

Fixed-income Perspectives

SBV continues its liquidity injection

SBV extends the liquidity injection

In 46W24 (11 to 15 November), SBV continues to inject liquidity into the banking system amid a sharp increase in the exchange rate. On the one hand, the SBV issued nearly VND100.00tn in new repo contracts during the week, while VND90.00tn matured, leading to a net injection of VND10.00tn. Overall, the SBV recorded a total net liquidity injection of VND30.95tn into the banking system. On the other hand, SBV issued VND2.55tn in T-bills, while VND23.50tn matured this week, resulting in a net injection of VND20.95tn via this instrument. Although the SBV made significant net injections last week, liquidity in the banking system remained tight. So, SBV continued to inject a large amount of money into the system to ease this pressure.

Interbank rates increase broadly

In 46W24 (11 to 15 November), interbank rates rose across the curve, especially in the short-end. Specifically, overnight, 1-week, 2-week, 1-month, and 3-month rates increased by 103bps, 87bps, 80bps, 75bps, and 40bps respectively, reaching 5.18%, 5.07%, 5.00%, 5.00%, and 4.60%. The increase in interbank rates this week reflects growing liquidity pressures within the banking system amid fluctuating exchange rates.

USDVND rebounds as DXY strengthened

In 46W24 (11 to 15 November), USDVND surged after two weeks of decline, driven by continued strength in the DXY. The interbank USDVND rate rose by 0.41%, or 103 pips, from the previous week, settling at 25,389 on Friday. Globally, the DXY increased significantly by 1.61%, reaching 106.7 on Friday-near a two-year high and marking its seventh consecutive week of gains.

Vietnam economic indicators

	24-May	24-Jun	24-Jul	24-Aug	24-Sep	24-Oct	Corr. ¹
FDI %YoY	9.4	9.4	9.5	5.3	13.2	7.6	-0.17
Retail sales %YoY	8.9	8.9	8.6	8.4	7.6	7.1	-0.23
Export %YoY	14.6	13.1	20.2	14.5	11.0	10.3	-0.16
Import %YoY	25.7	14.7	25.0	12.4	11.5	13.8	-0.07
Trade balance (USD bn)	-0.5	3.2	2.4	4.5	2.3	2.0	-0.10
CPI %MoM	0.05	0.17	0.48	0.00	0.29	0.33	-0.08
Credit %YoY	14.0	15.3	15.3	15.7	14.6	14.1	-0.23
USDVND %MoM	0.45	0.02	-0.81	-1.48	-1.24	2.91	-0.39
PMI (pts)	50.3	54.7	54.7	52.4	47.3	51.2	-0.25
VNINDEX return (%)	4.8	-1.2	0.7	2.6	0.8	-2.2	1.00

Source: SBV, GSO, Bloomberg, KIS

¹ Correlation to VNINDEX's monthly return

Green = acceleration; yellow = deceleration; red = contraction.

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Research Dept.

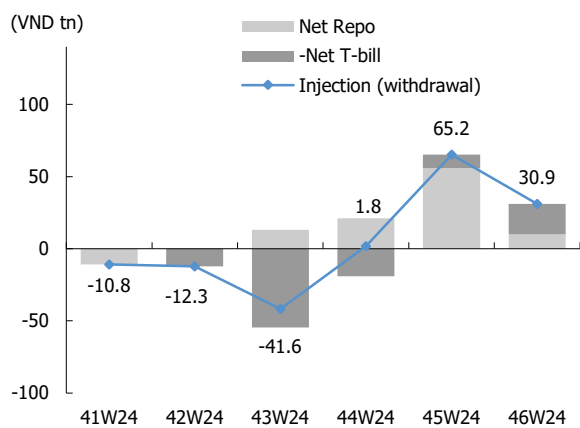
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I. SBV extends the liquidity injection

SBV extend injection to ease liquidity pressure in banking system

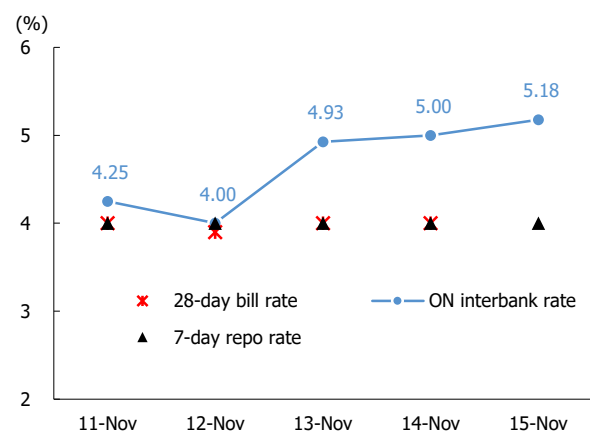
In 46W24 (11 to 15 November), SBV continues to inject liquidity into the banking system amid a sharp increase in the exchange rate. On the one hand, the SBV issued nearly VND100.00tn in new repo contracts during the week, while VND90.00tn matured, leading to a net injection of VND10.00tn. Overall, the SBV recorded a total net liquidity injection of VND30.95tn into the banking system. On the other hand, SBV issued VND2.55tn in T-bills, while VND23.50tn matured this week, resulting in a net injection of VND20.95tn via this instrument. Although the SBV made significant net injections last week, liquidity in the banking system remained tight. So, SBV continued to inject a large amount of money into the system to ease this pressure.

