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Virtually no transactions on the open market made and the record low interbank interest rate indicate that the excess liquidity in the banking system still persist. Positive macro factors will continue to support stable USD/VND exchange rate in the coming time. The State Treasury has successfully issued government bonds in June when the issuance amounted to nearly VND 50tn. G-bond yield continued in downtrend. Foreign investors continued net buying of VND 329bn of government bonds in the period.

Money Market

The SBV barely made any transactions on the open market and the low credit growth led to excess liquidity in the banking system. Overnight interbank interest rates remained at record low level.

In the first half of July, the open market only saw 2 small transactions and as a result, SBV net injected only VND 6.4bn into the banking system. While credit growth in June was better than the previous months' figure, it was still not as forecasted. Credit growth is projected to be only 10% this year, much lower than the target of 14% so short term liquidity should continue to be in excess if SBV do not issue central bank notes.

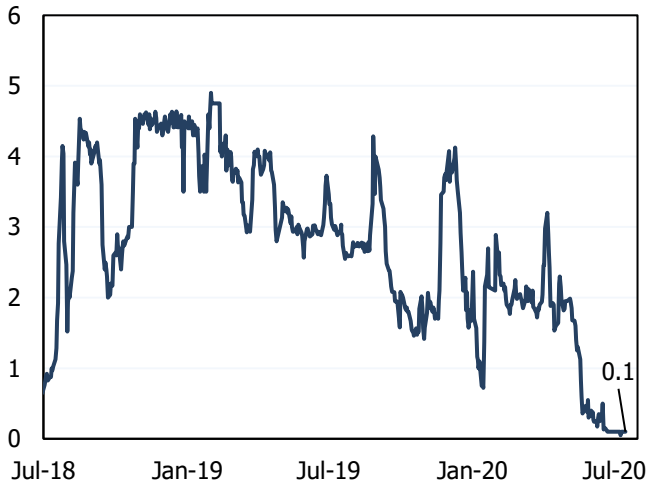
With a large amount of liquidity injected while disbursement was facing difficulties, interbank interest rates continued to decline despite being at a record low. Overnight interbank interest rate has remained at 0.1%/year for 3 straight weeks. Interbank term of 1 week - 1 month was also below 0.3%/year. As the economy grows better in the second half of this year, credit growth improves, interbank interest rates will climb back up.

The USD/VND exchange rate remains stable under SBV's stewardship.

VND continues its stability, only lost 0.1% of its value against the USD since the beginning of the year. The central rate is at VND 23,226 per USD, down VND 3 compared to the end of June. Both interbank and free market exchange rate are trading below the central rate level, at VND 23,200 per USD and VND 23,185 per USD respectively, a decline of VND 10-18 per USD compared to the end of last month.

SBV's stewardship has maintained a stable exchange rate level in recent times, playing a crucial role in inflation control. With favourable macro conditions such as high net exports, abundance of foreign exchange reserves, we expect the exchange rate will continue to remain stable the whole year.

Figure 1. Interbank overnight lending rate (%)



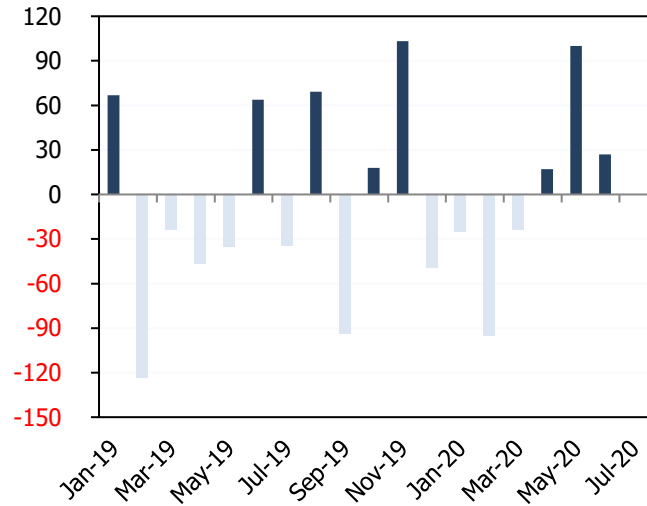
Source: Bloomberg.

