

Fixed-income Perspectives

SBV resumes liquidity injection ahead of Trump's inauguration

SBV backs to liquidity injection

In 03W25 (13 to 17 January), the SBV resumed liquidity injection as exchange rate pressures eased. Specifically, the SBV issued VND43.00tn in repo contracts while VND55.00tn matured, resulting in a net withdrawal of VND12.0tn via this instrument. Additionally, the SBV injected VND18.93tn into the banking system by issuing VND32.75tn in T-bills while VND51.68tn of this instrument matured this week. In total, the SBV recorded a modest net liquidity injection of VND6.93tn into the banking system.

Interbank rates drop across tenors

This week, the interbank rate curve declined for all tenors, while trading volume experienced a significant surge. Specifically, shorter-term rates such as overnight rate, 1-week, 2-week, 1-month, and 3-month tenors dropped sharply by 93bps, 80bps, 22bps, 30bps, and 25bps, respectively, reaching 3.67%, 4.00%, 4.63%, 4.70%, and 4.85%. For longer tenors, from 6-month to 1-year, rates dropped synchronously by 20bps, settling at 5.00%. Additionally, average trading volume dropped by 2.06% this week, reaching VND387.34tn.

USDVND extends downtrend

This week, USDVND dropped for the fourth consecutive week as the DXY cooled down. The interbank USDVND rate slipped slightly by 0.15%, equivalent to 38 points from the previous week, settling at 25,333 on Friday. Domestically, exchange rate pressures eased somewhat thanks to the SBV's interventions in previous weeks, despite foreign investors continuing to sell off equities heavily on HOSE, with net selling value reaching VND4.69tn, equivalent to 8.6% of total trading value. On the international market, the DXY fell slightly by 0.28% to 109.3 on Friday. The U.S. saw several positive economic indicators this week, with the CPI rising slower than expected and the PPI showing a slight increase below market forecasts.

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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Research Dept.

researchdept@kisvn.vn

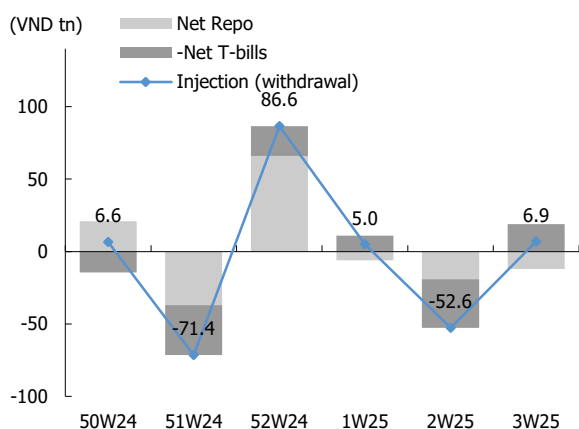
I. SBV backs to liquidity injection

SBV returns to liquidity injection prior to Tet holiday.

In 03W25 (13 to 17 January), the SBV resumed liquidity injection as exchange rate pressures eased. Specifically, the SBV issued VND43.00tn in repo contracts while VND55.00tn matured, resulting in a net withdrawal of VND12.0tn via this instrument. Additionally, the SBV injected VND18.93tn into the banking system by issuing VND32.75tn in T-bills while VND51.68tn of this instrument matured this week. In total, the SBV recorded a modest net liquidity injection of VND6.93tn into the banking system.

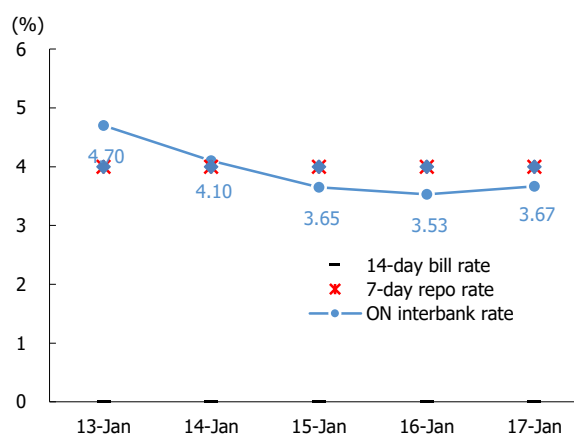
As USDVND pressures remained under control, the SBV's actions this week were likely aimed at supporting the banking system ahead of the Tet holiday, with the OMO channel expected to become more active in the coming weeks due to increased cash demand. However, as Trump's inauguration draws closer, the exchange rate could become volatile again once his policies are implemented.

