

# Fixed-income Perspectives

## SBV injects significantly to ease year-end liquidity pressure despite amplified USDVND strain

### SBV injects liquidity significantly

In 52W24 (23 to 27 December), SBV significantly increased its liquidity injection into the banking system following a substantial net withdrawal the previous week. Specifically, the SBV issued nearly VND70.00tn in repo contracts while VND4.00tn matured, resulting in a net injection of VND66.00tn via this instrument. Additionally, the SBV injects an additional VND20.56tn from the banking system by issuing VND20.81tn in T-bills while VND41.37tn of this instrument matured this week. In total, the SBV recorded a substantial net liquidity injection of VND86.56tn from the banking system this week.

### Interbank rates increase across short tenors

This week, interbank rates increased across short tenors. Specifically, overnight, 1-week, 2-week, 1-month and 3-month rates rose by 13bps, 60bps, 17bps, 3bps and 20bps, respectively, reaching 3.90%, 4.80%, 4.80%, 4.77% and 5.00%. The average daily trading value sharply rose by 15.20% compared to the previous week, reaching VND442.47tn.

### USDVND drops slightly

In the final week of 2024, USDVND dropped slightly after remaining at its upper bound in previous weeks, amid the DXY rally. The interbank USDVND rate slipped marginally by 0.01%, equivalent to 3ppts from the previous week, settling at 25,452 on Friday. On the international market, the DXY consistently stayed above the 108 mark during the week and edged down slightly after the holiday, posting a 0.35% gain on Friday. The USD's upward momentum persisted from the previous week following the Fed's hawkish stance for 2025, where the U.S. neutral rate was revised higher, and fewer rate cuts were anticipated next year.

### Vietnam economic indicators

	24-Jun	24-Jul	24-Aug	24-Sep	24-Oct	24-Nov	Corr <sup>1</sup>
FDI %YoY	9.4	9.5	5.3	13.2	7.6	-6.7	-0.16
Retail sales %YoY	8.9	8.6	8.4	7.1	9.4	8.8	-0.18
Export %YoY	13.1	20.2	14.5	11.0	10.3	8.2	-0.16
Import %YoY	14.7	25.0	12.4	11.5	13.8	9.8	-0.07
Trade balance (USD bn)	3.2	2.4	4.5	2.3	2.0	1.1	-0.10
CPI %MoM	0.17	0.48		0.29	0.33	0.13	-0.07
Credit %YoY	15.3	15.3	15.7	16.1	16.6	15.8	-0.23
USDVND %MoM	0.02	-0.81	-1.48	-1.24	2.91	0.16	-0.39
PMI (pts)	54.7	54.7	52.4	47.3	51.2	50.8	-0.25
VNINDEX return (%)	-1.2	0.7	2.6	0.8	-1.8	-1.1	1.00

Source: SBV, GSO, Bloomberg, KIS

<sup>1</sup> Correlation to VNINDEX's monthly return

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

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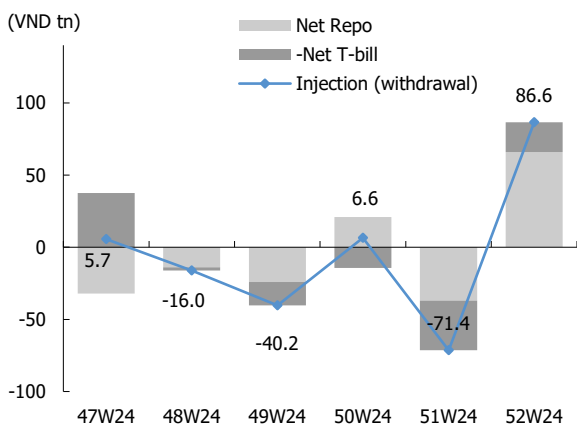
# I. SBV injects liquidity significantly

## SBV strengthens liquidity injection

In 52W24 (23 to 27 December), SBV significantly increased its liquidity injection into the banking system following a substantial net withdrawal the previous week. Specifically, the SBV issued nearly VND70.00tn in repo contracts while VND4.00tn matured, resulting in a net injection of VND66.00tn via this instrument. Additionally, the SBV injects an additional VND20.56tn from the banking system by issuing VND20.81tn in T-bills while VND41.37tn of this instrument matured this week. In total, the SBV recorded a substantial net liquidity injection of VND86.56tn from the banking system this week.