Figure 3. Interbank interest rate (%)

	O/N	1 Week	2 Week	1 Month
29/04	1.84	2.08	2.2	2.3
29/05	0.3	0.52	0.7	1.2
30/06	0.1	0.2	0.27	0.33
15/07	0.1	0.2	0.25	0.29

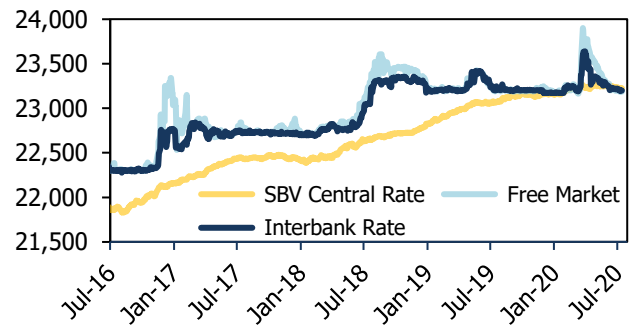
Source: Bloomberg.

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



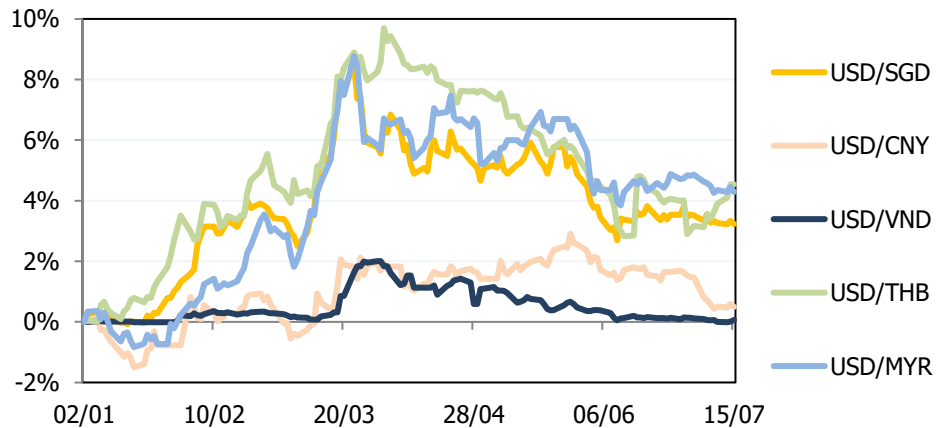
Source: SBV, MBS.

Figure 4. USD/VND exchange rate



Source: SBV, MBS.

Figure 5. Regional currencies performance in 2020



Source: Bloomberg

Government Bond Market

Primary market

STV's effort to ramp up G-bond issuance is greeted enthusiastically by the market with a satisfactory yield.

G-bond issuance not up to speed made STV ramp up the issuance in June. The total auctioned value was at VND 36.5tn, a 40% increase compared to May and the total bidding amount reached VND 111tn. The result was VND 32,594 bn issued on 4 tenors, a 89% issuance rate. 10Y tenor accounted for nearly a half of the issued amount with VND 15,750bn. Currently, STV has only completed 33% of its 2020 issuance plan.

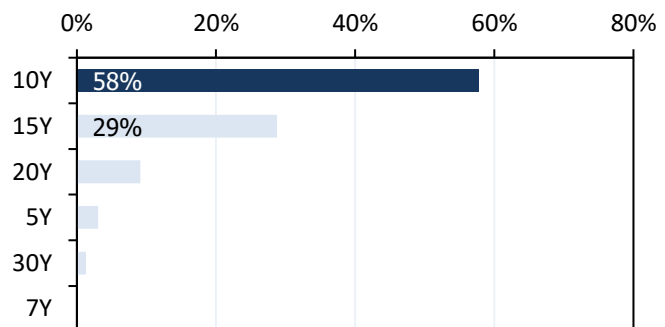
The winning yields are meeting investors' expectation when the range of yield is quite narrow. The latest winning yield of 10Y and 15Y tenor were 2.98%/year and 3.15%/year respectively, only 3bps difference to the yield in the other auctions during June. G-bond winning yield on many tenors has met investors' expectations, creating favorable conditions for the State Treasury to mobilize capital when the budget is having difficulties due to Covid-19.

