

The interbank interest rate continued to decline throughout the month

- The open market generated no trades in the second half of the month and interbank interest rates stayed low.
- The VND/USD exchange rate quickly surged in line with the general global trend.
- STV issued VND 16,940bn during the month with a substantial decline in yield, completing 63% of the Q2 issuance plan.

MONEY MARKET

Liquidity is abundant, there were no additional transactions on the open market in the second half of June.

As of June, the credit growth in the economy was 3.58% as compared with the figure for the end of 2022, which is much lower in comparison with 9.44% of the same period last year and with 14% of the year plan. Mobilized capital growth was 3.26% amidst low credit demand, bank liquidity became excess, demonstrating by the decreasing in the interbank rate during the second half of June. Currently, the overnight interest rate is trading at 0.5%/year, dropping substantially from 3.7%/year at the end of last month. Interest rates for other terms are also around 1.0%-2.7%/year, a decrease of about 300 bps comparing to the data at the end of May.

The deposit interest rates offered by commercial banks continue to decline and are approaching the levels seen during the Covid-19 pandemic. However, unlike the savings deposit rates, the lending rates of banks remain relatively high. For common business production and operation loans, the interest rates range from 9-10% per year, with some favorable loans at around 7-8% per year. As for housing loans, car loans, and consumer loans, the interest rates are around 11-14% per year.

SBV continues to conduct auctions through the OMO; however, the open market generated no transaction except for a small transaction at the beginning of June and has matured.

The VND/USD exchange rate appreciated, in line with global trend.

Recently, the USD showed signs of an increase with some currencies in the region. The domestic exchange rate also witnessed an uptick during June under the influence of global factors. Compared to the end of May, the VND/USD exchange rate on the free market surged by VND 195 per USD and is currently trading at 23,650 VND/USD. The central and interest rates were respectively traded at VND 23,813 per USD, up VND 99 per USD and VND 23,771 per USD, up VND 169 per USD.

The USD Index is recorded at 103,84. The USD rose to its highest level in two weeks on Thursday after economic data had shown resilient labor market, urging FED to be more determined in raising the rate. Furthermore, FED Chairman, Jerome Powell, during an event hosted by Spain Central Bank in Madrid on Thursday, announced that the Central Bank is expected to lift the interest rate after a pause earlier this month.

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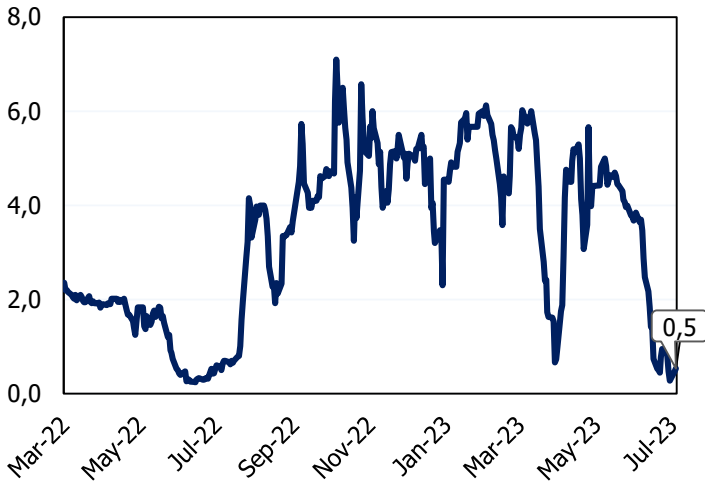
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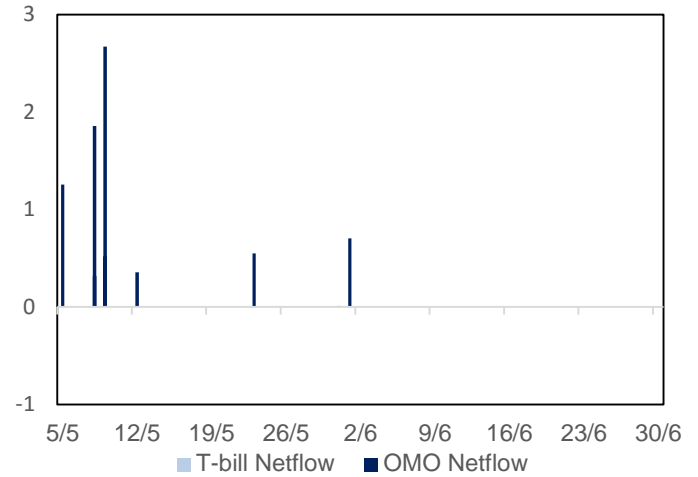
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Figure 1. Interbank overnight lending rate (%)