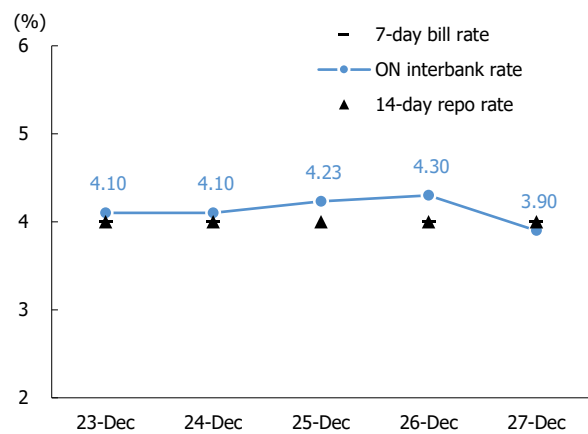
SBV injects liquidity following a significant net withdrawal the previous week, aims to meet the rising liquidity demand during the year-end payment peak. However, persistent exchange rate pressures are keeping the SBV cautious in adjusting liquidity support through open market operations to maintain adequate liquidity and balance VND-USD interest rates.

**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 (%)
23-Dec-24	6-Jan-25	14	20.00	4.00
24-Dec-24	7-Jan-25	14	15.00	4.00
25-Dec-24	8-Jan-25	14	15.00	4.00
26-Dec-24	9-Jan-25	14	15.00	4.00
27-Dec-24	3-Jan-25	7	5.00	4.00
<b>Total</b>		<b>12.6</b>	<b>70.00</b>	<b>4.00</b>

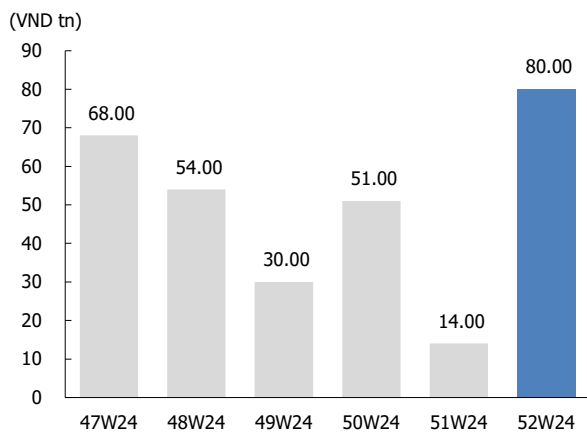
Source: SBV, KIS

**Figure 4. 7 & 14-day bill issuance: detail information**

Issue date	Maturity Date	Tenor (days)	Amount (VNDtn)	Yields (%)
23-Dec-24	30-Dec-24	7	2.80	4.00
24-Dec-24	31-Dec-24	7	3.65	4.00
26-Dec-24	2-Jan-25	7	7.50	4.00
27-Dec-24	3-Jan-25	7	6.86	4.00
<b>Total</b>		<b>7</b>	<b>20.81</b>	<b>4.00</b>

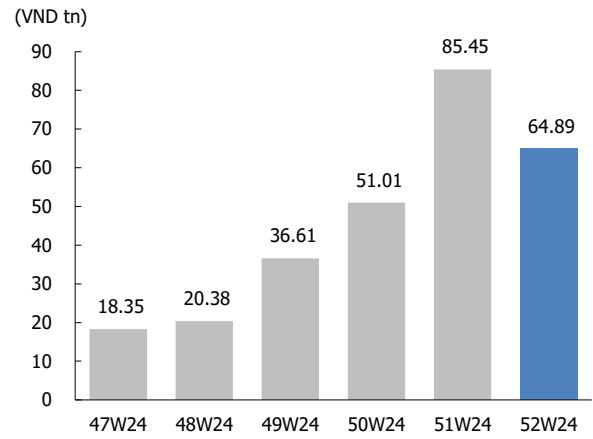
Source: SBV, KIS

**Figure 5. Outstanding amount of repos**



Source: SBV, KIS

**Figure 6. Outstanding amount of bills**



Source: SBV, KIS

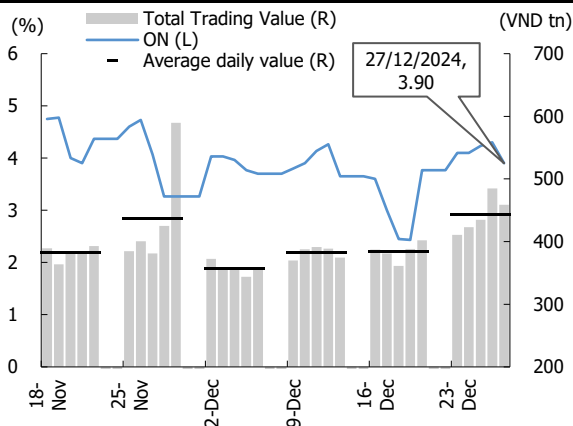
## II. Interbank rates increase across short tenors

### Interbank rate curve rises in shorts tenor

This week, interbank rates increased across short tenors. Specifically, overnight (ON), 1-week (1W), 2-week (2W), 1-month (1M) and 3-month (3M) rates rose by 13bps, 60bps, 17bps, 3bps and 20bps, respectively, reaching 3.90%, 4.80%, 4.80%, 4.77% and 5.00%. The average daily trading value sharply rose by 15.20% compared to the previous week, reaching VND442.47tn.

