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## EXCHANGE RATES UNDER CONTROL, INTEREST RATE CONTINUES TO DECREASE

### Primary Government Bond Market

In October 2023, the State Treasury conducted 14 auctions for Government bonds with a total bid amount of 21,750 billion dong, the same as the previous month. The bid-winning rate stood at 66.6%. It is anticipated that the State Treasury will continue to regularly organize flexible bond auctions while gradually increasing the bid yields.

### Secondary Government Bond Market

The issuance of Bills by the SBV in Oct led to a low liquidity situation in the secondary Government bond market and caused yields to rise across most tenors. The announcement of the suspension of Bill issuance by the SBV helped ease bond yields. However, we believe there are still considerable risks that may lead to continued increases in bond yields in the near future.

### Corporate Bond Market

The issuance of corporate bonds in Oct decreased compared to the previous month but surged by 76 times compared to the same period last year. Bond issuance activities have only been more active since June, with banks being the largest issuers due to significant demand for medium and long-term capital mobilization. Issuing interest rates have decreased in the banking group but remain high for real estate businesses. Premature bond repurchase activities were also quite active during the month.

### Foreign Exchange Market

The exchange rate continued to surge in Oct due to increased domestic demand for USD and significant policy differences between Vietnam and the US. However, the US\$VND exchange rate experienced a sharp decline in early November due to positive macroeconomic factors domestically and a steep drop in the global USD. We maintain a stable forecast for the exchange rate over the remaining two months of this year and the early period of next year.

### Money Market

The interbank interest rates increased sharply in the second half of Oct but quickly cooled back to the range of 0.8 - 1.3% for the ON-1W tenors by the month-end. We forecast that interbank interest rates will soon rise in the near future as credit is expected to be pushed strongly in the remaining part of this year and the beginning of next year. The deposit interest rate has decreased to levels lower than before the pandemic period. This will help reduce the lending interest rate in the residential market.

	2020	2021	2022	Oct-23	YoY (+/-bps/pips)	YTD (+/-bps/pips)
Primary Government bond yield (10Y)	2.28%	2.08%	4.80%	2.42%	-198	-202
Secondary Government bond yield (10Y)	2.36%	2.09%	4.89%	2.86%	-158	-211
Corporate bond interest rate (%)	8.97%	7.86%	10.89%	9.93%	44	-57
USDVND exchange rate	23,098	22,826	23,633	24,565	-273	934
Interbank interest rate (%ON)	0.18%	1.72%	4.97%	0.85%	-438	-415
Average deposit interest rate 12M (SOB-%)	5.60%	5.50%	7.40%	5.26%	-214	-202

Sources: PHS