Source: Bloomberg, MBS Research

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



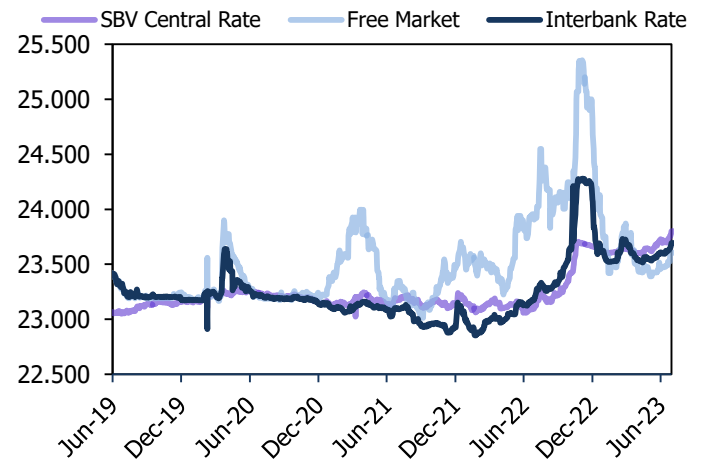
Source: SBV, MBS Research

Figure 3. Interbank interest rate (%)

	O/N	1 Week	2 Week	1 Month
31/03	1.0	1.8	2.4	4.0
30/04	4.4	4.4	4.6	5.0
31/05	3.6	3.8	4.0	4.3
04/07	0.5	1.0	1.3	2.7

