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No transactions conducted on the open market, liquidity in the system is still abundant and as a result low interbank interest rate. Credit growth for 9M is at 7.17% while bank deposits growth is at 4.99% The USD/VND exchange rate continues to trade steadily even though the USD increases in price against other currencies in the region. STV issued VND 38,458bn of G-bonds during the period. The yield of secondary G-bonds increased slightly compared to the previous month. Foreign investors net sold VND 691 bn of G-bonds during the month.

Money Market

Interbank interest rates continued to remain low. System liquidity was still abundant as the SBV did not carry out any transactions through the open market channel.

Credit growth in the first 9 months of the year was estimated at 7.17%, much higher than 4.99% in the same period last year. Although capital mobilization growth was only 4.28%, lower than credit growth, the liquidity of the banking system was still quite abundant, reflected by the sideways of interbank interest rates in September. A Bloomberg survey showed that the overnight interbank rates are trading at 0.56%/year, down by 3 bps compared to the end of last month. Interest rates for other terms are also around 0.68%-1.02%/year, a decrease of about 4-7 bps compared to the end of August.

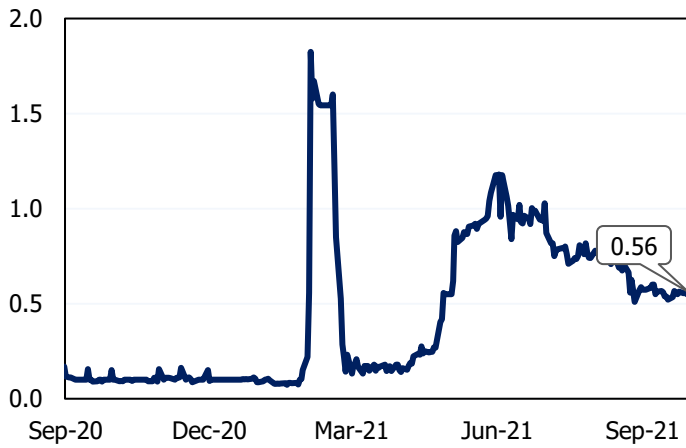
However, with the current positive credit growth, we forecast that interbank interest rates are unlikely to return to 0.1%/year as before, which will only revolve around the current level. Interbank rates are constantly decreasing and market liquidity is still abundant, so commercial banks do not need the support of the SBV. Therefore, there are no new transactions in the open market.

USD/VND exchange rate remains stable.

The USD/VND exchange rate in September did not have much fluctuation. Compared to the end of August, the USD/VND exchange rate on the free market went up by VND 125 per USD and is currently trading at 23,155 VND/USD. The central and interbank rates were respectively traded at VND 23,162 per USD, up VND 32 per USD and VND 22,962 per USD, up VND 5 per USD. Since the beginning of the year, while the value of USD compared to some regional currencies tends to increase, the exchange rate of VND to USD remained at the most stable level.

Last September, the DXY index rose above 94.3, hitting a one-year high on growing expectations that the Fed will ease monetary stimulus from November and is likely to raise rates by the end of next year. At the same time, U.S. government bond yields also recorded a three-month peak after the central bank showed signs of normalizing monetary policy. Dollar rises despite investors awaiting information related to the U.S. public debt ceiling limit. The Treasury Secretary warned on Oct. 18 that the government would run out of cash unless the government raised the debt ceiling, the prospect of default could happen with the possibility of wiping out as many as 6 million jobs and erase \$15 trillion in household wealth, destroying the economy.

Figure 1. Interbank overnight lending rate (%)