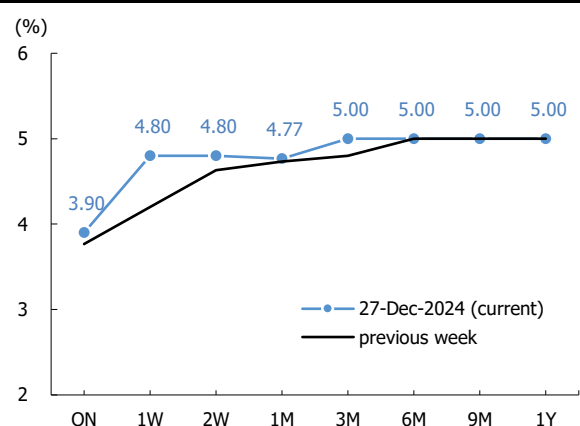
This week, the USDVND exchange rate remained high around the SBV's selling price range. The simultaneous use of two tools, treasury bills and OMO, aims to achieve a dual objective of ensuring liquidity for the banking system while easing exchange rate pressures by narrowing the USD-VND interest rate differential in the interbank market.

Figure 7. Interbank daily transaction



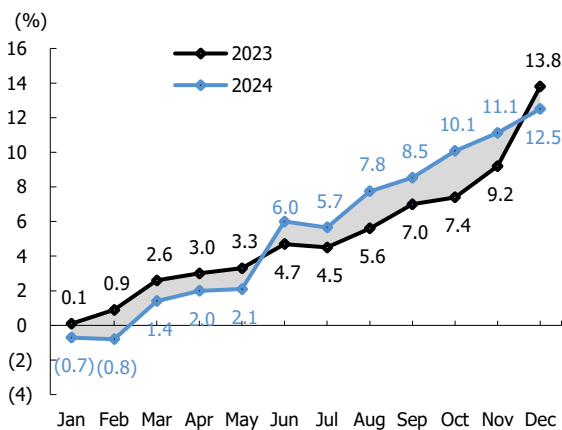
Source: SBV, Bloomberg, KISVN

Figure 8. Interbank rate curve



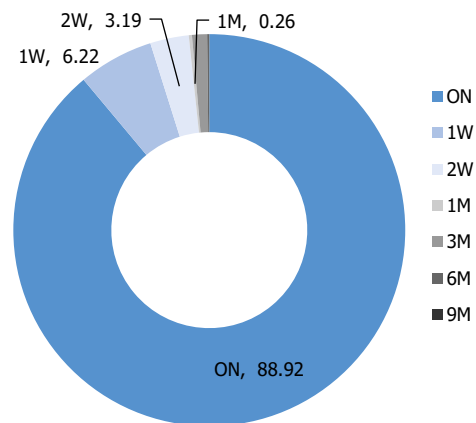
Source: SBV, Bloomberg, KISVN

Figure 9. Credit growth by month of the year



Source: SBV, Bloomberg, KISVN  
Note: Updated by 7 December

Figure 10. Interbank transaction structure



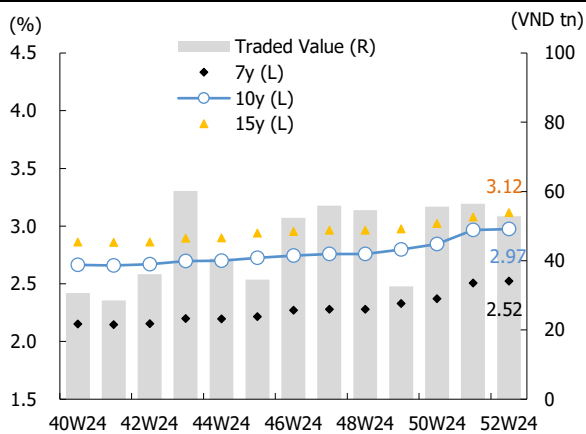
Source: SBV, Bloomberg, KISVN

### III. G-bond yields rise across all tenors

**G-bond yields increased across tenors, accompanied by a strong surge in trading activity**

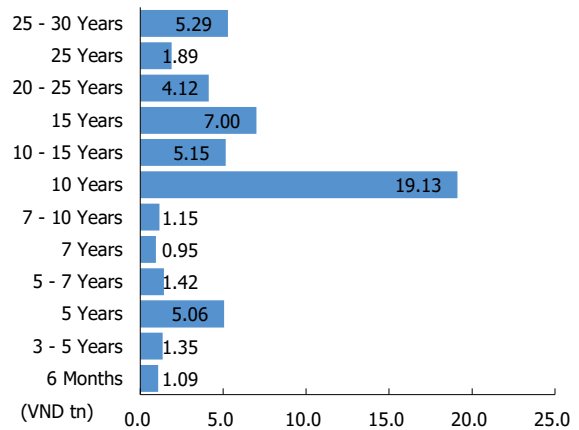
