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SBV issued central bank bills channel and the OMO channel on the open market to regulate the money supply. Interbank interest rates increased sharply in long term. VND is appreciating against the USD. STV has successfully issued VND 32,500bn of G-bonds in December, and in 2022 has successfully issued VND 214,722bn while Vietnam Bank for Social Policies raised VND 17,900bn of G-bonds. Secondary G-bonds yields declined compared to the previous month. Foreign investors net sold VND 419bn of G-bond during the month and VND 7,515bn for the whole year.

Money Market

SBV made a withdrawal of more than VND 204tn through the central bank bill channel and also injected back VND 62.4tn through the channel to support liquidity. At the same time, overnight interbank interest rates also surged in long terms while overnight rates remained unchanged.

In the second half of December, SBV continued to inject VND 62,074.62bn into the banking system through the purchase of 7-14 days with the winning interest rates were all at 6%/year. Meanwhile, the SBV only issued bills with total value of more than VND 204tn with a term of 7-14 days, and the bill yield was also at 3.98%-6%/year.

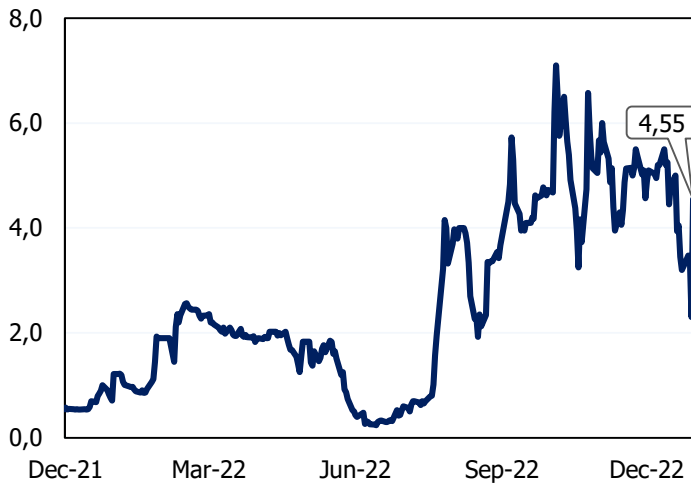
Due to the increased demand for payments and credit at the end of the year, interbank interest rates rose sharply. A Bloomberg survey showed that the overnight interbank rates are trading at 4.55%/year, down by 2 bps compared to the end of last month. Interest rates for other terms are also around 5.48%-7.53%/year, an increase of about 24-126 bps compared to the end of December. The SBV governor said credit is estimated to increase by about 14.5% compared to the end of 2021, completing the year plan. In the context that interest rates next year remain high and the direction of monetary policy management is still to control inflation, the credit growth plan for the year 2023 may be lower than in 2022.

VND is appreciating against the USD.

The SBV withdrew money on the open market in the last days of the year in order to stabilize the VND interest rate, causing the exchange rate to tend to decrease. Compared to the end of November, the USD/VND exchange rate on the free market went down by VND 1,230 per USD and is currently trading at 23,740 VND/USD. The central and interbank rates were respectively traded at VND 23,612 per USD, down VND 53 per USD and VND 23,623 per USD, down VND 561 per USD. In 2022, the currency market and foreign exchange are basically stable when VND depreciates by 3.5%, much lower than other currencies in the world and the region.

Over the past year, the greenback has been supported by the Fed's aggressive rate hikes in an effort to cool down inflation. Fed raised interest rates by 425 basis points since March, with rates currently at a 15-year high. This also helped the USD index increase by 8%. Currently, the USD Index is recording at 104.65 after the release of US December manufacturing PMI data reflected continued deterioration in manufacturing business conditions. Besides, investors are also waiting for US jobs data at the end of the week to make predictions about interest rates in the new year.