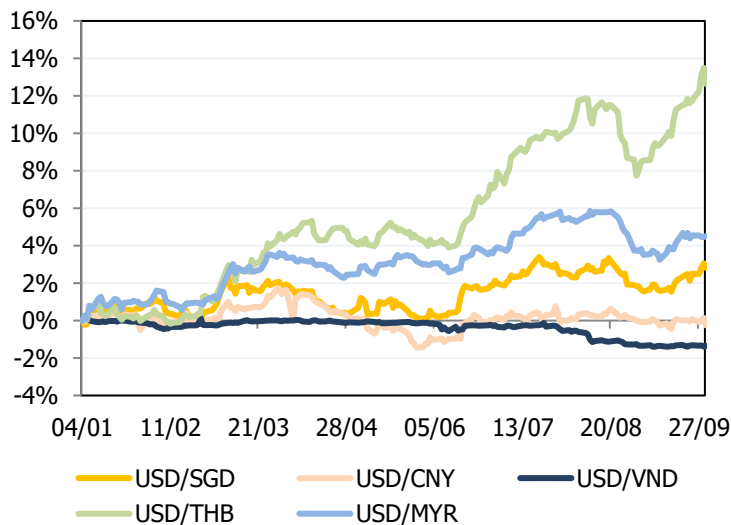
Source: Bloomberg.

Figure 3. Interbank interest rate (%)

	O/N	1 Week	2 Week	1 Month
30/06	0.94	1.14	1.25	1.32
30/07	0.74	0.91	1.02	1.22
31/08	0.59	0.73	0.86	1.06
30/09	0.56	0.68	0.79	1.02

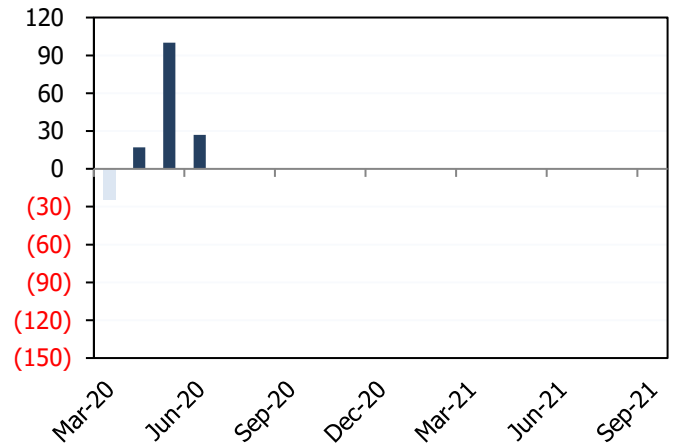
Source: Bloomberg.

Figure 5. Regional currencies performance in 2021



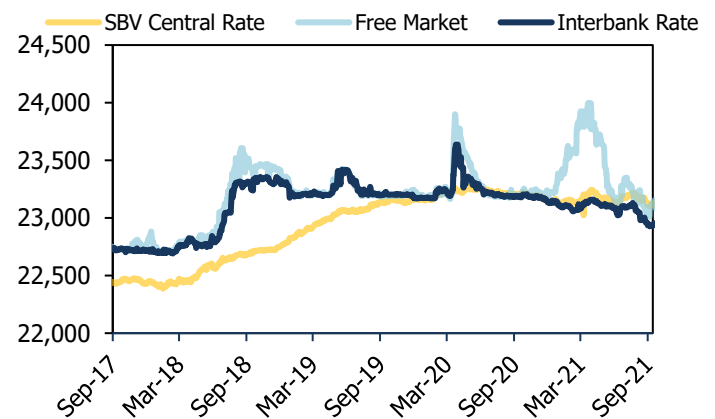
Source: Bloomberg.

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



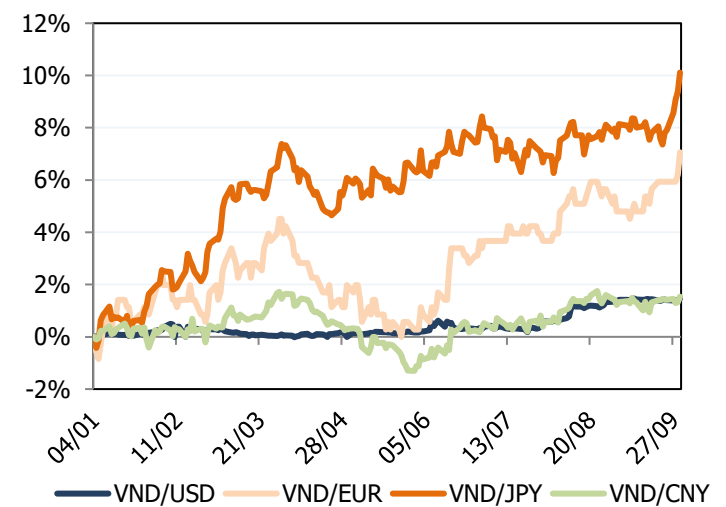
Source: SBV, MBS.

