

VIETNAM

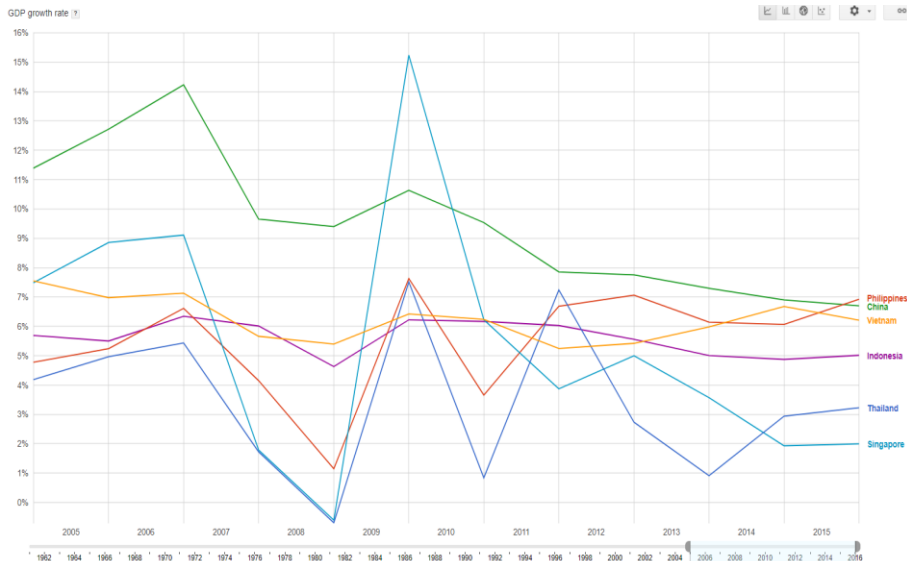
BOND MARKET

November 2017

Vietnam Key Medium Term Indicators

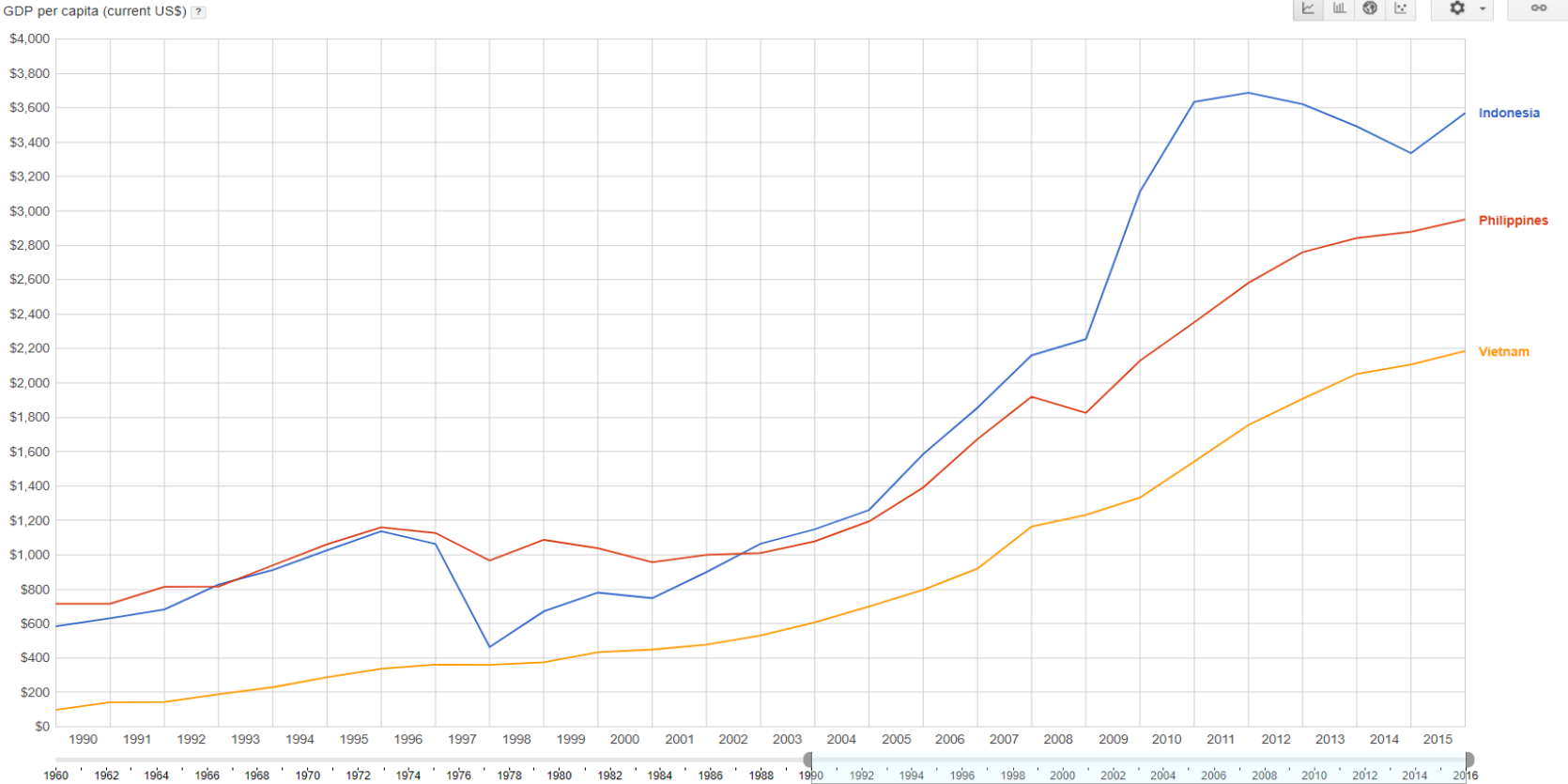
	2014	2015	2016/e	2017/f	2018/ f
GDP Growth (%)	6.0	6.7	6.2	6.3	6.4
Consumer Price Index (annual average, %)	4.1	0.6	2.7	4.0	4.5
Current Account Balance (% GDP)	4.9	0.1	4.0	2.5	1.8
Fiscal Balance (% GDP)	-6.3	-6.2	-6.5	-5.7	-5.6
Public Debt (% GDP) – MOF Definition	58.0	61.8	63.7	65.0	65.4
Public debt (% GDP)	54.5	59.6	62.2	64.6	65.2