Figure 6. G-bond auction result in June 2020

Tenor	Offering value	Winning value	Issuance rate	Yield
5Y	1,500	1,500	100%	1.92%
7Y	500	0	0%	
10Y	28,500	28,500	100%	2.78-2.95%
15Y	15,750	14,200	90%	2.99-3.11%
20Y	4,500	4,500	100%	3.34-3.39%
30Y	750	650	87%	3.50%
Total	51,500	49,350	96%	Unit: VND bn

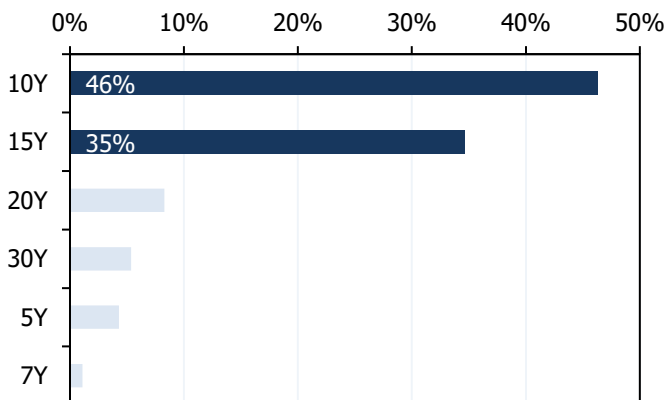
Source: HNX.

Figure 7. G-bond successful issuance June 2020



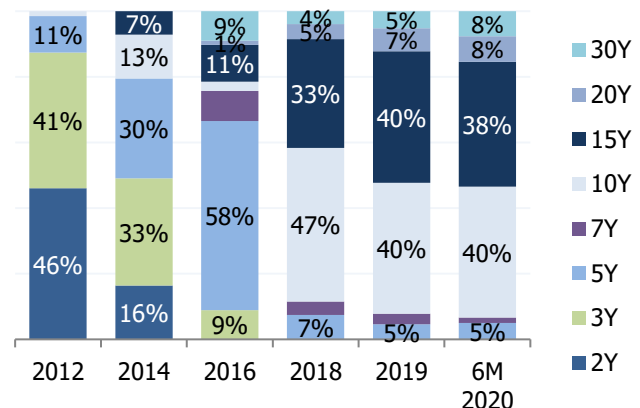
Source: HNX.

Figure 8. G-bond successful issuance in 2020



Source: HNX.

Figure 9. G-bond successful issuance from 2012



Source: HNX.

Figure 10. Government bond issuance 2020













Tenor	VST 2020 Plan	VST 2020 Issued	% VST 2020 Plan
5Y	20,000	5.855	29%
7Y	15,000	1.480	10%
10Y	90,000	63.186	70%
15Y	100,000	47.242	47%
20Y	20,000	11.300	57%
30Y	15,000	7.324	49%
Total	260,000	136.387	52%

Source: VST, HNX

Figure 11. 10Y G-bond yields (%) in selected countries

As at 15/07/2020

***Bps changed compared to last closing**

Market	Last closing	Last week*	Last month	1/1/2020*
U.S.	0.63	-3.45	-2.6 	-128.8
EU	-0.44	-0.40	3.5 	-25.8
Japan	0.04	0.10	0.7 	4.6
China	2.96	-10.80	10.7 	-18.9
South Korea	1.41	3.70	5.5 	-21.3
India	5.81	3.50	-7.3 	-69.2
Malaysia	2.66	-2.40	-24.1 	-64.0
Singapore	0.94	0.30	-3.6 	-82.3
Indonesia	7.07	-5.30	-13.7 	4.2
Philippines	2.19	-5.20	-6.0 	-48.8
Thailand	1.41	-5.70	7.1 	-11.4
Vietnam	2.86	-12.30	-18.9 	-61.3

Source: Bloomberg.

Secondary Market

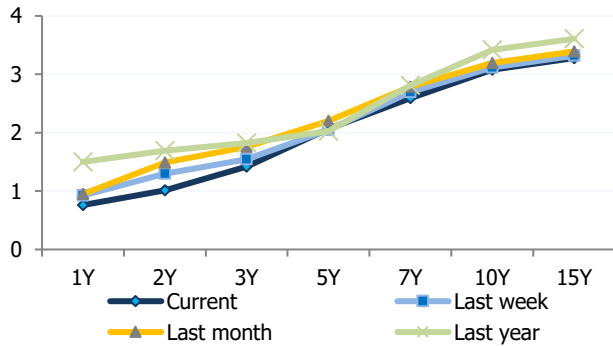
G-bond yields continued their downward trend. On the secondary G-bond market, outright transactions traded quite actively. Foreign investors continued net buying of VND 329bn of government bonds during the period.