Figure 1. Net injection (withdrawal) of liquidity



Source: SBV, KIS

Figure 2. Interest rate corridor



Source: SBV, KIS

Figure 3. Repo issuance: detail information

Issue date	Maturity Date	Tenor (days)	Amount (VNDtn)	Yields (%)
11-Nov-24	18-Nov-24	7	15.00	4.00
12-Nov-24	19-Nov-24	7	15.00	4.00
13-Nov-24	20-Nov-24	7	30.00	4.00
14-Nov-24	21-Nov-24	7	20.00	4.00
15-Nov-24	22-Nov-24	7	20.00	4.00
Total		7	100.00	4.00

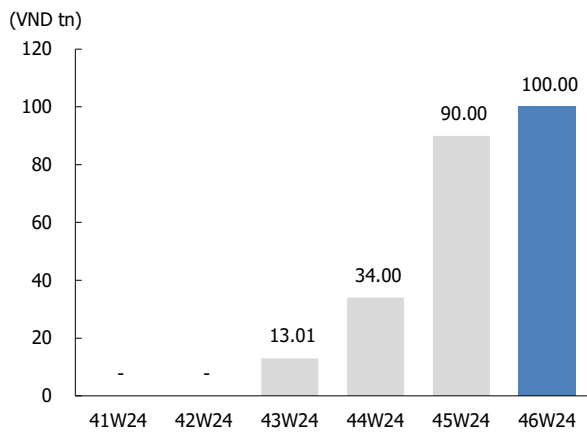
Source: SBV, KIS

Figure 4. 28-day bill issuance: detail information

Issue date	Maturity Date	Tenor (days)	Amount (VNDtn)	Yields (%)
11-Nov-24	9-Dec-24	28	0.50	4.00
12-Nov-24	10-Dec-24	28	0.30	3.90
13-Nov-24	11-Dec-24	28	0.30	4.00
14-Nov-24	12-Dec-24	28	1.45	4.00
Total		28	2.55	3.98