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 (%)
13-Jan-25	20-Jan-25	7	15.00	4.00
14-Jan-25	21-Jan-25	7	8.00	4.00
15-Jan-25	22-Jan-25	7	5.00	4.00
16-Jan-25	23-Jan-25	7	5.00	4.00
17-Jan-25	24-Jan-25	7	10.00	4.00
Total		7	43.00	4.00

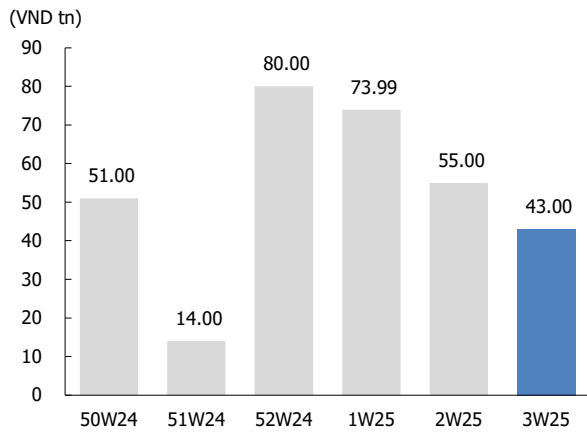
Source: SBV, KIS

Figure 4. 7-day bill issuance: detail information

Issue date	Maturity Date	Tenor (days)	Amount (VNDtn)	Yields (%)
13-Jan-25	20-Jan-25	7	4.50	4.00
14-Jan-25	21-Jan-25	7	5.00	4.00
15-Jan-25	22-Jan-25	7	13.95	4.00
16-Jan-25	23-Jan-25	7	9.00	4.00
17-Jan-25	24-Jan-25	7	0.30	4.00
Total		7	32.75	4.00

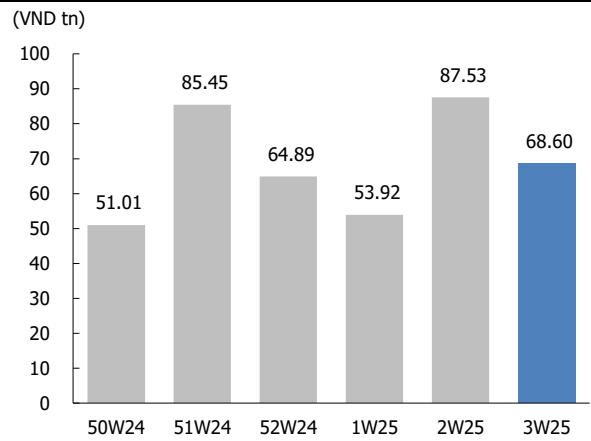
Source: SBV, KIS

Figure 5. Outstanding amount of repos



Source: SBV, KIS

Figure 6. Outstanding amount of bills



Source: SBV, KIS

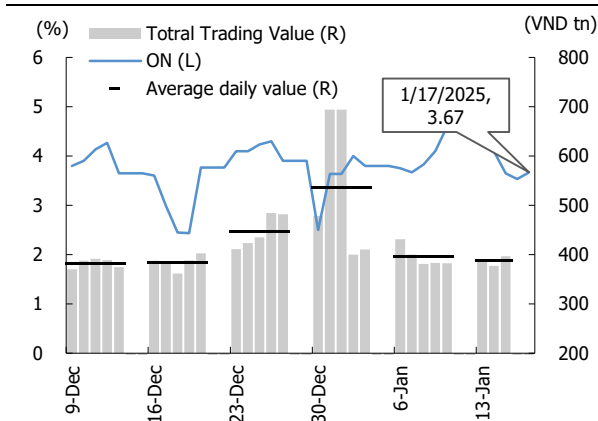
II. Interbank rates drop across tenors

Interbank rate curve declined for all tenors, with a more notable drop in shorter terms

This week, the interbank rate curve declined for all tenors, while trading volume dropped moderately. Specifically, shorter-term rates such as overnight rate (ON), 1-week (1W), 2-week (2W), 1-month (1M), and 3-month (3M) tenors dropped sharply by 93bps, 80bps, 22bps, 30bps, and 25bps, respectively, reaching 3.67%, 4.00%, 4.63%, 4.70%, and 4.85%. For longer tenors, from 6-month (6M) to 1-year (1Y), rates dropped synchronously by 20bps, settling at 5.00%. Additionally, average trading volume dropped by 2.06% this week, reaching VND387.34tn.

