes of VND 10tn, down 16%. Of which, outright trading accounted for 54% of the volume this period and VND 109tn. Average transaction was VND 5.4tn/day, down by 30% from the previous month's average. Average repos trading volume increased by 10% compared to March, reaching VND 4.5tn/day. In March, foreign investors net sell G-bonds with an amount of VND 1,194bn. Overall, foreign investors have sold VND 1,250bn in 2022 and purchased VND 3,356bn in the past 12 months.

**Figure 13. Vietnam T-bond Yield (%)**



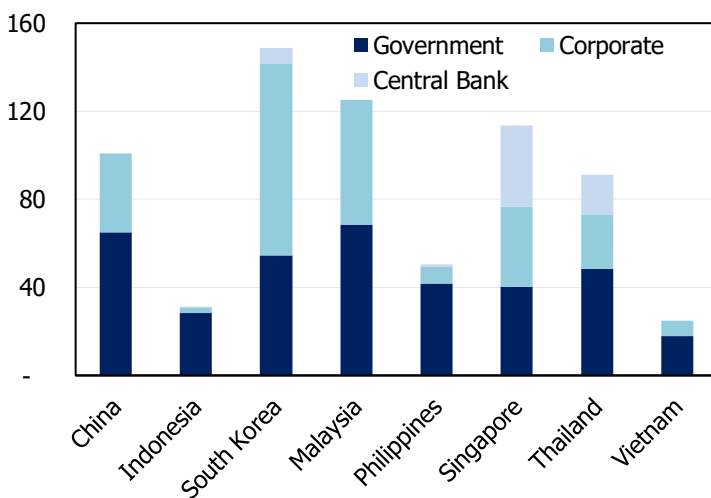
Source: Bloomberg.

**Figure 15. Foreign investors' activity in secondary market**



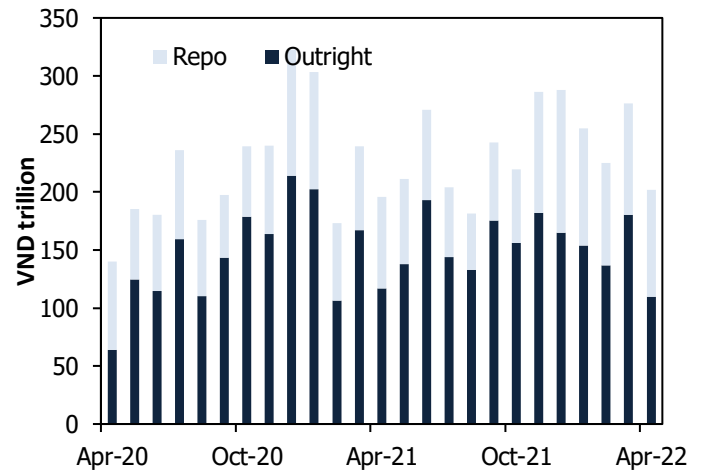
Source: HNX.

**Figure 17. Size of bond markets (%GDP Q4 2021)**



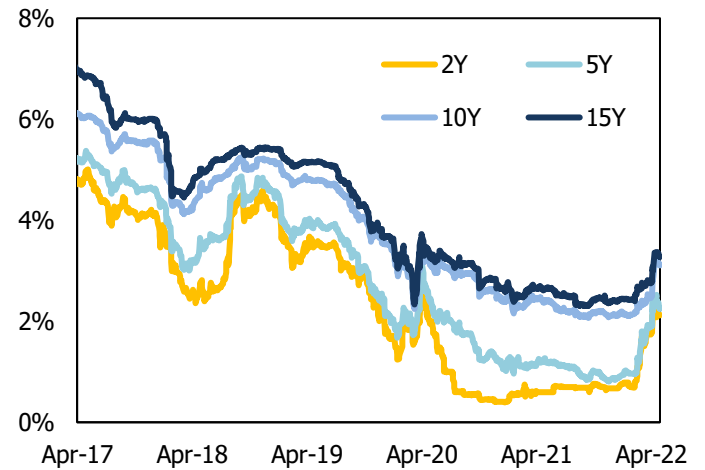
Source: ADB.

**Figure 14. Outright and Repo transaction volume**



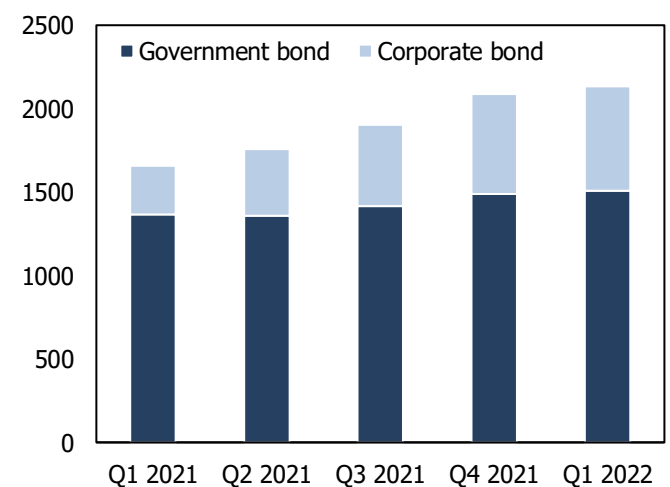
Source: HNX.

