

Fixed-income Perspectives

SBV injects liquidity at year start

SBV injects modestly into the banking system

In 1W25 (30 December to 03 January), the SBV continued to inject liquidity as exchange rate pressures persisted. Specifically, the SBV issued VND8.99tn in repo contracts while VND15.00tn matured, resulting in a net withdrawal of VND6.01tn via this instrument. Additionally, the SBV injected VND10.97tn into the banking system by issuing VND46.14tn in T-bills while VND57.11tn of this instrument matured this week. In total, the SBV recorded a modest net liquidity injection of VND4.96tn into the banking system in the first week of 2025.

Interbank rates diverged

This week, the interbank rate curve declined for short tenors and rose for longer tenors. Specifically, the overnight rate, 1-week, and 2-week tenors dropped by 10bps, 70bps, and 50bps, respectively, reaching 3.80%, 4.10%, and 4.30%. In contrast, the 1-month tenor increased moderately by 3bps to 4.80%, while the 6-month to 1-year tenors saw a synchronized increase of 20bps, reaching 5.20%.

USDVND drops slightly

In the first week of 2025, USDVND dropped slightly after remaining at its upper bound in previous weeks, amid the DXY rally. The interbank USDVND rate slipped marginally by 0.09%, from the previous week, settling at 25,428 on Friday. On the international market, the DXY reached the 109 mark after the holiday season and edged down slightly afterward, posting a 0.88% gain on Friday. The USD's upward momentum was fueled by market participants' sentiment following the holidays, as Donald Trump's inauguration approaches alongside concerns about interest rates stemming from the Fed's hawkish stance for 2025. On the domestic front, exchange rate pressures eased slightly, possibly due to SBV's intervention, including reported direct USD sales through spot and forward to the banking system.

Vietnam economic indicators

	24-Jul	24-Aug	24-Sep	24-Oct	24-Nov	24-Dec	Corr. ¹
FDI %YoY	9.5	5.3	13.2	7.6	-6.7	25.2	-0.16
Retail sales %YoY	8.6	8.4	7.1	9.4	8.4	9.3	-0.18
Export %YoY	20.2	15.2	10.7	10.1	8.2	12.9	-0.16
Import %YoY	25.0	14.7	11.1	13.6	9.8	19.2	-0.07
Trade balance (USD bn)	2.4	4.0	2.3	2.0	1.1	0.5	-0.11
CPI %MoM	0.48		0.29	0.33	0.13	0.29	-0.06
Credit %YoY	15.3	15.7	16.1	16.6	15.8	13.8	-0.23
USDVND %MoM	-0.81	-1.48	-1.24	2.91	0.25	0.55	-0.39
PMI (pts)	54.7	52.4	47.3	51.2	50.8	49.8	-0.25
VNINDEX return (%)	0.7	2.6	0.8	-1.8	-1.0	-1.1	1.00

Source: SBV, GSO, Bloomberg, KIS

¹ Correlation to VNINDEX's monthly return

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

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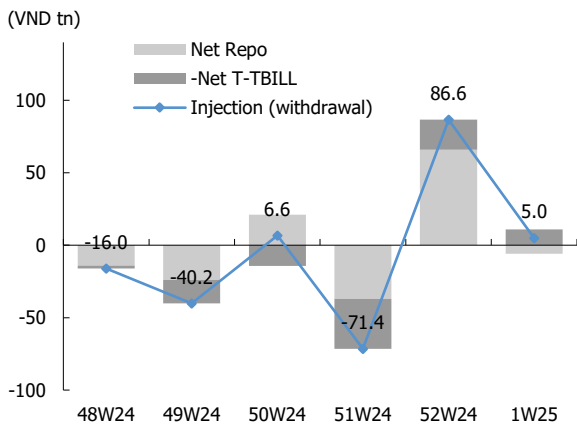
I. SBV injects modestly into the banking system

SBV continues to inject liquidity at a modest level at the beginning of the year

In 1W25 (30 December to 03 January), the SBV continued to inject liquidity as exchange rate pressures persisted. Specifically, the SBV issued VND8.99tn in repo contracts while VND15.00tn matured, resulting in a net withdrawal of VND6.01tn via this instrument. Additionally, the SBV injected VND10.97tn into the banking system by issuing VND46.14tn in T-bills while VND57.11tn of this instrument matured this week. In total, the SBV recorded a modest net liquidity injection of VND4.96tn into the banking system in the first week of 2025.