This week, G-bond yields increased across all maturities while trading value rose sharply. Specifically, yields for the most actively traded tenors—5-year, 7-year, 10-year, 15-year, 20-year, and 30-year—rose by 1bp, 1bp, 1bp, 4bps, 1bp, and 2bps, respectively, reaching 2.29%, 2.52%, 2.97%, 3.12%, 3.18%, and 3.27%. The total trading value surged by 21.58% compared to last week, reaching VND52.87tn with a daily average of VND10.57tn.

**Figure 11. G-bond traded value by week**



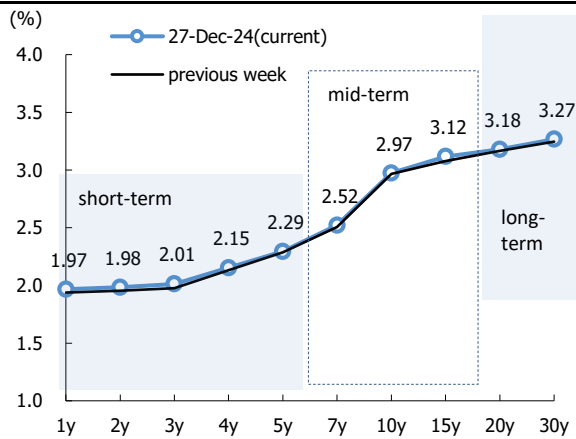
Source: HNX, Bloomberg, KIS

**Figure 12. G-bond traded value by tenor**



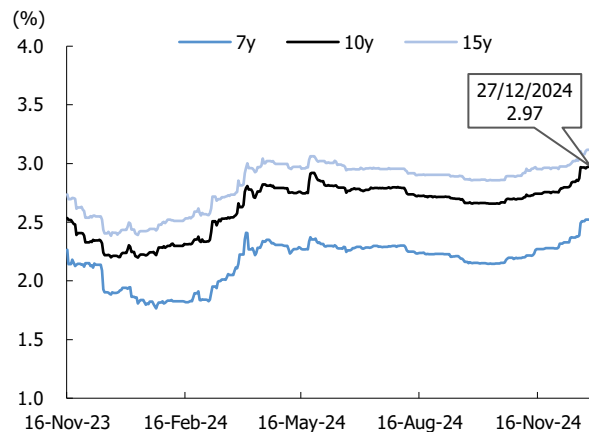
Source: HNX, Bloomberg, KIS

**Figure 13. G-bond trading yield curve**



Source: HNX, VBMA, KIS

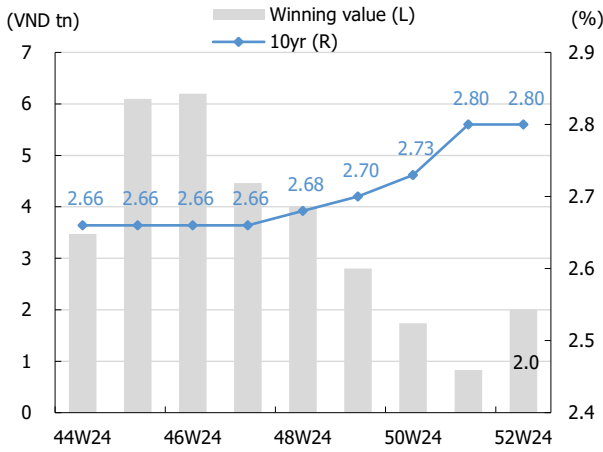
**Figure 14. Historical daily government bond yields**