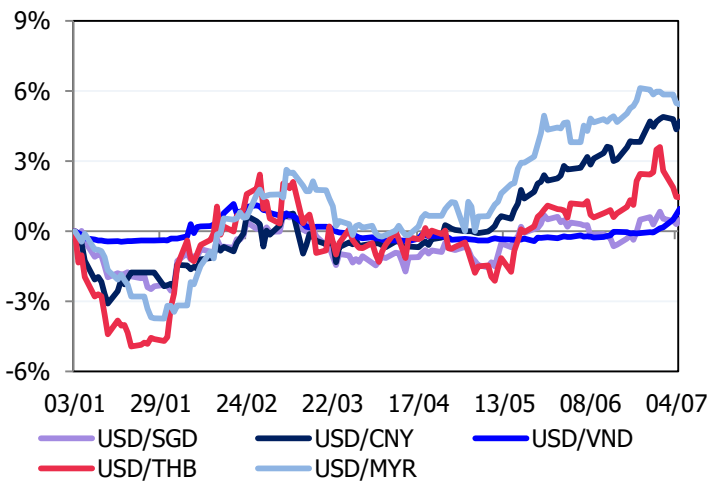
Source: Bloomberg, MBS Research

Figure 4. USD/VND exchange rate



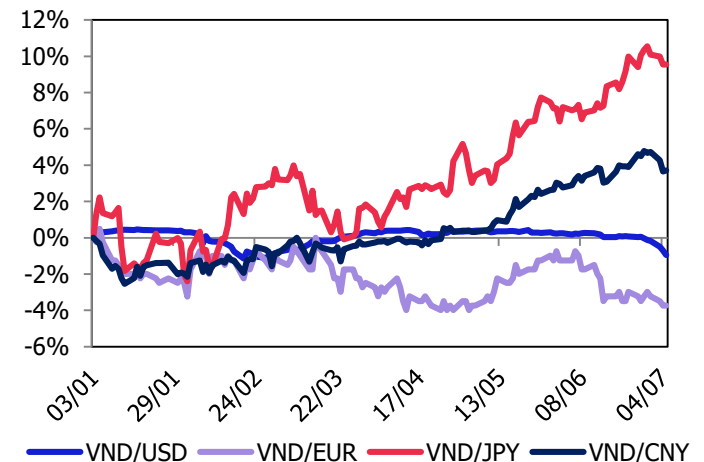
Source: SBV, Bloomberg, MBS Research.

Figure 5. Regional currencies performance in 2023



Source: Bloomberg, MBS Research

Figure 6. VND compared to major currencies in 2023



Source: Bloomberg, MBS Research

GOVERNMENT BOND MARKET

Primary market

STV successfully issued VND 16,940bn of G-bonds this month, accomplishing 63% of its G-bonds issuance plan in the second quarter.

In June, STV reduced the volume of calling for G-bonds, but the winning rate remained relatively high. The amount of G-bonds successfully issued by STV reached VND 16,940bn out of a total of VND 19,750bn proposed, at the rate of 86%. Particularly, the 10Y tenor and 15Y tenor G-bonds had a 100% bid-winning rate. Thus, since the beginning of the year, STV has issued a total of VND 75,019bn of G-bonds and 179,892bn of G-bonds, completing 63% of the second-quarter plan and 45% of the annual plan, respectively.

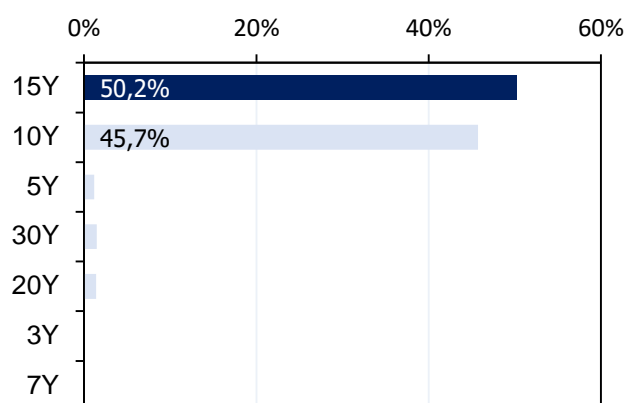
Winning yields of G-bonds significantly decreased during the month. The yield for 10Y and 15Y terms were 2.45%/year and 2.7%/year, respectively, down 35-50 bps compared to the end of May. The 5Y term yield fell by 40 bps to 2%/year. The abundant liquidity of the banking system has recently facilitated the STV to issue G-bonds with low interest rate, but it has been in line with market expectations when the issuance rate is relatively high.

Figure 7. G-bond auction result in June 2023

Tenor	Offering value	Winning value	Issuance rate	Yield
3Y				
5Y	2,000	200	10%	2.00%
7Y				
10Y	7,750	7,750	100%	2.45%-2.95%
15Y	8,500	8,500	100%	2.7%-3.05%
20Y	1,000	240		2.95%-3.19%
30Y	500	250	50%	3.25%
Total	19,750	16,940	86%	Unit: VND bn