Figure 4. USD/VND exchange rate



Source: SBV, Bloomberg, MBS Research.

Figure 6. VND compared to major currencies in 2021



Source: Bloomberg.

Government Bond Market

Primary market

STV successfully issued VND 38,458bn of G-bonds this month with winning yield went sideway compared to the end of August.

In September, the G-bond issuance situation was more active compared to the end of August. In the VND 48,000bn proposed, only VND 38,458bn of G-bonds were successfully mobilized, at the rate of 80%. The number of successful issuances went up compared to VND 36,226bn in August. Nevertheless, STV has only issued VND 248,738bn of G-bonds in the first 9 months, reaching 71% of the year plan.

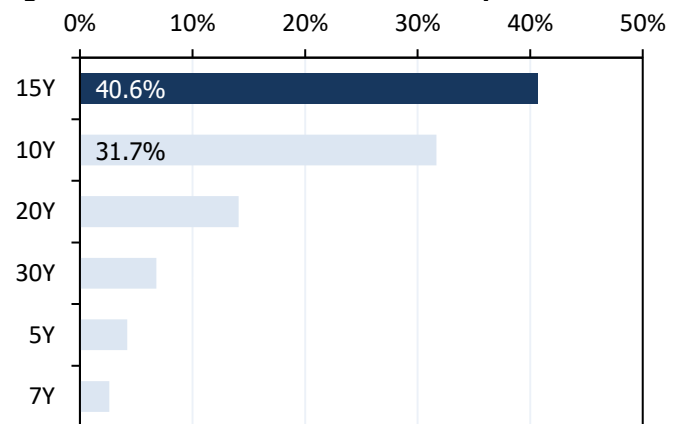
The winning yield of the bonds went sideway compared to the end of August. The yield for 10Y and 15Y terms were 2.12%/year and 2.35%/year, respectively, down 7-9bps compared to the end of August. The 5Y term yield fell by 2bps to 0.82%/year. The abundant liquidity of the banking system has recently facilitated the Government to issue G-bonds with low interest rates, but it has been in line with market expectations when the issuance rate is relatively high. In addition, to support the disbursement of public investment, the amount of G-bonds issuance is expected to continue to increase.

Figure 7. G-bond auction result in September 2021

Tenor	Offering value	Winning value	Issuance rate	Yield
5Y	3,000	1,616	54%	0.82%
7Y	2,000	1,000	50%	1.17%
10Y	14,500	12,180	84%	2.04-2.12%
15Y	18,500	15,624	84%	2.28-2.35%
20Y	6,500	5,425	83%	2.8-2.82%
30Y	3,500	2,613	75%	2.98%
Total	48,000	38,458	80%	Unit: VND bn

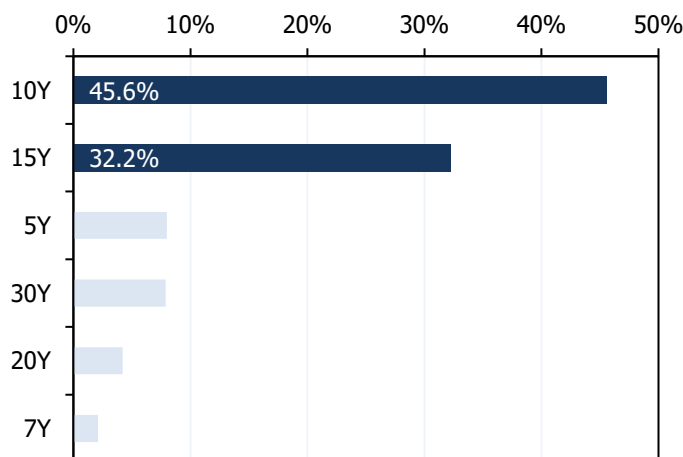
Source: HNX.