G-bond yield on the secondary market dropped significantly on all tenors. Compared to the end of June, the 2Y term yield dropped by 36 bps from 1%/year to 0.64%/year. Meanwhile the 10Y term yield decreased 18bps to 2.86%/year. Since the beginning of the year, 10Y yield has declined by 56 bps whereas the 2Y yield dropped by 97 bps.

Government bond transactions in the secondary market were more active than the June level with the daily average trading volume at VND 9.6tn, an increase of 17%. Of which, outright transactions accounted 69% of volume in the period with VND 72.2tn. Average transaction was VND 6.8tn/day, up 26% compared to the previous month. Meanwhile, average daily repo

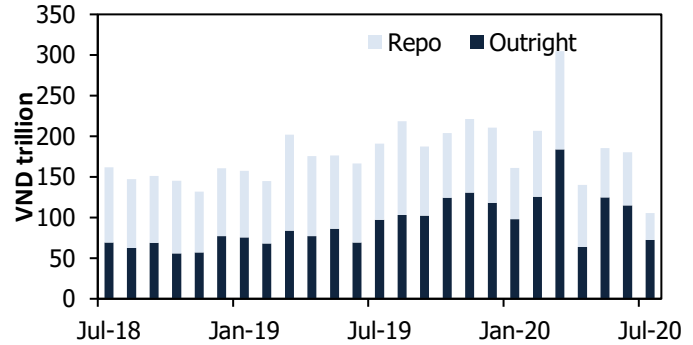
trading volume increased slightly by 2% compared to the previous month, reaching VND 3tn/day. During the first half of July, foreign investors continued their net buying trend of VND 329bn of government bonds. So far in 2020, foreign investors have net purchased VND 2,760bn of government bonds and VND 4,128 in the past 12 months.

Figure 12. Vietnam T-bond Yield (%)



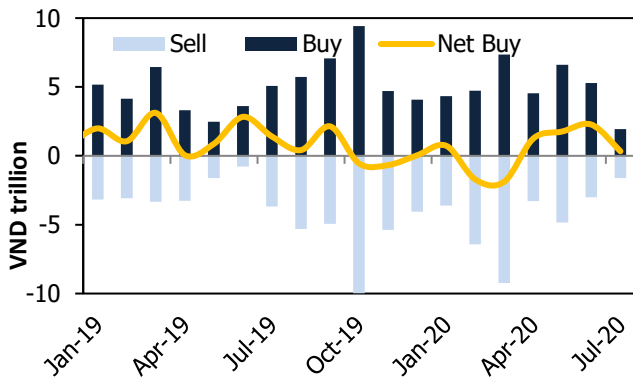
Source: Bloomberg.

Figure 13. Outright and Repo transaction volume



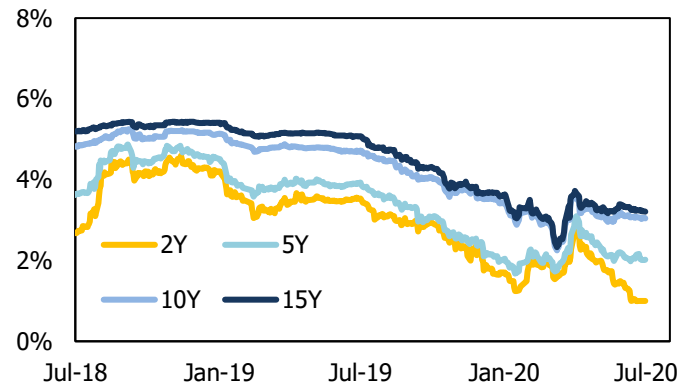
Source: HNX.