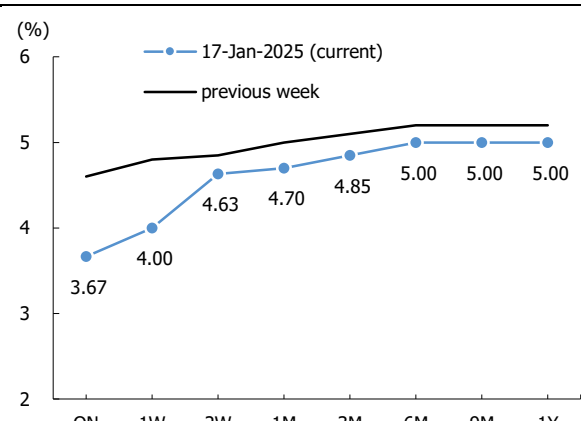
The movement of interbank rates during the week was driven by reduced demand; however, as the Tet holiday approaches, cash demand typically increases during this period, which is expected to push the interbank rate curve higher in the coming weeks.

Figure 7. Interbank daily transaction



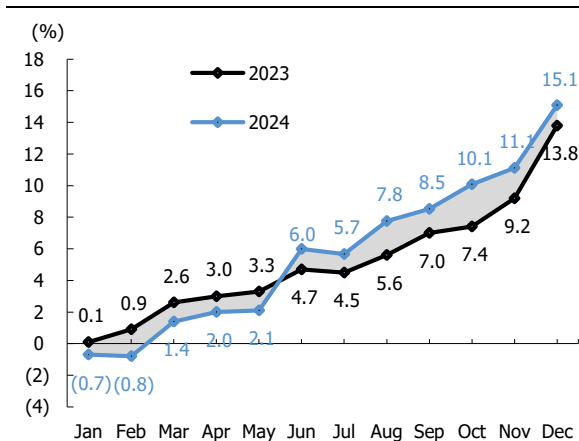
Source: SBV, Bloomberg, KISVN

Figure 8. Interbank rate curve



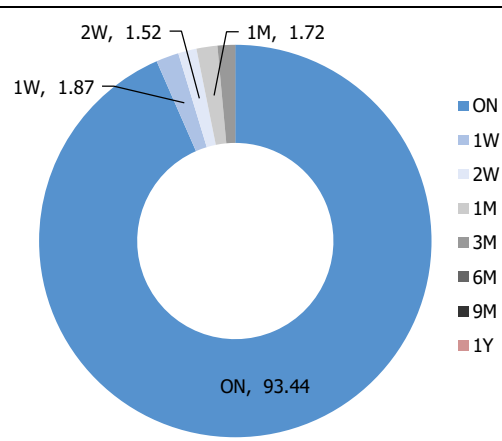
Source: SBV, Bloomberg, KISVN

Figure 9. Credit growth by month of the year



Source: SBV, Bloomberg, KISVN
Note: Updated by 31 December

Figure 10. Interbank transaction structure



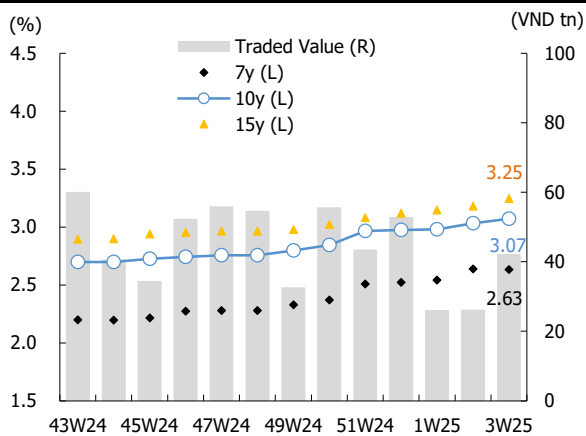
Source: SBV, Bloomberg, KISVN

III. G-bond yields rise across most tenors

G-bond yields increased across tenors alongside a significant surge in trading activity