Sources: GSO, MOF, SBV, and WB



SOURCE: TRADINGECONOMICS.COM | GENERAL STATISTICS OFFICE OF VIETNAM

Vietnam as a Middle Income country



Data from World Bank Last updated: Sep 18, 2017
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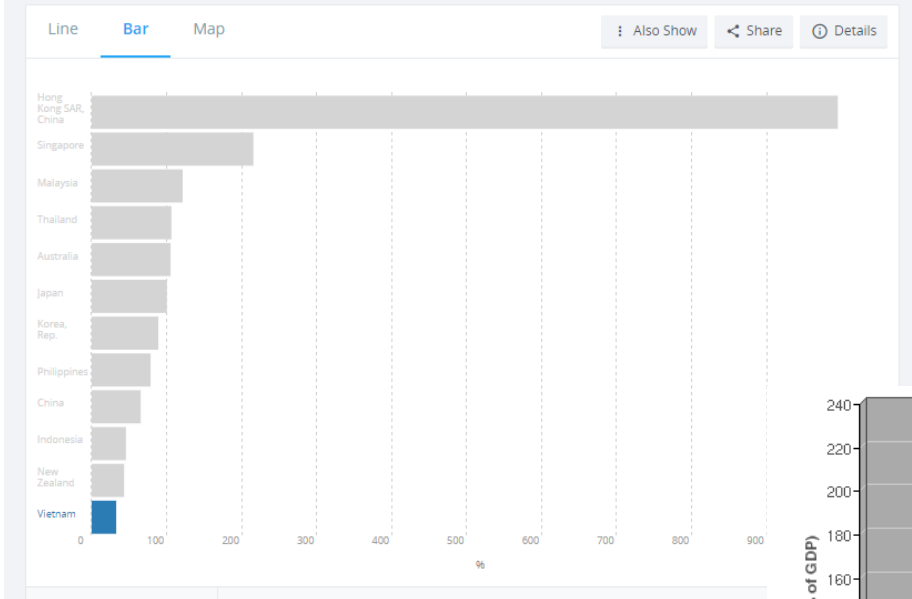
Vietnam will need to rely more on market-based financing

Vietnam as compared to other capital markets

Market capitalization of listed domestic companies (% of GDP)

World Federation of Exchanges database.

