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*The bank deposit rates tend to cool down. The interbank interest rates for overnight loans decreased significantly as well. SBV continued to net inject for more than VND 48tn in the open market to the banking system at the same time also withdraw more than VND 152tn. USD/VND tends to increase slightly along with some regional currencies. STV issued more than VND 34,460bn of G-bonds during the period. Secondary G-bonds yields decreased sharply compared to the previous month. Foreign investors net sold VND 849bn of G-bonds in the period.*

### Money Market

**Demand for liquidity increased at the end of the year, causing interbank interest rates rise again. SBV continued to net inject VND 61tn through OMO channel and issue VND 187tn through bill channel.**

SBV in the first half of February focused on the treasury bill channel. The SBV issued VND 152tn of 7-91 day bills, while there were VND 201tn of bills maturing during this period, resulting in a net injection of over VND 48tn through this channel, and through operations buying 7-day term, winning interest rates are at 6%/year.

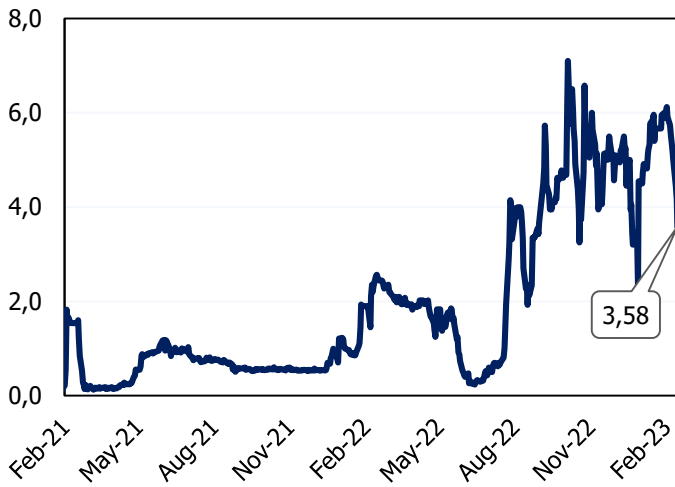
A Bloomberg survey showed that the overnight interbank rates are trading at 3.58%/year, down sharply from 5.9% at the end of last month. Interest rates for other terms are also around 3.98%-6.0%/year, a decrease of more than 200 bps compared to the end of January. Deposit interest rates of bank continue to show a downward trend. Currently, deposit interest rates are falling sharply with a decrease of about 1-2%/year, compared to the peak period. Notably, the change took place in the group of state-owned banks. The online savings interest rate has been shown to decrease to the level listed at the counter, instead of being higher as before. At the present, the highest listed deposit interest rate of commercial banks is about 9.45%/year.

### VND/USD exchange rate adjusted upwards.

The USD tends to strengthen in the international market. Compared to the end of January, the VND/USD exchange rate on the free market increased by VND 140 per USD and is currently trading at 23,650 VND/USD. The central and interbank rates were respectively traded at 23,631 VND/USD, up VND 22 per USD and 23,623 VND/USD, up 140 per USD.

The USD Index is currently at 103.88. The dollar recovers from about two-week lows against a basket of major currencies on the back of January data showing the smallest annual US consumer price increase since October 2021, but that's not the case. CPI rose 6.4%, the smallest increase in about 1.5 years and followed a 6.5% increase in December. However, January's annual CPI ratio was higher than the market forecast with an increase of 6.2%. Investors said they expect the Fed to raise rates three more times by a quarter percentage point each, after data last week showed persistent inflation and a resilient labor market motion.

**Figure 1. Interbank overnight lending rate (%)**



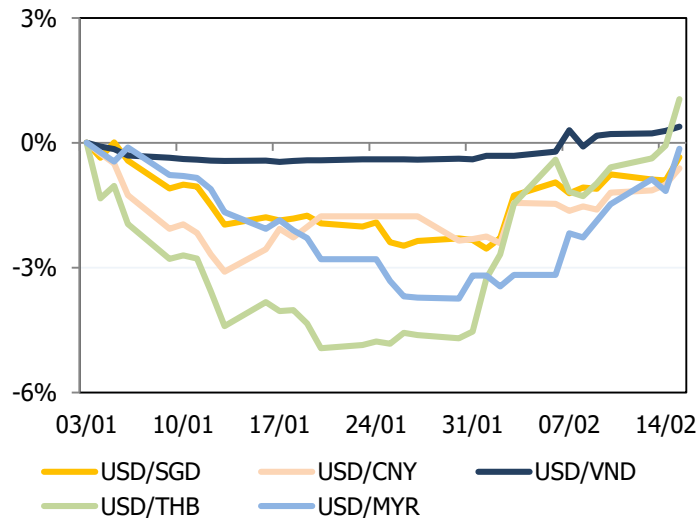
Source: Bloomberg.