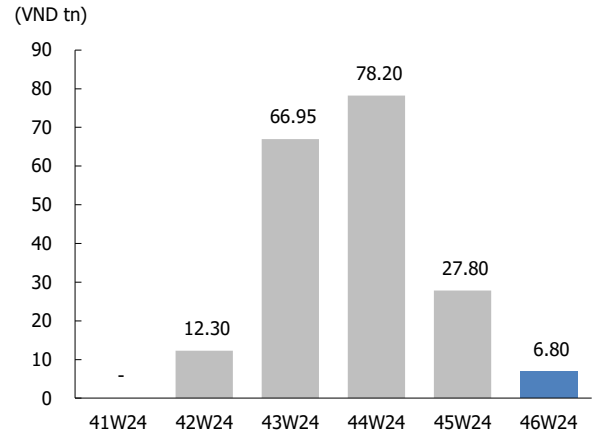
Source: SBV, KIS

Figure 5. Outstanding amount of repos



Source: SBV, KIS

Figure 6. Outstanding amount of bills



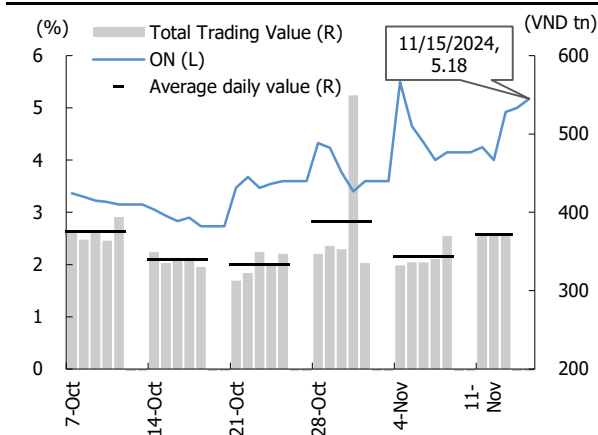
Source: SBV, KIS

II. Interbank rates increase broadly

Interbank rate curve rose notably in short-tenors

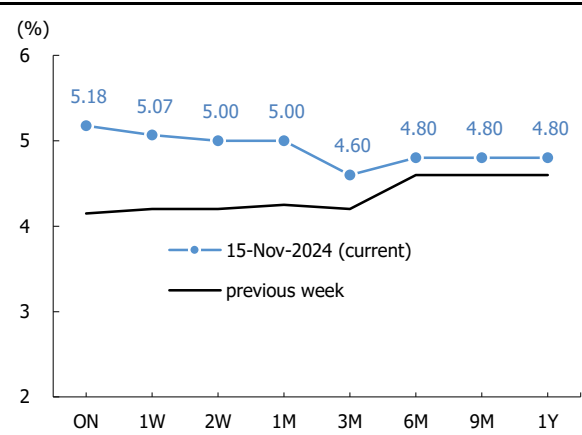
In 46W24 (11 to 15 November), interbank rates rose across the curve, especially in the short-end. Specifically, overnight (ON), 1-week (1W), 2-week (2W), 1-month (1M), and 3-month (3M) rates increased by 103bps, 87bps, 80bps, 75bps, and 40bps respectively, reaching 5.18%, 5.07%, 5.00%, 5.00%, and 4.60%. The increase in interbank rates this week reflects growing liquidity pressures within the banking system amid fluctuating exchange rates. Additionally, the sharp rise in interbank rates helps to ease the pace of the exchange rate increase. In the coming weeks, we expect that SBV will continue to manage the open market flexibly to both stabilize the exchange rate and ensure liquidity for the system.

Figure 7. Interbank daily transaction



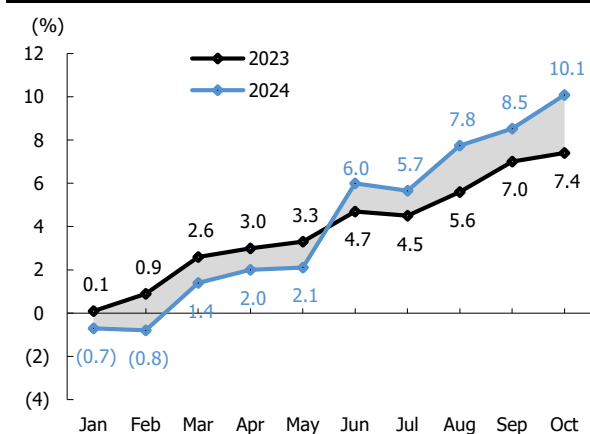
Source: SBV, Bloomberg, KISVN

Figure 8. Interbank rate curve



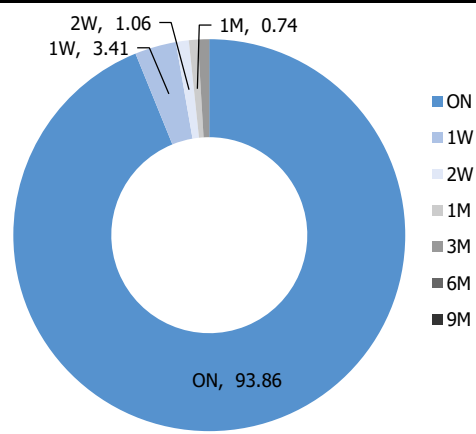
Source: SBV, Bloomberg, KISVN

Figure 9. Credit growth by month of the year



Source: SBV, Bloomberg, KISVN
Note: Updated by 30 October

Figure 10. Interbank transaction structure



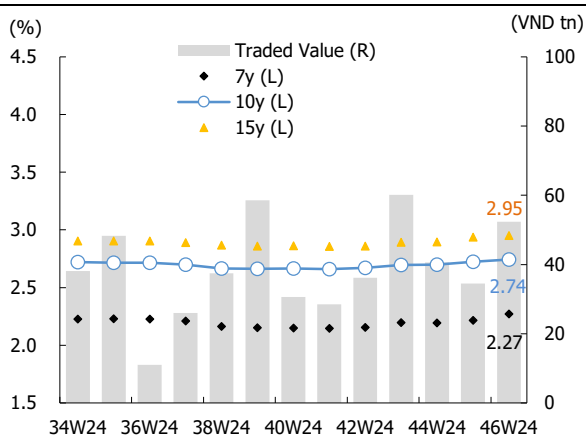
Source: SBV, Bloomberg, KISVN

III. G-bond yields ticked up

G-bond yields and trading value reflect a recovery in market sentiment

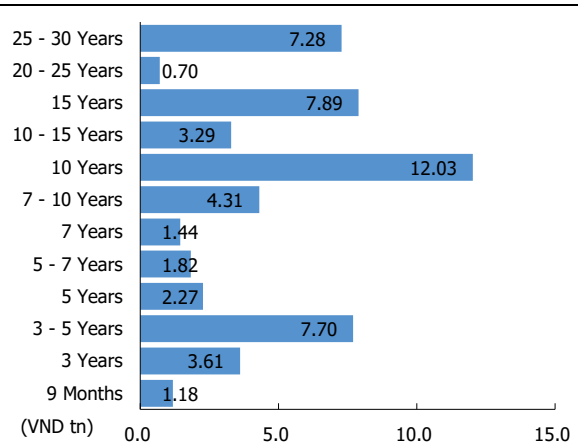
In 46W24 (11 to 15 November), government bond (G-bond) yields saw slight increases compared to the previous week, accompanied by a sharp rise in trading value. Specifically, the 3-year bond yield decreased slightly by 1bps, settling at 1.88%, while the yields for 5-year, 7-year, 10-year, and 15-year bonds rose by 2bps, 6bps, 2bps, and 1bps to reach 1.95%, 2.27%, 2.74%, and 2.95%, respectively. The total traded value surged to VND52.35tn, with a daily average of VND10.47tn, marking a significant 51.62% increase compared to the previous week. Overall, demand improved while yields rose moderately, reflecting a recovery in investor confidence as a response to developments during the week.

