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Interbank interest rates continued remain in high level. SBV continues to the issuing central bank bills channel and the OMO channel on the open market to regulate the money supply. The USD/VND exchange rate still tends to increase. STV issued VND 5,135bn of G-bonds during the period with the winning yield increasing. The yield of secondary G-bonds went up in long terms compared to the previous month. Foreign investors net sold VND 782bn of G-bonds during the period.

Money Market

SBV made a withdrawal of more than VND 32tn through the central bank bill channel and also injected back VND 68.3tn through the channel to support liquidity. At the same time, overnight interbank interest rates also surged compared to the end of August.

In the first half of September, SBV withdrew VND 32.6tn through the T-bills channel with a term of 7 days, the yield of bills at 4%/years. To support the high liquidity demand, the SBV also injected back into the system VND 68.3tn by interest rate auction, 7-14 days term with a competitive interest rate from 4.5%- 4.65% years.

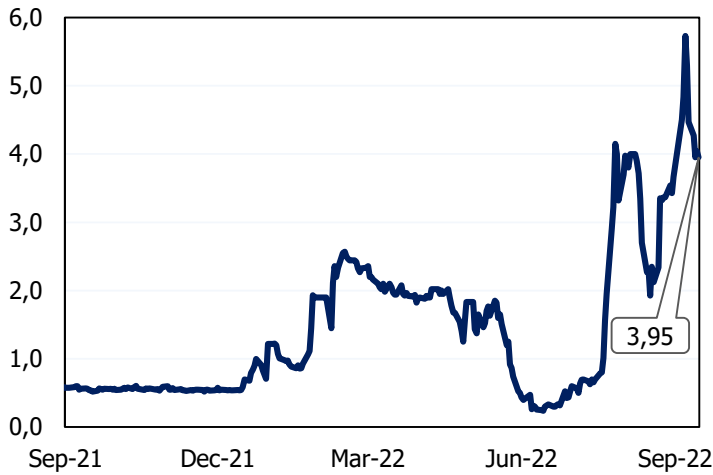
The SBV has adjusted credit growth targets in 2022 for proposed credit institutions. Accordingly, about 14-15 credit institutions were adjusted to increase credit room with the highest increase of 4%, the lowest of about 0.7%. The demand for capital mobilization of commercial banks increased sharply while a large amount of VND was sucked out of the system through foreign currency selling channels, pushing up interbank interest. A Bloomberg survey showed that the overnight interbank rates are trading at 3.95%/year, up by 28 bps compared to the end of last month. Interest rates for other terms are also around 4.12%-4.57%/year, a growth of about 24-40 bps compared to the end of August.

USD/VND exchange rate still tends to increase.

In the first half of September, SBV sharply increased the selling price of USD by 300 VND from 23,400 VND/USD to 23,700 VND/USD. In addition, thanks to the SBV's necessary market intervention to stabilize the market, the USD/VND on the free market price has cooled down. Compared to the end of August, the USD/VND exchange rate in the free market went down by VND 55 per USD and is currently trading at 24,005 VND/USD. The central and interbank rates were traded at VND 23,277 per USD, up VND 58 per USD and VND 23,448 per USD, up VND 113 per USD. In general, in the long term, the USD remains in a bullish trend.

The USD Index is currently at 109.52. The US Consumer Price Index (CPI) of August has just been released, showing that the US inflation rate in August increased by 8.3% compared to the same period in 2021. The real numbers released show that inflation in the US is still quite hot and reinforces speculation that the Fed will continue to raise interest rates. The greenback mostly kept gains after key US data showed consumer sentiment improved in September.

Figure 1. Interbank overnight lending rate (%)



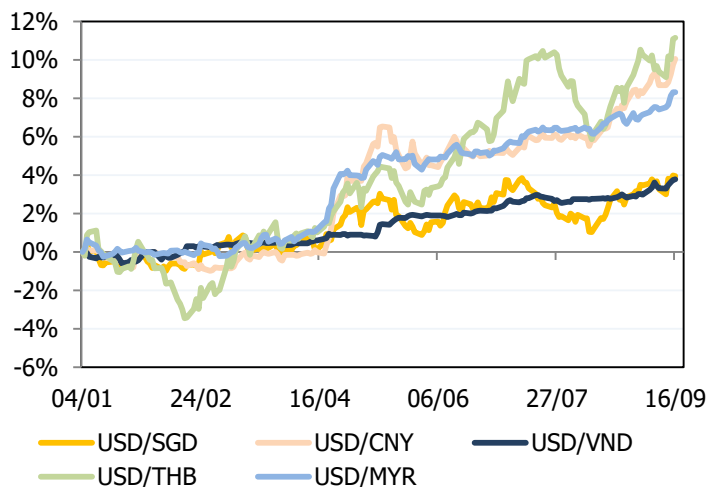
Source: Bloomberg.

