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The first transaction conducted on the open market after four months with a small volume while interbank interest rate remaining low resulted in a consistently abundance of liquidity. The USD/VND exchange rate's stability persists. The State Treasury has successfully issued over VND 5.7tn of government bonds while Vietnam Development Bank raised VND 10tn. G-bond yield remained unchanged. Foreign investors net purchased VND 992bn of G-bond during the period.

Money Market

SBV only made one transaction on the open market with a volume of VND 1bn so the liquidity remained in abundance. Interbank interest rates as a result has remained low for over 5 months.

The first time in 4 months and since OMO interest rates lowered from 3%/year to 2.5%/year at the beginning of October, SBV has made an injection transaction on the open market but the volume was merely VND 1.06bn and a tenor of 7 days so the liquidity in the banking system is still abundant.

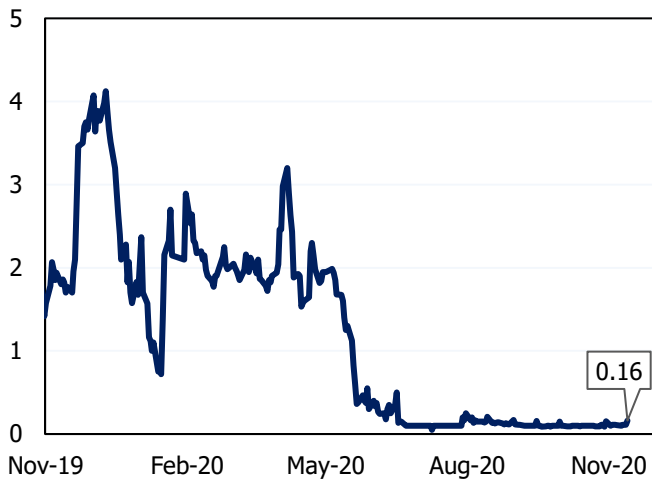
With prolonged excess liquidity, interbank interest rates continued to remain at a low level. The overnight interbank interest rate has been fluctuating around 0.1-0.2%/year for over five months and is now at 0.16%/year. The interbank interest rate for 1 week-1 month terms remained similar to October level, currently at 0.21-0.38%/year.

The USD/VND exchange rate continued to maintain its position.

The Fed continuing to employ expansionary monetary policies caused a huge amount of USD pump into the market, subsequently the value of the greenback weakens. Recently, regional currencies have been appreciating compared to USD. VND is similar but the appreciation rate is not as high as others. Central rate is at VND 23,192 per USD, down VND 9 per USD compared to the end of October. The interbank rate and the exchange rate on the free market also dropped VND 6-35 per USD compared to the previous month, trading at VND 23,184 per USD and VND 23,250 per USD respectively.

Record level of net export creates favourable environment for SBV to purchase additional foreign currencies, improving foreign reserve. A sufficient foreign reserve level is an effective tool to manage exchange rate, control inflation, maintain stable macro economic environment.

Figure 1. Interbank overnight lending rate (%)



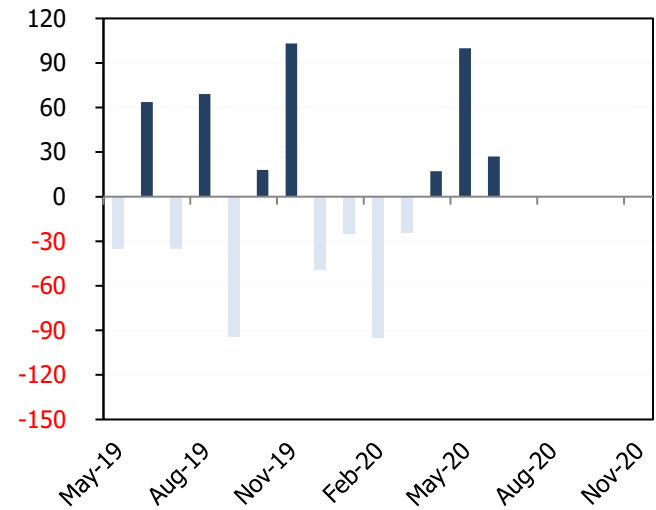
Source: Bloomberg.