Figure 11. G-bond traded value by week



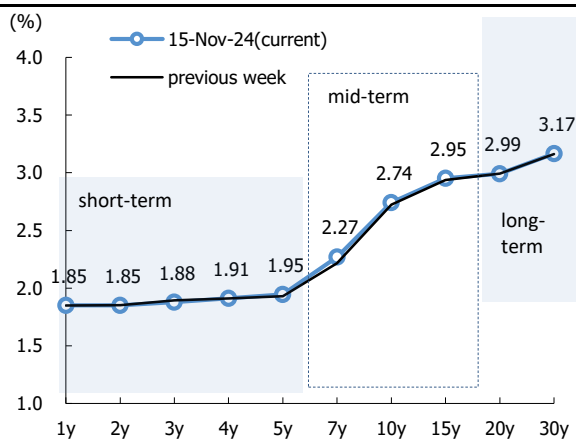
Source: HNX, Bloomberg, KIS

Figure 12. G-bond traded value by tenor



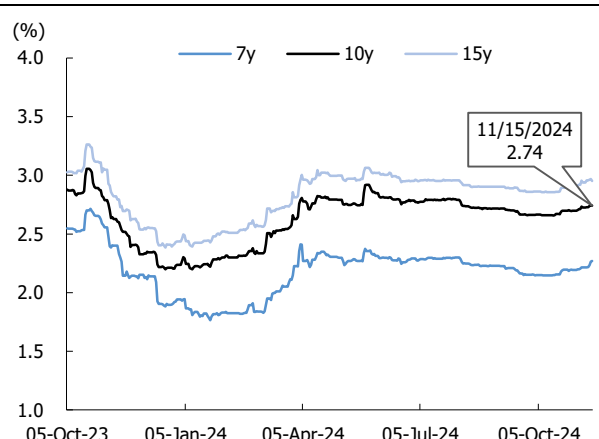
Source: HNX, Bloomberg, KIS

Figure 13. G-bond trading yield curve



Source: HNX, VBMA, KIS

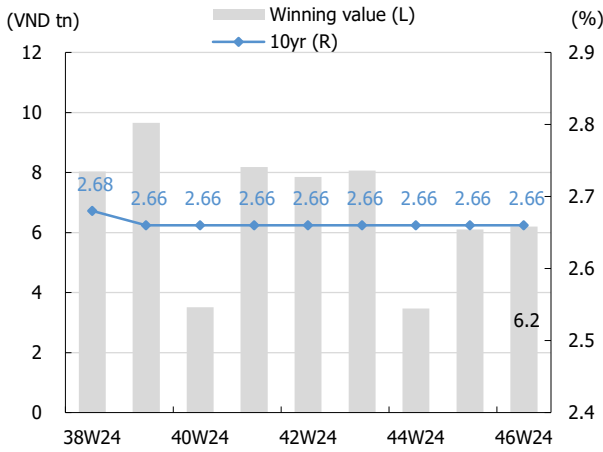
Figure 14. Historical daily government bond yields



Source: HNX, VBMA, KIS

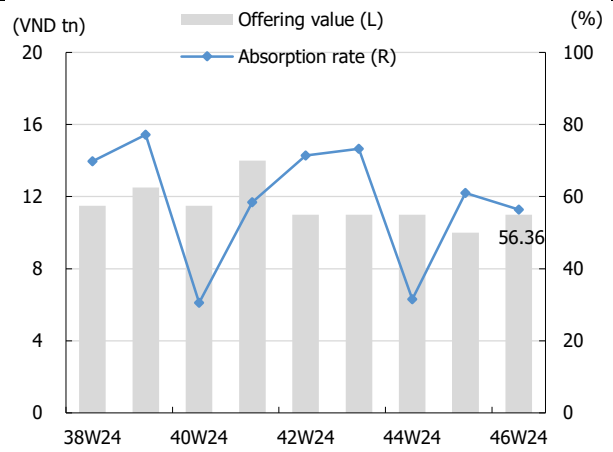
In the primary market, 46W24 showed a moderate change in demand compared to the previous week, with the winning yield remaining stable and the winning value slightly increasing. Specifically, the VST successfully issued VND6.20tn this week, with the winning yield remaining unchanged. To date, the VST has issued a total of VND315.05tn since the beginning of the year, achieving 78.76% of its 2024 target. This year's progress is notably faster than the same period last year, with a completion rate up by 5.53% YoY.