Figure 8. G-bond successful issuance September 2021



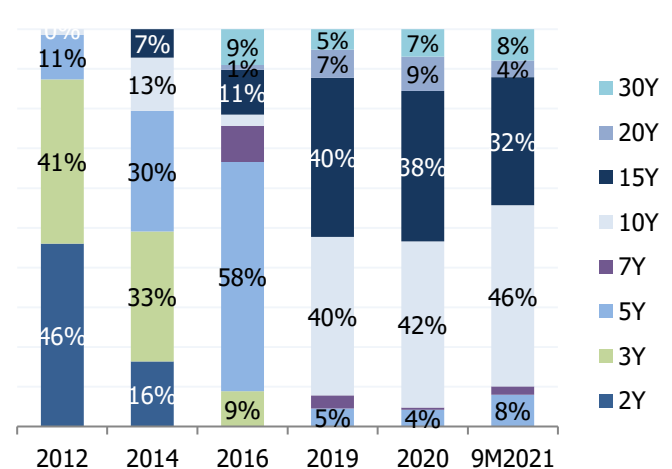
Source: HNX.

Figure 9. G-bond successful issuance in 2021



Source: HNX.

Figure 10. G-bond successful issuance since 2021



Source: HNX.

Figure 11. Government bond issuance 2021

Tenor	VST2021 plan	VST 2021 issued	% VST 2021 plan
5Y	20,000	19,848	99%
7Y	15,000	5,231	35%
10Y	120,000	113,434	95%
15Y	135,000	80,149	59%
20Y	30,000	10,505	35%
30Y	30,000	19,571	65%
Total	350,000	248,738	71%

Source: VST, HNX

Figure 12. 10Y G-bond yields (%) in selected countries As at 30/09/2021

Market	Last closing	Last week*	*Bps changed compared to last closing	
			Last month	31/12/2020*
U.S.	1.47	-1.72	17.9	55.5
EU	-0.21	-2.90	18.4	36.2
Japan	0.06	0.20	4.7	3.7
China	3.09	0.10	2.9	-5.3
South Korea	2.10	4.50	32.5	37.3
India	6.05	3.30	0.6	18.6
Malaysia	3.28	0.50	18.7	63.5
Singapore	1.60	-1.90	18.2	72.1
Indonesia	6.59	-0.20	19.7	70.4
Philippines	2.25	3.40	31.9	35.6
Thailand	1.77	-5.70	27.8	50.2
Vietnam	2.23	0.20	5.4	-35.1

Source: Bloomberg.

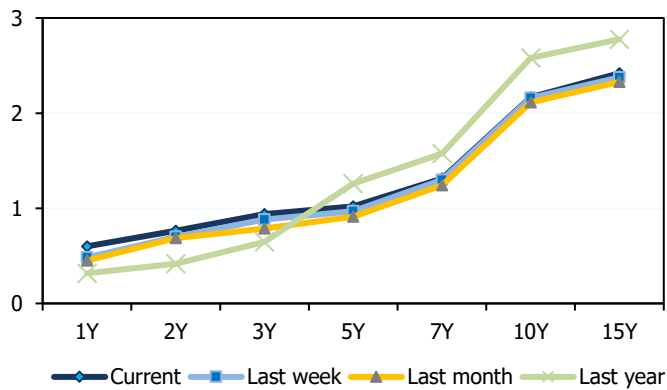
Secondary Market

G-bond yield increase slightly during the month. Average transaction volume on the secondary G-bond market soared by 47% MoM with the proportion of outright transactions increasing gradually. Foreign investors net sold VND 691bn of G-bonds this month.

At the end of September, the 10Y yield was at 2.17%/year, up 6 bps compared to the previous month whereas the 2Y yield grew to 0.76%/year, up 7 bps. Since the beginning of the year, the 2Y yield has increased by 35 bps while the 10Y term yield has decreased by 41 bps. In major markets around the world as well as in the region, their yields increase by tens of bps.