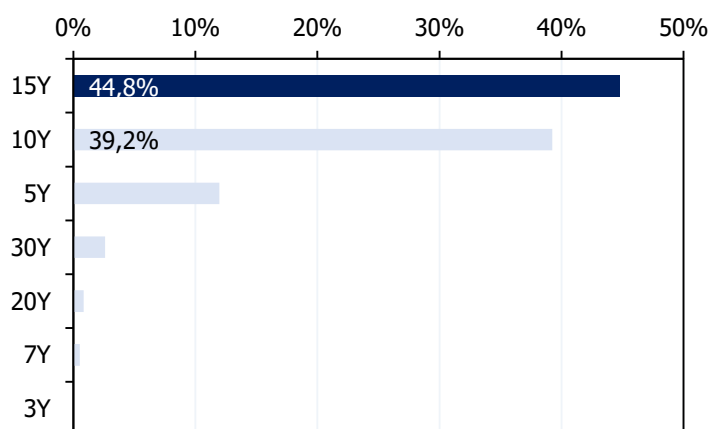
Source: HNX, MBS Research

Figure 8. G-bond successful issuance June 2023



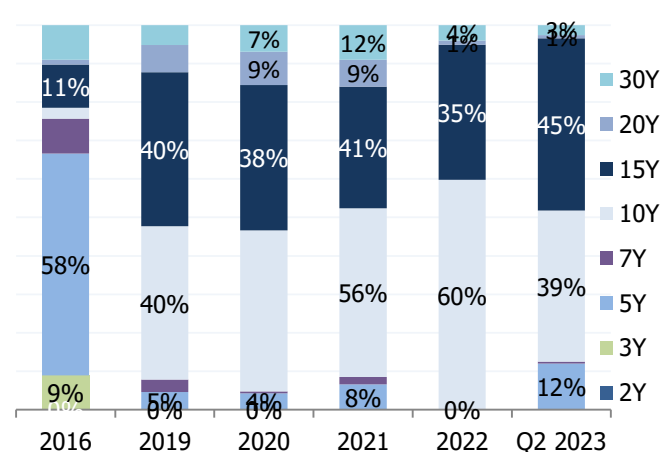
Source: HNX, MBS Research

Figure 9. G-bond successful issuance in 2023



Source: HNX, MBS Research

Figure 10. G-bond successful issuance over the years



Source: HNX, MBS Research

Figure 11: Government bond issuance 2023 (bn VND)

Tenor	VST 2023 plan	VST 2023 issued	% VST 2023 plan
3Y	30,000	0	0%
5Y	35,000	21,549	62%
7Y	5,000	950	19%
10Y	125,000	70,599	56%
15Y	165,000	80,553	49%
20Y	20,000	1,549	8%
30Y	20,000	4,692	23%
Total	400,000	179,892	45%

Figure 12. 10Y G-bond yields (%) in selected countries (As at 30/06/2023).

Market	Last closing	Last week*	Last month	31/12/2022*
U.S.	3.84	10.20	19,4	-3.8
EU	2.39	3.92	11,1	-17.9
Japan	0.40	3.20	-3,5	-2.1
China	2.64	-3.31	-6,7	-19.8
South Korea	3.66	-0.90	14,1	-7.4
India	7.12	4.40	12,9	-21.1
Malaysia	3.85	3.40	15,2	-21.4
Singapore	3.06	5.74	22,3	-1.0
Indonesia	6.26	-3.94	-10,9	-67.9
Philippines	4.87	6.98	9,6	2.0
Thailand	2.59	-1.18	5,1	-3.9
Vietnam	2.64	10.00	-50,1	-215.7

Note: (*) bps changed compared to last closing

Source: Bloomberg, MBS Research

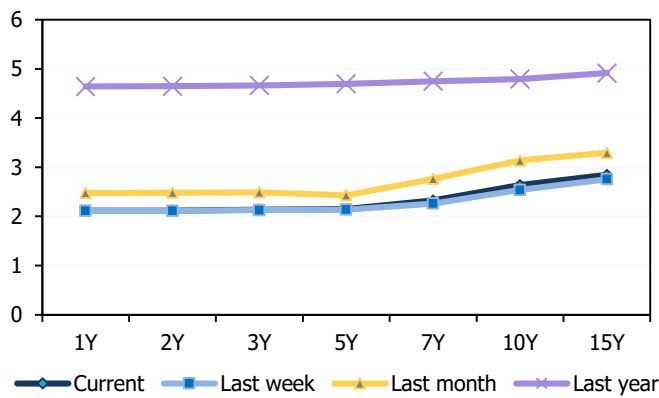
Secondary Market

Secondary G-bond yields decreased during the month. Average transaction volume on the secondary G-bonds market went up by 6% MoM with the proportion of outright transactions increasing gradually. Foreign investors net sold of VND 1,396bn of G-bonds this month.