Figure 3. Interbank interest rate (%)

	O/N	1 Week	2 Week	1 Month
31/08	0.17	0.25	0.30	0.42
30/09	0.15	0.19	0.27	0.39
30/10	0.16	0.18	0.25	0.35
13/11	0,16	0,21	0,26	0,38

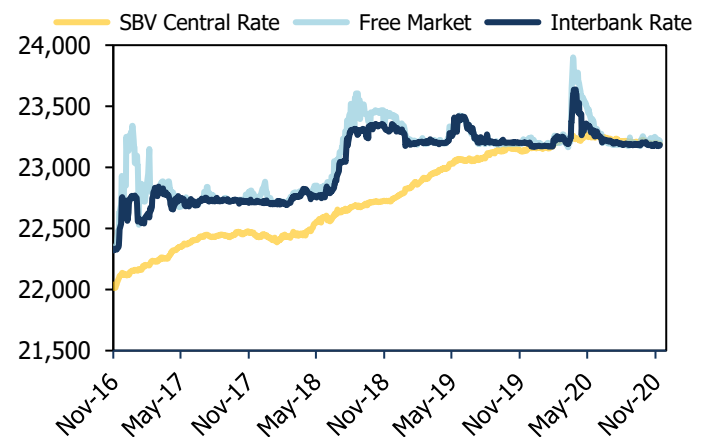
Source: Bloomberg.

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



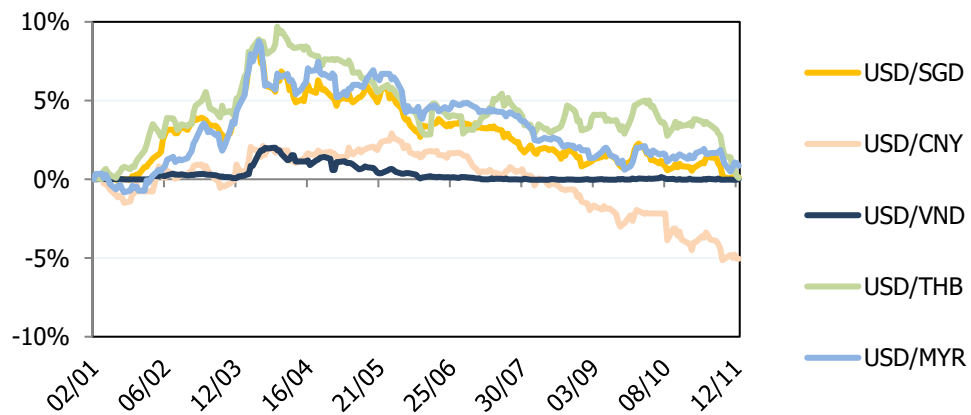
Source: SBV, MBS.

Figure 4. USD/VND exchange rate



Source: SBV, Bloomberg, MBS Research.

Figure 5. Regional currencies performance in 2020



Source: Bloomberg.

Government Bond Market

Primary market

STV successfully issued over VND 5,700bn of government bonds in the period, and Vietnam Development Bank managed to raised VND 10tn.

In the first half of November, the volume of successfully issued government bonds reached VND 5.707bn out of a total of VND 15,000bn offered, an issuance rate of 38%. Up to now, the State Treasury has issued VND 266tn of Government bonds, completing the plan for 2020. In addition, Vietnam Development Bank (VDB) managed to raise VND 10tn, divided evenly between 10Y and 15Y tenors. This is the first issuance by VDB this year.