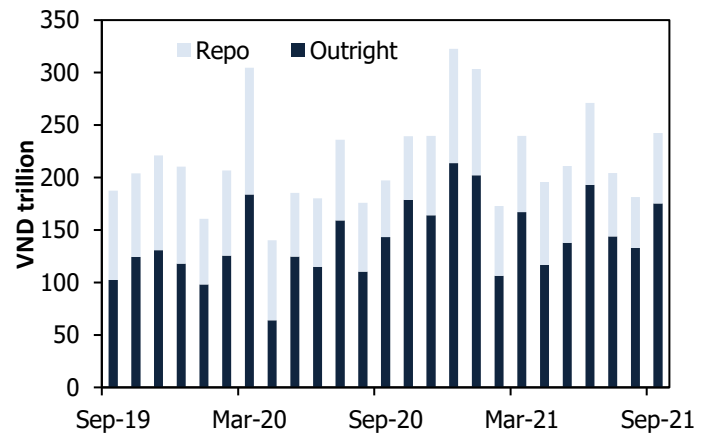
Transactions on the secondary government bond market were more active than the previous month with daily average volumes of VND 12.1tn, up 47%. Of which, outright trading accounted for 72% of the volume this period and VND 193tn. Average transaction was VND 8.7tn/day, up by 45% from the previous month's average. Average repo trading volume increased by 52% compared to August, reaching VND 3.3tn/day. In September, foreign investors back to net sold G-bonds with an amount of VND 691bn. Overall, foreign investors net purchased a total of VND 10,471 bn of G-bonds in 2021 and VND 13,952bn of G-bonds in the last 12 months.

Figure 13. Vietnam T-bond Yield (%)



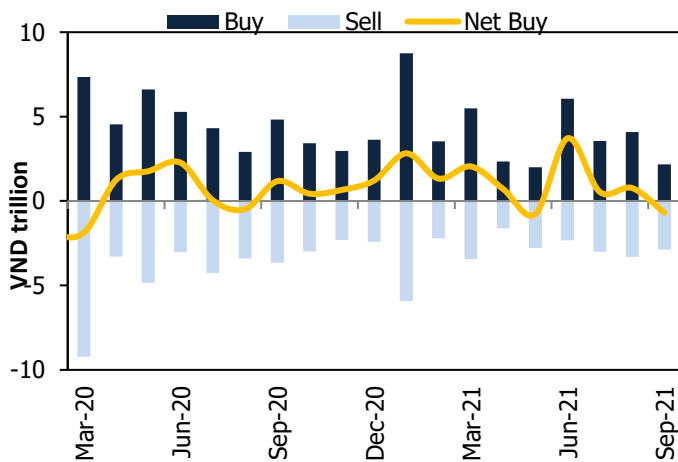
Source: Bloomberg.

Figure 14. Outright and Repo transaction volume



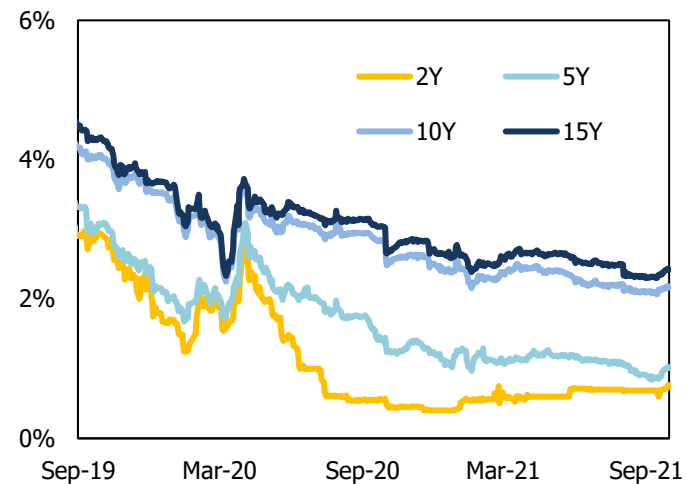
Source: HNX.

Figure 15. Foreign investors' activity in secondary market



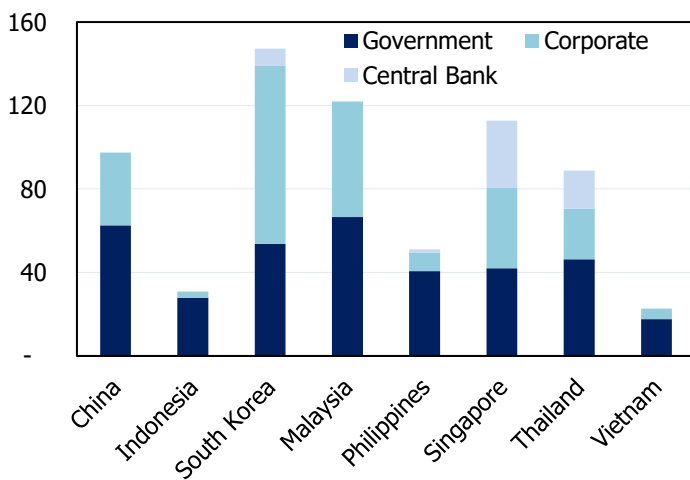
Source: HNX.