At the end of June, the 10Y yield was at 2.64%/year, down 50 bps compared to the previous month and the 2Y yield fell to 2.12%/year, down 36 bps. The current secondary yield has fallen to the level of the same period last year.

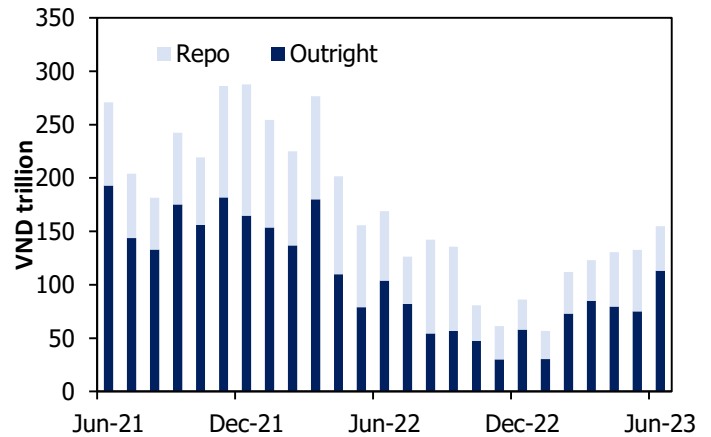
The volume of G-bonds transactions in the secondary market reached VND 7tn daily average, up 6% from the previous month. Of which, outright trading accounted for 73% of the volume this month and nearly VND 113tn. Average transaction was VND 5.1tn/day, up 37% from the previous month's average. Average repos trading volume decreased by 34% compared to May, reaching VND 1.8tn/day. In June, foreign investors net sold G-bonds with an amount of VND 1,396bn. Overall, foreign investors net sold a total of VND 5,063bn of G-bonds in 2023 and VND 9,728bn of G-bonds in the last 12 months.

Figure 13. Vietnam T-bond Yield (%)