Source: HNX, VBMA, KIS

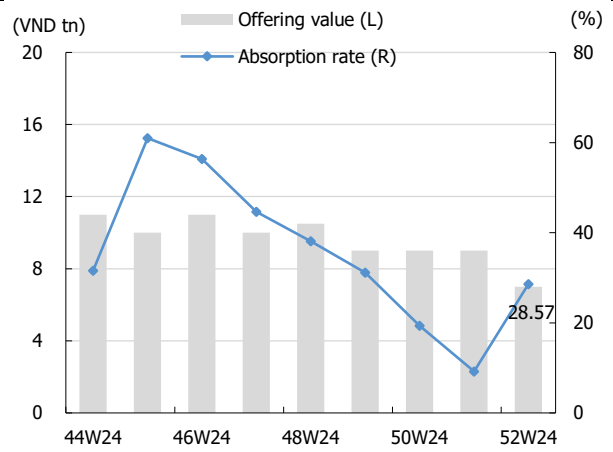
In the primary market, 52W24 showed a recovery after five subdued weeks, with the winning yield remaining unchanged and the winning value rebounding. Specifically, the VST successfully issued VND2.00tn this week, with the winning yield stable at 2.80%. To date, the VST has issued a total of VND330.88tn since the beginning of the year, achieving 82.72% of its 2024 target. This year's progress is notably faster than the same period last year, with the completion rate up by 2.01% YoY.