**Figure 3. Interbank interest rate (%)**

	O/N	1 Week	2 Week	1 Month
30/11	4,57	5,23	5,67	6,27
30/12	4,57	5,23	5,67	6,27
31/01	5,90	6,25	6,65	7,20
15/02	3,58	3,98	4,94	6,00

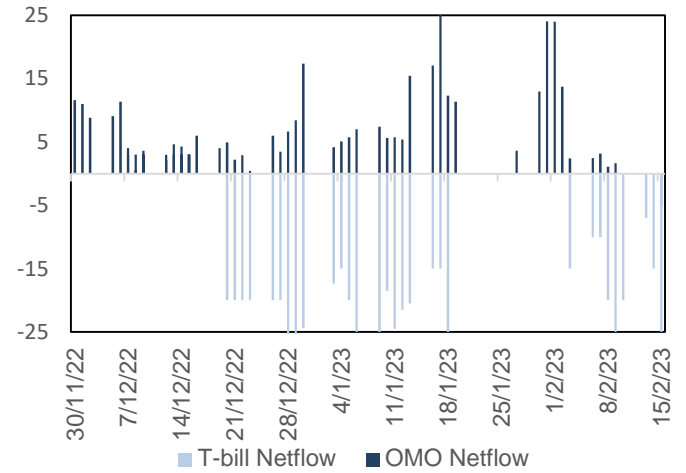
Source: Bloomberg.

**Figure 5. Regional currencies performance in 2023**



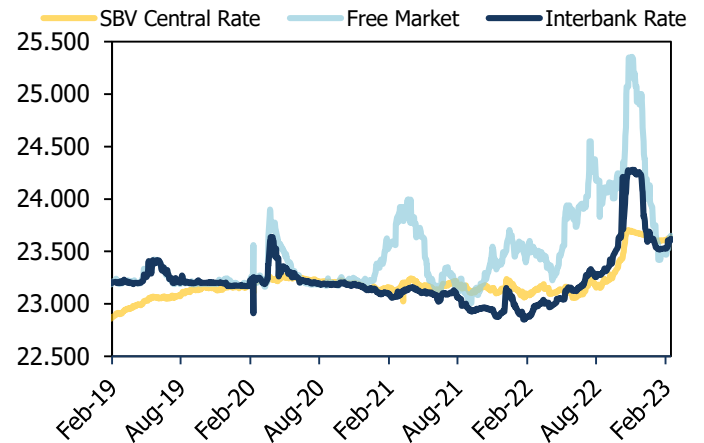
Source: Bloomberg.

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



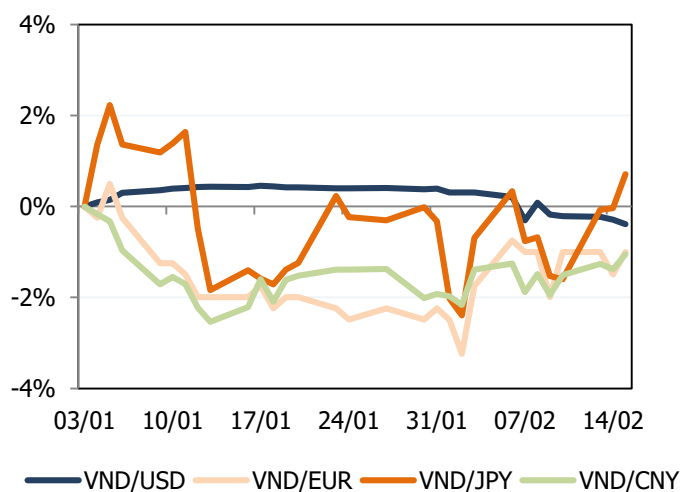
Source: SBV, MBS Research.

**Figure 4. USD/VND exchange rate**



Source: SBV, Bloomberg, MBS Research.

**Figure 6. VND compared to major currencies in 2023**



Source: Bloomberg.