Figure 1. Interbank overnight lending rate (%)



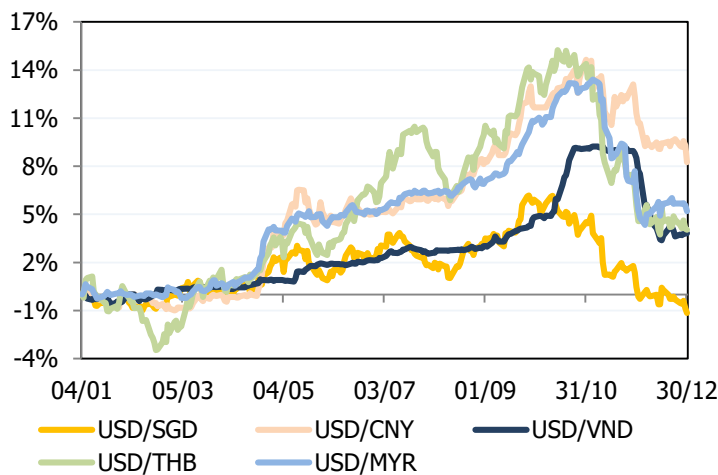
Source: Bloomberg.

Figure 3. Interbank interest rate (%)

	O/N	1 Week	2 Week	1 Month
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
30/12	4.55	5.48	6.40	7.53

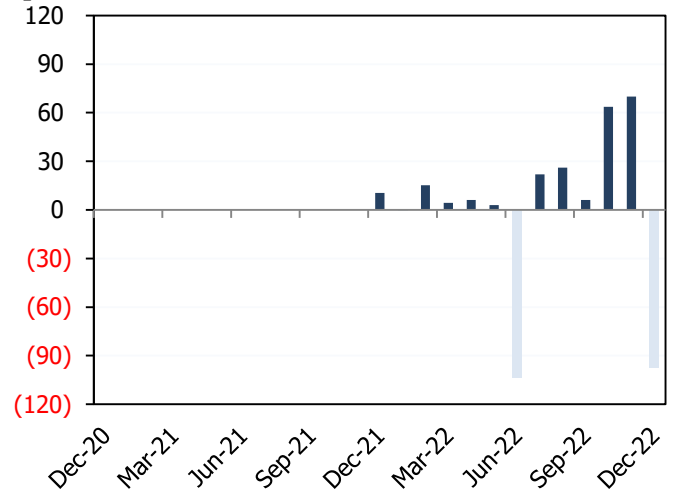
Source: Bloomberg.

Figure 5. Regional currencies performance in 2022



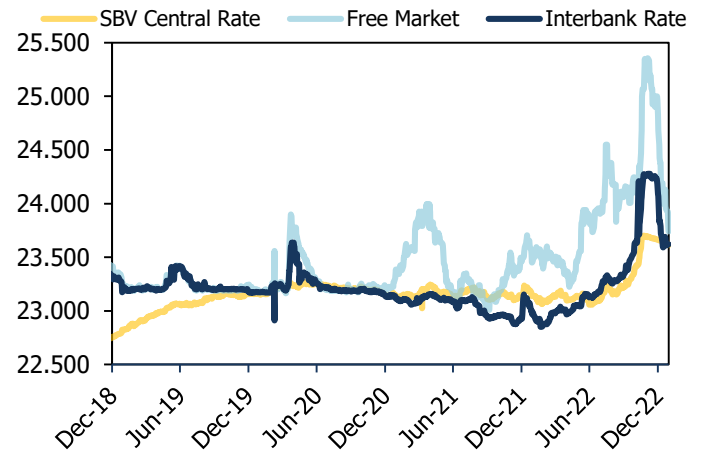
Source: Bloomberg.

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



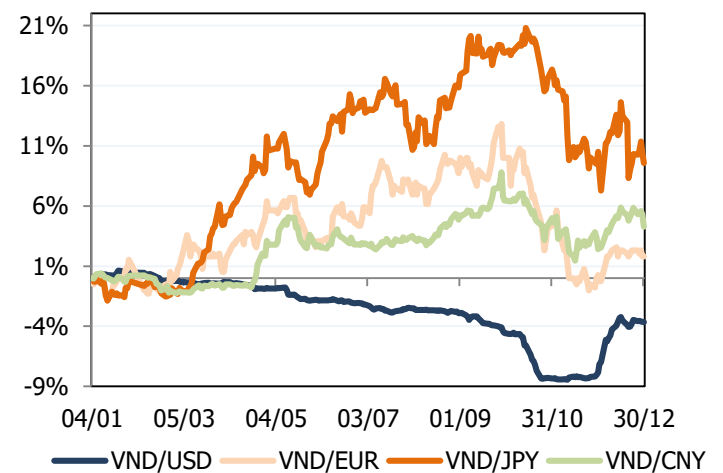
Source: SBV, MBS Research.

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 214,722bn of G-bonds in 2022, in addition Vietnam Bank for Social Policies managed to raised VND 17,900bn.