Figure 16. G-bond yield curve – Secondary Market



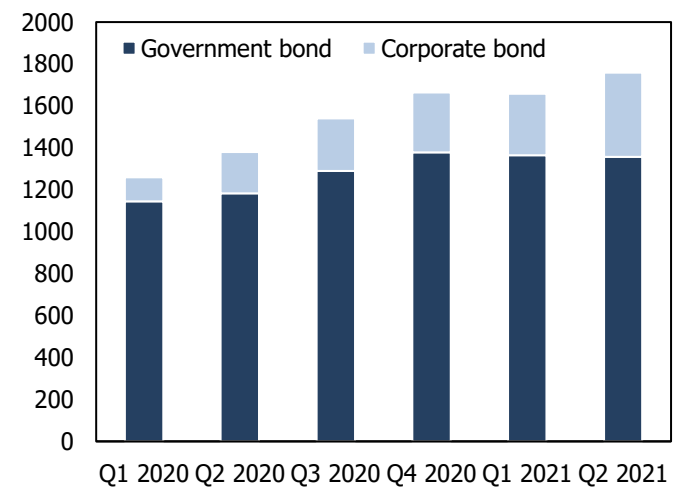
Source: Bloomberg.

Figure 17. Size of bond markets (%GDP Q2 2021)



Source: ADB.

Figure 18. Vietnam bond market size (VND tn)

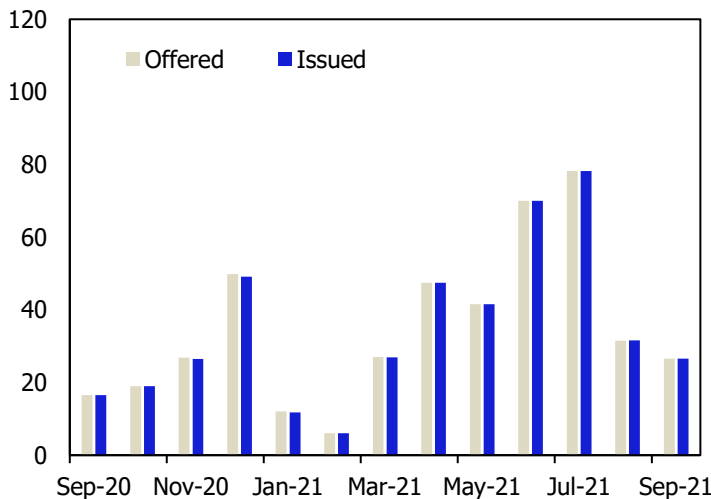


Source: ADB.

Corporate Bond Market

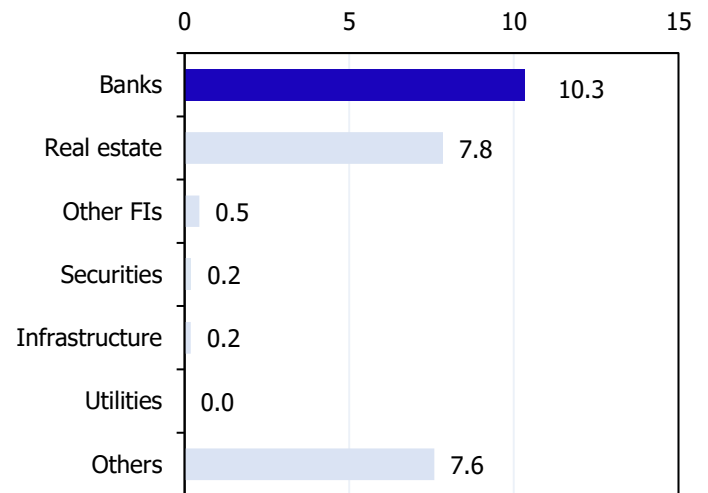
FiinPro data showed that, VND 26,609bn of corporate bonds were issued in the domestic market in September. Of which, Truong Hai Auto Corporation issued the most significant bond volume of VND 2,400bn with coupon rate of 8%/year. Moreover, Phat Dat Real Estate Development Corporation issued bonds with the highest coupon rate of 13%/year with the volume of VND 270bn. The banking industry is the top issuer, accounting for the most monthly volume, reaching about VND 10.3tn.