**Government Bond Market**

**Primary market**

**STV successfully issued nearly VND 34,460bn of G-bonds during the period, in the period with a decrease in yield compared to the end of January.**

In the first half of February, the volume of G-bonds successfully issued by the STV reached VND 34,460bn, a total of VND 38,750bn was mobilized, a rate of 89%. Of which, 10Y and 15Y tenors were issued VND 18,000bn and VND 15,510bn respectively. In addition, STV successfully issued government bonds in terms of 5Y and 7Y with a volume of VND 750bn and VND 200bn after one year without winning bonds in these two terms.

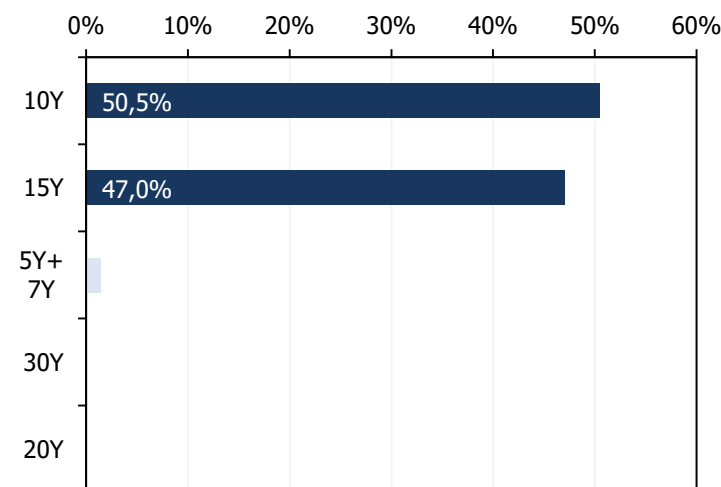
The G-bond winning yield continues to decrease sharply compared to the end of January. Yields for 10Y and 15Y tenor were 4.09%/year and 4.27%/year, respectively, down by 29 bps at both tenors compared to the end of last month. The yields for 5Y term was at 3.65%/year. The current yield level reduced compared to previous month, but it has been in line with market expectations when the issuance rate is relatively high.

**Figure 7. G-bond auction result in February 2023**

Tenor	Offering value	Winning value	Issuance rate	Yield
5Y	1.250	750	60%	3,65%
7Y	500	200	40%	3,80%
10Y	18.500	18.000	97%	4,07%-4,2%
15Y	18.500	15.510	84%	4,27%-4,4%
20Y				
30Y				
<b>Total</b>	<b>38.750</b>	<b>34.460</b>	<b>89%</b>	<b>Unit: VND bn</b>

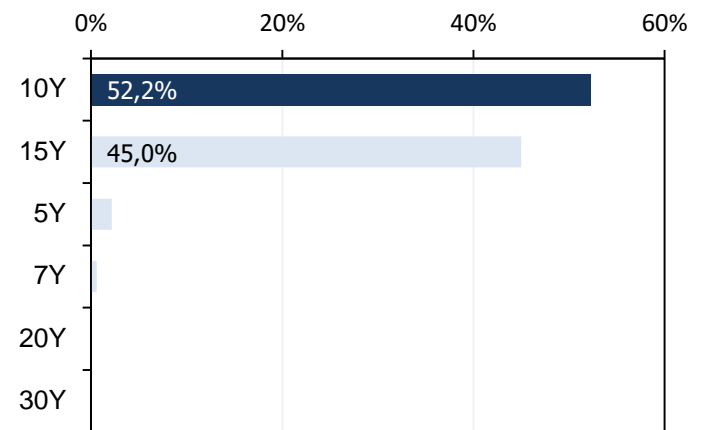
Nguồn: HNX

**Figure 9. G-bond successful issuance in 2023**



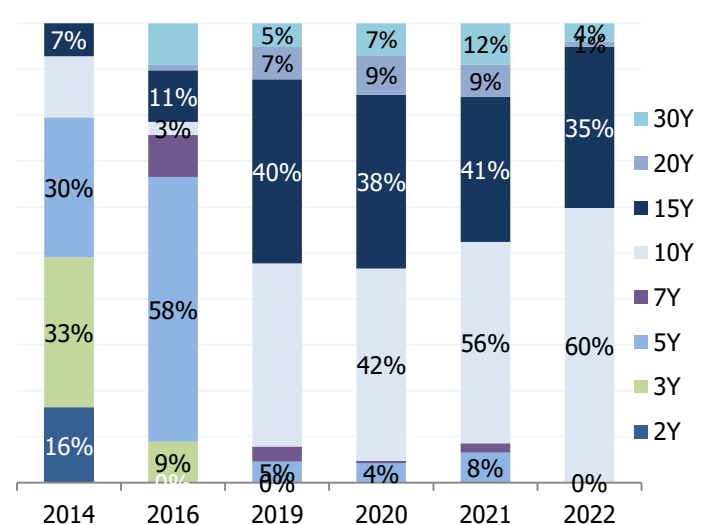
Nguồn: HNX

**Figure 8. G-bond successful issuance February 2023**



Nguồn: HNX.