Figure 3. Interbank interest rate (%)

	O/N	1 Week	2 Week	1 Month
30/06	0.53	1.01	1.35	2.05
29/07	3.32	3.52	3.44	3.70
31/08	3.67	3.77	3.83	4.33
15/09	3.95	4.12	4.23	4.57

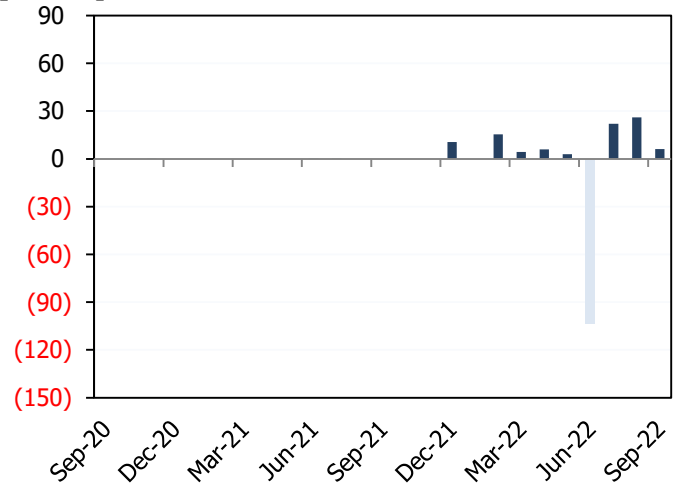
Source: Bloomberg.

Figure 5. Regional currencies performance in 2022



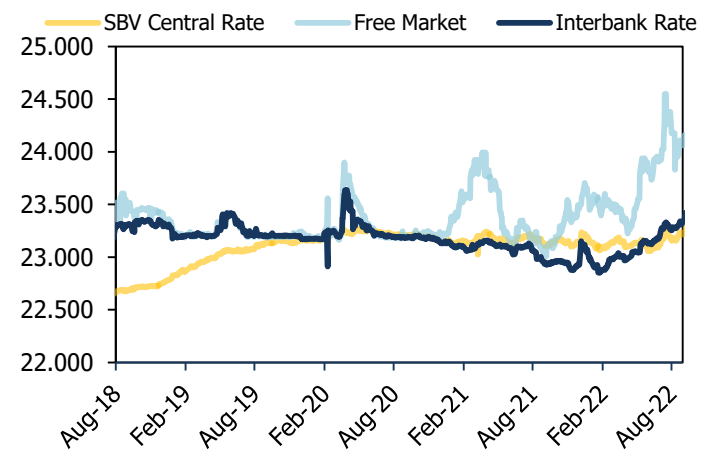
Source: Bloomberg.

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



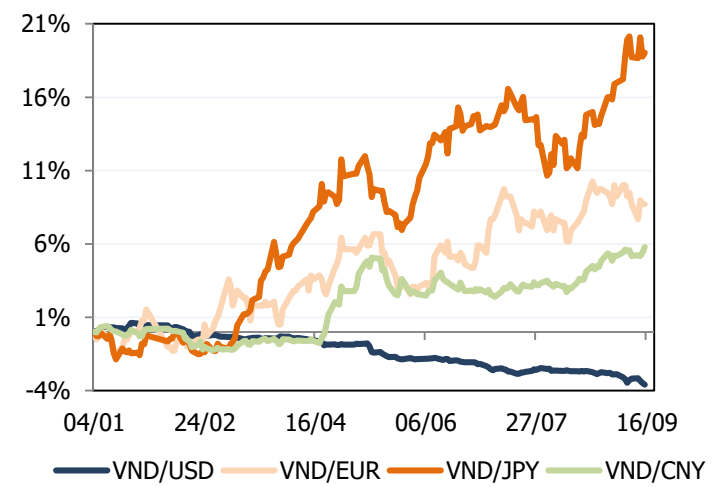
Source: SBV, MBS.

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 5,135bn of G-bonds during the period, with the winning yields increased.

