

Fixed-income Perspectives

Exchange rate pressure escalates as tariffs hit

SBV injects liquidity significantly

In 14W25 (31 March to 04 April), the SBV continued to inject liquidity into the banking system with greater intensity, aiming to ease maturing pressure from repo contracts issued in previous weeks. Specifically, the SBV conducted a net liquidity injection of VND14.24tn this week by issuing VND64.20tn in repos to offset VND49.96tn in maturing repos.

Interbank curve flattened

This week, the interbank yield curve flattened as short-term rates rose while longer tenors remained unchanged, accompanied by an increase in trading volume compared to the previous week. Specifically, the overnight, 2-week, and 1-month rates rose by 80bps, 5bps, and 15bps, respectively, reaching 3.95%, 4.25%, and 4.33%, while other tenors were unchanged. The average trading volume stood at VND510.55tn, up 5.10% from the previous week.

USDVND increases sharply

This week, USDVND rose sharply as the U.S. dollar weakened. Specifically, the interbank USDVND rate increased by 0.81% (or 208ppts) from the previous week, settling at 25,785 on Friday. On the global front, the DXY rose early in the week but ended lower at 103.0 on Friday, down 0.98% from the previous week. The greenback initially strengthened earlier in the week. However, it later declined sharply as reciprocal tariffs were announced on over 180 countries, stoking fears of a potential economic slowdown. These risks have prompted continued net foreign selling on Vietnam's stock exchange.

Vietnam economic indicators

	24-Oct	24-Nov	24-Dec	25-Jan	25-Feb	25-Mar	Corr. ¹
FDI %YoY	7.6	-6.7	22.1	2.0	9.1	9.8	-0.19
Retail sales %YoY	9.4	8.4	7.0	9.9	9.4	10.8	-0.17
Export %YoY	10.5	8.4	12.9	-4.0	25.7	14.5	-0.13
Import %YoY	13.8	10.4	19.0	-2.6	40.0	19.0	-0.06
Trade balance (USD bn)	2.0	1.1	0.5	3.1	-1.5	1.6	-0.12
CPI %MoM	0.33	0.13	0.29	0.98	0.34	-0.03	-0.06
Credit %YoY	16.7	16.6	15.1	16.1	15.7	16.3	-0.24
USDVND %MoM	2.91	0.25	0.55	-1.59	1.89	0.14	-0.37
PMI (pts)	51.2	50.8	49.8	48.9	49.2	50.5	-0.24
VNINDEX return (%)	-1.8	-1.0	1.5	-0.1	3.2	0.1	1.00

Source: SBV, GSO, Bloomberg, KIS

¹ Correlation to VNINDEX's monthly return

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

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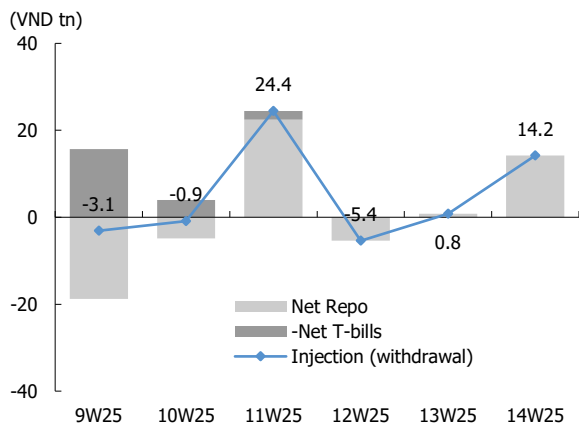
I. SBV injects liquidity significantly

SBV steps up liquidity support

In 14W25 (31 March to 04 April), the SBV continued to inject liquidity into the banking system with greater intensity, aiming to ease maturing pressure from repo contracts issued in previous weeks. Specifically, the SBV conducted a net liquidity injection of VND14.24tn this week by issuing VND64.20tn in repos to offset VND49.96tn in maturing repos.

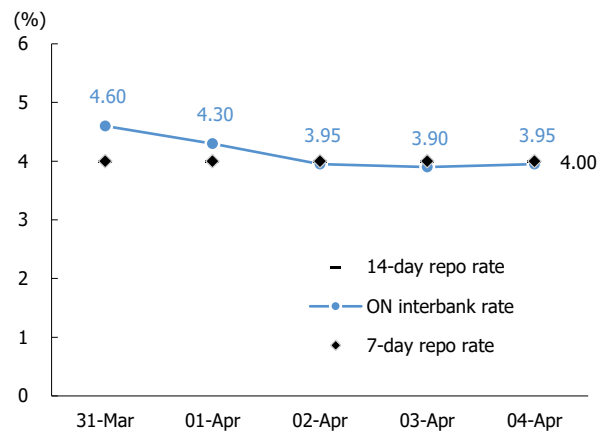
As noted in previous weeks, the SBV is likely to maintain a supportive stance toward the banking system to help stimulate the economy and meet government targets. This approach is reflected in its ongoing liquidity provisions and efforts to minimize the withdrawal impact from earlier injections. However, the recent rollout of the U.S. reciprocal tariff measures could negatively affect global trade activity. For Vietnam, this could pressure export-related businesses, potentially limiting the effectiveness of the SBV's monetary support in driving economic growth in coming periods.