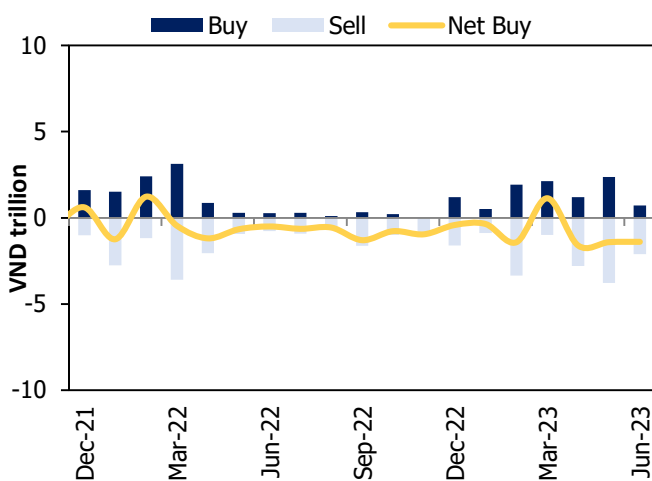
Source: Bloomberg, MBS Research

Figure 14. Outright and Repo transaction volume



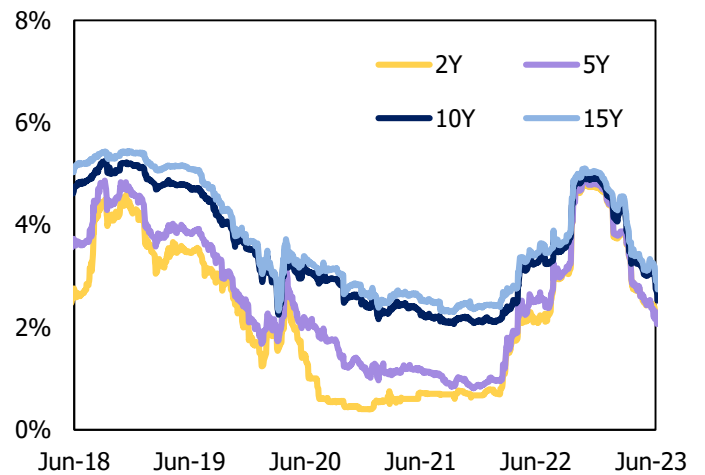
Source: HNX, MBS Research

Figure 15. Foreign investors' activity in secondary market



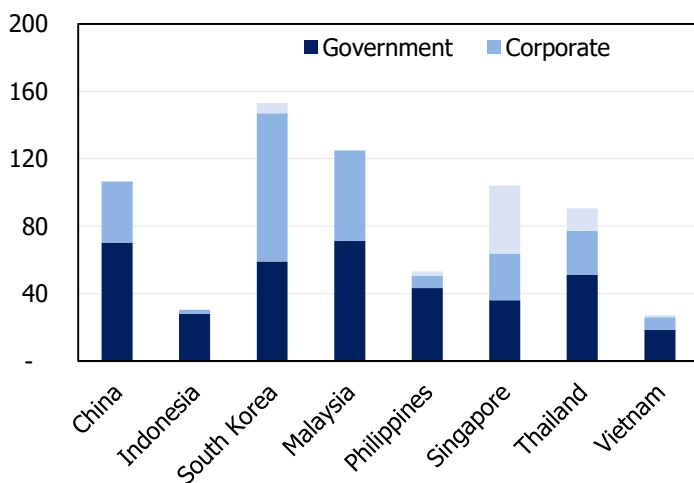
Source: HNX, MBS Research

Figure 16. G-bond yield curve – Secondary Market



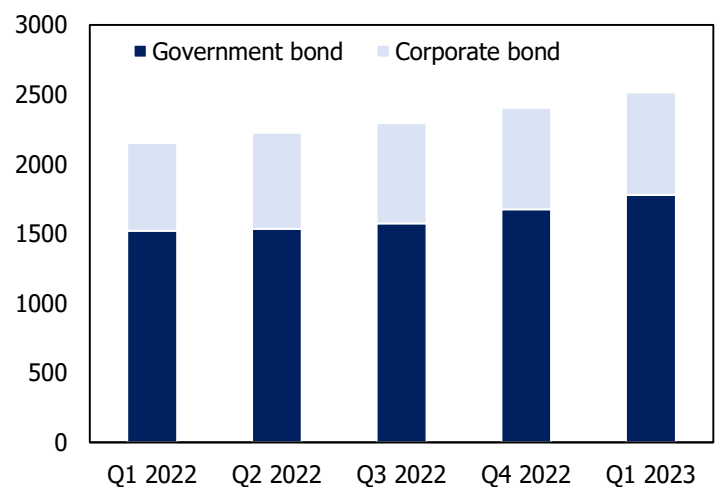
Source: Bloomberg, MBS Research

Figure 17. Size of bond markets (%GDP Q1 2023)



Source: ADB, MBS Research

Figure 18. Vietnam bond market size (VND tn)