Figure 14. Foreign investors' activity in secondary market



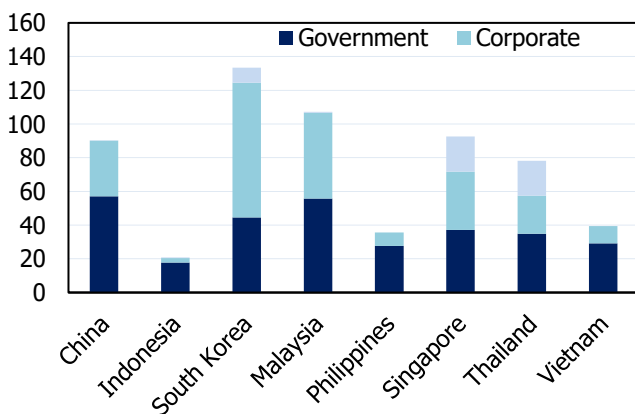
Source: HNX.

Figure 15. G-bond yield curve – Secondary Market



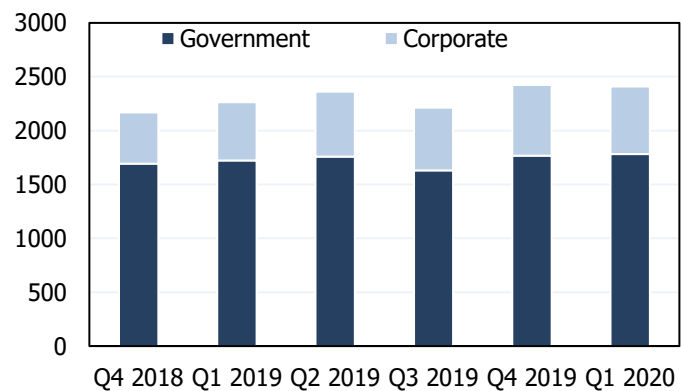
Source: Bloomberg.

Figure 16. Size of bond markets (%GDP 2019)



Source: ADB.

Figure 17. Vietnam bond market size (VND tn)



Source: ADB.

Corporate Bond Market

The newly issued Decree 81/2020/NĐ-CP which added and amended Decree 163/2018/NĐ-CP on regulations regarding corporate bond issuance. The new regulations added tighter controls over the booming corporate bond market. Some new regulations regarding the issuance conditions are as follows:

- The existing corporate bond debt at the issuance date (including the issuing amount) must not exceed 5 times shareholders' equity on the latest quarterly financial report.
- Each issuance must be done in 90 days from the pre-issuance announcement date; the next issuance must be at least 6 months away from the previous issuance, bonds issued in a single issuance must have the same terms and conditions.

The new Decree will be in effect from 01/09/2020. Before the regulations are active, bond issuers may try to take advantage of the limited time window to issue additional corporate bonds.

Corporate bonds issued in recent weeks: VND has successfully mobilized VND 300bn worth of 1Y bond, paying quarterly, fixed rate 9%/year; DXG issued VND 368bn 2Y bond, paying semiannually at fixed rate of 9.5%/year; KDH issued VND 240bn 2Y bond, paying semiannually, payment at fixed rate of 12%/year; Aqua City issued VND 2,600bn 2-5Y bond, paying quarterly, first period payment at fixed rate of 10%/year, the following periods paying floating rate of RR+ 3.5%/year

Figure 18. Selected issuers recently

Issuer	Issuance Date/Announcement Date	Tenor	Value (VNDbn)	Coupon rate (year)	Type of coupon	Payment period	Note
Bank							
Bắc Á Bank	22/05-29/06/2020	2-3Y	2,200	6.2-6.4%	Fixed rate	12 months	
CTG	22/05-29/06/2020	8-15Y	550	7.83-7.93%	1 st period: 7.83-7.93%. After: RR+ 1.2%	12 months	
OCB	12/05-24/06/2020	3-5Y	3,135	6.2-6.7%	Fixed rate	12 months	
SHB	28/04-29/06/2020	2Y	2,300	6.7-6.8%	Fixed rate	12 months	
VPB	28/04-27/05/2020	3Y	6,500	6-6.4%	Fixed rate	12 months	
VIB	23/04-30/06/2020	3Y	3,000	5.1-6.3%	Fixed rate	12 months	
HDB	13/04-01/07/2020	2-3Y	9,750	5.7-6.3%	Fixed rate	12 months	
BIDV	20/04-26/06/2020	6-15Y	12,913	7.2-8%	1 st period: 7.2-8%. After: RR+ 0.6-1.25%	12 months	
TPB	22/05-29/06/2020	2-3Y	2,200	6.2-6.4%	Fixed/1 st period: 8.8-9.6%. After: RR + 2-2.7%	12 months	
Real Estate, Construction, Infrastructure							
Xây dựng GTVT	30/06/2020	7Y	26	8.00%	1 st year: 8%. After: RR + 3.5%	1 months	
DIC 2	20/04-01/07/2020	1Y	9,8	8.50%	Fixed rate	6 months	
HPX	26/06/2020	18M	200	11.00%	1 st year: 11%. After: RR + 4.2%	6 months	
KDH	26/06/2020	2Y	240	12.00%	Fixed rate	6 months	
Vĩnh Xuân	24/06/2020	3Y	400	11.50%	1 st period: 11.5%. After: RR	6 months	