Figure 1. Net injection (withdrawal) of liquidity



Source: SBV, KIS

Figure 2. Interest rate corridor



Source: SBV, KIS

Figure 3. Repo transactions: 7-day tenor

Issue date	Maturity Date	Tenor (days)	Amount (VNDtn)	Yields (%)
31-Mar-25	8-Apr-25	8	19.72	4.00
1-Apr-25	8-Apr-25	7	5.14	4.00
2-Apr-25	9-Apr-25	7	0.22	4.00
3-Apr-25	10-Apr-25	7	0.94	4.00
4-Apr-25	11-Apr-25	7	5.56	4.00
Total			31.58	4.00

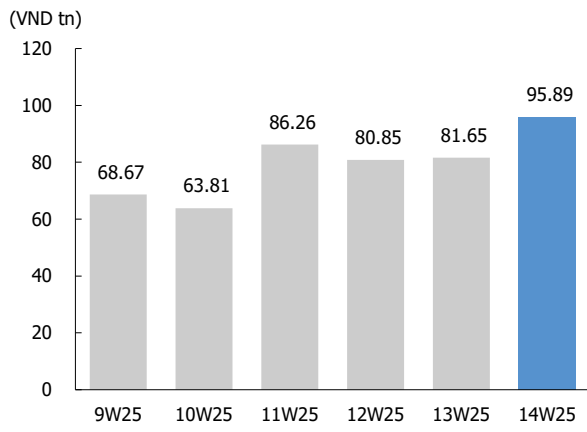
Source: SBV, KIS

Figure 4. Repo transactions: 14-day tenors

Issue date	Maturity Date	Tenor (days)	Amount (VNDtn)	Yields (%)
31-Mar-25	14-Apr-25	14	10.33	4.00
1-Apr-25	15-Apr-25	14	13.50	4.00
2-Apr-25	16-Apr-25	14	1.16	4.00
3-Apr-25	17-Apr-25	14	0.80	4.00
4-Apr-25	18-Apr-25	14	5.89	4.00
4-Apr-25	9-May-25	35	0.94	4.00
Total			32.62	4.00

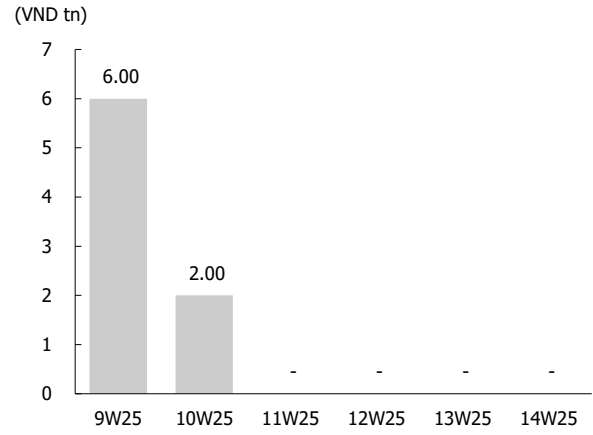
Source: SBV, KIS

Figure 5. Outstanding amount of repos



Source: SBV, KIS

Figure 6. Outstanding amount of bills



Source: SBV, KIS

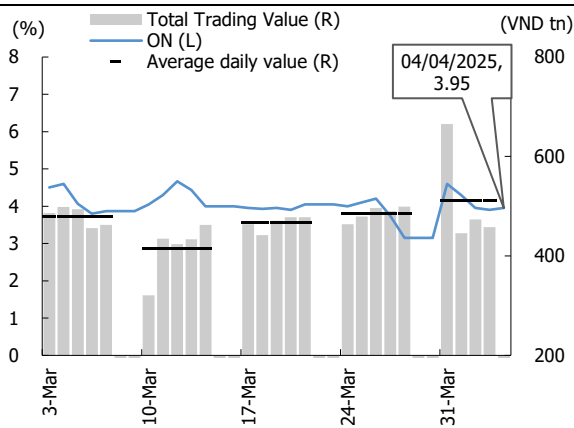
II. Interbank curve flattened

Longer-term rates stable, while overnight rate surged

This week, the interbank yield curve flattened as short-term rates rose while longer tenors remained unchanged, accompanied by an increase in trading volume compared to the previous week. Specifically, the overnight (ON), 2-week (2W), and 1-month (1M) rates rose by 80bps, 5bps, and 15bps, respectively, reaching 3.95%, 4.25%, and 4.33%, while other tenors were unchanged. The average trading volume stood at VND510.55tn, up 5.10% from the previous week.