In the first half of September, G-bonds trading volume decreased sharply compared to August, the successful issuance volume was still concentrated in two main tenors 10Y and 15Y. In the VND 13,500bn proposed, there were only VND 5,135bn of G-bonds successfully mobilized, at the rate of 38%. Currently, STV has only issued a total of more than VND 109tn of G-bonds since the beginning of the year, reaching 27% of the year plan.

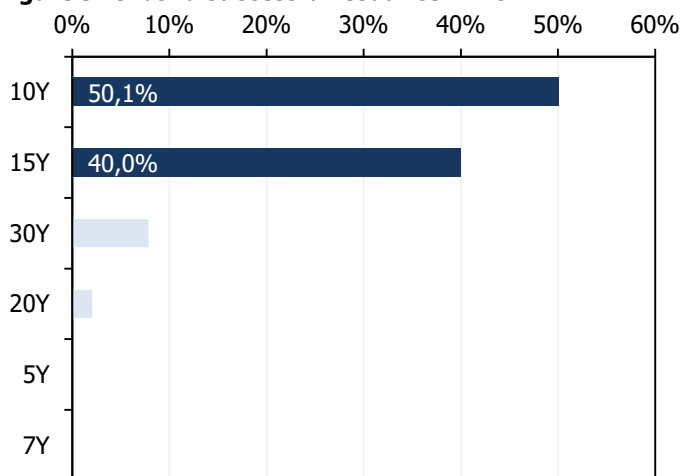
The winning yields of the bonds continued to rise compared to the end of August. The yield for 10Y and 15Y terms were 2.93%/year and 3.23%/year, both terms up 8bps compared to the end of August. Yields are expected to rise again in the near term to attract more investment amid slow disbursement of public investment, as estimated by the end of August, the disbursement plan only reached 39.15% of the annual plan.

Figure 7. G-bond auction result in September 2022

Tenor	Offering value	Winning value	Issuance rate	Yield
5Y	500	0	0%	0.00%
7Y	500	0		
10Y	6,000	2,535	42%	2.85- 2.93%
15Y	6,000	2,600	43%	3.23%
20Y				
30Y	500	0	0%	0.00%
Total	13,500	5,135	38%	Unit: VND bn

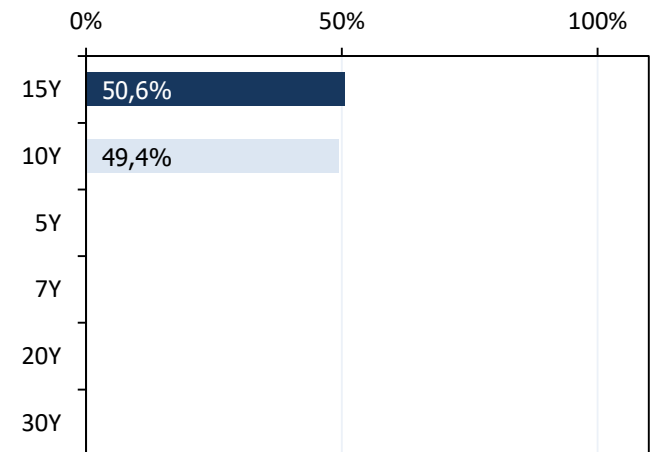
Source: HNX.

Figure 9. G-bond successful issuance in 2022



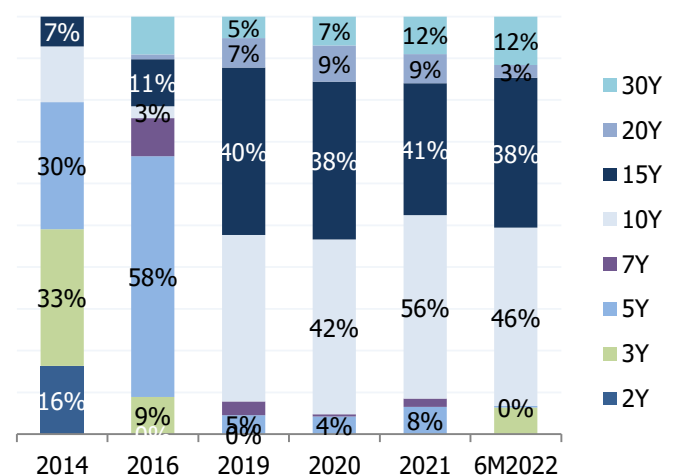
Source: HNX.

Figure 8. G-bond successful issuance September 2022



Source: HNX.

Figure 10. G-bond successful issuance since 2012



Source: HNX.