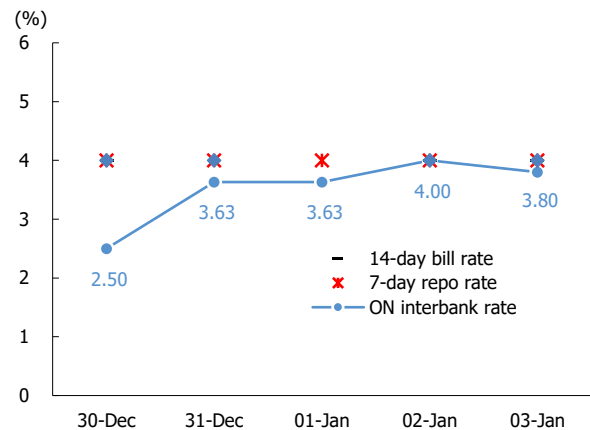
The SBV's actions this week can be interpreted as an effort to rebalance liquidity in the banking system, following prior measures to stabilize exchange rates and stimulate credit growth at the end of 2024. In the coming weeks, USDVND fluctuations will be influenced by macroeconomic factors, which are expected to exert pressure on the SBV. However, a robust trade surplus and remittances expected to reach USD16bn are likely to help offset these pressures.

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 (%)
30-Dec-24	6-Jan-25	7	5.00	4.00
31-Dec-24	7-Jan-25	7	1.99	4.00
2-Jan-25	9-Jan-25	7	1.00	4.00
3-Jan-25	10-Jan-25	7	1.00	4.00
Total		7	8.99	4.00

Source: SBV, KIS

Figure 4. 7-day bill issuance: detail information

Issue date	Maturity Date	Tenor (days)	Amount (VNDtn)	Yields (%)
30-Dec-24	6-Jan-25	7	8.39	4.00
31-Dec-24	7-Jan-25	7	5.00	4.00
2-Jan-25	9-Jan-25	7	12.25	4.00
3-Jan-25	10-Jan-25	7	7.30	4.00
Total		7	32.94	4.00

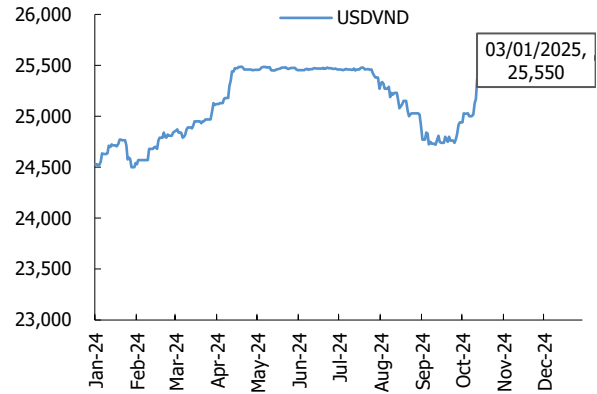
Source: SBV, KIS

Figure 5. 14-day bill issuance: detail information

Issue date	Maturity Date	Tenor (days)	Amount (VNDtn)	Yields (%)
30-Dec-24	13-Jan-25	14	1.60	4.00
2-Jan-25	16-Jan-25	14	6.60	4.00
3-Jan-25	17-Jan-25	14	5.00	4.00
Total		14	13.20	4.00