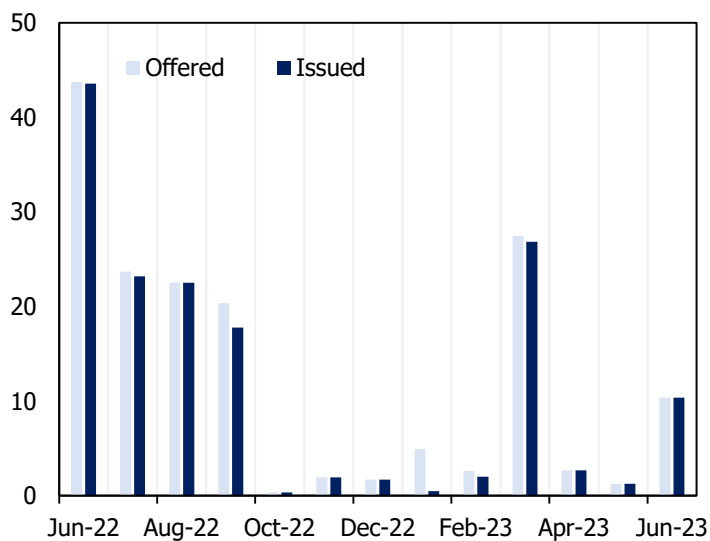
Source: ADB, MBS Research

COPRORATE BOND MARKET

In June, approximately VND 10.400bn of corporate bonds were issued in the domestic market. Of which, Construction Business Development 3 Company Limited issued bonds with the volume of VND 2,250bn with the coupon rate of 14%/year. In addition, Vinam Joint Stock Company Joint Stock Company issued bonds with the same coupon rate of 12%/year and the term of 6 years.

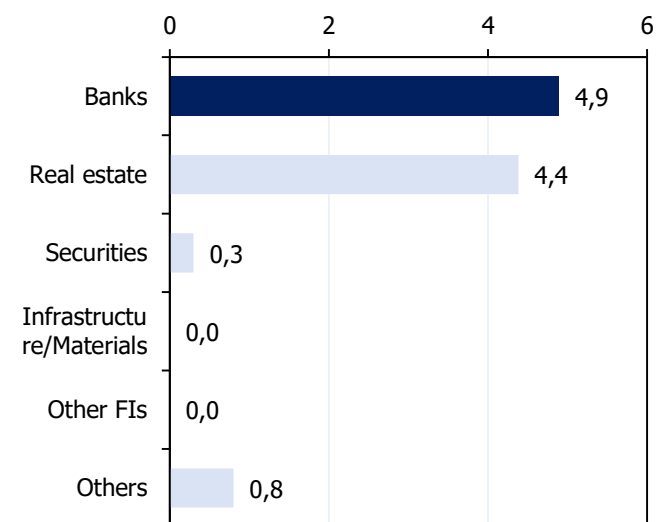
The total value of callable bonds that were bought back before maturity in June was about VND 46,816tn from the issuance of 58 companies. In which, the banking sector accounted for the largest proportion of bond repurchases, reaching about VND 32tn, accounting for 72%. From the beginning of the year, the total value of callable bonds is approximately VND 108,284bn.

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



Source: HNX, FiinPro, MBS Research

Figure 20. Corporate bond issued by sectors in June 2023 (VND tn)



Source: HNX, FiinPro, MBS Research

Figure 21. Top issuers in June 2023

Ticker	Issuer	Tenor (years)	Amount (VND tn)	Coupon rate (%/year)
	Công ty TNHH Phát Triển Kinh Doanh Xây Dựng 3	5	2,250	14.0%
HDB	Ngân hàng Thương mại Cổ phần Phát Triển Thành phố Hồ Chí Minh	7	2,000	N/A
OCB	Ngân hàng Thương mại Cổ phần Phương Đông	2-5	2,000	7.3%-8.1%
	Công Ty Cổ Phần Vinam Land	6	1,500	14.0%
	Công ty Cổ Phần Phát Triển Hạ Tầng Kỹ Thuật Becamex - Bình Phước	5	500	10.5%
BID	Ngân hàng Thương mại Cổ phần Đầu tư và Phát triển Việt Nam	6	490	N/A
NAB	Ngân hàng Thương mại Cổ phần Nam Á	6	400	N/A
	Công ty Cổ phần Chứng khoán Kỹ Thương	2	300	10.5%
VJC	Công ty Cổ phần Hàng không Vietjet	5	300	12.0%
TMS	Công ty Cổ phần Transimex	3	300	10.5%
SBT	Công ty Cổ phần Thành Thành Công - Biên Hòa	4	200	12.0%
	Công Ty Cổ Phần Tập Đoàn Taseco	2	130	12.0%

Source: HNX, FiinPro, MBS Research

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