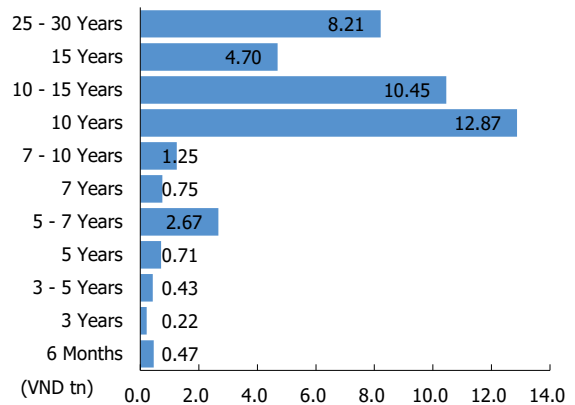
This week, G-bond yields rose across most maturities, while trading value surged significantly, increasing by 61.43% compared to last week to reach VND42.27tn, with a daily average of VND8.45tn. Specifically, yields for actively traded tenors such as 3-year, 4-year, 5-year, 10-year, and 15-year bonds increased by 7bps, 6bps, 4bps, 4bps, and 7bps, respectively, to 2.12%, 2.26%, 2.40%, 3.07%, and 3.25%.

Figure 11. G-bond traded value by week



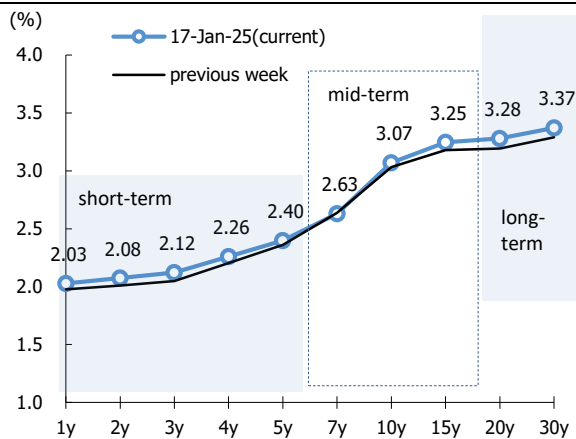
Source: HNX, Bloomberg, KIS

Figure 12. G-bond traded value by tenor



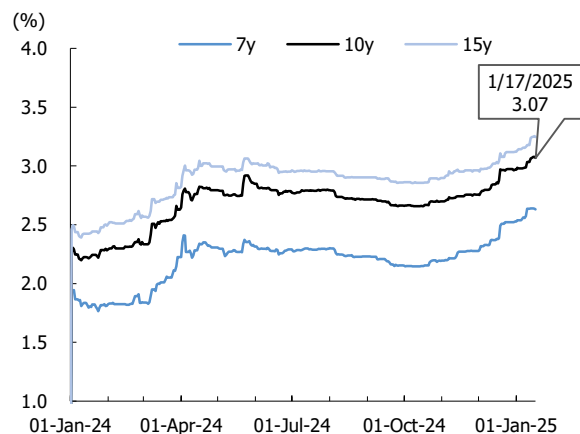
Source: HNX, Bloomberg, KIS

Figure 13. G-bond trading yield curve



Source: HNX, VBMA, KIS

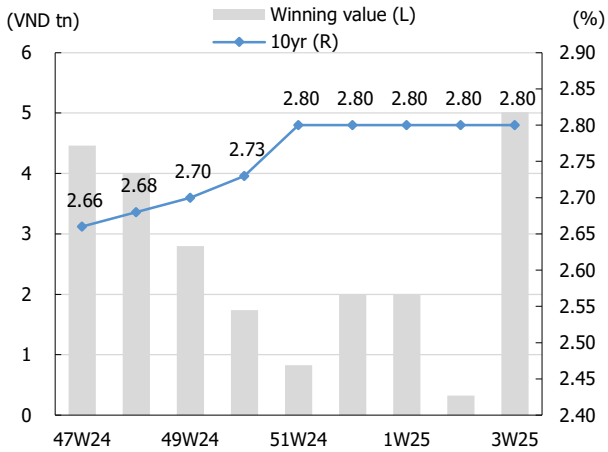
Figure 14. Historical daily government bond yields