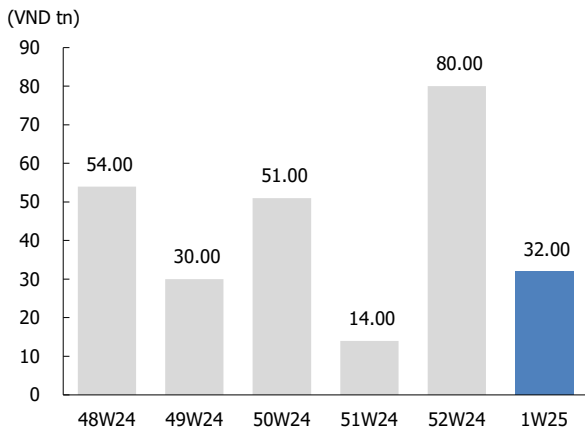
Source: SBV, KIS

Figure 6. USDVND movement



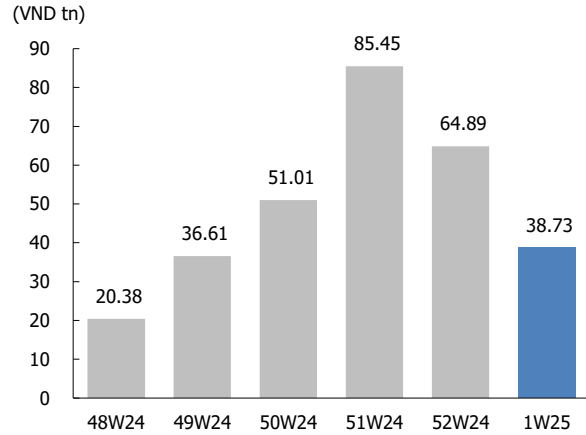
Source: SBV, KIS

Figure 7. Outstanding amount of repos



Source: SBV, KIS

Figure 8. Outstanding amount of bills



Source: SBV, KIS

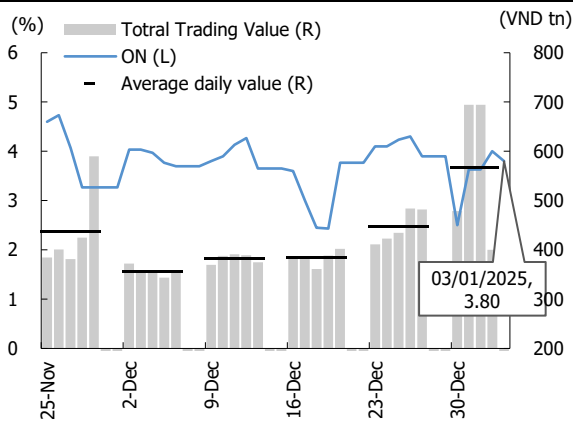
II. Interbank rates diverged

Interbank rate curve declined for short tenors and rose for longer tenors

This week, the interbank rate curve declined for short tenors and rose for longer tenors. Specifically, the overnight rate (ON), 1-week (1W), and 2-week (2W) tenors dropped by 10bps, 70bps, and 50bps, respectively, reaching 3.80%, 4.10%, and 4.30%. In contrast, the 1-month (1M) tenor increased moderately by 3bps to 4.80%, while the 6-month (6M) to 1-year (1Y) tenors saw a synchronized increase of 20bps, reaching 5.20%.

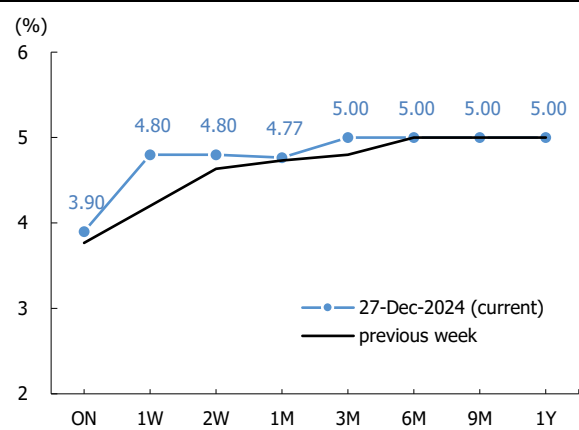
In the first week of 2025, USDVND continued to trade near the upper bound of the central parity rate, indicating persistent exchange rate pressures that could intensify due to upcoming global economic developments. As a result, in the coming weeks, the SBV may utilize open market operations to manage liquidity in the banking system to mitigate exchange rate pressures. Consequently, we anticipate that interbank rates could fluctuate more significantly in the near future.

