

## Vietnam Bond Market

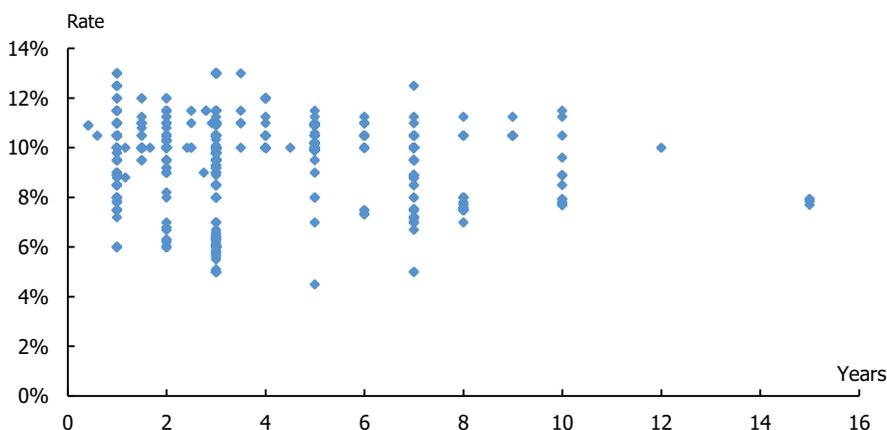
In overall, the corporate bond market was quiet in Oct 2020. Issuing value dropped by 25% compared to Sep 2020. Accumulated 10M20, about VND357tn worth of corporate bonds were issued, up 26% YoY as well as corporate bond rate has increased slightly in 2020.

### Corporate bond market by sectors

10M20, total issued value of Real Estate sector has surged by 67% YoY, from VND80tn to VND132tn, accounted for 37% of corporate bond total issued value. Of which, corporate bond of listed companies recorded for 27% of total issued value of Real Estate sector. The increase of issued value in Real Estate sector could be explained by Circular No.22/2019 which was issued by SBV on 15 Nov 2019. Particularly, SBV has regulated to reduce the ratio of short-term capital for medium and long-term loans as well as increase the risk ratio when operating Real Estate firms from 150% to 200%.

Relating to Financials sectors, total issued value has stayed at the same level compared to 2019 (accumulated 10M20). However, total issued value across Financials sector on 2Q20 was 10 times higher than 1Q20 and the number has kept increasing on 3Q20. In this case, there are two reason that could explain for the surge in total issued value of Financials sector. Firstly, bonds were issued in order to meet the capital requirements in Circular 41 of the SBV. Secondly, with an aim to compensate for the deficit from recoverable due debts that must be returned to the bank. Thus, the corporate bond market among Financials sector in 2Q20 and 3Q20 seem to be more active compared to 1Q20.

**Figure 1. The overall trend in duration and corporate bond rate, 10M20**



Source: Bloomberg, FiinPro, KIS

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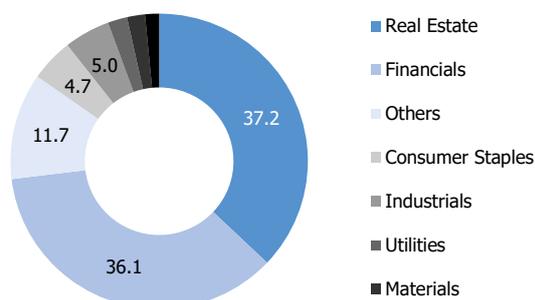
Notably, Consumer Staples' total issued value increased dramatically, four times higher compared to the same period of 2019. Besides, Industrials' firms have issued more corporate bond in 2020 due to the increase of total issued value (up 35% YoY). On the contrary, Materials, Utilities, and Consumer Discretionary experienced the drop in total issued value. Accumulated 10M20, Real Estate and Financial sector accounted for 37% and 36% of total issued value, respectively.

### Duration and corporate bond rate

In Oct 2020, there were 54 corporate bonds were issued. Firms tend to focus on short duration (under 3 years), accounted for 76% of total issued corporate bond. Relating to Financials sector, short-term duration (under 3 years) accounted for the largest proportion in total issued corporate bond (65%) with bond rate's fluctuation within 5%-10% (Oct 2020).