**Figure 10. G-bond successful issuance over the years**



Nguồn: HNX

**Figure 11. Government bond issuance 2022**

Tenor	VST Q1 2023 plan	VST 2023 issued	% VST Q1 2022 plan
5Y+7Y	8,000	950	12%
10Y	45,000	34,332	76%
15Y	45,000	32,010	71%
20Y	5,000	0	0%
30Y	5,000	0	0%
<b>Total</b>	<b>108,000</b>	<b>68,042</b>	<b>63%</b>

Source: VST, HNX

**Figure 12. 10Y G-bond yields (%) in selected countries**

**As at 15/02/2023**

**\*Bps changed compared to last closing**

Market	Last closing	Last week*	Last month	31/12/2022*
U.S.	3,80	19,51	29,8	-7,0
EU	2,48	11,20	18,9	-9,6
Japan	0,51	0,70	1,1	8,5
China	2,89	-0,40	-0,9	5,4
South Korea	3,49	18,20	20,7	-24,8
India	7,35	0,40	0,4	2,0
Malaysia	3,91	9,60	12,2	-16,0
Singapore	3,17	11,97	17,7	9,7
Indonesia	6,76	10,60	5,0	-18,3
Philippines	5,01	22,21	33,0	16,7
Thailand	2,58	7,42	5,2	-5,4
<b>Vietnam</b>	<b>4,08</b>	<b>-6,00</b>	<b>-34,0</b>	<b>-71,9</b>

Source: Bloomberg.

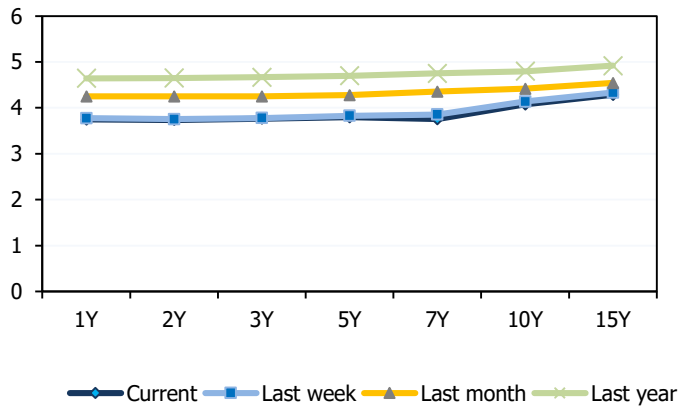
## Secondary Market

**Secondary G-bond yields declined significantly in all terms. Average transaction volume on the secondary G-bond market went up by 42.3%, compares to the perious month. In the first half of February, foreign investors continued to net sold VND 849bn of G-bonds.**

In the mid-February, the 10Y yield was at 4.08%/year, down 34 bps compared to the previous month whereas the 2Y yield fell to 3.74%/year, down 51bps. In the first half of February, in the contrast to Vietnam, the 10Y G-bonds yield of many countries experienced down trend.

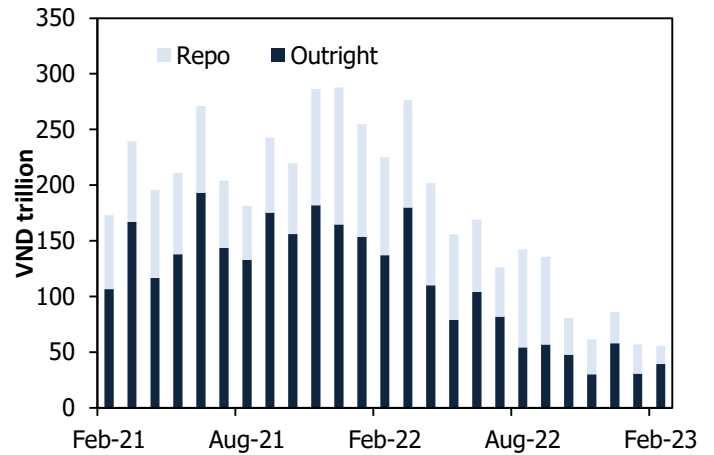
Government bond transactions in the secondary market in the first half of February reached VND 5tn daily average, 42% upper than its previous month level. Of which, outright trading accounted for 71% of the volume this period and VND 39tn. The average transaction was VND 3.5tn/day, up by 87% from the previous month's average. Average repos trading volume decreased by 10% compared to January, reaching VND 1.4tn/day. Foreign investors net sold VND 849bn of G-bonds in this period and VND 1,211bn since the beginning of the year.