Figure 15. Weekly winning values



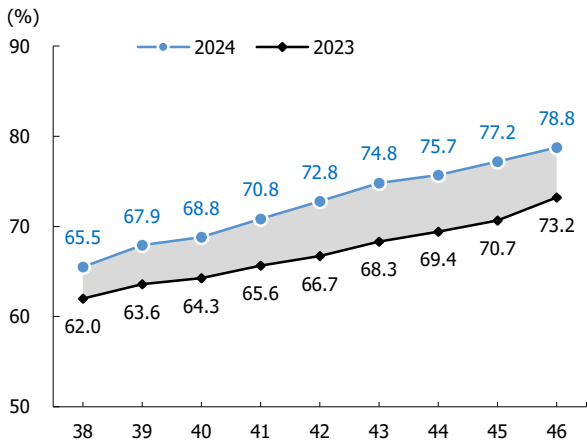
Source: HNX, KIS

Figure 16. Weekly absorption rate



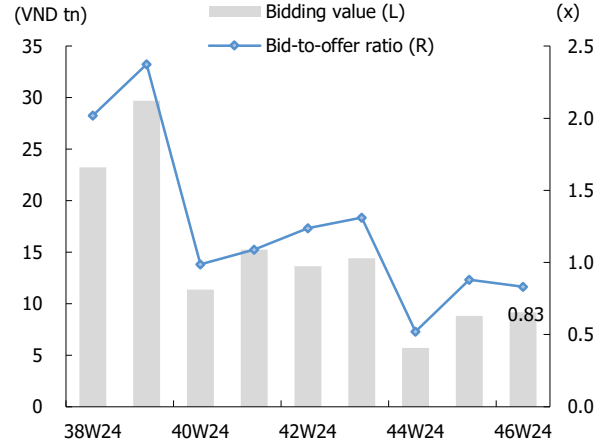
Source: HNX, KIS

Figure 17. Completion ratio by week-of-the-year



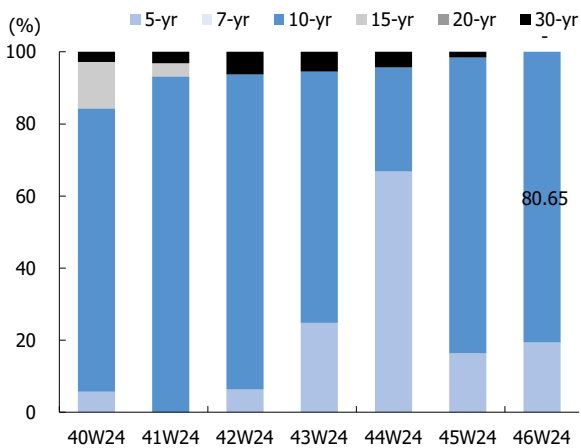
Source: HNX, KIS

Figure 18. Weekly bid-to-offer ratio



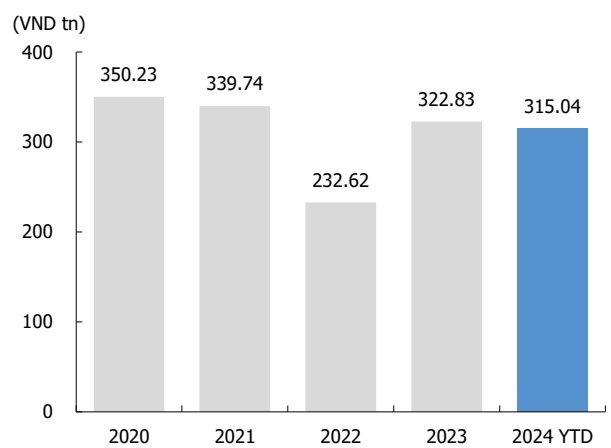
Source: HNX, KIS

Figure 19. Weekly winning G-bond structure



Source: HNX, KIS

Figure 20. Yearly issued amount of G-bond



Source: HNX, KIS

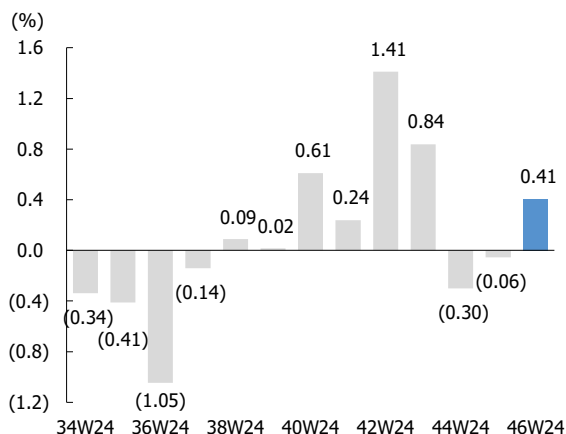
IV. USDVND rebounds as DXY strengthened

DXY trails toward a two-year high

In 46W24 (11 to 15 November), USDVND surged after two weeks of decline, driven by continued strength in the DXY. The interbank USDVND rate rose by 0.41%, or 103 pips, from the previous week, settling at 25,389 on Friday. Globally, the DXY increased significantly by 1.61%, reaching 106.7 on Friday—near a two-year high and marking its seventh consecutive week of gains. This momentum was supported by robust economic data and hawkish remarks from the Fed Chair, which tempered expectations for rate cuts in upcoming periods. Domestically, foreign investors expanded