Issuer	Issuance Date/Announcement Date	Tenor	Value (VNDbn)	Coupon rate (year)	Type of coupon	Payment period	Note
					+ 4.4%		
Mặt trời Hạ Long	26/06/2020	18M	1500	9.50%	1st period: 9.5%. After: RR + 2%	3 months	
DXG	22-24/06/2020	2Y	368	11.50%	Fixed rate	6 months	
Aqua City	22/06/2020	2-5Y	2600	10.00%	1st period: 10%. After: RR + 3.5%	3 months	
Long Hưng Phát	23/06/2020	1-4Y	856	10.00%	1st period: 10%. After: RR + 2.5-3.5%	3 months	
CEO Vân Đồn	23/06/2020	3Y	220	10.50%	1st year: 10.5%. After: RR + 3.7%	6 months	
NLG	17/06/2020	3Y	500	10.50%	Fixed rate	6 months	
Hateco Thăng Long	29/05/2020	33M	50	9.00%	1st year: 9%. After: RR + 3%	1 month	
Saigon Glory	12-19/06/2020	3Y	3,000	11.00%	1st year: 11%. After: RR + 4.5%	3 months	
C4G	10/06/2020	2Y	80	11.00%	Fixed rate	6 months	
Ngôi nhà Hạnh Phúc	31/03-02/06/2020	3Y	200	11.00%	1st year: 11%. After: RR + 4%	3 months	
PDR	16/06/2020	1Y	100	13.00%	Fixed rate	3 months	
VHM	30/05/2020	18-36M	12,000	10.00%	1st year: 10%. After: RR + 3.25%	3 months	
Thành phố Xanh	29/05/2020	3Y	2,000	9.50%	1st period: 9.5%. After: RR + 2.3%	3 months	
Đầu tư Marina	29/05/2020	3Y	200	10.00%	Fixed rate	12 months	
BCG Land	26/05/2020	1Y	400	12.00%	Fixed rate	3 months	
Hưng Lộc Phát	01/06/2020	18M	100	12.00%	Fixed rate	6 months	
HDG	22/05/2020	2Y	150	10.50%	Fixed rate	6 months	
ĐTPT Bình Định	06/05/2020	5Y	200	11.5%	Fixed rate	3 months	
Phú Long	08-25/05/2020	3Y	1,300	11%	Fixed rate	36 months	
Đầu tư Bình Dương	23/04/2020	3Y	200	10.34%	Fixed rate	3 months	
Kita	04/05/2020	3Y	2,100	11.5%	1st period: 11.5%. After: RR + 4%	6 months	
HBI	29/04/2020	14M	288,735	8.81%	1st period: 8.814%. After: RR + 0.784%	3 months	
Khu đô thị FPT Đà Nẵng	06/04-04/06/2020	42M	980	11%	1st year: 11%. After: RR + 4%	6 months	
VRE	27/04/2020	3Y	1,000	9.5%	First year: 9.5%. After: RR + 3.25%	3 months	
Mặt Trời Phú Quốc	31/03-04/04/2020	2Y	2,145	10.30%	1st period: 10.3%. After: RR + 3.5%	3 months	
NVL	18/03-28/05/2020	1-5Y	2,537	10.5%	Fixed rate/1st year: 10%. After: RR + 3.5-3.9%	6 months	
Địa ốc Sông Tiên	12/03-22/05/2020	6Y	850	11%	1st period: 11%. After: RR + 4%	12 months	RR adjusts every 3 months
IDJ	04/03-05/05/2020	3Y	49.411	13%	Fixed rate	3 months	
KBC	06/12/2019-08/05/2020	18-24M	400	10.80%	Fixed rate	6 months	
TNR Holdings	03/10/2019-10/04/2020	3-5Y	9,715.9	10.9%	Fixed rate	12 months	
Trung Nam	27/03-15/04/2020	3-5Y	2,000	10.5%	1st period: 10.5%. After: RR + 3.2%	3 months	
Securities							
VDS	07/04-03/07/2020	1Y	399.94	9-9.5%	Fixed rate	12 months	
VND	30/06/2020	1Y	300	9%	Fixed rate	3 months	
SHS	30/06/2020	1Y	300	8,8%	Fixed rate	6 months	
VFS	03/06/2020	1Y	100	10%	Fixed rate	12 months	