Figure 9. Interbank daily transaction



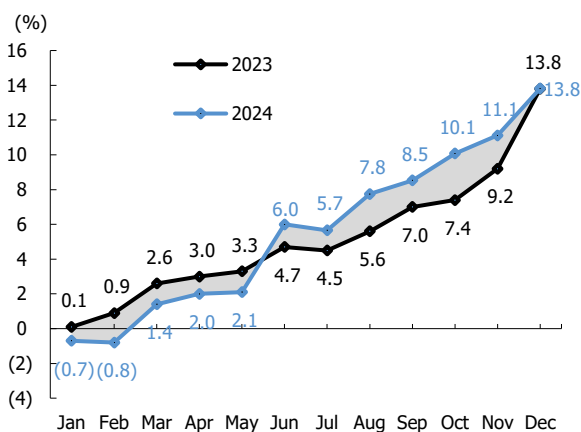
Source: SBV, Bloomberg, KISVN

Figure 10. Interbank rate curve



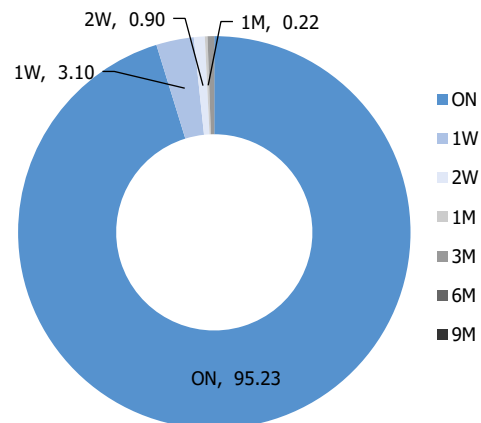
Source: SBV, Bloomberg, KISVN

Figure 11. Credit growth by month of the year



Source: SBV, Bloomberg, KISVN
Note: Updated by 25 December

Figure 12. Interbank transaction structure



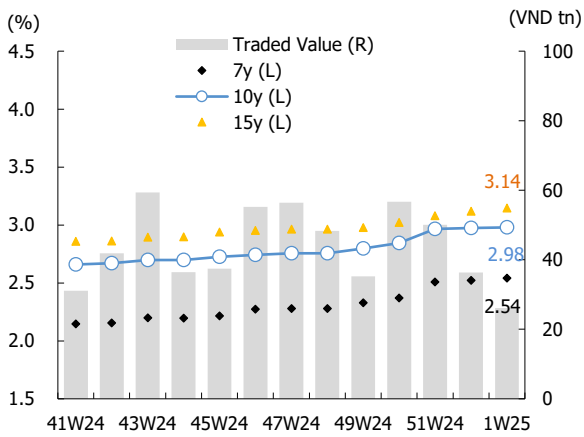
Source: SBV, Bloomberg, KISVN

III. G-bond yields rise across all tenors

G-bond yields increased across tenors with a notable decline in trading activity

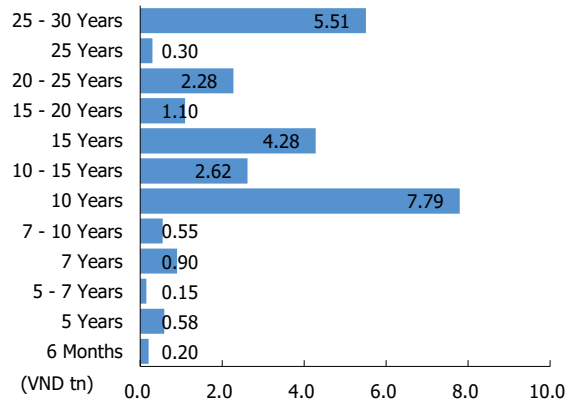
This week, G-bond yields increased across all maturities while trading value dropped sharply. Specifically, while the 10-year and 20-year tenors remained unchanged, yields for other actively traded tenors such as 7-year, 15-year, and 30-year rose by 2bps, 3bps, and 1bp, respectively, reaching 2.54%, 3.14%, and 3.28%. The total trading value dropped by 37.32% compared to last week, reaching VND22.78tn with a daily average of VND4.56tn.

Figure 13. G-bond traded value by week



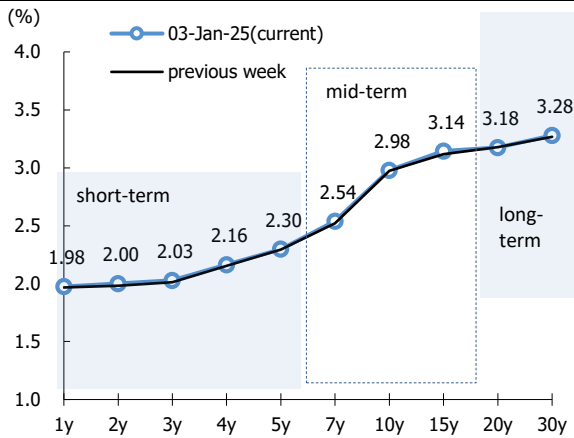
Source: HNX, Bloomberg, KIS

Figure 14. G-bond traded value by tenor



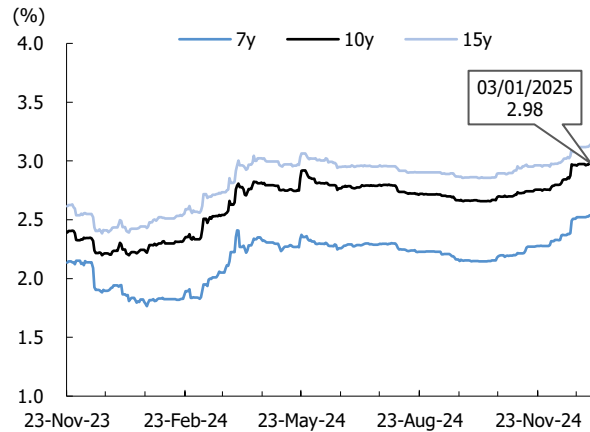
Source: HNX, Bloomberg, KIS

Figure 15. G-bond trading yield curve



Source: HNX, VBMA, KIS

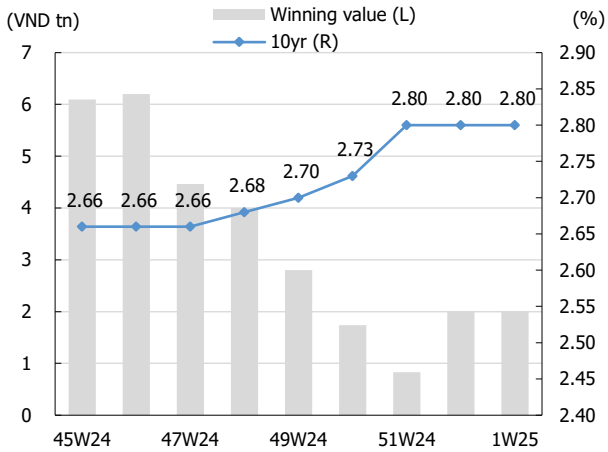
Figure 16. Historical daily government bond yields