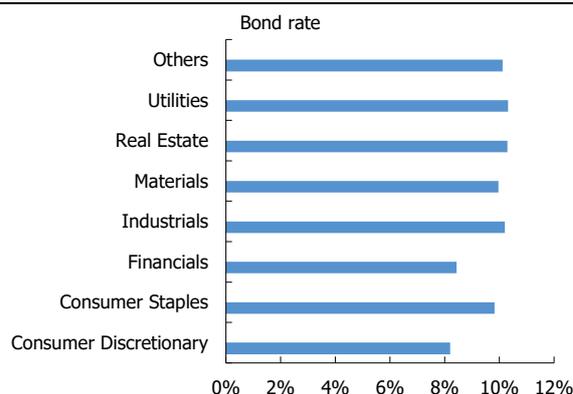
With Real Estate sector, corporate bonds with short-term duration were majority (70%) and corporate bond's rate fluctuated within 10%-13%. Accumulated 10M20, the average duration of issued corporate bonds tend to focus on short-term (under 3 years) with bond rate fluctuates within 8%-11%.

**Figure 2. Corporate bond by sectors, 10M20**



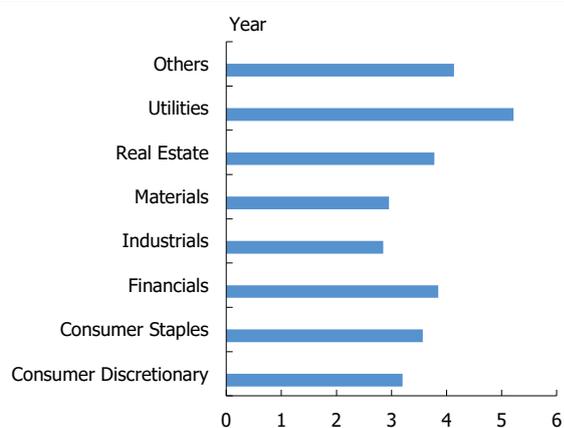
Source: Bloomberg, FiinPro, KIS

**Figure 3. Average bond rate by sectors, 10M20**



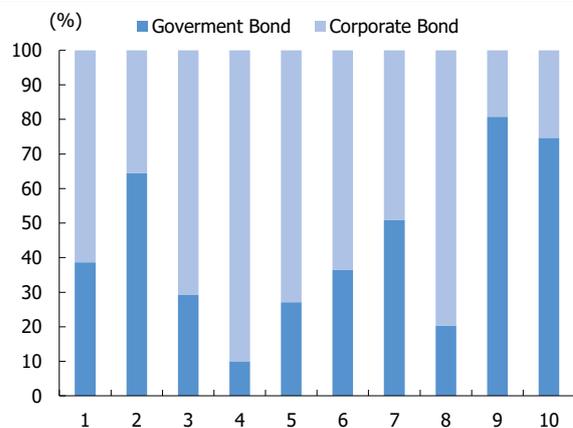
Source: Bloomberg, FiinPro, KIS

**Figure 4. Corporate bond duration by sectors, 10M20**



Source: Bloomberg, FiinPro, KIS

**Figure 5. Issued G-bond and corporate bond, 10M20**



Source: Bloomberg, FiinPro, KIS

## Government bond

Relating to Government bond, the total issued amount has increased strongly from 2017 to 2020. From 2012 to 2020, the majority of Government bond has been issued with the duration of 5-year and 10-year as well as winning yield has fluctuated from 6%-8%.

Particularly, accumulated 11M20, total issued amount by Vietnam State Treasury recorded at VND221tn, up 40% YoY and accomplish 85% of the yearly plan. Particularly, Vietnam State Treasury has successfully issued VND12tn, VND1.7tn, VND91tn, VND81tn, VND19tn, and VND17tn with the duration of 5-year, 7-year, 10-year, 15-year, 20-year, and 30-year, respectively. In which, the goal of increasing long-term issuance continued to be achieved. With the favorable market conditions, we expected the yearly plan can be completed in terms of both volume and maturity.

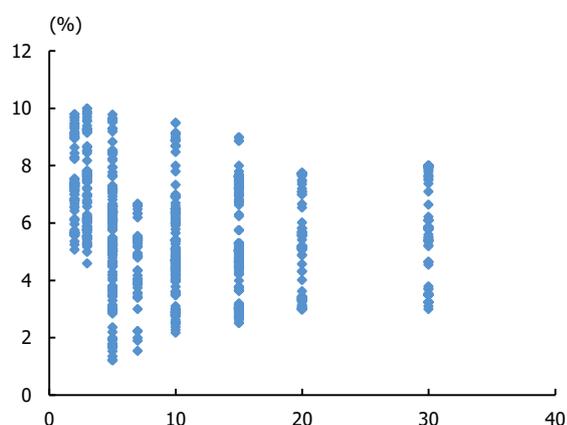
**Table 1. 2020 issue plan of Government bond**