Source: HNX, VBMA, KIS

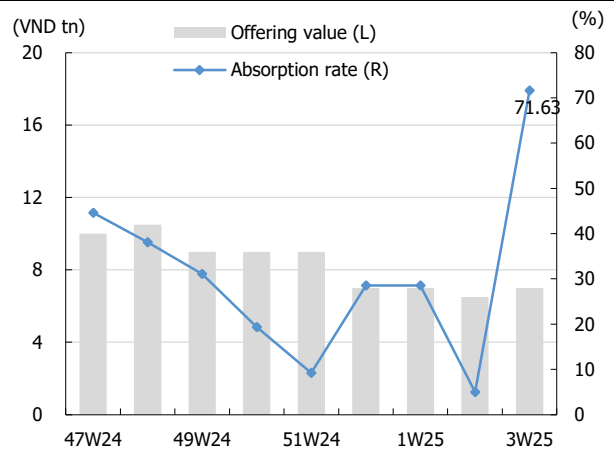
In the primary market, the VST successfully issued VND5.01tn in the second week of the year, with the winning yield remaining stable at 2.80%. In the first three weeks of the year, the VST has completed only 1.5% of its 2025 target, slower compared to the 2.31% achieved during the same period last year. However, demand has shown signs of recovery, as evidenced by a sharp increase in the bid-to-offer ratio and winning value this week.