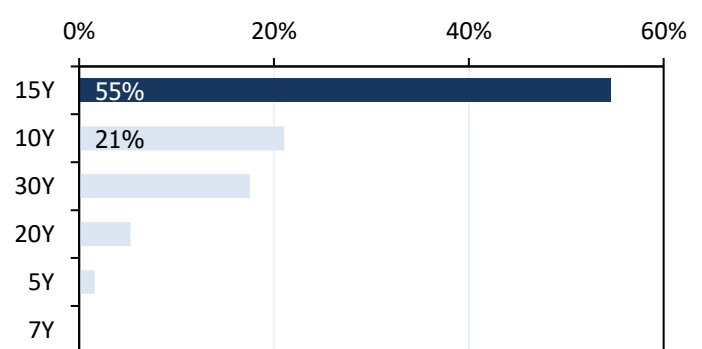
The latest winning yields are almost the same as October level. The winning yield of the 10Y and 15Y tenors are currently at 2.55%/year and 2.78%/year, a slight increase of 2bps. The winning yields of VDB bonds are about 0.5 percentage point higher than government bonds', respectively at 3.12%/year and 3.31%/year for 10Y and 15Y tenors.

Figure 6. G-bond auction result in October 2020

Tenor	Offering value	Winning value	Issuance rate	Yield
5Y	1,000	90	9%	1.22%
7Y	1,000	0	0%	
10Y	3,500	1,201	34%	2.55%
15Y	7,500	3,116	42%	2.78%
20Y	1,000	300	30%	3.02%
30Y	1,000	1,000	100%	3.24%
Total	15,000	5,707	38%	Unit: VND bn

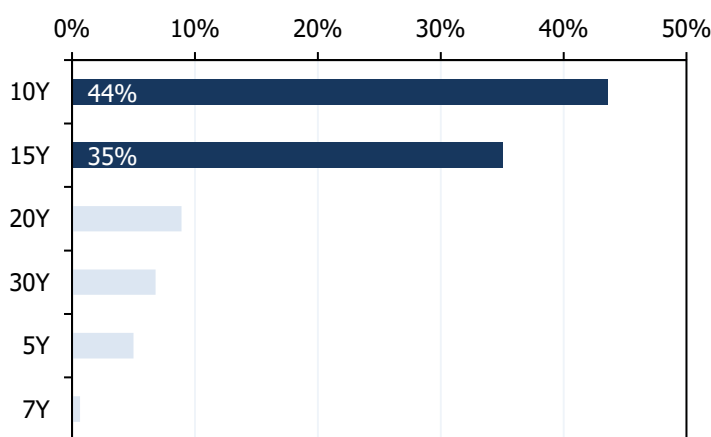
Source: HNX.

Figure 7. G-bond successful issuance October 2020



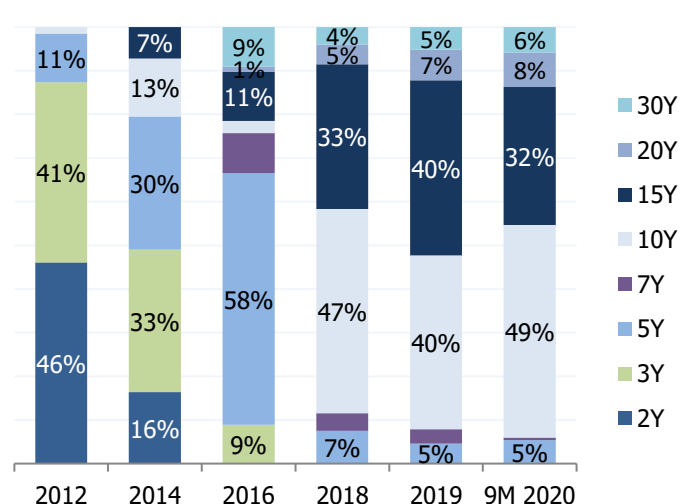
Source: HNX.

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	13,320	67%
7Y	15,000	1,730	12%
10Y	90,000	115,898	129%
15Y	100,000	93,273	93%
20Y	20,000	23,715	119%
30Y	15,000	18,113	121%
Total	260,000	266,049	102%

Source: VST, HNX

Figure 11. 10Y G-bond yields (%) in selected countries **As at 13/11/2020**

Market	Last closing	Last week*	*Bps changed compared to last closing	
			Last month	1/1/2020*
U.S.	0.89	6.96	6.8	-102.9
EU	-0.54	8.30	8.4	-35.2
Japan	0.03	0.40	-1.7	3.6
China	3.27	6.70	8.3	12.2
South Korea	1.65	8.10	9.4	2.1
India	5.88	0.70	-0.4	-62.6
Malaysia	2.68	-0.60	5.0	-62.2
Singapore	0.94	13.70	9.6	-82.3
Indonesia	6.29	-0.60	-31.3	-73.7
Philippines	2.02	4.30	-10.3	-65.6
Thailand	1.44	3.40	0.3	-8.4
Vietnam	2.64	1.00	2.0	-83.2

Source: Bloomberg.