(VND tn)

Duration	Yearly plan (2020)	Issued amount
5Y	20	11.8
7Y	15	1.7
10Y	90	91.4
15Y	100	80.5
20Y	20	19.1
30Y	15	16.6

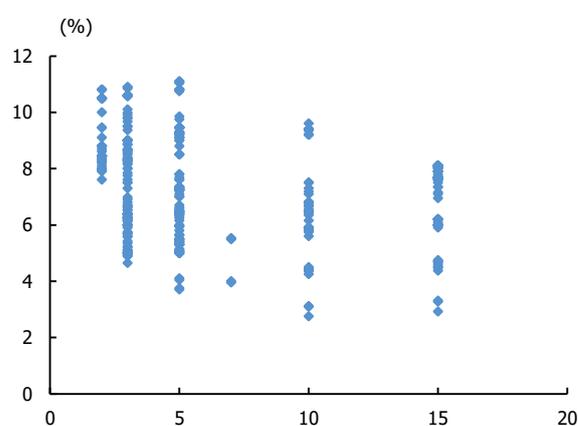
Source: HNX, KIS

**Figure 6. The overall trend in duration and winning yield of Government bond, 11M20**



Source: HNX, KIS

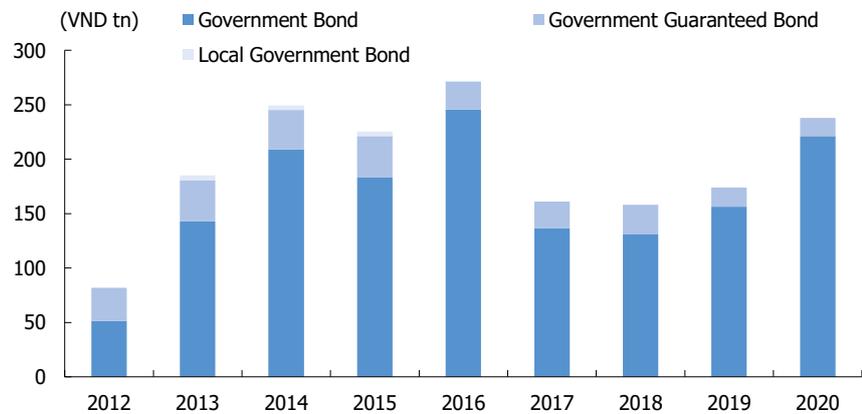
**Figure 7. The overall trend in duration and winning yield of Government guaranteed bond, 11M20**



Source: HNX, KIS

Relating to Government guaranteed bond, the total issued amount has dropped slightly since 2017. Accumulated 11M20, total issued of Government guaranteed bond recorded at VND17tn, two times lower than 2012. With duration and winning yield, Government guaranteed bond with duration of 3-year, 5-year, and 10-year are issued the most as well as winning yield has fluctuated from 6%-8%. In terms of Local Government bond, there is no issued amount since 2016.

**Figure 8. Total issued amount of Government bond, Government guaranteed bond, and Local Government bond**

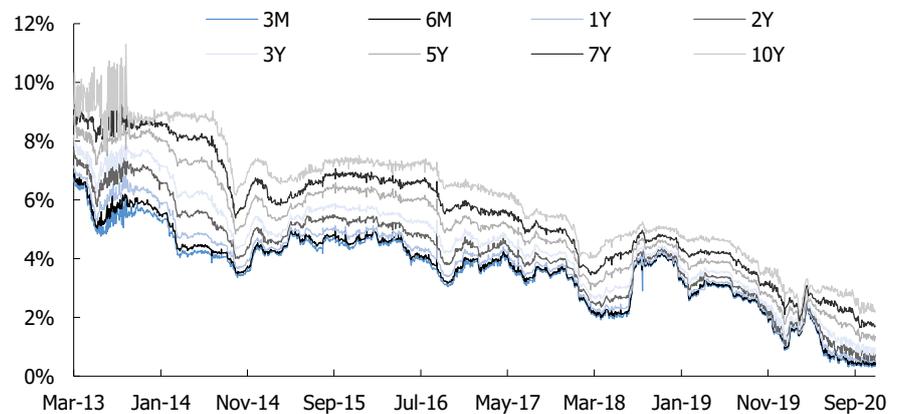


Source: HNX, KIS

Yield curve has shifted sharply downwards with a sharp decline from 2013 to 2020.