In December, Of the VND 32,500bn of bonds offered for sale, VND 32,500bn was mobilized, a rate of 100%. STV issued a notice to adjust the G-bonds bidding plan in 2022 with a total issuance of VND 215,000 billion (including the issuance volume to Vietnam Social Security). Since the beginning of the year, STV has issued a total of VND 214,722bn of G-bonds, achieving 100% the adjusted plan for 2022. In addition, Vietnam Bank for Social Policies (VBSP) managed to raise VND 17.900bn in 3Y and 5Y tenors.

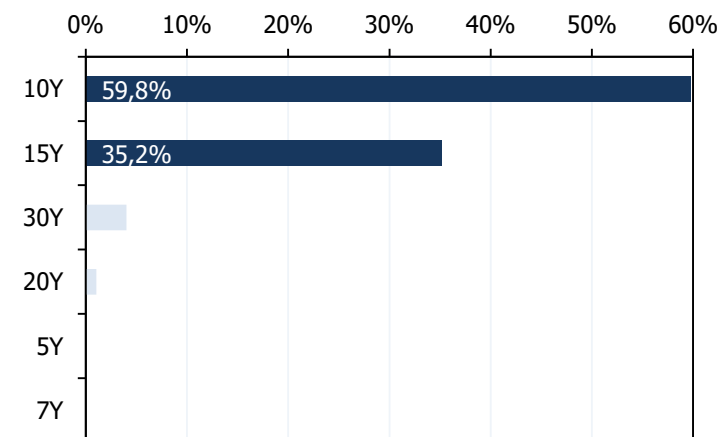
The latest winning yields continue to drop from the November level. The winning yield of the 10Y and 15Y tenors are currently at 4.65%/year and 4.87%/year, a decline of 10-15bps. The winning yields of VBSP bonds remain unchange compared to previous month, respectively at 4.7%/year and 4.8%/year for 3Y and 5Y tenors.

Figure 7. G-bond auction result in December 2022

Tenor	Offering value	Winning value	Issuance rate	Yield
5Y				
7Y				
10Y	20,500	20,500	100%	4.2%- 4.8%
15Y	12,000	12,000	100%	4.4%-4.9%
20Y				
30Y				
Total	32,500	32,500	100%	Unit: VND bn

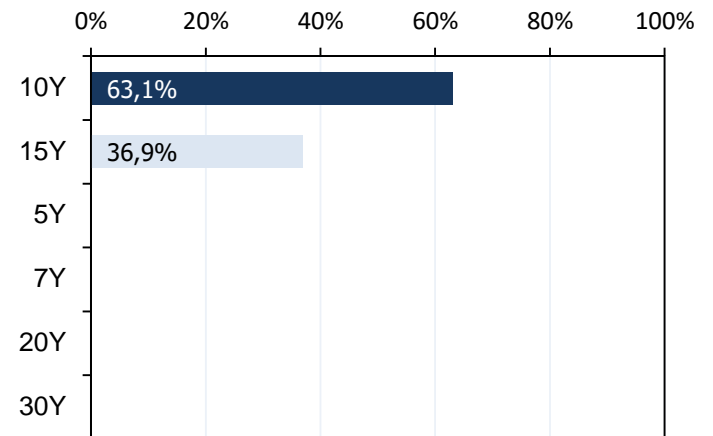
Nguồn: HNX

Figure 9. G-bond successful issuance in 2022



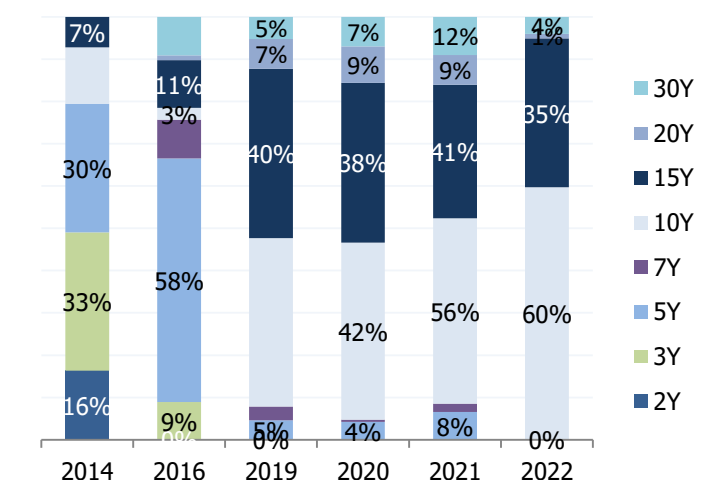
Nguồn: HNX

Figure 8. G-bond successful issuance December 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
5Y		0
7Y		0
10Y		128,312
15Y		75,520
20Y		2,265
30Y		8,625
Total	215,000	214,722