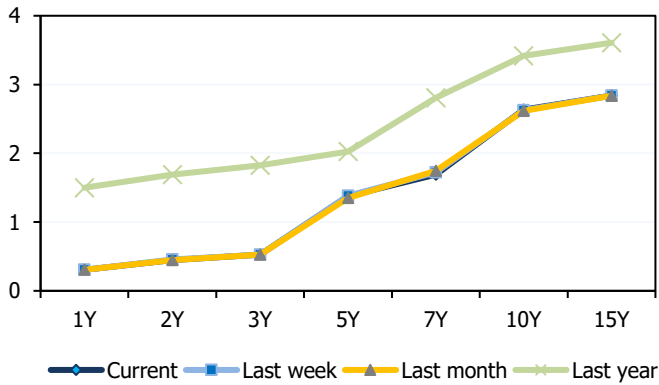
Secondary Market

G-bonds yields move sideways during the period. Average daily transaction volume on the secondary government bond market decreased by 16% compared to the previous month. Foreign investors continued to net purchase over VND 992bn of government bonds.

G-bond yield on the secondary market has remained on the same level since October. Compared to the end of last month, the 2Y yield remained at 0.45%/year, the 10Y yield increased slightly by 2bps to 2.64%/year. Since the year beginning, 10Y yield has declined by 78bps whereas the 2Y yield dropped by 124bps.

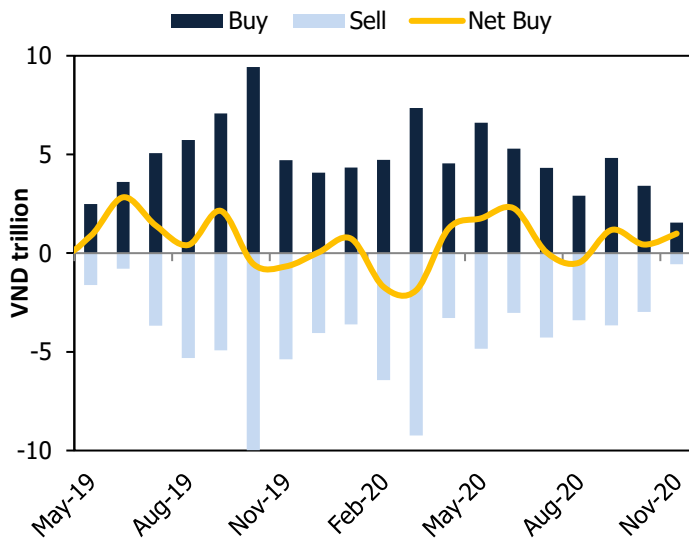
Government bond transactions in the secondary market in the first half of October reached VND 10.5tn daily average, 4% less than its October level. Of which, outright transactions accounted for 70% of volume in the period with VND 72.9tn. Average transaction volume was VND 7.3tn/day, down 10% compared to the previous month. Average daily repo trading volume increased by 15% compared to October's level, reaching VND 3.2tn/day. Foreign investors continued to net purchase VND 992bn of government bonds. So far in 2020, foreign investors have net purchased VND 4,592bn of government bonds and VND 4,629bn in the past 12 months.