their net selling on the HOSE for the sixth consecutive week, totalling VND4.03tn, or 4.8% of the weekly trading value. Additionally, with the pressure of maturing government bonds this November, the VST launched its eleventh USD purchase auction since May to ensure it meets its obligations, as we had previously anticipated, which also contributed to the USDVND movements this week.

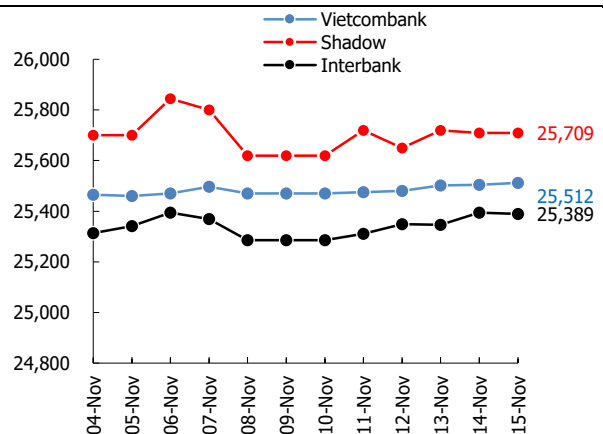
In terms of FX market developments, the ask price at Vietcombank increased by 0.16% or 42 pips, while the shadow market recorded a notable decrease of 0.35% or 89 pips compared to the previous week. On Friday, ask prices at Vietcombank and the shadow market were recorded at 25,512 and 25,709 per U.S. dollar, respectively.

Figure 21. Weekly USDVND performance



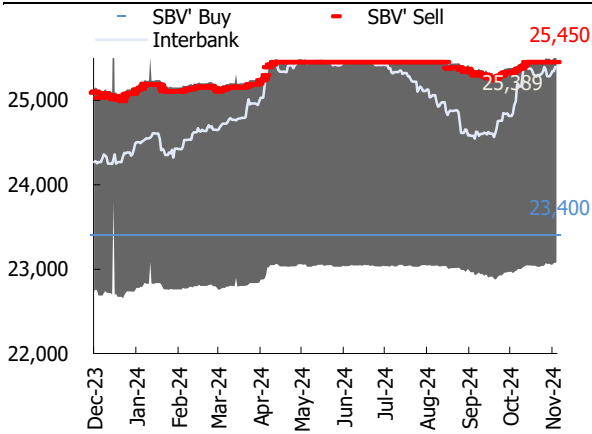
Source: Bloomberg, KIS

Figure 22. VCB & shadow market USDVND spread



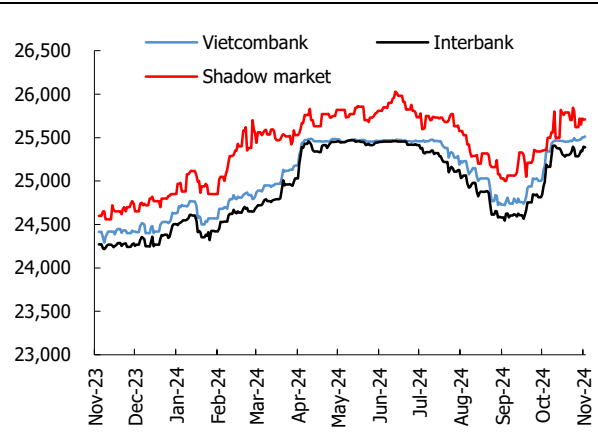
Source: SBV, Vietcombank, KIS

Figure 23. SBV's movement



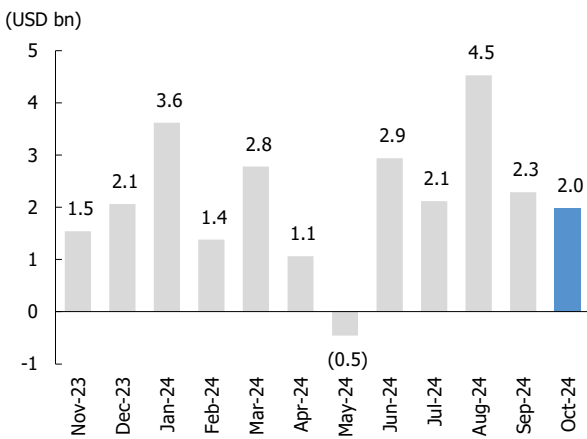
Source: SBV, Bloomberg, Fiiipro, KIS
 Note: shaded region is the daily trading band. The effective trading band is +/- 5% (the effective date is 17 October, 2022).