Figure 11. Government bond issuance 2022

Tenor	VST 2022 plan	VST 2022 issued	% VST 2022 plan
5Y	30,000	0	0%
7Y	15,000	0	0%
10Y	140,000	54,972	39%
15Y	150,000	43,855	29%
20Y	30,000	2,265	8%
30Y	35,000	8,625	25%
Total	400,000	109,717	27%

Source: VST, HNX

Figure 12. 10Y G-bond yields (%) in selected countries **As at 15/09/2022**

Market	Last closing	Last week*	*Bps changed compared to last closing	
			Last month	31/12/2021*
U.S.	3.45	13.19	25,6	193.9
EU	1.77	5.30	22,9	194.7
Japan	0.26	0.70	3,3	18.8
China	2.66	3.50	1,9	-11.6
South Korea	3.79	17.00	7,8	153.5
India	7.20	12.10	1,0	74.6
Malaysia	4.13	8.40	16,2	56.8
Singapore	3.15	6.16	15,6	142.2
Indonesia	7.18	0.60	5,4	80.0
Philippines	4.71	14.79	38,8	236.4
Thailand	2.89	7.69	24,6	92.7
Vietnam	3.71	3.15	16,9	154.4

Source: Bloomberg.

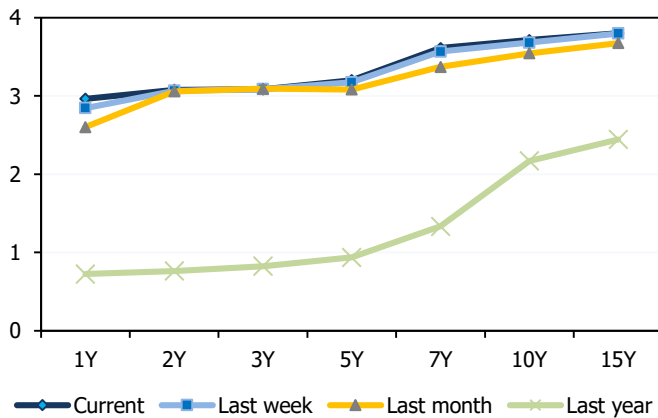
Secondary Market

The yield of secondary G-bonds rose at long terms. Average transaction volume on the secondary G-bond market increase by 12% MoM. In the first half of September, foreign investors continued to net sell VND 782 bn of G-bonds.

In the first half of September, the 10Y yield was at 3.71%/year, up 17bps compared to the previous month whereas the 2Y yield grew to 3.08%/year, up 2bps. Since the beginning of the year, the 2Y yield has increased by 232bps while the 10Y term yield also increased by 154bps. G-bond yields in many countries around the world have tended to increase recently.

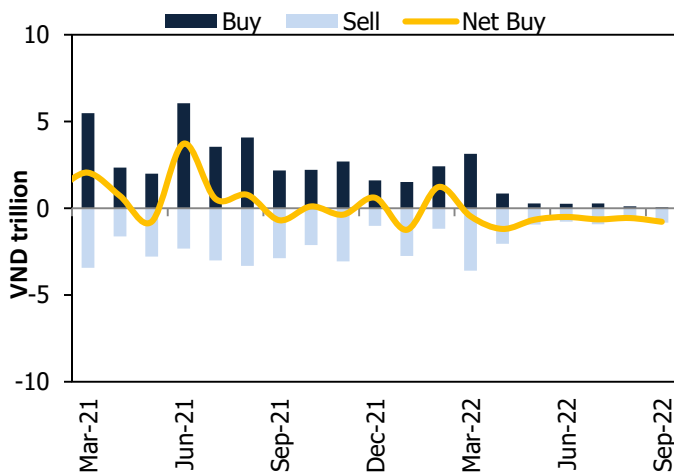
Transactions on the secondary government bond market become more active with daily average trading volume of VND 6.9tn, increase 12% compared to the previous month. Of which, outright trading accounted for 49% of the volume this period and the amount of VND 30tn. The average transaction was VND 3.4tn/day, up by 44% from the previous month's average. Average repos trading volume increased by 8% compared to August, reaching VND 3.5tn/day. Foreign investors continued to net sold VND 782bn of G-bonds in this period. Overall, foreign investors net sold a total of VND 4,841bn of G-bonds in 2022 and net sold VND 4,506bn of G-bonds in the last 12 months.