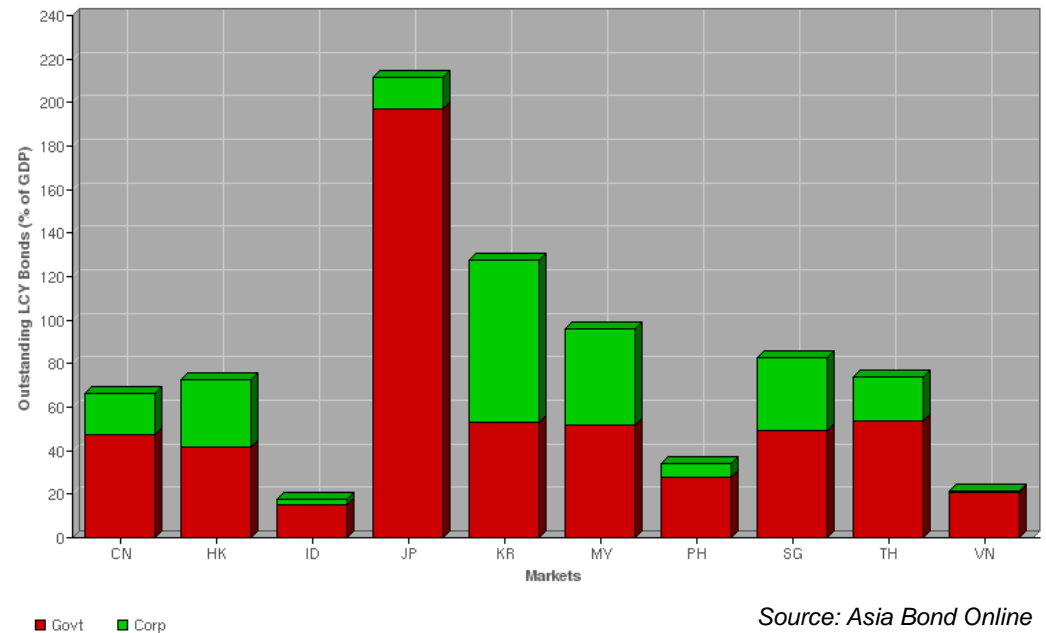
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Vietnam has a big room to grow...

...but will need to implement reforms

Size of LCY Bond Market in % of GDP



Source: Asia Bond Online

Results of implementation of reforms so far...

Indicator	Past	Present
Government bond to GDP ratio	14% (2012)	31% (2016)
Avg. tenor	2.38 yr (2012)	5.98 yr (2016)
Avg. issuance volume	USD 180 mio (2012)	USD 260 mio (2016)
Liquidity, daily trading volume	USD 80 mio (2013)	USD 280 mio (2016)
Corporate bond to GDP ratio (incl. private placement)	3.6% (2012)	5.2% (2016)

- *Improved primary market of government bonds: regular auctions, higher predictability, better information, larger issuance*
- *Improved secondary market: larger size of benchmark securities, higher liquidity*
- *Improved government debt portfolio: longer average tenor, higher likelihood for successful refinancing*
- *More active corporate bonds*

Vietnam – Issuance volumes in Local Currency Bond Market (Billion USD)