**Figure 15. Weekly winning values**



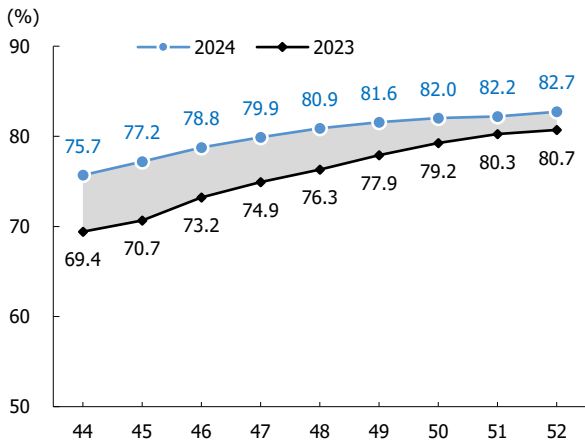
Source: HNX, KIS

**Figure 16. Weekly absorption rate**



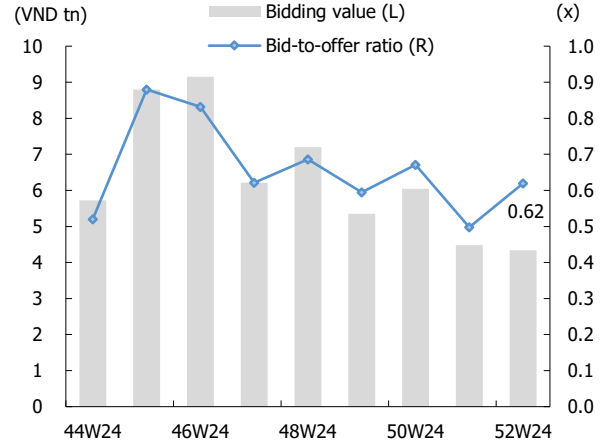
Source: HNX, KIS

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



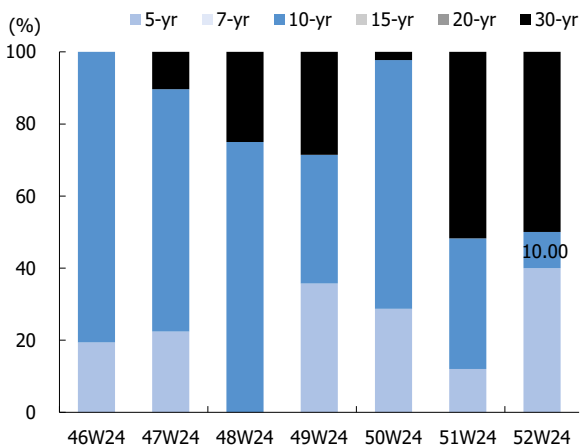
Source: HNX, KIS

**Figure 18. Weekly bid-to-offer ratio**



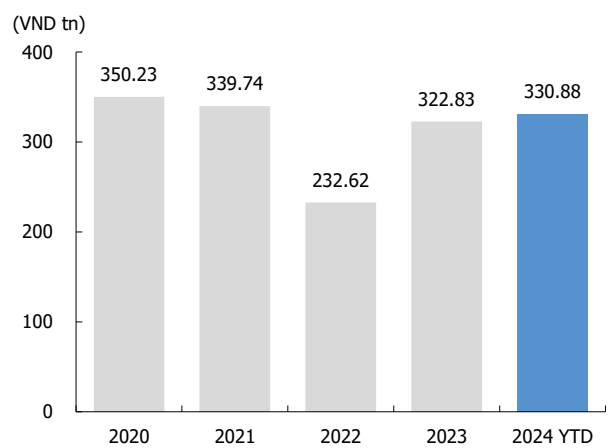
Source: HNX, KIS

**Figure 19. Weekly winning G-bond structure**



Source: HNX, KIS

**Figure 20. Yearly issued amount of G-bond**



Source: HNX, KIS

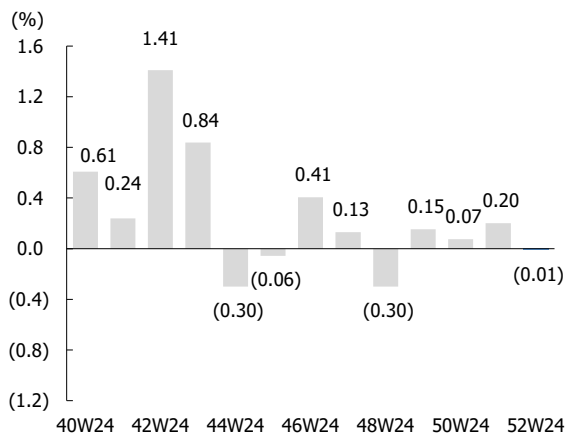
## IV. USDVND drops slightly

**USDVND declines slightly after continuously trade at the upper bound amid DXY rally**

In the final week of 2024, USDVND dropped slightly after remaining at its upper bound in previous weeks, amid the DXY rally. The interbank USDVND rate slipped marginally by 0.01%, equivalent to 3ppts from the previous week, settling at 25,452 on Friday. On the international market, the DXY consistently stayed above the 108 mark during the week and edged down slightly after the holiday, posting a 0.35% gain on Friday. The USD's upward momentum persisted from the previous week following the Fed's hawkish stance for 2025, where the U.S. neutral rate was revised higher, and fewer rate cuts were anticipated next year. This was fueled by concerns over inflationary pressures and potential impacts as Donald Trump prepares to return to the White House. On the domestic front, exchange rate pressures eased slightly as foreign investors returned to net buying on stock exchange this week, albeit at a moderate level, totaling VND0.27tn or 0.3% of the weekly trading value on HOSE.

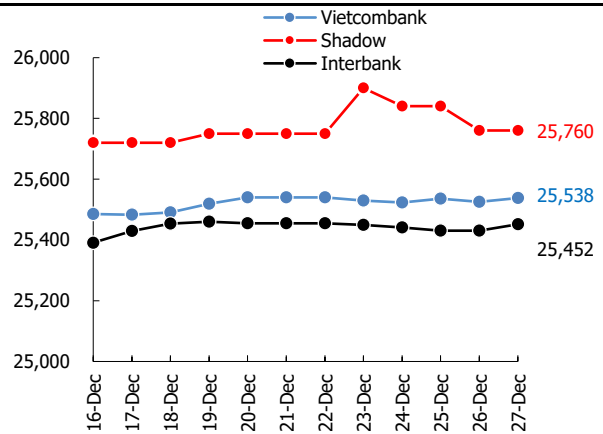
Considering the FX development across segments, the ask price at Vietcombank decreased by 0.01% or 2ppts, while the shadow market decreased by 0.04% or 10ppts compared to the previous week. On Friday, ask prices at Vietcombank and the shadow market were recorded at 25,538 and 25,760 per U.S. dollar, respectively.