Figure 12. Vietnam T-bond Yield (%)



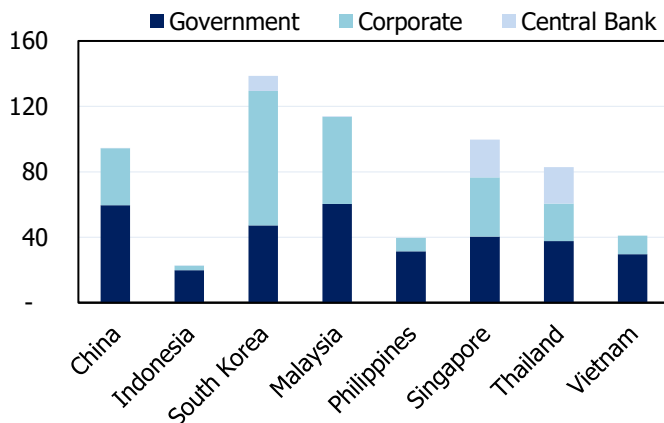
Source: Bloomberg.

Figure 14. Foreign investors' activity in secondary market



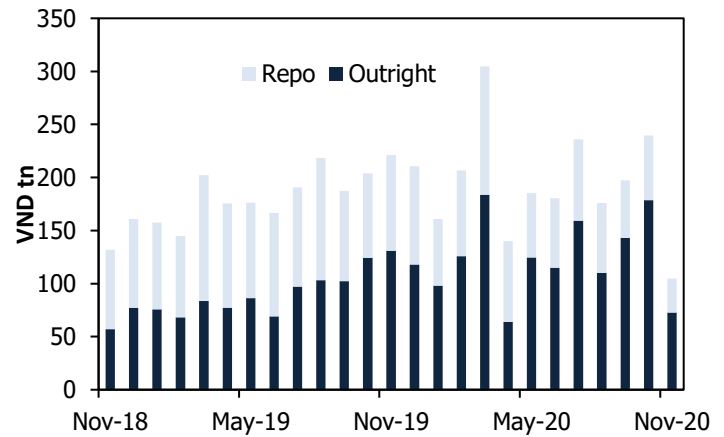
Source: HNX.

Figure 16. Size of bond markets (%GDP Q2.2020)



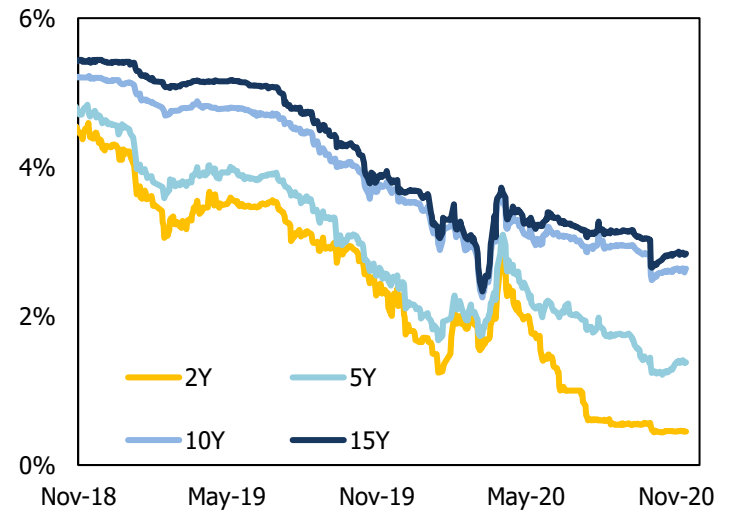
Source: ADB.

Figure 13. Outright and Repo transaction volume



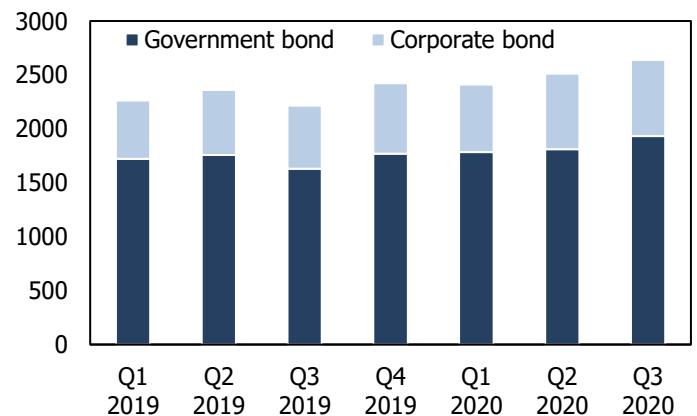
Source: HNX.