Figure 13. Vietnam T-bond Yield (%)



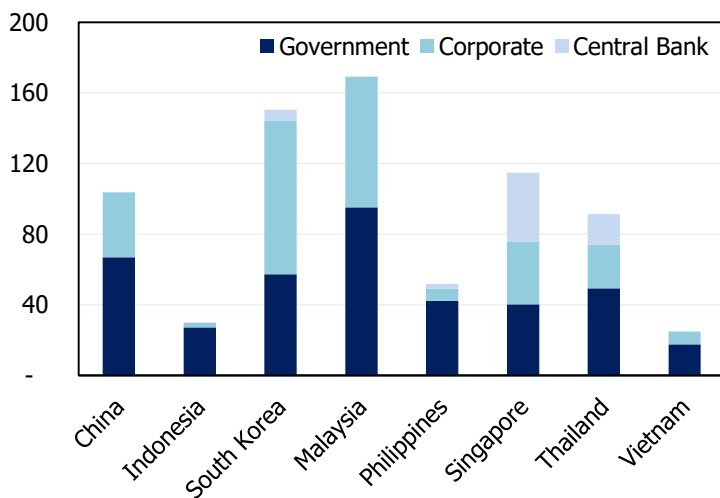
Source: Bloomberg.

Figure 15. Foreign investors' activity in secondary market



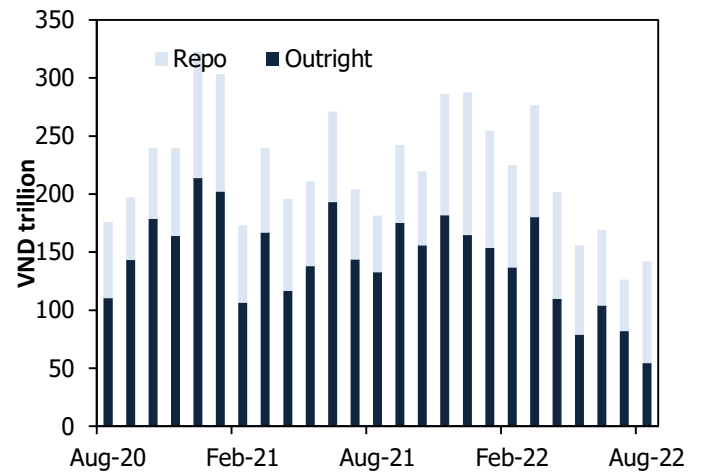
Source: HNX.

Figure 17. Size of bond markets (%GDP Q2 2022)



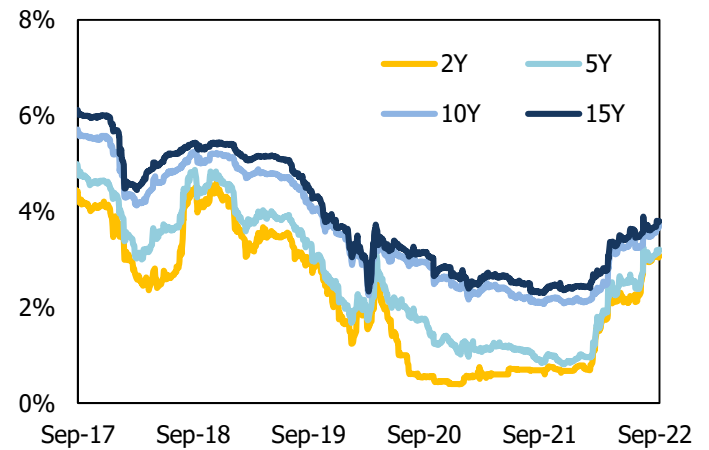
Source: ADB.

Figure 14. Outright and Repo transaction volume



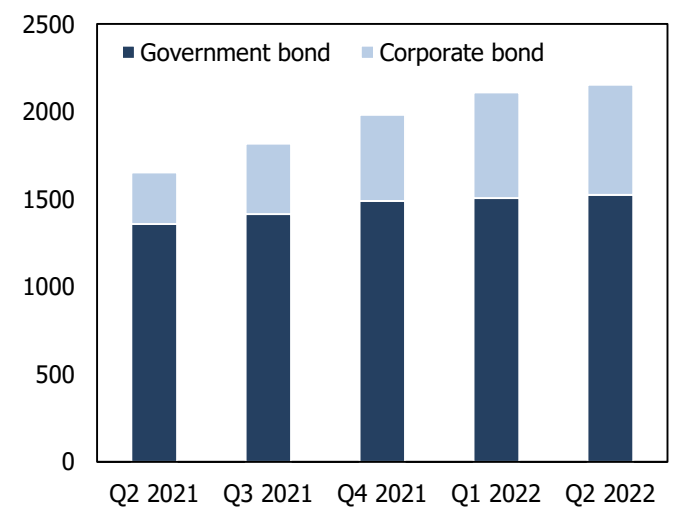
Source: HNX.