**Figure 21. Weekly USDVND performance**



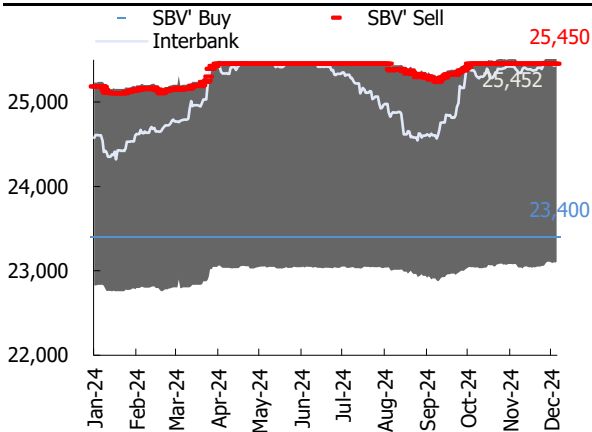
Source: Bloomberg, KIS

**Figure 22. VCB & shadow market USDVND spread**



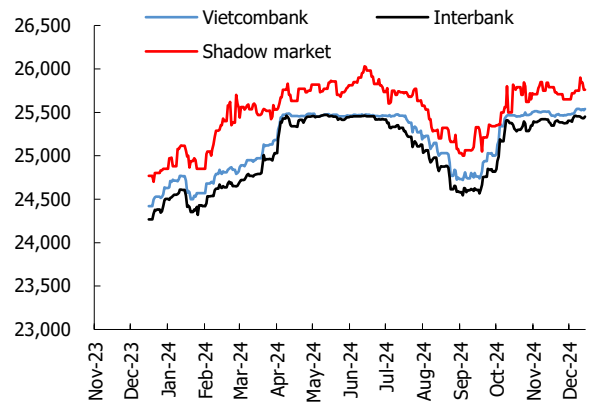
Source: SBV, Vietcombank, KIS

**Figure 23. SBV's movement**



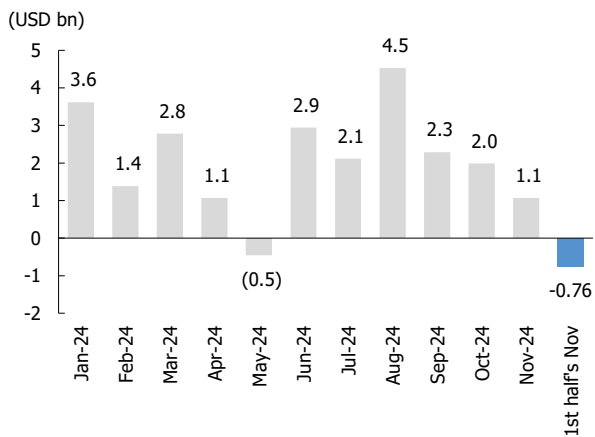
Source: SBV, Bloomberg, Fiiipro, KIS  
 Note: shaded region is the daily trading band. The effective trading band is +/- 5% (the effective date is 17 October, 2022).

**Figure 24. USDVND by market**



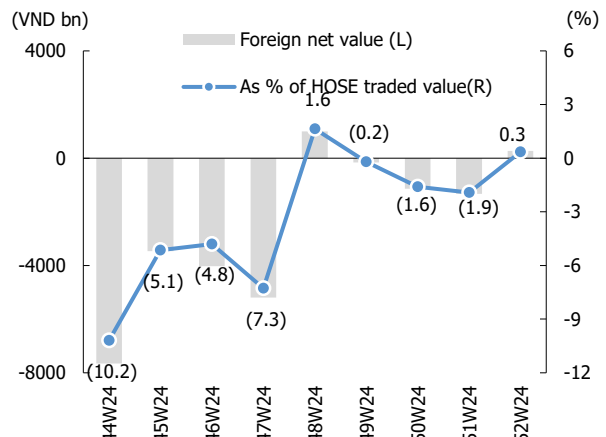
Source: SBV, Bloomberg, KIS

**Figure 25. Vietnam's trade balance by month**



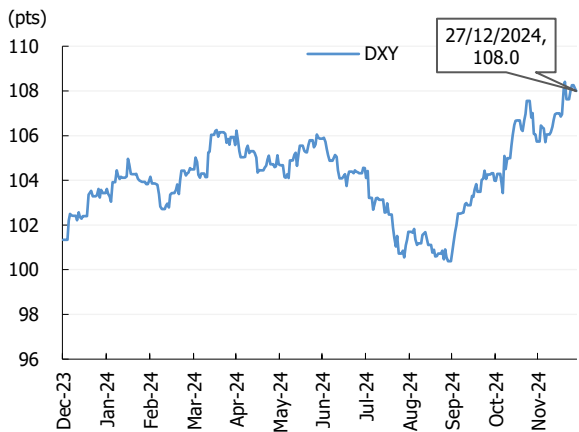
Source: GSO, KIS  
 Note: Updated until 20 December, 2024

**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	50W24	51W24	52W24	2024YTD
DXY	U.S. Dollar Index	0.89	0.58	0.35	6.58
USDCNY	Managed floating	0.03	0.30	0.01	2.76
EURUSD	Floating	-0.63	-0.68	-0.04	-5.55
USDJPY	Floating	2.43	1.73	1.00	11.93
USDKRW	Floating	0.85	0.82	1.64	14.19
USDSGD	Basket-band-crawl	0.45	0.53	0.19	2.89
USDTHB	Floating	0.16	1.01	-1.05	-0.10
USDVND	Managed floating	0.07	0.20	-0.01	4.88