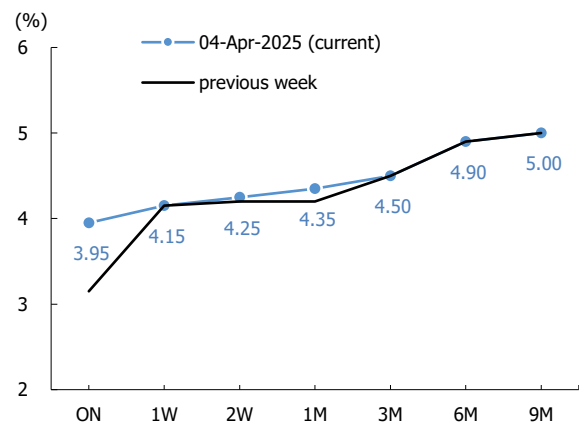
This week's interbank rate movements reflect mild liquidity pressure in the system, especially as the ON rate spiked early in the week before cooling down by Friday. The fluctuation largely resulted from the sizable volume of maturing repo contracts from the SBV's prior injections. With the assumption that the SBV continues its liquidity support in the coming weeks, interbank rates are expected to hover near the 4.00% mark, particularly the overnight rate, although volatility may persist due to rollover pressure from open market operations.

Figure 7. Interbank daily transaction



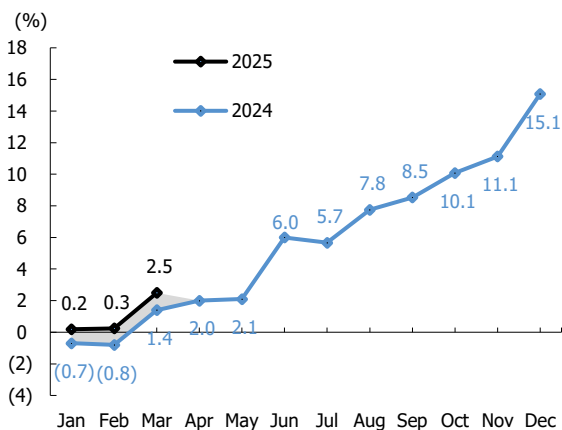
Source: SBV, Bloomberg, KISVN

Figure 8. Interbank rate curve



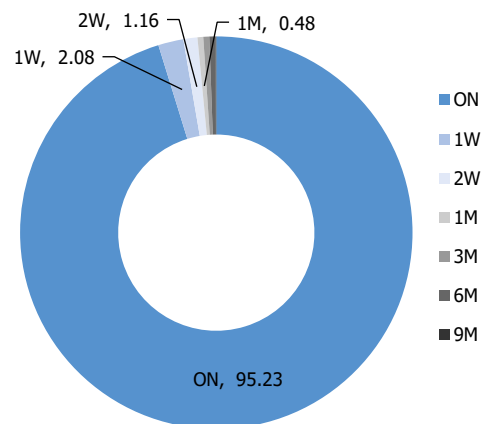
Source: SBV, Bloomberg, KISVN

Figure 9. Credit growth by month of the year



Source: SBV, Bloomberg, KISVN
Note: Updated by 12 March, 2024

Figure 10. Interbank transaction structure



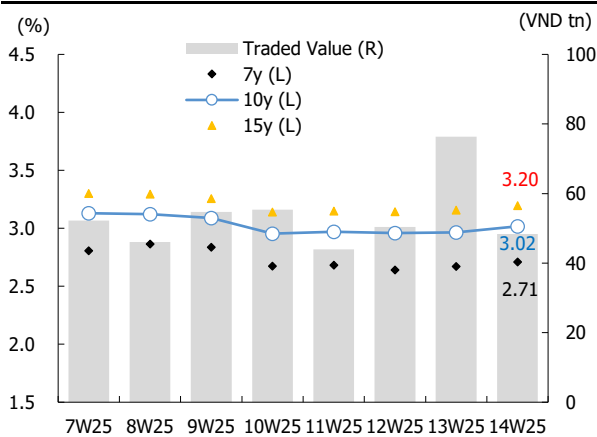
Source: SBV, Bloomberg, KISVN

III. G-bond yields rise across tenors