Issuer	Issuance Date/Announcement Date	Tenor	Value (VNDbn)	Coupon rate (year)	Type of coupon	Payment period	Note
ABS	10/03-09/06/2020	1Y	29.94	9.5%	Fixed rate	12 months	
BMS	07/05/2020	1Y	180	8.9%	Fixed rate	12 months	
Mirae Asset Vietnam	12/05/2020	1Y	30	7.8%	Fixed rate	12 months	
Others							
Năng lượng Bắc Phương	09/04-29/06/2020	14Y	499.2	9.8%	1st year: 9.8%. After: RR + 3.3%	3 months	
APH	03/07/2020	3Y	260	8.00%	Fixed rate	6 months	Collaterals: NHH and AAA stocks
Ea Súp 5	25/06/2020	18-108M	1,340	11.25%	Fixed/First 18 months: 11.25%. After: RR + 2.5%	3 months	
KSB	30/06/2020	3Y	300	11.00%	1st year: 11%. After: RR + 3.5%	6 months	
SBT	15/06/2020	3Y	172	4%	Fixed rate	6 months	Convertible bond
HNG	04/06/2020	18M	200	9.50%	Fixed rate	3 months	
Mavin Austfeed Nghệ An	10/06/2020	4Y	200	11.0%	1st period: 11%. After: RR + 3.9%	3 months	Issuer will repurchase periodically
Quan hệ Quốc tế - Đầu tư Sản xuất	11/06/2020	1Y	50	13.0%	Fixed rate	6 months	
Khoáng sản Núi Pháo	29/05-02/07/2020	3Y	2,405	10%	1st year: 10%. After: RR + 3.2%	6 months	
Điện mặt trời Trung Nam Thuận Nam	29/05/2020	9Y	3,300	10.5%	1st year: 10.5%. After: RR + 3.9%	3 months	
BCG	20/05/2020	3Y	900	5%	Fixed rate	6 months	Convertible bond
Thủy điện Đakdrinh	22/05/2020	3Y	180	10%	1st period: 10%. After: RR + 2.8%	6 months	
VCP	22/05-05/06/2020	42-60M	900	10.5-10.6%	First year: 10.5-10.6%. After: RR + 3.8%	3 months	
Vincommerce	15/05-08/06/2020	5Y	2,385.83	9.90%	First year: 9.9%. Next year: 10.9%. After: RR + 3.9%	3 months	
Taseco	13/05/2020	1Y	50	10.50%	Fixed rate	6 months	
Phát triển Điện Lực	05/05/2020	3Y	70	9.50%	1 st period: 9.5%. After: RR + 3.5%	6 months	
VSH	24/04-25/06/2020	7Y	200	10.50%	First year: 10.5%. After: RR + 3.6%	3 months	
GEX	31/03-15/04/2020	2-3Y	700	9.5-10%	Fixed/1 st period: 9.5%. After: RR + 3.85%	6 months	Collaterals: TBD and THI stocks
Đầu tư cho thuê tài sản TNL	28/02-28/05/2020	5Y	3,872.9	10.90%	Fixed rate	12 months	
Kinh doanh F88	16/12/2019-11/06/2020	1Y	151.57	12.50%	Fixed rate	3 months	
Sovico	13/01-03/07/2020	3Y	8.150	10-11%	Fixed rate	6 months	Callable after 12 months

Source: HNX, MBS.

PRODUCT

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