

Fixed-income Perspectives

Exchange rate pressure prevails

SBV sharply withdraws liquidity

In 17W25 (21 to 25 April), the SBV recorded a significant net liquidity withdrawal due to a large value of maturing repo contracts during the week. Specifically, the SBV issued VND42.46tn in new repo contracts, while VND62.18tn of repos matured.

Overnight rate drops significantly

This week, the interbank yield curve shows a sharp decline at the short end, while trading value also increased. Specifically, the overnight, 1-week, 2-week, 3-month, and 6-month rates dropped by 164bps, 18bps, 29bps, 7bps, and 12bps, respectively, to 2.23%, 3.85%, 3.98%, 4.43%, and 4.73%, while other tenors remained unchanged. The average trading value reached VND513.89tn, up 6.11% from the previous week.

USDVND continues to accelerate

This week, USDVND continued to surge as the greenback began to regain its momentum. Specifically, the interbank USDVND rate rose by 0.37% (or 96ppts) from the previous week, settling at 26,022 on Friday. On the global front, the greenback strengthened as trade tension fears partially eased, supported by positive earnings results from major tech-related firms. Domestically, USDVND continues to rise as concerns over global supply chain realignment following escalating trade wars, which could negatively impact Vietnam's economy if upcoming negotiations with the U.S. do not yield favorable outcomes.

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.

Contents

I. SBV sharply withdraws liquidity	1
II. Overnight rate drops significantly	3
III. G-bond yields shift up	4
IV. USDVND continues to accelerate	6
Macro scorecard	8
Appendix	9

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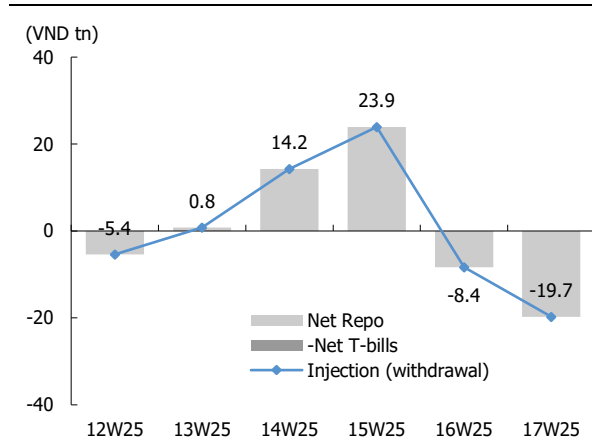
I. SBV sharply withdraws liquidity

SBV withdraws liquidity but maintains stable support

In 17W25 (21 to 25 April), the SBV recorded a significant net liquidity withdrawal due to a large value of maturing repo contracts during the week. Specifically, the SBV issued VND42.46tn in new repo contracts, while VND62.18tn of repos matured.

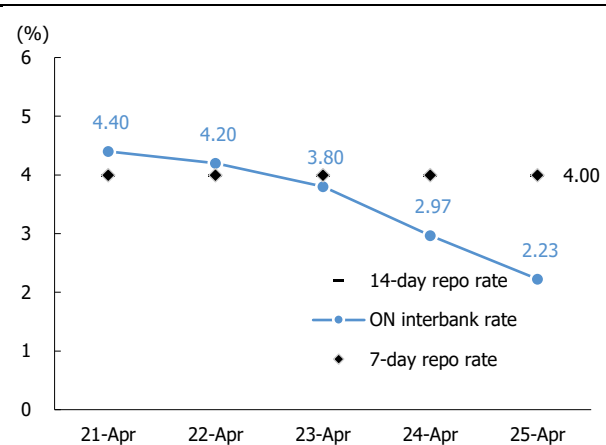
During the week, the SBV continued to support the banking system by issuing new repos, however, the newly injected liquidity was not sufficient to offset the value of maturing contracts, following strong injections in previous weeks. In addition, the SBV continued to utilize longer-term repo tenors of 35 and 91 days, indicating a shift toward more stable, longer-term liquidity support. As such, we expect the SBV to maintain its supportive stance toward the banking system in the coming weeks to stimulate economic activity and help achieve government targets, especially amid ongoing unfavorable macroeconomic conditions.