**Figure 16. G-bond yield curve – Secondary Market**



Source: Bloomberg.

**Figure 18. Vietnam bond market size (VND tn)**

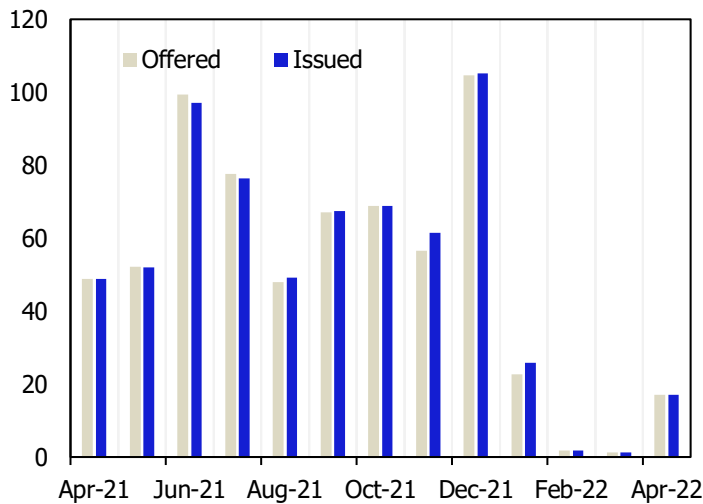


Source: ADB.

## Corporate Bond Market

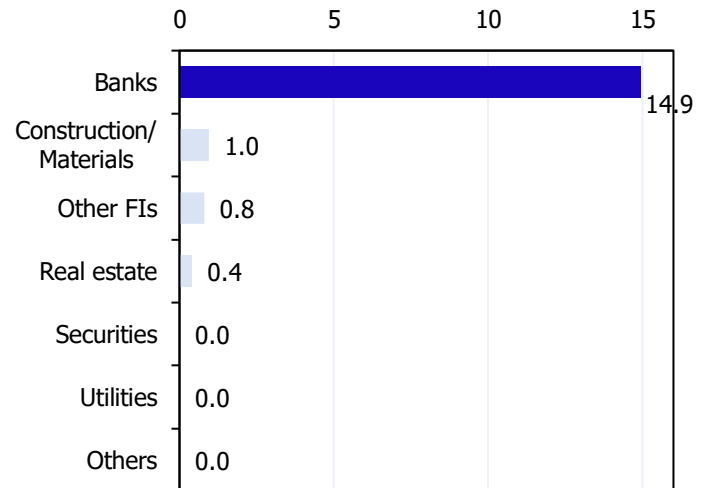
FiinPro data showed that, only VND 17,092bn of corporate bonds were issued in the domestic market in April. Of which, Military Joint Stock Commercial Bank issued the most significant bond volume of VND 4,600bn. In addition, MST Investment Joint Stock Company issued bonds with the highest coupon rate of 12%/year. The banks sector is the top issuer, accounting for the most monthly volume, reaching nearly 90% 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 April 2022(VND tn)**



Source: HNX, FiinPro, MBS Research.

**Figure 21. Top issuers in April 2022**

Ticker	Issuer	Tenor (years)	Amount (VND tn)	Coupon rate (%/year)
MBB	Ngân hàng Thương mại Cổ phần Quân đội	3	4,600	N/A
BAB	Ngân hàng Thương mại Cổ phần Bắc Á	3	3,000	N/A
STB	Ngân hàng Thương mại Cổ phần Sài Gòn Thương Tín	3	2,500	N/A
	Ngân hàng Nông nghiệp và Phát triển Nông thôn Việt Nam	7	1,140	N/A
	Ngân hàng TNHH MTV Shinhan Việt Nam	2	1,000	N/A
ACB	Ngân hàng Thương mại Cổ phần Á Châu	2	1,000	N/A
MSB	Ngân hàng Thương mại Cổ phần Hàng Hải Việt Nam	3	1,000	N/A
	Công ty Tài chính TNHH Ngân hàng Việt Nam Thịnh Vượng SMBC	2	800	N/A
	Công ty Cổ phần Thép Hòa Phát Hải Dương	1	682	N/A
IDC	Tổng Công ty IDICO - CTCP	3	400	N/A
BVB	Ngân hàng Thương mại Cổ phần Bản Việt	7	300	8.6%
NAB	Ngân hàng Thương mại Cổ phần Nam Á	3	200	N/A
VPB	Ngân hàng Thương mại Cổ phần Việt Nam Thịnh Vượng	3	200	N/A
	Công ty Cổ phần Toàn Hải Vân	2630 days	150	N/A
MST	Công ty Cổ phần Đầu tư MST	1	120	12.0%

Source: HNX, FiinPro, MBS Research.

## **PRODUCT**

This product is issued fortnightly with chief focus on the Vietnam's bond market. In this report, we connect macroeconomic indicators with changes in the money market and the bond market. MBS issues this report, however, errors and inaccurate information, if existed, belong to the author. We thank our valued customers for reading and giving feedbacks on our products.

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