At the end of Nov 2020, the 1-year, 2-year, 3-year, 5-year, 7-year, 10-year ended at 0.51% (-147.7 bps YoY); 0.73% (-136.7 bps YoY); 0.95% (-133.3 bps YoY); 1.34% (-132.8 bps qoq); 1,71% (-132.2 bps qoq); and 2,18% (-128.2 bps qoq), respectively.

**Figure 9. The overall trend of yield curve**



Source: Bloomberg, KIS

**Table 2. Current status of Corporate bonds that investors can buy**

(Unit, VND, %, year)

Issuer	Company's ticker	Listing volume	Par value	Interest rate	Term	Listing date
Agro Nutrition International JSC	Subsidiary of MSN	13,000,000	100,000	7.0	5	12/19/2016
Agro Nutrition International JSC	Subsidiary of MSN	7,000,000	100,000	8.0	5	12/18/2018
BIDV	BID (HOSE)	3,500,620	100,000	10.5	20	5/8/2007
BIDV	BID (HOSE)	5,000,000	100,000	0.0	7	12/30/2019
Ho Chi Minh City Securities Corporation	HCM (HOSE)	1,350,000	100,000	9.6	15	7/3/2006
Ho Chi Minh City Securities Corporation	HCM (HOSE)	280,000	100,000	9.0	15	12/19/2007
Ho Chi Minh City Securities Corporation	HCM (HOSE)	2,000,000	100,000	9.6	15	8/2/2006
Ho Chi Minh City Securities Corporation	HCM (HOSE)	620,000	100,000	9.6	15	8/28/2006
Ho Chi Minh City Securities Corporation	HCM (HOSE)	380,000	100,000	9.6	15	9/11/2006
Ho Chi Minh City Securities Corporation	HCM (HOSE)	100,000	100,000	9.7	15	1/17/2006
Ho Chi Minh City Securities Corporation	HCM (HOSE)	200,000	100,000	9.5	15	5/9/2006
Ho Chi Minh City Securities Corporation	HCM (HOSE)	2,000,000	100,000	8.3	15	7/16/2007
Ho Chi Minh City Securities Corporation	HCM (HOSE)	700,000	100,000	9.6	15	8/15/2006
Ho Chi Minh City Securities Corporation	HCM (HOSE)	1,500,000	100,000	8.8	15	9/17/2007
Ho Chi Minh City Securities Corporation	HCM (HOSE)	1,000,000	100,000	9.6	15	10/2/2006
Ho Chi Minh City Securities Corporation	HCM (HOSE)	900,000	100,000	8.8	15	10/25/2007
Ho Chi Minh City Securities Corporation	HCM (HOSE)	340,000	100,000	8.8	15	11/14/2007
Masan Group Corporation	MSN (HOSE)	15,000,000	100,000	10.0	3	12/10/2019
Masan Group Corporation	MSN (HOSE)	20,000,000	100,000	9.3	3	5/8/2020
Masan Group Corporation	MSN (HOSE)	30,000,000	100,000	93.0	3	6/17/2020
Masan Group Corporation	MSN (HOSE)	30,000,000	100,000	10.0	3	8/13/2020
Nui Phao Mining Company Ltd.	Subsidiary of MSN	5,000,000	100,000	10.0	5	12/18/2018
Nui Phao Mining Company Ltd.	Subsidiary of MSN	2,100,000	100,000	10.0	3	12/18/2019
Nui Phao Mining Company Ltd.	Subsidiary of MSN	3,000,000	100,000	10.0	3	7/22/2020
Nui Phao Mining Company Ltd.	Subsidiary of MSN	2,000,000	100,000	10.0	3	7/22/2020
Nui Phao Mining Company Ltd.	Subsidiary of MSN	5,000,000	100,000	10.2	5	7/22/2020
Sai Gon Thuong Tin Real Estate JSC	SCR (HOSE)	4,700,000	100,000	10.0	3	6/7/2019
Vinhomes JSC	VHM (HOSE)	20,000,000	100,000	10.0	3	10/19/2018
Vingroup JSC	VIC (HOSE)	10,000,000	100,000	10.0	2	6/24/2019
VietJet Aviation JSC	VJC (HOSE)	6,000,000	100,000	9.0	3	11/2/2020
Vinpearl JSC	Subsidiary of VIC	15,000,000	100,000	10.1	0	5/30/2019
Vinpearl JSC	Subsidiary of VIC	28,000,000	100,000	9.2	3	6/19/2019

Source: HSX, KIS

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