Source: VST, HNX

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

*Bps changed compared to last closing

Market	Last closing	Last week*	Last month	31/12/2021*
U.S.	3.87	12.76	26,9	236.5
EU	2.57	16.80	64,1	274.8
Japan	0.42	3.70	16,9	35.1
China	2.84	-2.70	-8,3	6.0
South Korea	3.74	18.40	5,5	148.0
India	7.33	0.90	4,8	87.4
Malaysia	4.07	0.10	-3,5	50.4
Singapore	3.07	12.64	1,4	135.1
Indonesia	6.94	1.40	0,1	55.8
Philippines	4.80	-1.00	-10,5	245.4
Thailand	2.63	-1.31	-9,2	67.3
Vietnam	4.92	-7.30	0,3	274.8

Source: Bloomberg.

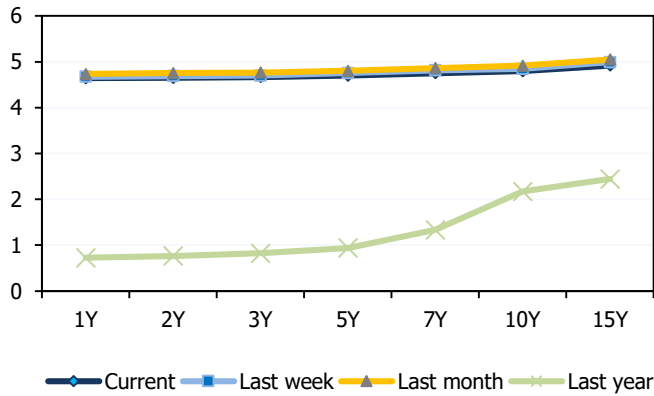
Secondary Market

Secondary G-bond yields reduced during the month. Average transaction volume on the secondary G-bonds market went up by 40%. Foreign investors net sold VND 419bn of G-bonds this month.

At the end of December, the 10Y yield was at 4.8%/year, down 12bps compared to the previous month whereas the 2Y yield grew to 4.65%/year, down 11bps. Since the year beginning, 10Y yield has increased by 389bps whereas the 2Y yield rose by 263bps.

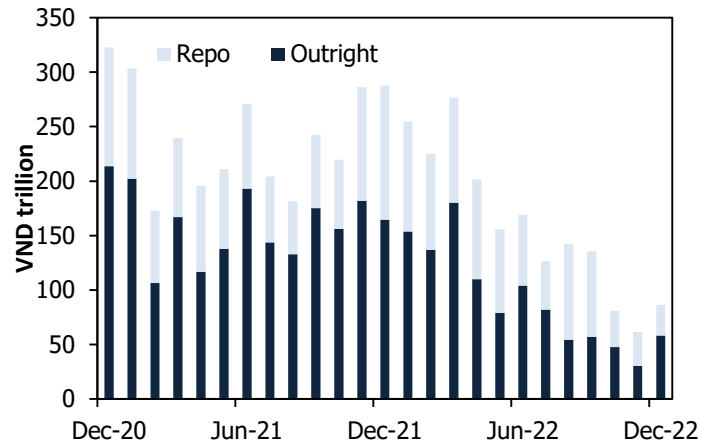
Government bond transactions in the secondary market in December reached VND 4tn daily average, 40% more than its November level. Of which, outright trading accounted for 67% of the volume this period and VND 60tn. Average transaction was VND 2.6tn/day, up by 93% from the previous month's average. Average repos trading volume decreased by 10% compared to November, reaching VND 1.2tn/day. In December, foreign investors net sold G-bonds with an amount of VND 419bn. Overall, foreign investors have sold total VND 7,515bn in 2022.