Figure 15. G-bond yield curve – Secondary Market



Source: Bloomberg.

Figure 17. Vietnam bond market size (VND tn)

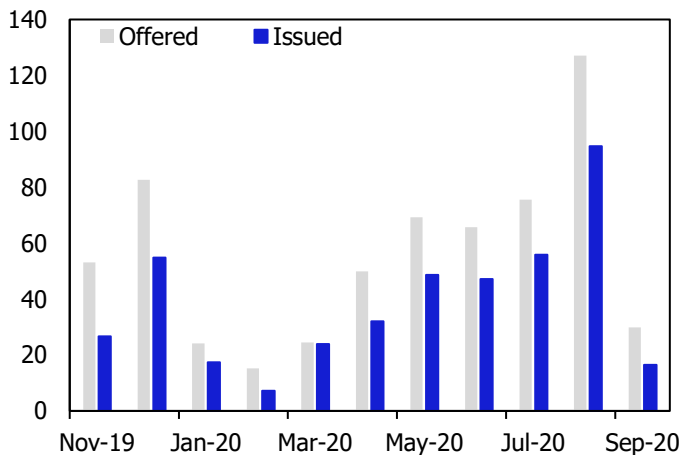


Source: ADB.

Corporate Bond Market

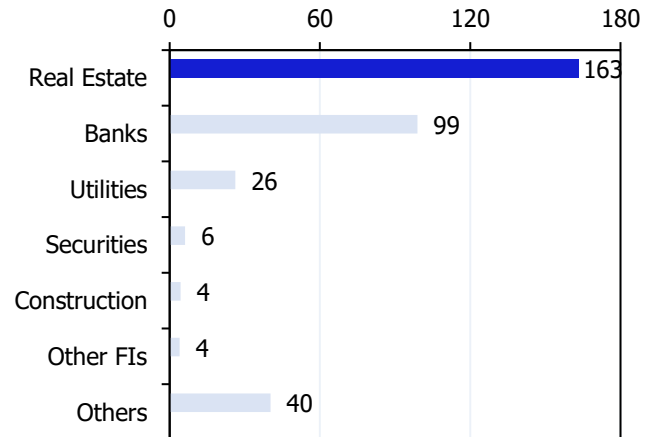
In 9M 2020, about 343tn of corporate bonds were issued, including private, public and international placements. In which, real estate leads with VND 163tn followed by banks with VND 99tn issued. These two groups also account for the majority of the issuers with over VND 7tn raised when they have 13/14 businesses on the list.

Figure 18. Corporate bond offering and issuance (VND tn)



Source: HNX, FiinPro, MBS Research.

Figure 19. Corporate bond issued by sectors in 9M 2020 (VND tn)



Source: HNX, FiinPro, MBS Research.

Figure 20. Issuers with over VND 7tn raised during the year

Issuer	Tenor (years)	Amount (VND bn)	Average coupon rate
Ngân hàng TMCP Đầu tư và Phát triển Việt Nam	8.5	19,527	7.5%
CTCP Tập đoàn Sovico	3	18,000	10.5%
CTCP Tập đoàn Masan	3	14,085	9.5%
Ngân hàng TMCP Quốc tế Việt Nam	3	13,500	5.7%
CTCP Vinhomes	2.5	12,000	9.5%
Ngân hàng TMCP Phát Triển Thành phố Hồ Chí Minh	3.2	11,698	6.2%
Ngân hàng TMCP Công thương Việt Nam	11.1	10,609	7.9%
Ngân hàng TMCP Việt Nam Thịnh Vượng	3	10,500	6.1%
Công ty TNHH Saigon Glory	3.3	10,000	11.0%
CTCP Tập đoàn Đầu tư Địa ốc No Va	2.5	9,832	10.6%
CTCP Đầu tư Phát triển Bất Động Sản TNR HOLDINGS Việt Nam	4.2	9,716	10.9%
CTCP Đầu tư Quang Thuận	4	9,450	N/A
Ngân hàng TMCP Bưu Điện Liên Việt	2.7	7,500	5.8%

Source: HNX, FiinPro

PRODUCT

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