**Figure 13. Vietnam T-bond Yield (%)**



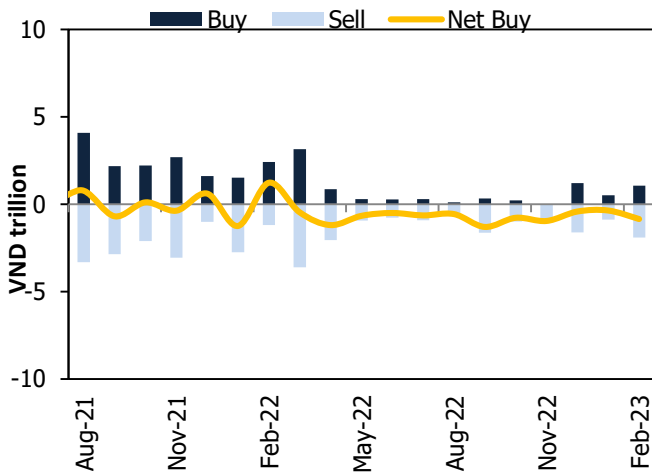
Source: Bloomberg.

**Figure 14. Outright and Repo transaction volume**



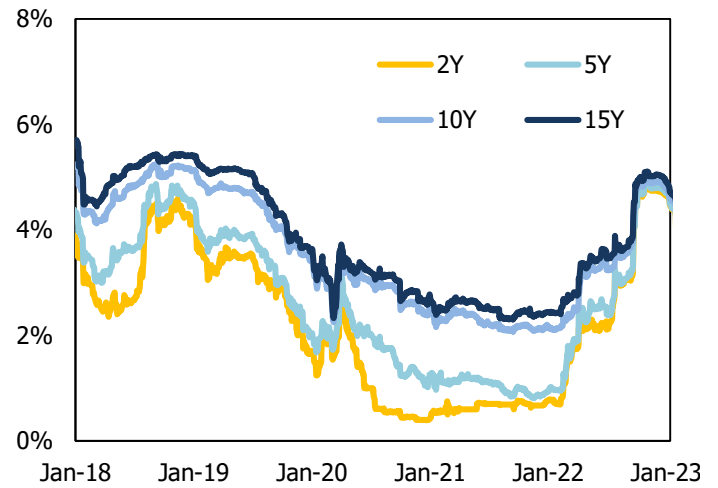
Source: HNX.

**Figure 15. Foreign investors' activity in secondary market**



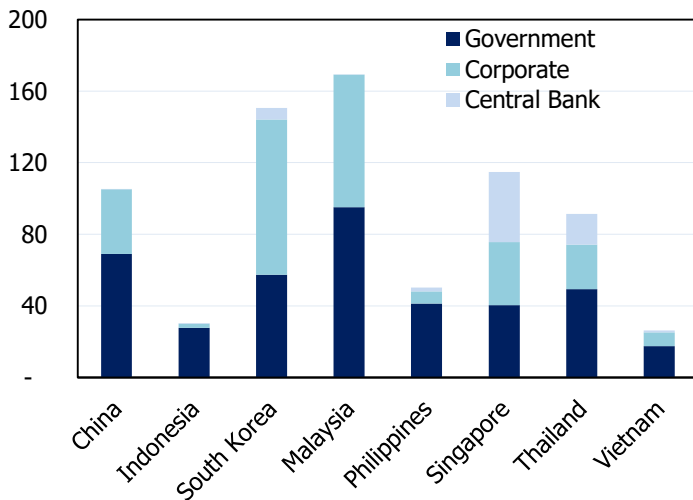
Source: HNX.