Source: HNX, VBMA, KIS

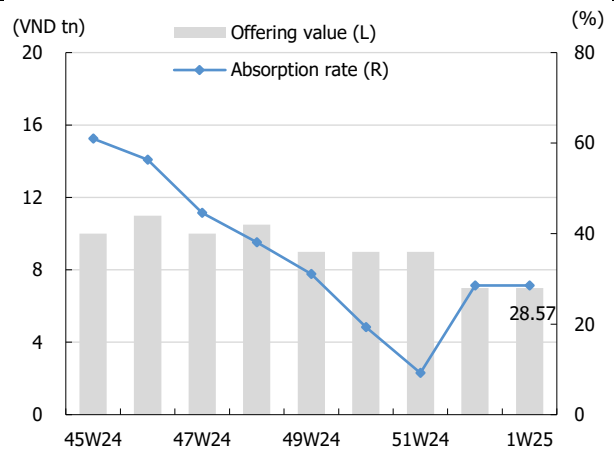
In the primary market, the VST successfully issued VND2.00tn in the first week of the year, with the winning yield stable at 2.80%. However, demand in the first week of 2025 has yet to show signs of recovery compared to the final weeks of 2024, as indicated by this week's bid-to-offer ratio.

Figure 17. Weekly winning values



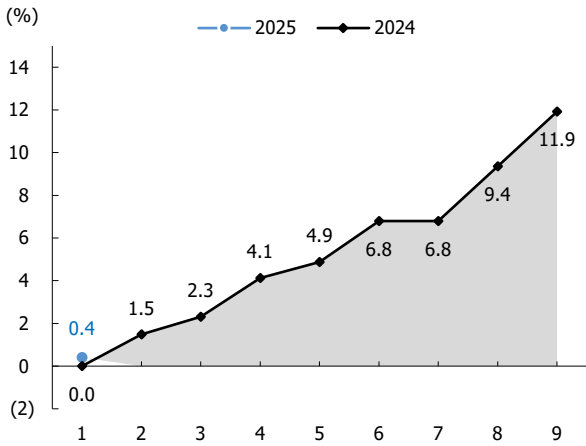
Source: HNX, KIS

Figure 18. Weekly absorption rate



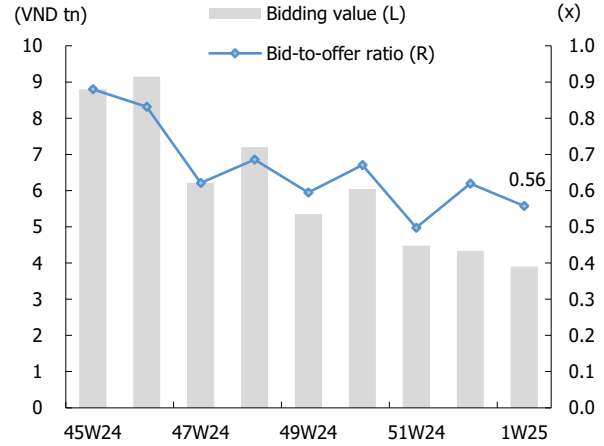
Source: HNX, KIS

Figure 19. Completion ratio by week-of-the-year



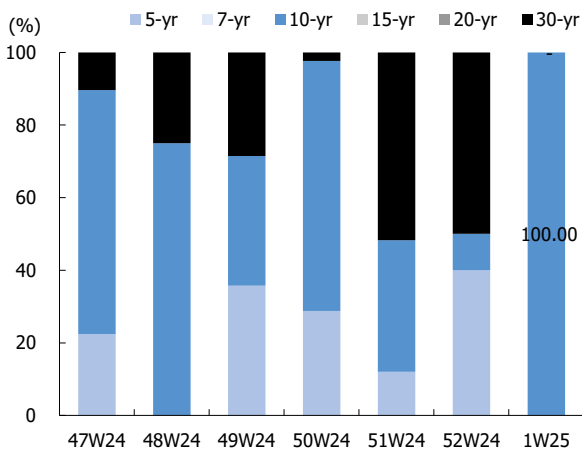
Source: HNX, KIS

Figure 20. Weekly bid-to-offer ratio



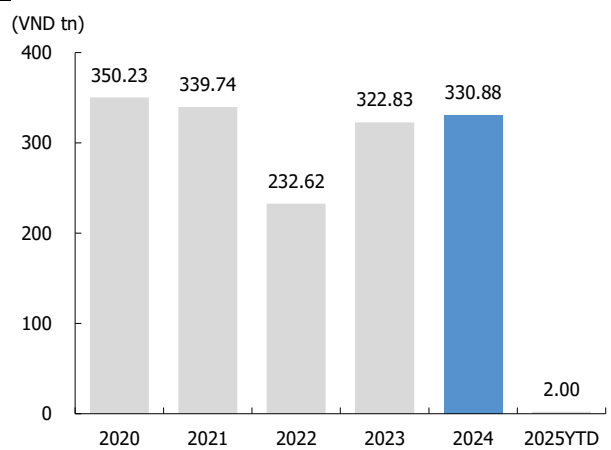
Source: HNX, KIS

Figure 21. Weekly winning G-bond structure



Source: HNX, KIS

Figure 22. Yearly issued amount of G-bond



Source: HNX, KIS

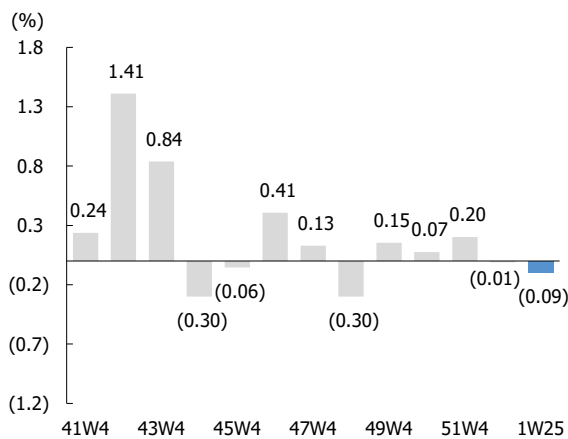
IV. USDVND drops slightly

USDVND continues to decline at a moderate level for the second consecutive month