Figure 13. Vietnam T-bond Yield (%)



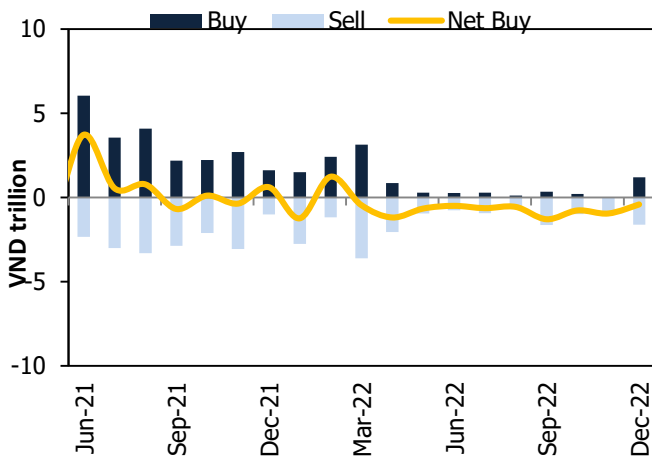
Source: Bloomberg.

Figure 14. Outright and Repo transaction volume



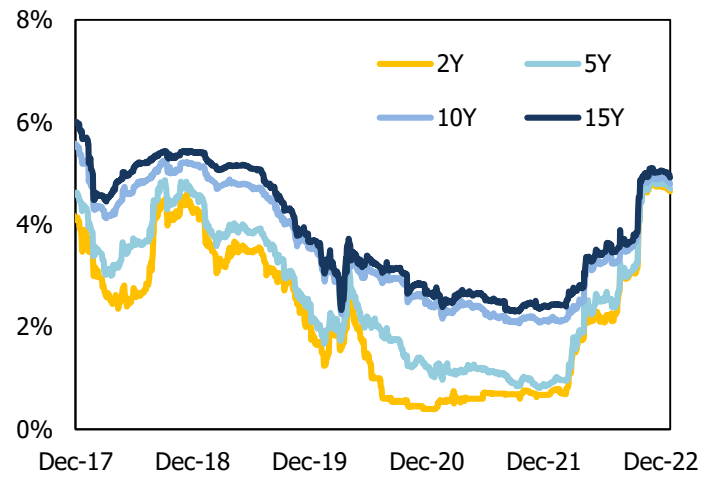
Source: HNX.

Figure 15. Foreign investors' activity in secondary market



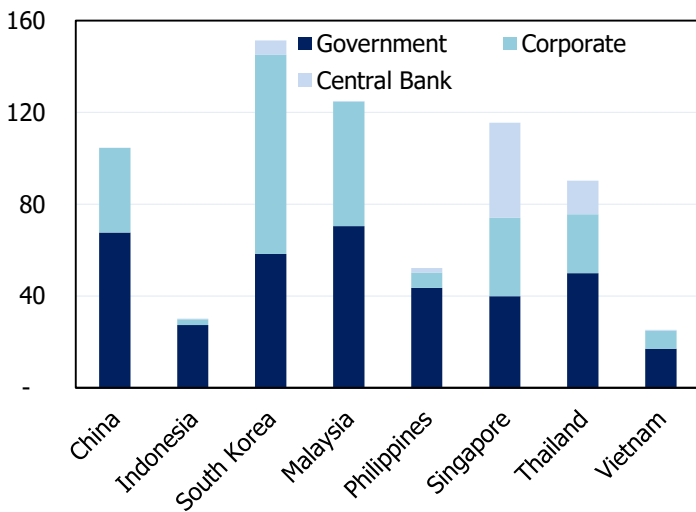
Source: HNX.

Figure 16. G-bond yield curve – Secondary Market



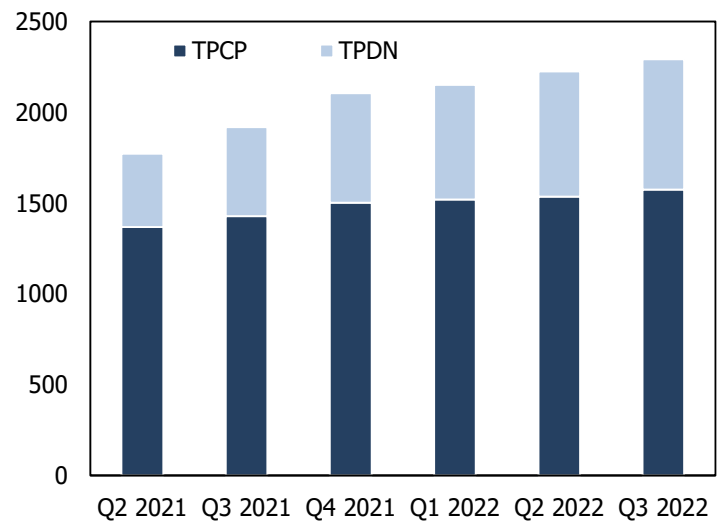
Source: Bloomberg.