Figure 15. Weekly winning values



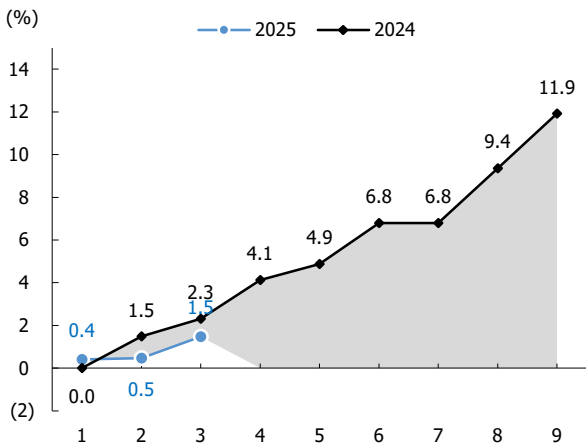
Source: HNX, KIS

Figure 16. Weekly absorption rate



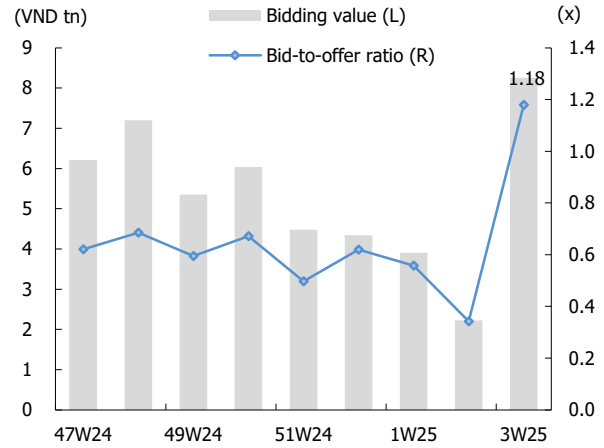
Source: HNX, KIS

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



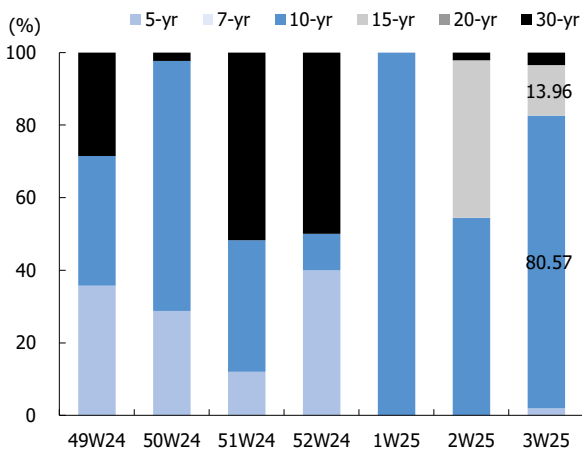
Source: HNX, KIS

Figure 18. Weekly bid-to-offer ratio



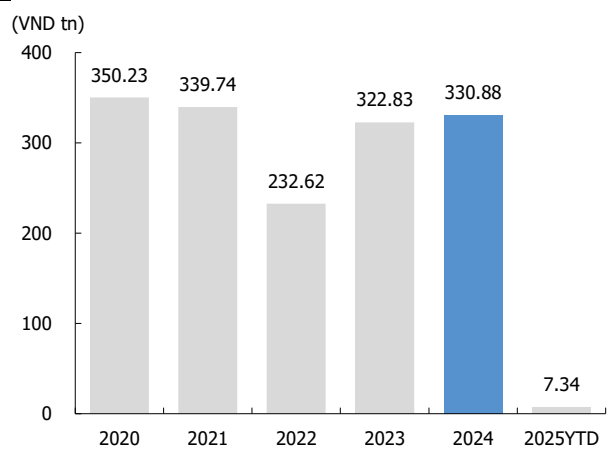
Source: HNX, KIS

Figure 19. Weekly winning G-bond structure



Source: HNX, KIS

Figure 20. Yearly issued amount of G-bond



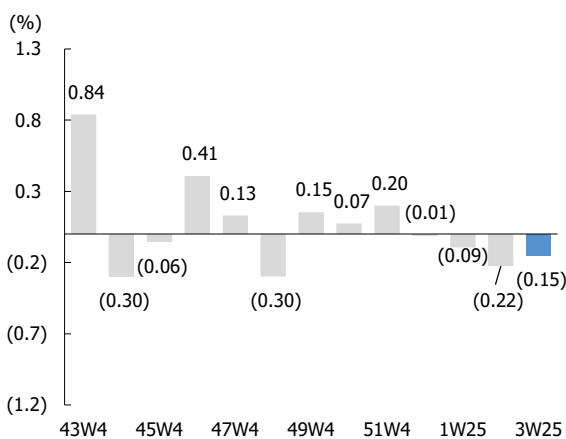
Source: HNX, KIS

IV. USDVND extends downtrend

USDVND continues to decline moderately for the fourth consecutive week

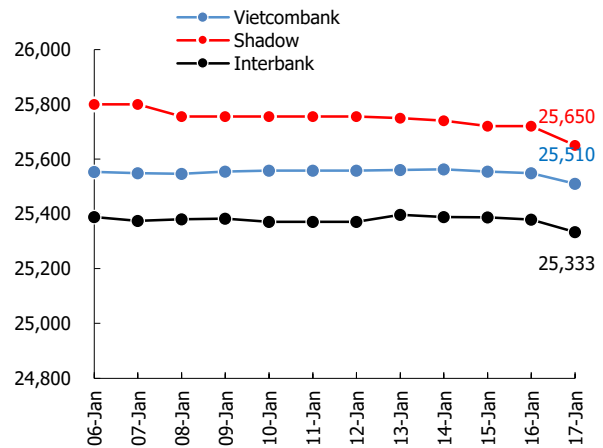
This week, USDVND dropped for the fourth consecutive week as the DXY cooled down. The interbank USDVND rate slipped slightly by 0.15%, equivalent to 38 points from the previous week, settling at 25,333 on Friday. Domestically, exchange rate pressures eased somewhat thanks to the SBV's interventions in previous weeks, despite foreign investors continuing to sell off equities heavily on HOSE, with net selling value reaching VND4.69tn, equivalent to 8.6% of total trading value. On the international market, the DXY fell slightly by 0.28% to 109.3 on Friday. The U.S. saw several positive economic indicators this week, with the CPI rising slower than expected and the PPI showing a slight increase below market forecasts. This signals that inflationary pressures are cooling, alongside an uptick in initial jobless claims in the U.S. after weeks of declines. These factors heightened expectations that the Federal Reserve may adopt a more "dovish" stance on rate cuts in 2025, reducing the appeal of the U.S. dollar. Considering FX developments across segments, the ask price at Vietcombank decreased by 0.19%, or 48 points, while the shadow market declined by 0.41%, or 105 points, compared to the previous week. On Friday, ask prices at Vietcombank and the shadow market were recorded at 25,510 and 25,650 per U.S. dollar, respectively.