**Figure 16. G-bond yield curve – Secondary Market**



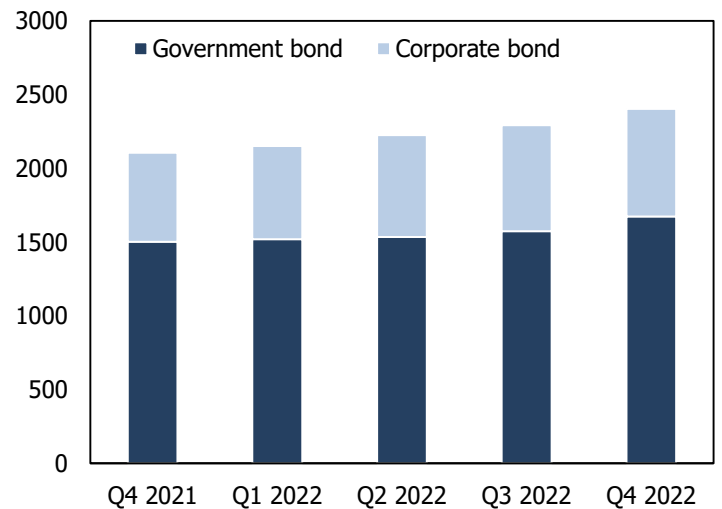
Source: Bloomberg.

**Figure 17. Size of bond markets (%GDP Q4 2022)**



Source: ADB.

**Figure 18. Vietnam bond market size (VND tn)**

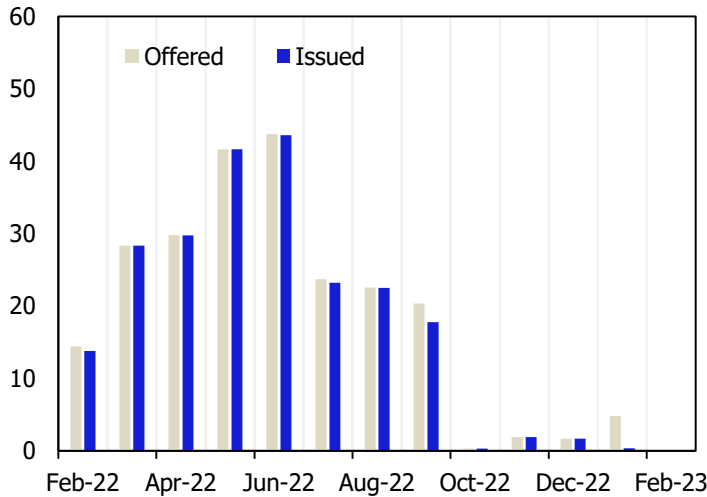


Source: ADB.

## Corporate Bond Market

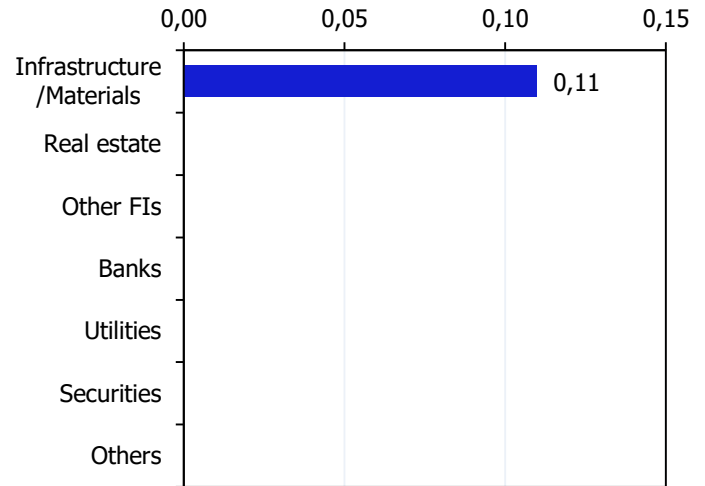
Fiinpro data showed that in the first two weeks of February 2023, there was only one issuance of Phan Vu Investment Joint Stock Company with a value of VND 110bn with a term of 5 years.

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



Source: HNX, FiinPro, MBS Research.

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



Source: HNX, FiinPro, MBS Research.

**Figure 21. Top issuers in February 2023**

Ticker	Issuer	Tenor (year)	Amount (VND bn)	Coupon rate (%/year)
	Công ty Cổ phần Đầu tư Phan Vũ	5	110	N/A

Source: HNX, FiinPro, MBS Research.

## **PRODUCT**

This product is issued fortnightly with chief focus on the Vietnam's bond market. In this report, we connect macroeconomic indicators with changes in the money market and the bond market. MBS issues this report, however, errors and inaccurate information, if existed, belong to the author. We thank our valued customers for reading and giving feedbacks on our products.

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