In the first week of 2025, USDVND dropped slightly after remaining at its upper bound in previous weeks, amid the DXY rally. The interbank USDVND rate slipped marginally by 0.09%, equivalent to 24ppts from the previous week, settling at 25,428 on Friday. On the international market, the DXY reached the 109 mark after the holiday season and edged down slightly afterward, posting a 0.88% gain on Friday. The USD's upward momentum was fueled by market participants' sentiment following the holidays, as Donald Trump's inauguration approaches alongside concerns about interest rates stemming from the Fed's hawkish stance for 2025. On the domestic front, exchange rate pressures eased slightly, possibly due to SBV's intervention, including reported direct USD sales through spot and forward to the banking system.

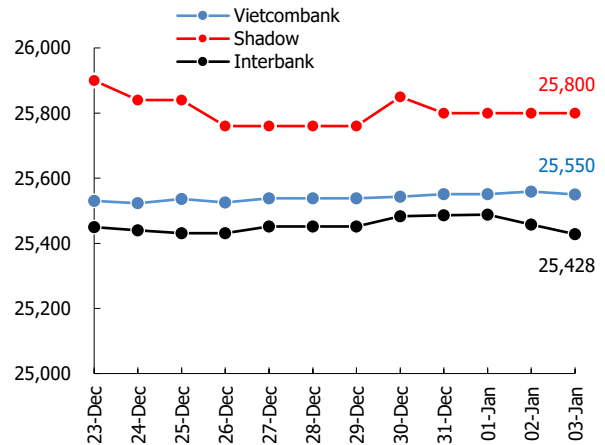
Considering FX developments across segments, the ask price at Vietcombank increased by 0.05% or 12ppts, while the shadow market also increased by 0.16% or 40ppts compared to the previous week. On Friday, ask prices at Vietcombank and the shadow market were recorded at 25,550 and 25,800 per U.S. dollar, respectively.