G-bond yields remained stable while trading value increased

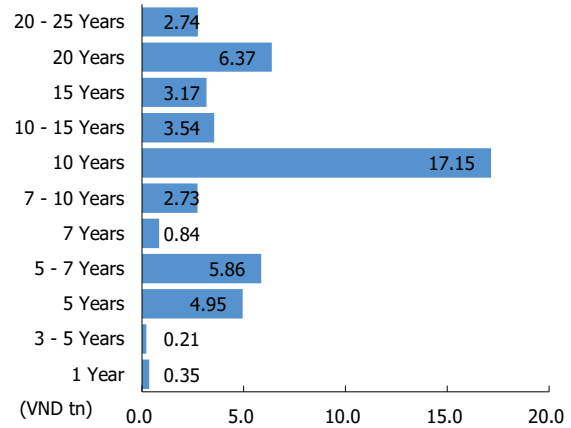
This week, total trading value drops 36.59% from the previous week, with average daily volume reaching VND9.68tn. The 10-year tenor remained the most actively traded, contributing VND17.15tn or 35.43% of the week's total volume. Specifically, yields for tenors such as 1-year, 2-year, 3-year and 4-year bonds rose by 1bp, 2bps, 1bp and 4bps, respectively, reaching 2.08%, 2.11%, 2.17% and 2.27%. Besides, yields for tenors such as 5-year, 7-year, 10-year and 15-year bonds rose by 7bps, 4bps, 5bps and 4bps, respectively, reaching 2.37%, 2.71%, 3.02% and 3.20%.

Figure 11. G-bond traded value by week



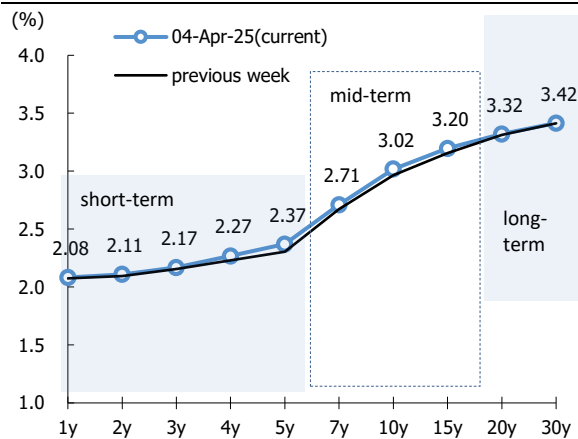
Source: HNX, Bloomberg, KIS

Figure 12. G-bond traded value by tenor



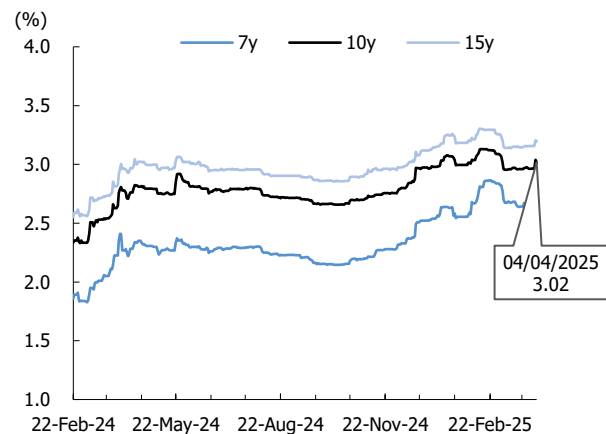
Source: HNX, Bloomberg, KIS

Figure 13. G-bond trading yield curve



Source: HNX, VBMA, KIS

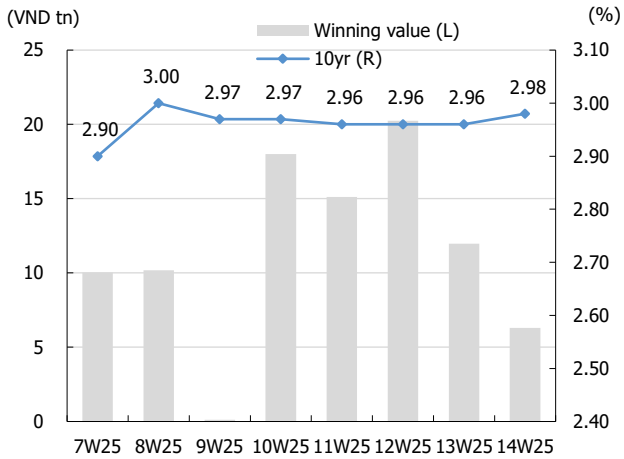
Figure 14. Historical daily government bond yields