Figure 16. G-bond yield curve – Secondary Market



Source: Bloomberg.

Figure 18. Vietnam bond market size (VND tn)

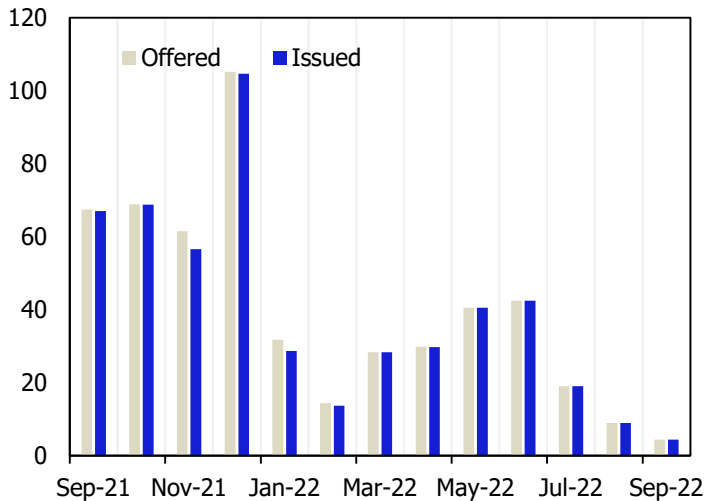


Source: ADB.

Corporate Bond Market

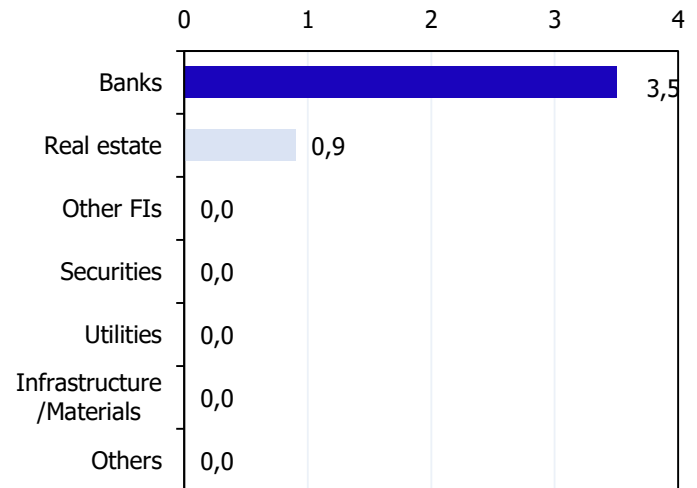
FiinPro data showed that in the first half of September, VND 4,400bn of corporate bonds were issued in the domestic market. Vietnam Prosperity Joint stock Commercial Bank issued the largest bond volume of VND 2,000bn. Banking sector accounted for the majority of issuance in the first half of September.

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



Source: HNX, FiinPro, MBS Research.

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



Source: HNX, FiinPro, MBS Research.

Figure 21. Top issuers in September 2022

Tick er	Issuer	Tenor (year)	Amount (VND bn)	Coupon rate (%/year)
VPB	Ngân hàng Thương mại Cổ phần Việt Nam Thịnh Vượng	1	2,000	N/A
SSB	Ngân hàng Thương mại Cổ phần Đông Nam Á	5	750	N/A
	CÔNG TY CỔ PHẦN ĐẦU TƯ THÀNH THÀNH CÔNG	7	600	N/A
	CÔNG TY TÀI CHÍNH TNHH MTV HOME CREDIT VIỆT NAM	1.5	300	N/A
ABB	Ngân hàng Thương mại Cổ phần An Bình	3	300	N/A
OCB	Ngân hàng Thương mại Cổ phần Phương Đông	3	300	N/A
CTG	Ngân hàng Thương mại Cổ phần Công thương Việt Nam	10	90	N/A
BID	Ngân hàng Thương mại Cổ phần Đầu tư và Phát triển Việt Nam	15	60	N/A

Nguồn: HNX, FiinPro, MBS tổng hợp

PRODUCT

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