Figure 23. Weekly USDVND performance



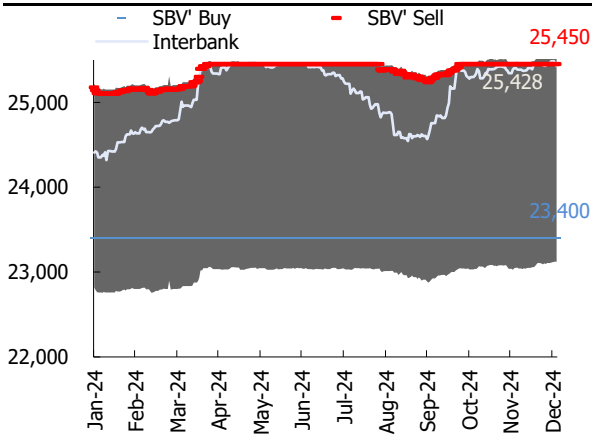
Source: Bloomberg, KIS

Figure 24. VCB & shadow market USDVND spread



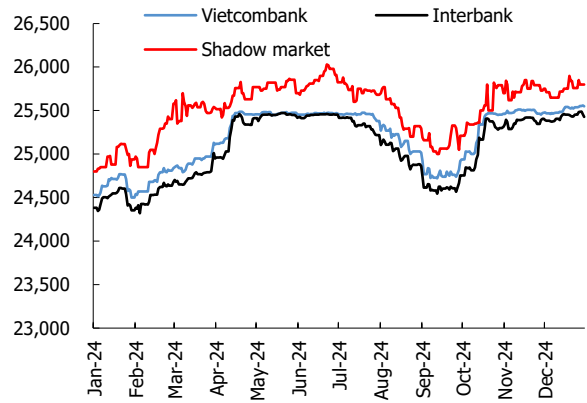
Source: SBV, Vietcombank, KIS

Figure 25. SBV's movement



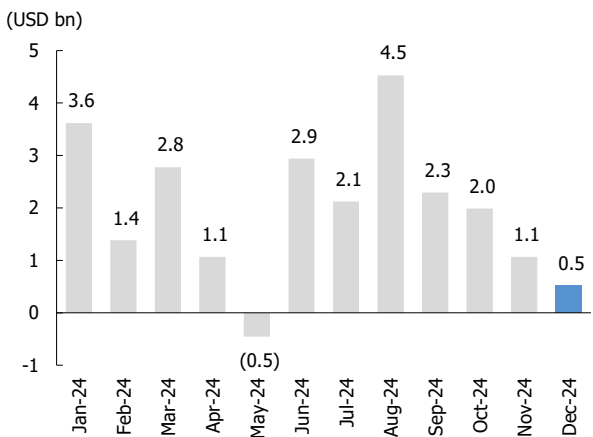
Source: SBV, Bloomberg, Fiiipro, KIS
 Note: shaded region is the daily trading band. The effective trading band is +/- 5% (the effective date is 17 October, 2022).

Figure 26. USDVND by market



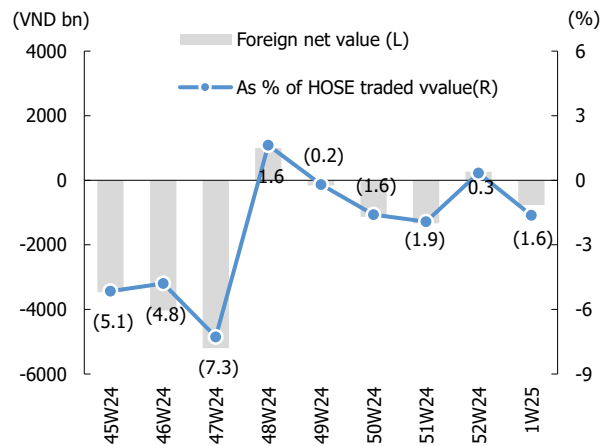
Source: SBV, Bloomberg, KIS

Figure 27. Vietnam's trade balance by month



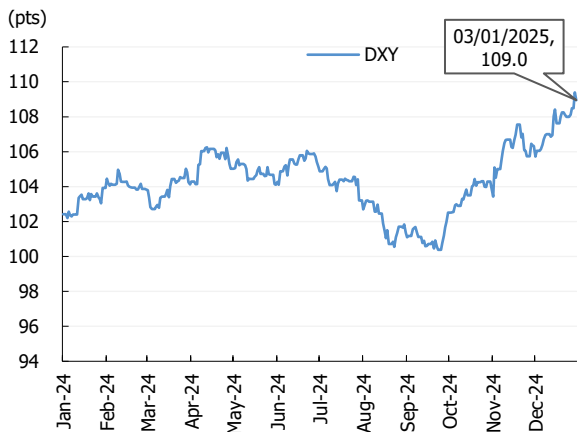
Source: GSO, KIS
 Note: Updated until 06 January, 2025