Figure 24. USDVND by market



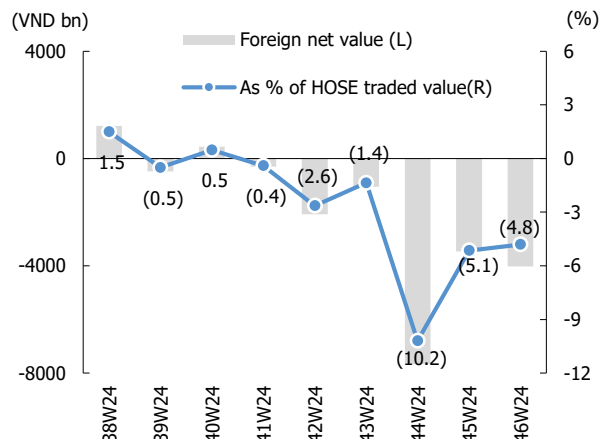
Source: SBV, Bloomberg, KIS

Figure 25. Vietnam's trade balance by month



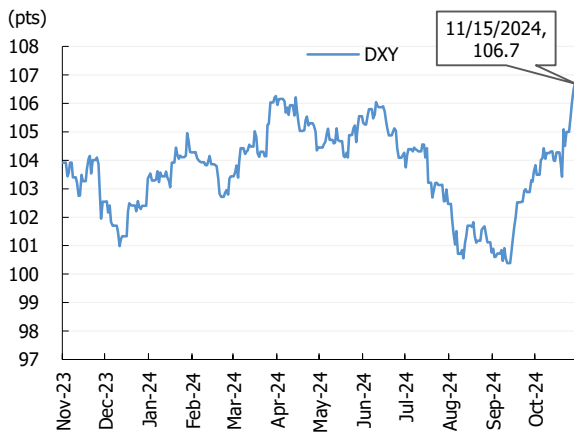
Source: GSO, KIS
 Note: Updated until 6 November, 2024

Figure 26. Trading of the foreign bloc in Vietnamese stock market



Source: Fiiipro, KIS

Figure 27. Historical DXY



Source: Bloomberg

Figure 28. Weekly change of USDVND and peers

	Regime	44W24	45W24	46W24	2024YTD
DXY	U.S. Dollar Index	0.02	0.69	1.61	5.28
USDCNY	Managed floating	0.11	0.77	0.63	1.82
EURUSD	Floating	0.35	-1.07	-1.66	-4.52
USDJPY	Floating	0.46	-0.24	1.09	9.40
USDKRW	Floating	-0.83	1.26	0.18	8.57
USDSGD	Basket-band-crawl	0.36	-0.05	1.24	1.64
USDTHB	Floating	0.34	0.34	2.37	2.00
USDVND	Managed floating	-0.30	-0.06	0.41	4.62

Source: SBV, Bloomberg
 Note: Green = appreciation; yellow = appreciate at slower pace; red = depreciation.

Macro scorecard

	24-Jun	24-Jul	24-Aug	24-Sep	24-Oct	4Q23	1Q24	2Q24	3Q24	2020	2021	2022	2023
Real GDP growth (%)						6.72	5.66	6.93	7.40	2.91	2.58	8.02	5.05
Registered FDI (USD bn)	4.13	2.82	2.53	4.26	2.48	16.40	6.18	9.01	9.59	28.53	31.15	27.72	36.61
GDP per capita (USD)										3,521	3,725	4,110	4,285
Unemployment rate (%)						2.28	2.24	2.29	2.24	2.48	3.22	2.32	2.26
Export (USD bn)	33.09	35.92	37.59	34.05	35.59	96.53	93.06	98.2	108.6	282.7	335.7	371.85	355.5
Import (USD bn)	30.15	33.80	33.06	31.76	33.60	90.17	84.98	94.0	99.7	263	331.1	360.65	327.5
Export growth (%)	10.52	19.11	14.54	10.70	10.09	8.80	16.98	13.59	15.82	7.02	18.74	10.61	-4.4
Import growth (%)	13.12	24.73	12.38	11.06	13.56	8.01	13.88	20.65	17.19	3.81	25.9	8.35	-8.9
Inflation (%)	4.34	4.36	3.45	2.63	2.68	3.54	3.77	4.39	3.48	3.24	1.84	3.15	3.25
USD/VND	25,458	25,320	24,860	24,093	25,270	24,260	24,786	25,458	24,093	23,126	22,790	23,650	23,784
Credit growth (%)	15.3	15.1	14.9	14.6	16.6	10.82	11.6	13.5	15.3	12.17	12.97	12.87	11.09
10Y gov't bond (%)	2.81	2.79	2.83	2.66	2.80	2.23	2.59	2.81	2.66	2.01	2.11	5.08	2.39