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



## Macro scorecard

	24-Jul	24-Aug	24-Sep	24-Oct	24-Nov	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)	2.82	2.53	4.26	2.48	4.12	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)	35.92	37.59	34.05	35.59	33.73	96.53	93.06	98.2	108.6	282.7	335.7	371.85	355.5
Import (USD bn)	33.80	33.06	31.76	33.60	32.67	90.17	84.98	94.0	99.7	263	331.1	360.65	327.5
Export growth (%)	19.11	14.54	10.70	10.09	8.16	8.80	16.98	13.59	15.82	7.02	18.74	10.61	-4.4
Import growth (%)	24.73	12.38	11.06	13.56	9.81	8.01	13.88	20.65	17.19	3.81	25.9	8.35	-8.9
Inflation (%)	4.36	3.45	2.63	2.68	2.77	3.54	3.77	4.39	3.48	3.24	1.84	3.15	3.25
USD/VND	25,320	24,860	24,093	25,282	25,346	24,260	24,786	25,458	24,093	23,126	22,790	23,650	23,784
Credit growth (%)	15.1	14.9	14.6	16.6	15.8	10.82	11.6	13.5	15.3	12.17	12.97	12.87	11.09
10Y gov't bond (%)	2.79	2.83	2.66	2.70	2.76	2.23	2.59	2.81	2.66	2.01	2.11	5.08	2.39

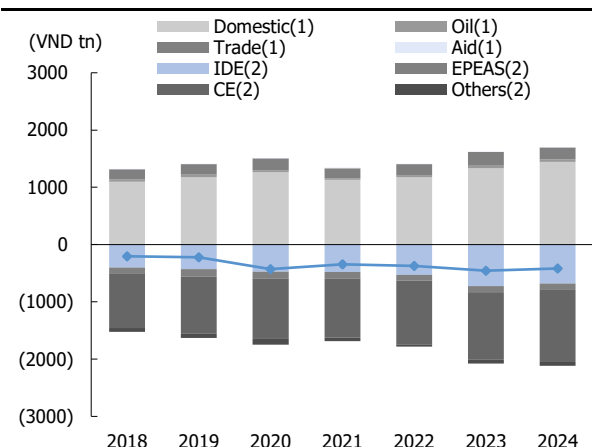
Source: GSO, Bloomberg, FIA, IMF

### \*\*Glossary

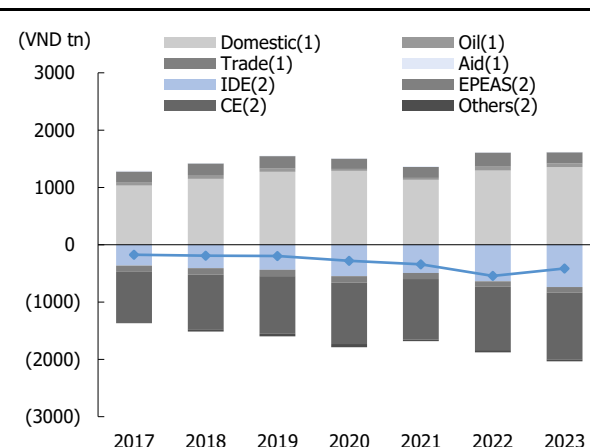
- \* Winning yield rate = each group's highest bidding rate, 2.80%
- \* Absorption rate = winning value / offering value, 28.57%
- \* Bid to offer ratio = offering value / bidding value, 0.62%
- \* DXY = U.S. Dollar Index, ~108.0
- \* OMO = Open market operation
- \* Tenor = due for payment
- \* ON = overnight interbank interest rate, ~3.90%

## 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	2Q24	3Q24
<b>Current account</b>	15.1	(4.6)	(1.1)	25.1	4.5	7.8
Goods, credit (exports)	282.6	335.9	371.3	354.7	97.9	108.2
Goods, debit (imports)	251.9	318.5	345.6	310.7	89.3	94.6
Balance on goods	30.7	17.5	25.7	44.0	8.5	13.6
Services, credit (exports)	7.6	4.2	12.9	19.6	5.5	5.9
Services, debit (imports)	17.9	19.9	25.5	29.1	8.3	9.8
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	5.4	6.1
Secondary income, credit	11.4	13.6	12.2	16.1	3.8	3.9
Secondary income, debit	2.0	3.2	6.7	3.1	1.1	1.0
<b>Financial account</b>	(8.5)	(30.9)	(9.5)	(2.8)	(6.3)	(2.7)
Direct investment, assets	0.4	0.3	2.7	1.6	(0.1)	(0.2)
Direct investment, liabilities	15.8	15.7	17.9	18.5	5.0	5.2
Portfolio investment, assets	(0.0)	(0.0)	(0.0)	0.0	0.0	(0.1)
Portfolio investment, liabilities	(1.3)	0.3	1.5	(1.2)	(1.6)	(0.8)
Other investment, assets	8.4	0.6	13.7	(14.3)	(5.2)	(2.6)
Other investment, liabilities	2.8	15.9	6.4	(7.4)	(4.4)	(4.2)
<b>Net errors and omissions</b>	(6.9)	(10.4)	(31.1)	(16.6)	(4.3)	(5.1)
<b>Reserves and related items</b>	16.6	15.9	(22.7)	(5.6)	6.1	(0.1)

Source: SBV, IMF, KIS

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