Figure 28. Trading of the foreign bloc in Vietnamese stock market



Source: Fiiipro, KIS

Figure 29. Historical DXY



Source: Bloomberg

Figure 30. Weekly change of USDVND and peers

	Regime	51W4	52W4	1W25	2025YTD
DXY	U.S. Dollar Index	0.58	0.35	0.88	0.43
USDCNY	Managed floating	0.30	0.01	0.35	0.30
EURUSD	Floating	-0.68	-0.04	-1.13	-0.44
USDJPY	Floating	1.73	1.00	-0.39	0.04
USDKRW	Floating	0.82	1.64	0.00	-0.07
USDSGD	Basket-band-crawl	0.53	0.19	0.86	0.33
USDTHB	Floating	1.01	-1.05	1.03	1.06
USDVND	Managed floating	0.20	-0.01	-0.09	-0.24

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

Macro scorecard

	24-Aug	24-Sep	24-Oct	24-Nov	24-Dec	1Q24	2Q24	3Q24	4Q24	2021	2022	2023	2024
Real GDP growth (%)						5.66	6.93	7.43	7.55	2.58	8.02	5.05	7.09
Registered FDI (USD bn)	2.53	4.26	2.48	4.12	6.85	6.18	9.01	9.59	13.44	31.15	27.72	36.61	38.23
GDP per capita (USD)										3,725	4,110	4,285	4,479
Unemployment rate (%)						2.24	2.29	2.23	2.22	3.22	2.32	2.26	2.24
Export (USD bn)	37.59	34.05	35.59	33.73	35.53	93.06	98.2	108.6	105.9	335.7	371.85	355.5	405.5
Import (USD bn)	33.06	31.76	33.60	32.67	35.00	84.98	94.0	99.7	101.9	331.1	360.65	327.5	380.8
Export growth (%)	14.54	10.70	10.09	8.16	12.85	16.98	13.59	15.82	11.46	18.74	10.61	-4.4	14.3
Import growth (%)	12.38	11.06	13.56	9.81	19.23	13.88	20.65	17.19	14.91	25.9	8.35	-8.9	16.7
Inflation (%)	3.45	2.63	2.68	2.77	2.94	3.77	4.39	3.48	2.87	1.84	3.15	3.25	3.63
USD/VND	24,860	24,093	25,282	25,346	25,386	24,786	25,458	24,093	25,386	22,790	23,650	23,784	25,386
Credit growth (%)	15.7	16.1	16.2	15.8	13.8	12.5	15.3	16.1	13.8	13.61	14.2	13.7	13.8
10Y gov't bond (%)	2.83	2.66	2.70	2.76	2.94	2.59	2.81	2.66	2.94	2.11	5.08	2.39	2.94

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, 0.56%
- * DXY = U.S. Dollar Index, ~109.0
- * OMO = Open market operation
- * Tenor = due for payment
- * ON = overnight interbank interest rate, ~3.80%

Appendix

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

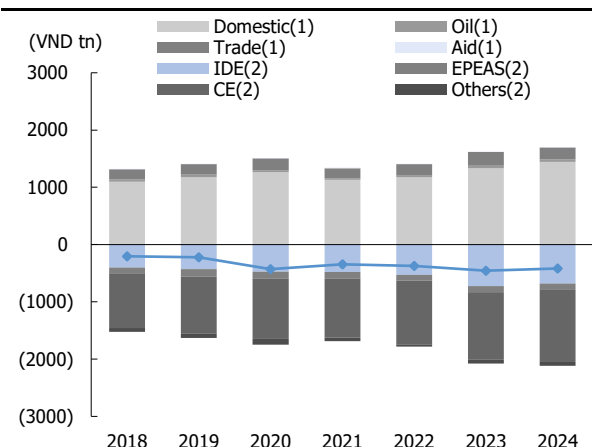
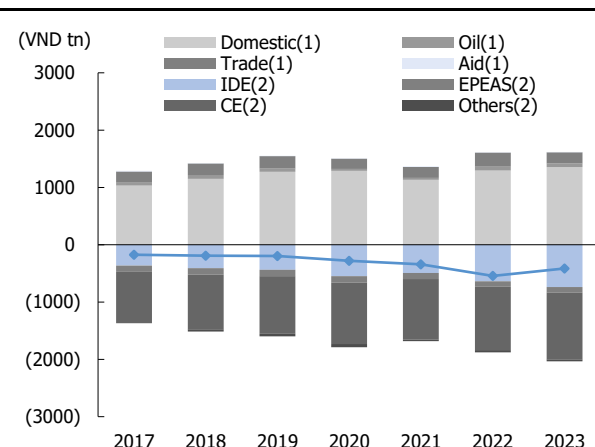


Figure 2. Vietnam's state budget by year: actual



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
Current account	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
Financial account	(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)
Net errors and omissions	(6.9)	(10.4)	(31.1)	(16.6)	(4.3)	(5.1)
Reserves and related items	16.6	15.9	(22.7)	(5.6)	6.1	(0.1)

Source: SBV, IMF, KIS

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