Source: HNX, VBMA, KIS

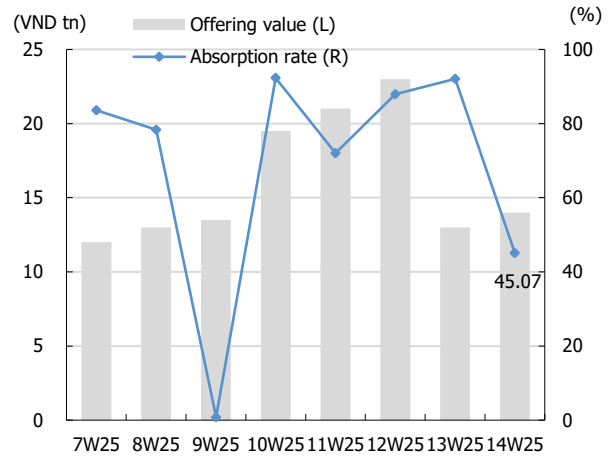
In the primary market, 14W25 marked a slowdown in bond issuance, with the winning value declining while yields slightly rose. Specifically, the VST issued VND6.31tn this week, dropping 47.3% compared to last week's issuance. To date, the VST has issued a total of VND116.75tn, achieving 23.4% of its full-year target.

Figure 15. Weekly winning values



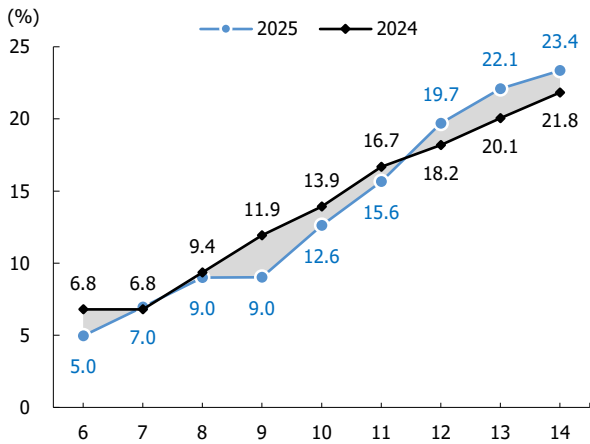
Source: HNX, KIS

Figure 16. Weekly absorption rate



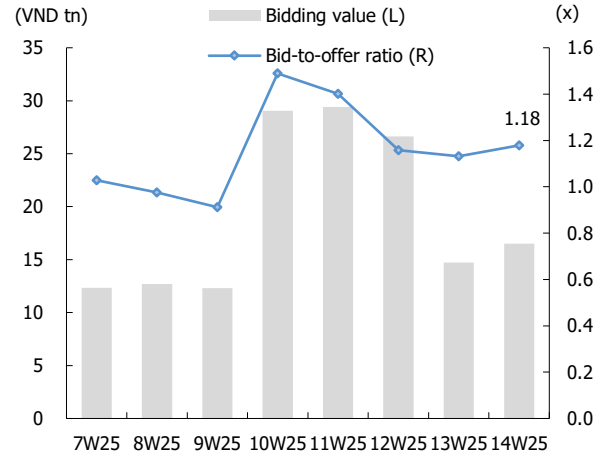
Source: HNX, KIS

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



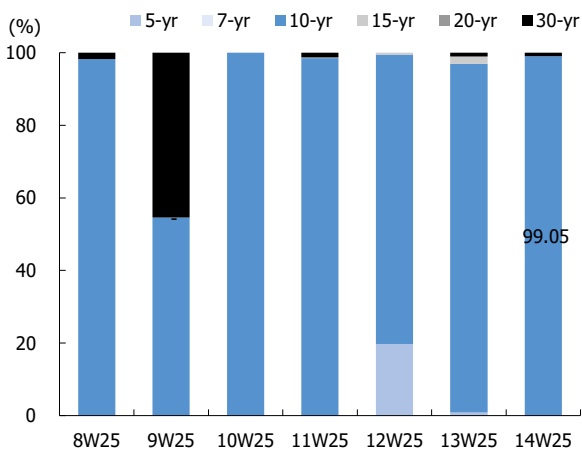
Source: HNX, KIS

Figure 18. Weekly bid-to-offer ratio



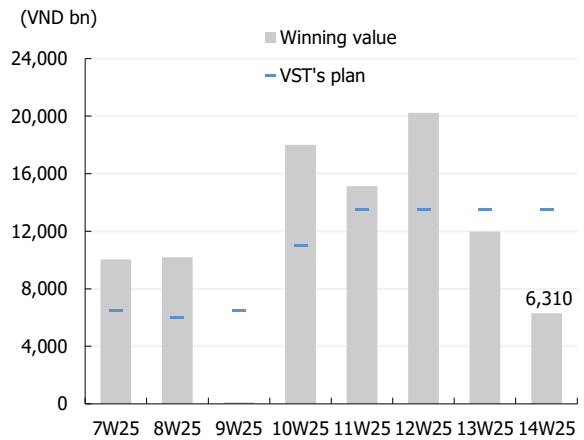
Source: HNX, KIS

Figure 19. Weekly winning G-bond structure



Source: HNX, KIS

Figure 20. Weekly issued amount of G-bond



Source: HNX, KIS

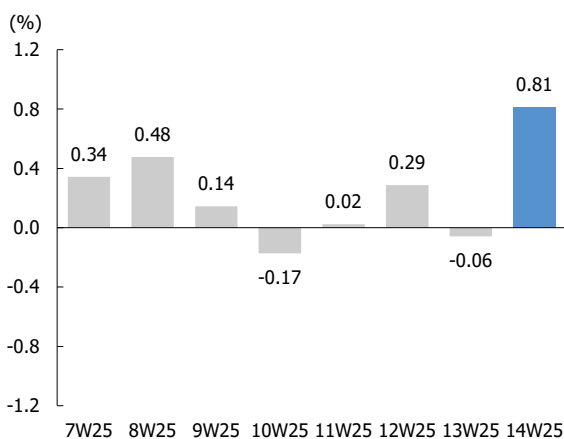
IV. USDVND increases sharply

U.S. dollar weakened as reciprocal tariffs were announced