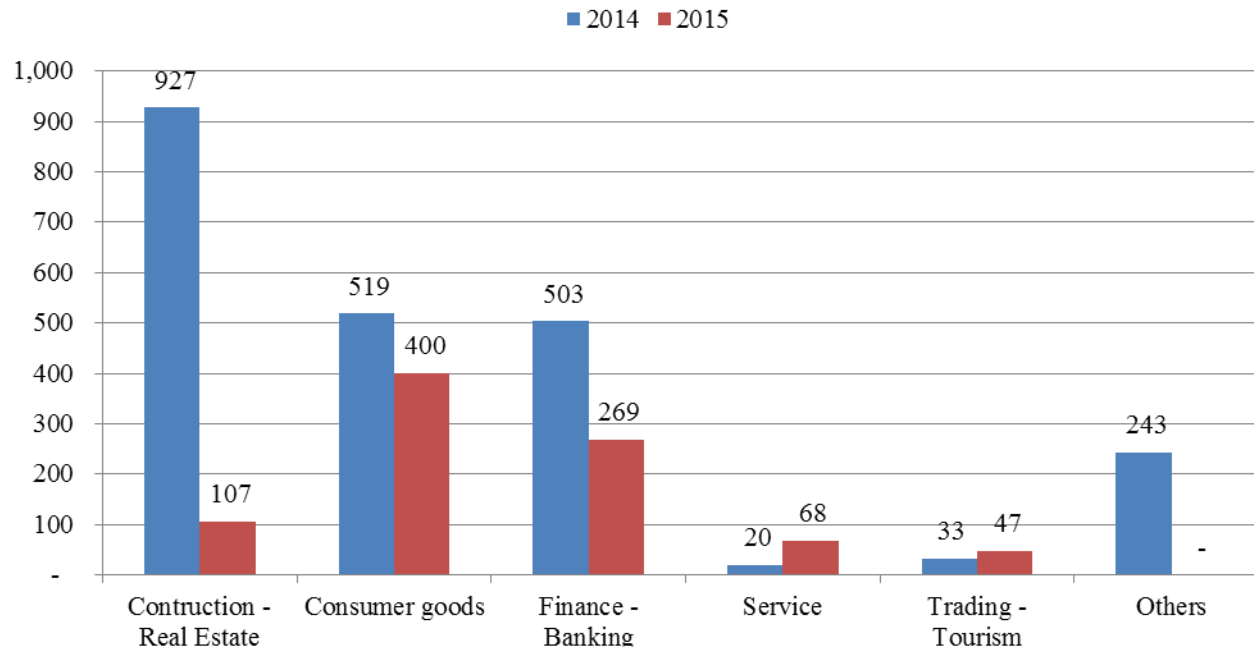
	2013	2014	2015	2016	Oct 2017
Gov Bond	6.78	9.76	11.39	12.38	6.83
T-Bill	1.73	1.24	-	0.86	-
VDB&VBSP Bond	2.25	1.30	2.13	1.51	0.80
Municipal Bond	0.21	0.19	0.18	0.02	-
Total	10.97	12.49	13.70	14.78	7.63

Vietnam – Gov Bond Trading in Secondary Market (Billion USD)

	Outright	Repo	Total
2013	16.15	3.62	19.77
2014	30.49	11.54	42.04
2015	26.96	13.33	40.29
2016	43.55	26.51	70.06
10 tháng 2017	46.14	38.76	84.90

- ❖ The corporate bond market in Vietnam is still relatively small and at an early development stage.
- ❖ The corporate bond market remains negligible in size at just 4,6% of GDP in 2016 (USD 5.7 billion) and 3,18% of GDP as of Oct 2017.

Vietnam: Corporate bond issuance volume in 2014 and 2015, classified by sectors (USD million)



Remaining challenges

- Limited Institutional Investor base
- New Products as hedging tools
- Repo Market Development
- Limited universe of potential issuers for corporate bond
- Inconsistencies / gaps in the regulatory framework for bond markets
- Deficiencies in the offering / issuance process for corporate bonds
- Weak disclosure requirements / Limited access to key information
- Limited regulatory capacity / weak supervision and enforcement
- Limited liquidity / Little or no secondary market trading for corporate bond
- Lack of credit rating agency services
- No provisions for bondholders' trustee/agent for bondholders

- **Vietnam Bond Market Development Roadmap (2017-2020, vision 2030) addresses these issues... and more** : approved in August & launched in September 2017
- **Objective**
 - *To support the sustainable development of the bond market in Vietnam with a focus on measures to improve market depth and liquidity*

- **THANK YOU!**