Figure 21. Weekly USDVND performance



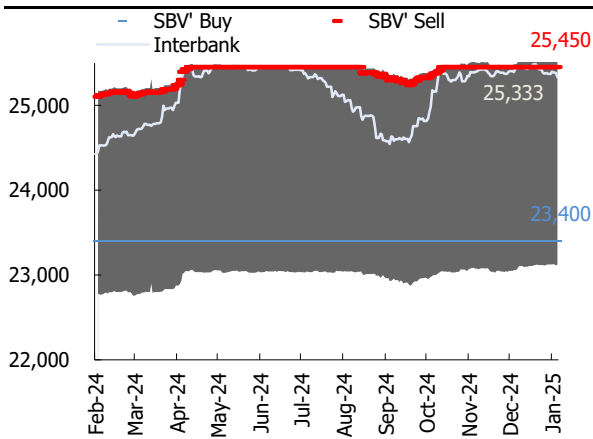
Source: Bloomberg, KIS

Figure 22. VCB & shadow market USDVND spread



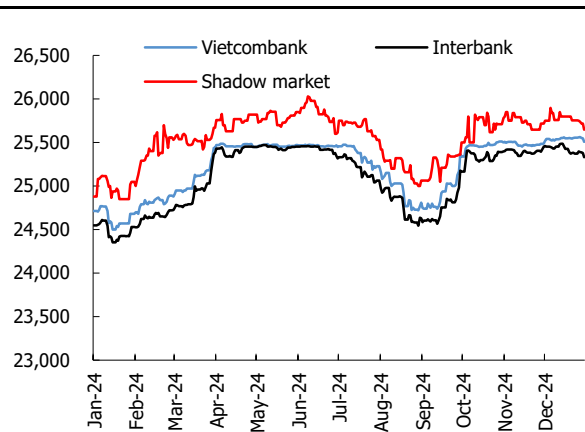
Source: SBV, Vietcombank, KIS

Figure 23. SBV's movement



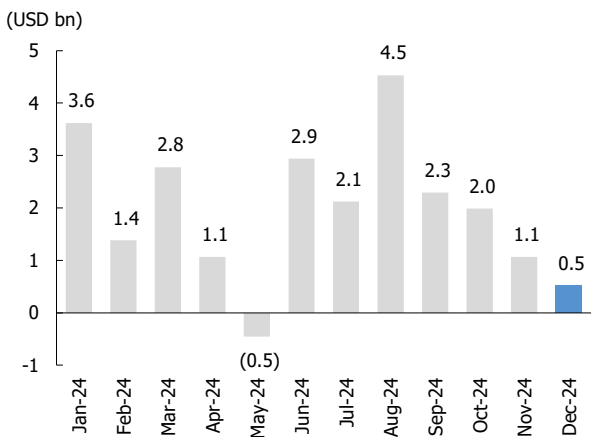
Source: SBV, Bloomberg, Fiiipro, KIS
 Note: shaded region is the daily trading band. The effective trading band is +/- 5% (the effective date is 17 October, 2022).

Figure 24. USDVND by market



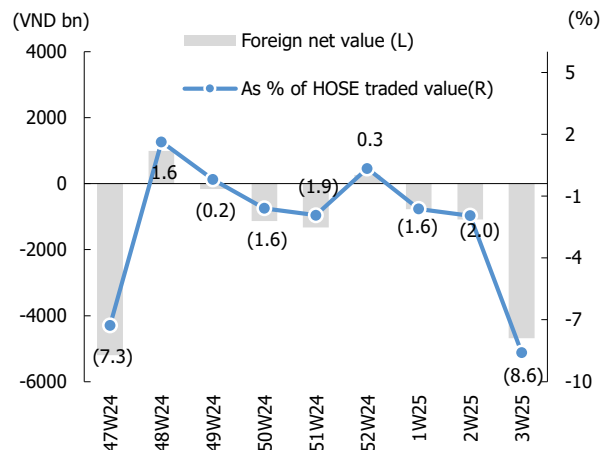
Source: SBV, Bloomberg, KIS

Figure 25. Vietnam's trade balance by month



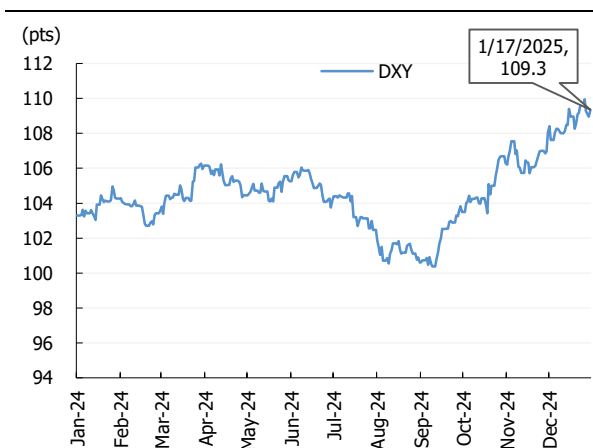
Source: GSO, KIS
 Note: Updated until 06 January, 2025

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	1W25	2W25	3W25	2025YTD
DXY	U.S. Dollar Index	0.88	0.64	-0.28	0.79
USDCNY	Managed floating	0.35	0.15	-0.10	0.35
EURUSD	Floating	-1.13	-0.62	0.28	-0.80
USDJPY	Floating	-0.39	0.30	-0.91	-0.60
USDKRW	Floating	0.00	0.03	-0.95	-0.99
USDSGD	Basket-band-crawl	0.86	0.09	-0.23	0.18
USDTHB	Floating	1.03	0.35	-0.35	1.07
USDVND	Managed floating	-0.09	-0.22	-0.15	-0.61