This week, USDVND rose sharply as the U.S. dollar weakened. Specifically, the interbank USDVND rate increased by 0.81% (or 208ppts) from the previous week, settling at 25,785 on Friday. On the global front, the DXY rose early in the week but ended lower at 103.0 on Friday, down 0.98% from the previous week. The greenback initially strengthened earlier in the week. However, it later declined sharply as reciprocal tariffs were announced on over 180 countries, stoking fears of a potential economic slowdown. As highlighted in our article [“Reciprocal Tariffs: A Painful Blow”](#), Vietnam stands out as one of the hardest-hit targets of U.S. retaliatory tariffs, which may exert further pressure on the USDVND exchange rate. These risks have prompted continued net foreign selling on Vietnam’s stock exchange, with total net outflows reaching VND8.88tn, or 6.47% of the week’s total trading value.

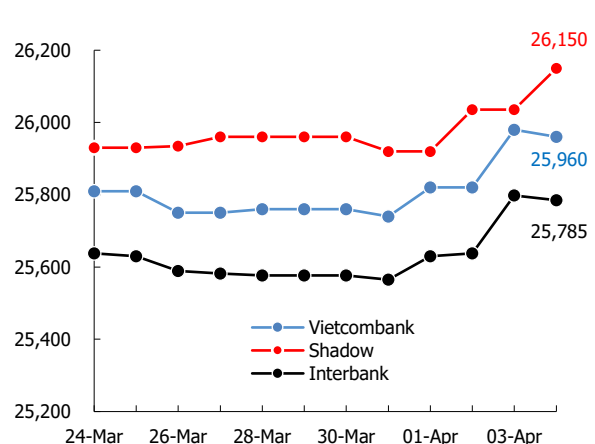
Considering FX developments across segments, the ask price at Vietcombank rose by 0.78% (or 200ppts), the shadow market also saw an increase of 0.73% (or 190ppts) compared to the previous week. On Friday, ask prices at Vietcombank and the shadow market were recorded at VND25,960 and VND26,150 per USD, respectively.