Source: GSO, Bloomberg, FIA, IMF

**Glossary

- * Winning yield rate = each group's highest bidding rate, 2.66%
- * Absorption rate = winning value / offering value, 56.36%
- * Bid to offer ratio = offering value / bidding value, 0.83%
- * DXY = U.S. Dollar Index, ~106.7
- * OMO = Open market operation
- * Tenor = due for payment
- * ON = overnight interbank interest rate, ~5.18%

Appendix

Figure 1. Vietnam's state budget by year: plan

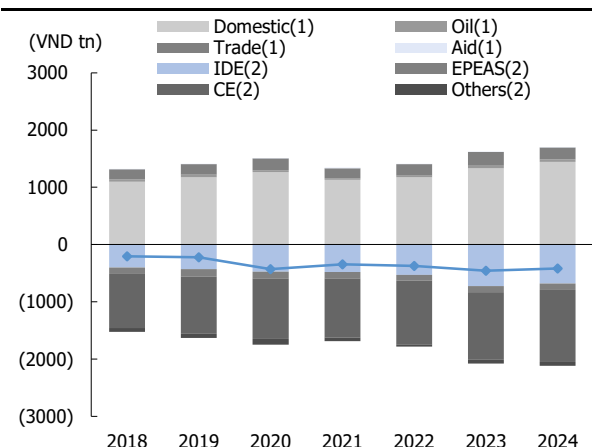
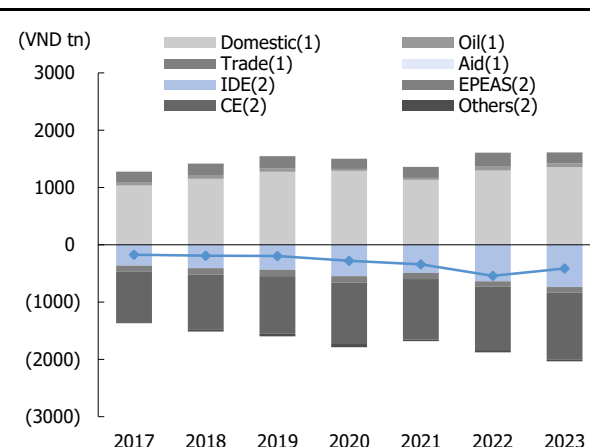


Figure 2. Vietnam's state budget by year: actual



Source: MoF, SBV, KIS

Domestic= Domestic revenues; Oil= Crude oil revenues; Trade= Balanced income from export and import activities; Aid= Revenue from aid.
IDE= Investment and development expenditures; EPEAS= Interest payment expenses & Aid spending; CE= Current expenditures

(1) indicates the item belongs to the revenue

(2) indicates the item belongs to the expenditure and plotted as a negative number

Figure 3. Vietnam's balance of payment (USD bn)

	2020	2021	2022	2023	1Q24	2Q24
Current account	15.1	(4.6)	(1.1)	25.1	5.2	4.5
Goods, credit (exports)	282.6	335.9	371.3	354.7	92.9	97.9
Goods, debit (imports)	251.9	318.5	345.6	310.7	81.0	89.3
Balance on goods	30.7	17.5	25.7	44.0	11.9	8.5
Services, credit (exports)	7.6	4.2	12.9	19.6	5.7	5.5
Services, debit (imports)	17.9	19.9	25.5	29.1	8.0	8.3
Primary income, credit	1.4	1.0	2.3	4.6	1.4	1.4
Primary income, debit	16.2	17.7	22.0	27.0	9.0	5.4
Secondary income, credit	11.4	13.6	12.2	16.1	4.3	3.8
Secondary income, debit	2.0	3.2	6.7	3.1	1.0	1.1
Financial account	(8.5)	(30.9)	(9.5)	(2.8)	1.4	(6.3)
Direct investment, assets	0.4	0.3	2.7	1.6	(0.1)	(0.1)
Direct investment, liabilities	15.8	15.7	17.9	18.5	3.6	5.0
Portfolio investment, assets	(0.0)	(0.0)	(0.0)	0.0	0.0	0.0
Portfolio investment, liabilities	(1.3)	0.3	1.5	(1.2)	(0.5)	(1.6)
Other investment, assets	8.4	0.6	13.7	(14.3)	0.2	(5.2)
Other investment, liabilities	2.8	15.9	6.4	(7.4)	(1.8)	(4.4)
Net errors and omissions	(6.9)	(10.4)	(31.1)	(16.6)	(8.0)	(4.3)
Reserves and related items	16.6	15.9	(22.7)	(5.6)	1.4	6.1

Source: SBV, IMF, KIS

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