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



Source: ADB.

Figure 18. Vietnam bond market size (VND tn)

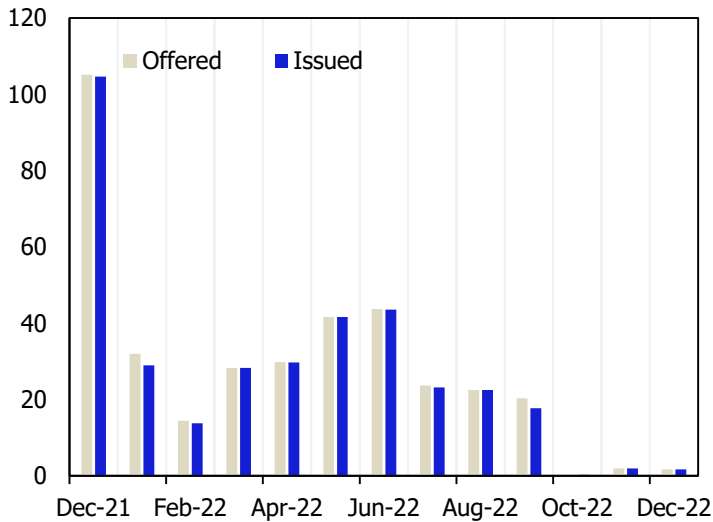


Source: ADB.

Corporate Bond Market

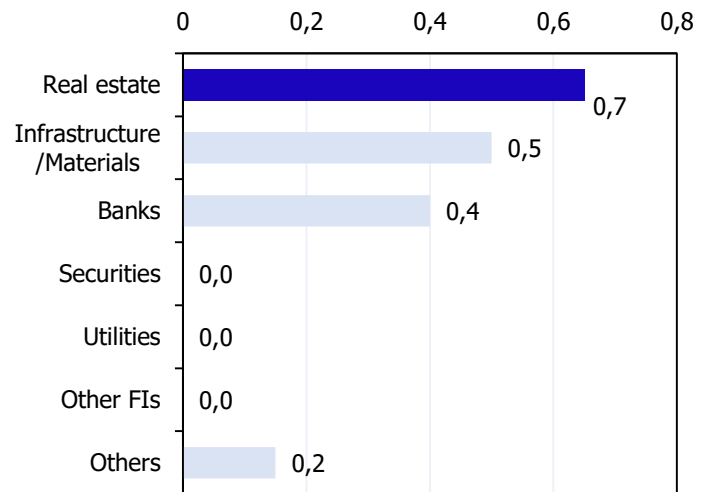
FiinPro data showed that in December, VND 1,700 bn of corporate bonds were issued in the domestic market. Of which, Nam Long Investment Corporation and Thanh Nguyen Energy Development and Investment Co., Ltd issued the most significant bond volume each of VND 500bn and Tenamyd Pharmaceutical Joint Stock Company issued bonds with a high coupon rate of 14%/year.

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



Source: HNX, FiinPro, MBS Research.

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



Source: HNX, FiinPro, MBS Research.

Figure 21. Top issuers in December 2022

Ticker	Issuer	Tenor (years)	Amount (VND tn)	Coupon rate (%/year)
NLG	Công ty cổ phần Đầu tư Nam Long	7	500	12.94%
	Công ty TNHH Đầu tư và Phát triển Năng lượng Thành Nguyên	5	500	13.0%
MBB	Ngân hàng Thương mại Cổ phần Quân đội	7	200	8.8%
BID	Ngân hàng Thương mại Cổ phần Đầu tư và Phát triển Việt Nam	20	200	8.5%
	CÔNG TY CỔ PHẦN KHU CÔNG NGHIỆP KỸ THUẬT CAO AN PHÁT 1	5	150	6.0%
	CÔNG TY CỔ PHẦN DƯỢC PHẨM TENAMYD	1-6	150	14.0%

Source: HNX, FiinPro, MBS Research.

PRODUCT

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