Figure 21. Weekly USDVND performance



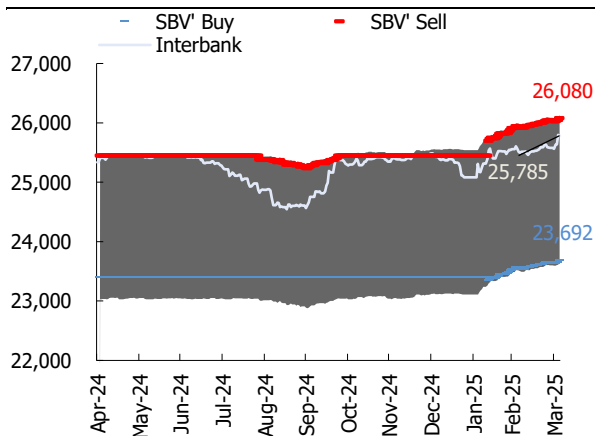
Source: Bloomberg, KIS

Figure 22. VCB & shadow market USDVND spread



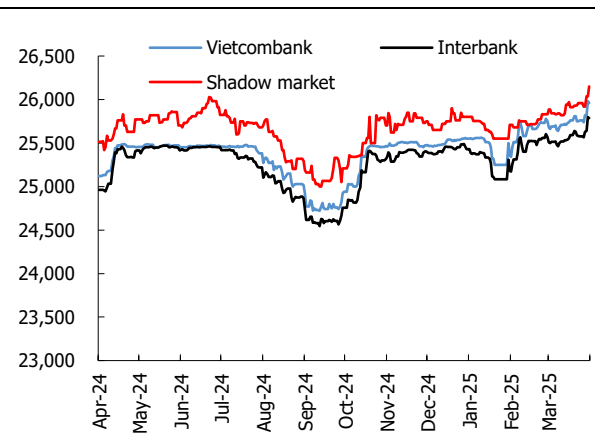
Source: SBV, Vietcombank, KIS

Figure 23. SBV’s movement



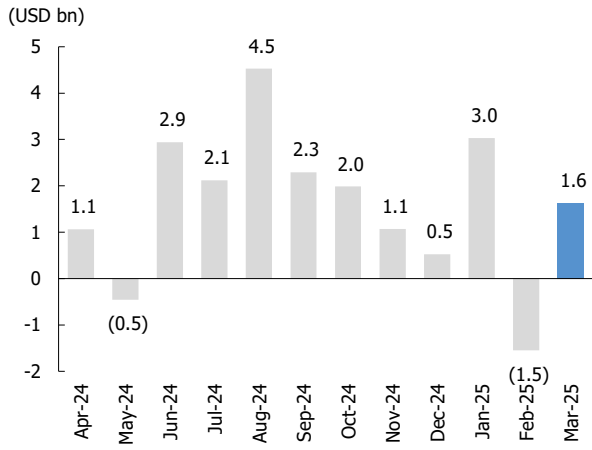
Source: SBV, Bloomberg, Fiinpro, KIS
 Note: shaded region is the daily trading band. The effective trading band is +/- 5% (the effective date is 17 October, 2022).

Figure 24. USDVND by market



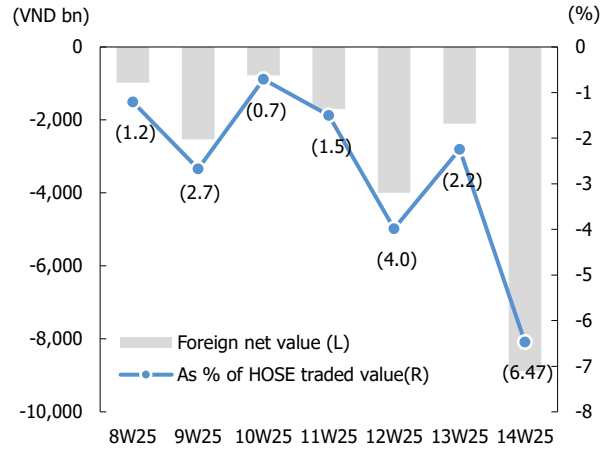
Source: SBV, Bloomberg, KIS

Figure 25. Vietnam's trade balance by month



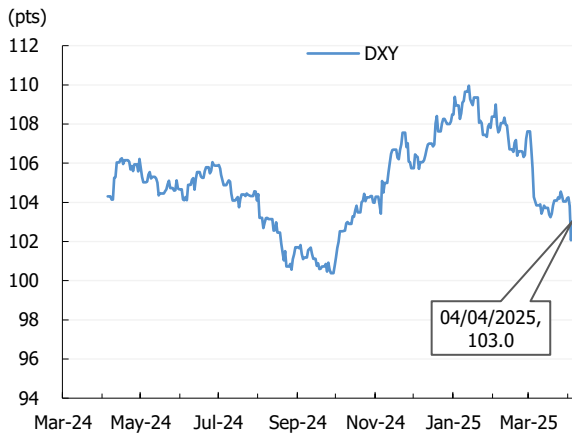
Source: GSO, KIS
Note: Updated until 6 April, 2025