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, 71.63%
- * Bid to offer ratio = offering value / bidding value, 1.18%
- * DXY = U.S. Dollar Index, ~109.3
- * OMO = Open market operation
- * Tenor = due for payment
- * ON = overnight interbank interest rate, ~3.67%

Appendix

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

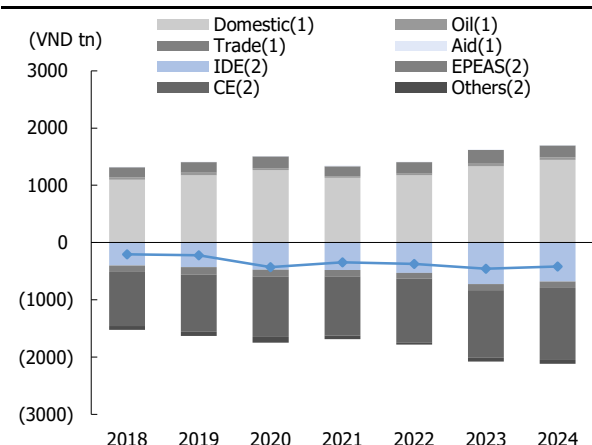
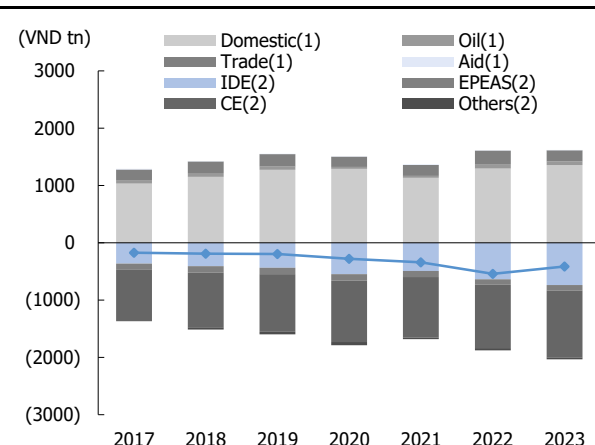


Figure 2. Vietnam's state budget by year: actual



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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VIET NAM

UYEN LAM, Head of Institutional Brokerage (uyen.lh@kisvn.vn +8428 3914 8585 - 1444)
KIS Vietnam Securities Corporation
3rd floor, 180-192 Nguyen Cong Tru, Nguyen Thai Binh Ward, District 1, Ho Chi Minh City.
Fax: 8428 3821-6898

SOUTH KOREA

YEONG KEUN JOO, Managing Director, Head of International Business Division (ykjoo@truefriend.com, +822 3276 5157)
PAUL CHUNG, Sales Trading (pchung@truefriend.com +822 3276 5843)
27-1 Yoido-dong, Youngdeungpo-ku, Seoul 150-745, Korea
Toll free: US 1 866 258 2552 HK 800 964 464 SG 800 8211 320
Fax: 822 3276 5681~3
Telex: K2296

NEW YORK

DONG KIM, Managing Director (dkim@kisamerica.com +1 212 314 0681)
HOON SULL, Head of Sales (hoonsull@kisamerica.com +1 212 314 0686)
Korea Investment & Securities America, Inc.
1350 Avenue of the Americas, Suite 1110
New York, NY 10019
Fax: 1 212 314 0699

HONG KONG

GREGORY KIM, Managing Director, Head of HK Sales (greg.kim@kisasia.com +852 2530 8915)
Korea Investment & Securities Asia, Ltd.
Suite 2220, Jardine House
1 Connaught Place, Central, Hong Kong
Fax: 852-2530-1516

SINGAPORE

ALEX JUN, Managing Director, Head of Singapore Sales (alex@kisasia.com.sg +65 6501 5602)
CHARLES AN, Sales (alex.jun@kisasia.com.sg +65 6501 5601)
Korea Investment & Securities Singapore Pte Ltd
1 Raffles Place, #43-04, One Raffles Place
Singapore 048616
Fax: 65 6501 5617

LONDON

Min Suk Key, Managing Director (peterkey@kiseurope.com +44 207 065 2766)
Korea Investment & Securities Europe, Ltd.
2nd Floor, 35-39 Moorgate
London EC2R 6AR
Fax: 44-207-236-4811

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