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



Source: HNX, FiinPro, MBS Research.

Figure 20. Corporate bond issued by sectors in September 2021 (VND tn)



Source: HNX, FiinPro, MBS Research.

Figure 21. Top issuers in September 2021

Ticker	Issuer	Tenor (years)	Amount (VND tn)	Coupon rate (%/year)
THA	Công ty Cổ phần Ô tô Trường Hải	5	2,400	8.0%
	Công ty Cổ phần Dịch vụ Du lịch Đường sắt Hà Nội	10	2,300	9.0%
CTG	Ngân hàng Thương mại Cổ phần Công thương Việt Nam	8-15	2,050	6.43%-6.7%
OCB	Ngân hàng Thương mại Cổ phần Phương Đông	3	2,000	2.6%
SHB	Ngân hàng Thương mại Cổ phần Sài Gòn – Hà Nội	2	1,950	3.8%
	Công ty TNHH Đầu tư Bất Động Sản Ngôi Sao Việt	5	1,900	11.5%
SSB	Ngân hàng Thương mại Cổ phần Đông Nam Á	3	1,700	4.1%
	Tập đoàn Vàng bạc Đá quý DOJI	5	1,500	8.8%
MSR	Công ty Cổ phần Masan High-Tech Materials	3	1,000	9.2%
	Công ty TNHH Thành phố Aqua	3-4	1,000	10.0%
ABB	Ngân hàng Thương mại Cổ phần An Bình	2	1,000	2.8%
DIG	Tổng Công ty Cổ phần Đầu tư Phát triển Xây dựng	3	1,000	11.0%
NLG	Công ty cổ phần Đầu tư Nam Long	3	950	9.5%
	Công ty TNHH Đầu tư Big Gain	4	900	11.0%
	Công ty Cổ phần Tập đoàn R&H	366 days	650	N/A
VPB	Ngân hàng Thương mại Cổ phần Việt Nam Thịnh Vượng	3	500	3.9%

Ticker	Issuer	Tenor (years)	Amount (VND tn)	Coupon rate (%/year)
PGB	Ngân hàng Thương mại Cổ phần Xăng dầu Petrolimex	3	500	4.3%
	Công ty Cổ phần Đầu tư và Dịch vụ Helios	3	450	10.0%
	Công ty Cổ phần Đầu tư và Kinh doanh Bất động sản Hải Phát	3	400	9.5%
MBB	Ngân hàng Thương mại Cổ phần Quân đội	7	365	7.2%
	Công ty TNHH Quản lý Bất động sản Highgate	26 months	354	9.5%
HPX	Công ty Cổ phần Đầu tư Hải Phát	2	300	10.5%
PDR	Công ty Cổ phần Phát triển Bất động sản Phát Đạt	2	270	13.0%
BID	Ngân hàng Thương mại Cổ phần Đầu tư và Phát triển Việt Nam	15	240	6.9%
TDP	Công ty Cổ phần Thuận Đức	3	230	9.0%
	Công ty Cổ phần Chứng khoán Tân Việt	5	200	8.5%
	Công ty Cổ phần Xi măng Xuân Thành	15	190	10.5%
	Công ty Cổ phần Đầu tư và Phát triển Trainco	1	120	12.0%
	Công ty Cổ phần Toàn Hải Vân	N/A	100	9.5%
	Công ty Cổ phần An Phát Finance	3	50	8.0%
VIB	Ngân hàng Thương mại Cổ phần Quốc tế Việt Nam	7	40	7.5%

Source: HNX, FiinPro, MBS Research

PRODUCT

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