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



Source: Fiinpro, KIS

Figure 27. Historical DXY



Source: Bloomberg

Figure 28. Weekly change of USDVND and peers

	2024 Trade deficit (USDbn)		13W25	14W25	2025YTD
China	-295.40	USDCNY	0.14	0.27	-0.24
EU	-235.57	USDEUR	-0.09	-1.17	-5.49
Mexico	-171.81	USDMXN	0.67	0.34	-1.54
Vietnam	-123.46	USDVND	-0.06	0.81	1.17
Canada	-73.93	USDCNY	-0.25	-0.66	-1.43
Taiwan	-68.47	USDTWD	0.32	-0.03	0.64
Japan	-66.01	USDJPY	0.35	-1.94	-6.53
South Korea	-64.19	USDKRW	0.25	-0.49	-0.67
Thailand	-45.61	USDTHB	0.32	0.67	0.31
DXY		U.S. Dollar Index	-0.04	-0.98	-5.04

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

Macro scorecard

	24-Nov	24-Dec	25-Jan	25-Feb	25-Mar	2Q24	3Q24	4Q24	1Q25	2021	2022	2023	2024
Real GDP growth (%)						6.93	7.43	7.55	6.93	2.58	8.02	5.05	7.09
Registered FDI (USD bn)	4.12	6.85	4.34	2.57	4.08	9.01	9.59	13.44	10.98	31.15	27.72	36.61	38.23
GDP per capita (USD)										3,725	4,110	4,285	4,479
Unemployment rate (%)						2.29	2.23	2.22	2.20	3.22	2.32	2.26	2.24
Export (USD bn)	33.73	35.53	32.15	31.11	38.51	98.2	108.6	105.9	102.84	335.7	371.85	355.5	405.5
Import (USD bn)	32.67	35.00	30.92	32.66	36.88	94.0	99.7	101.9	99.68	331.1	360.65	327.5	380.8
Export growth (%)	8.16	12.85	-4.05	25.67	14.49	13.59	15.82	11.46	10.64	18.74	10.61	-4.4	14.3
Import growth (%)	9.81	19.23	-2.32	39.99	18.99	20.65	17.19	14.91	17.03	25.9	8.35	-8.9	16.7
Inflation (%)	2.77	2.94	3.63	2.91	3.13	4.39	3.48	2.87	3.22	1.84	3.15	3.25	3.63
USD/VND	25,346	25,386	25,082	25,530	25,565	25,458	24,093	25,386	25,565	22,790	23,650	23,784	25,386
Credit growth (%)	16.6	15.1	16.1	15.7	16.3	15.3	16.1	13.8	16.3	13.61	14.2	13.7	13.8
10Y gov't bond (%)	2.76	2.94	2.99	3.18	3.06	2.81	2.66	2.94	3.06	2.11	5.08	2.39	2.94

Source: GSO, Bloomberg, FIA, IMF

**Glossary

- * Winning yield rate = each group's highest bidding rate, 2.98%
- * Absorption rate = winning value / offering value, 45.07%
- * Bid to offer ratio = offering value / bidding value, 1.18%
- * DXY = U.S. Dollar Index, ~103.0
- * OMO = Open market operation
- * Tenor = due for payment
- * ON = overnight interbank interest rate, ~3.95%

Appendix

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

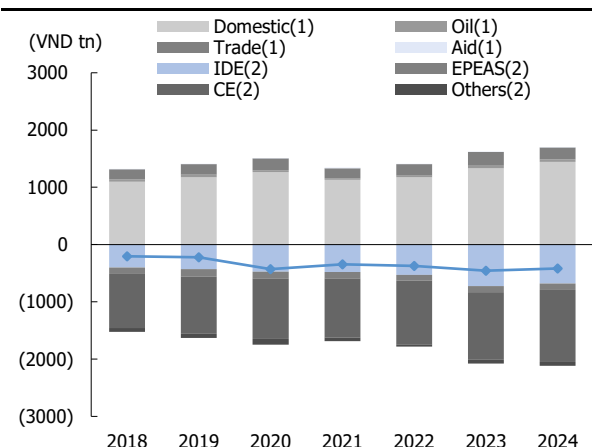
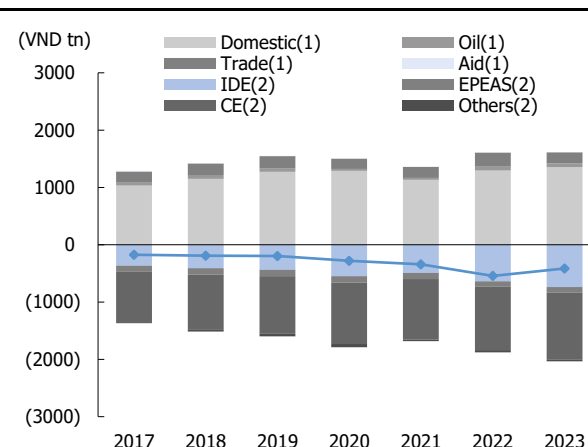


Figure 2. Vietnam's state budget by year: actual



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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