Figure 1. Net injection (withdrawal) of liquidity



Source: SBV, KIS

Figure 2. Interest rate corridor



Source: SBV, KIS

Figure 3. Repo transactions: 7&14-day tenor

Issue date	Maturity Date	Tenor (days)	Amount (VNDtn)	Yields (%)
21-Apr-25	28-Apr-25	7	9.50	4.00
22-Apr-25	29-Apr-25	7	1.66	4.00
23-Apr-25	7-May-25	14	6.02	4.00
24-Apr-25	8-May-25	14	6.11	4.00
25-Apr-25	9-May-25	14	0.97	4.00
Total			24.25	4.00

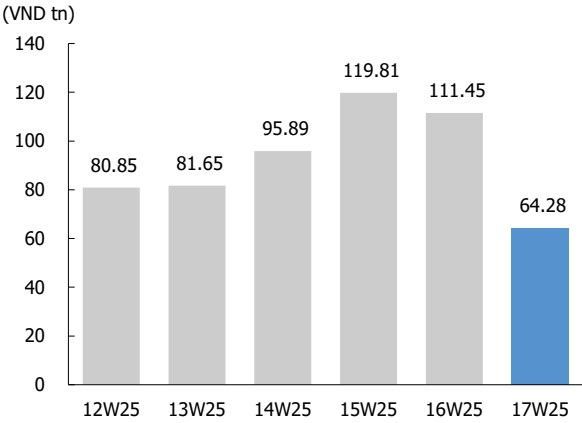
Source: SBV, KIS

Figure 4. Repo transactions: 21&35-day tenors

Issue date	Maturity Date	Tenor (days)	Amount (VNDtn)	Yields (%)
21-Apr-25	12-May-25	21	9.46	4.00
22-Apr-25	13-May-25	21	3.95	4.00
23-Apr-25	14-May-25	21	1.52	4.00
25-Apr-25	16-May-25	21	0.40	4.00
21-Apr-25	26-May-25	35	1.48	4.00
22-Apr-25	27-May-25	35	1.40	4.00
Total			18.21	4.00

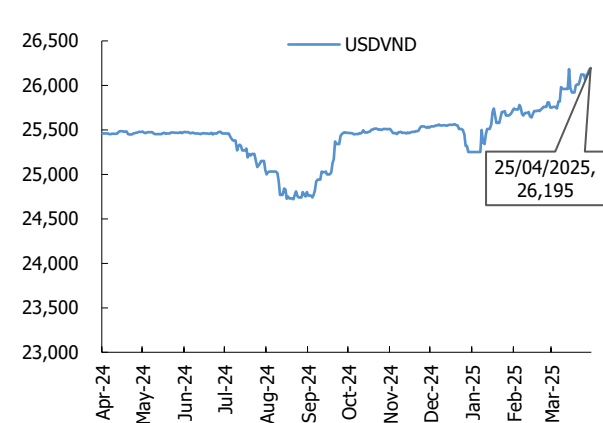
Source: SBV, KIS

Figure 5. Outstanding amount of repos



Source: SBV, KIS

Figure 6. USDVND movement



Source: SBV, KIS

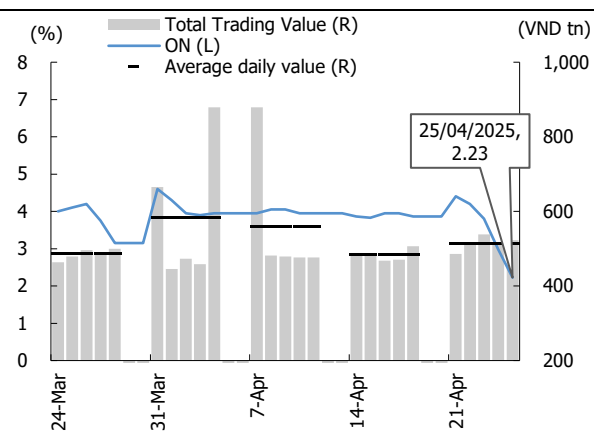
II. Overnight rate drops significantly

Overnight rates drop significantly amid stable system liquidity

This week, the interbank yield curve shows a sharp decline at the short end, while trading value also increased. Specifically, the overnight (ON), 1-week (1W), 2-week (2W), 3-month (3M), and 6-month (6M) rates dropped by 164bps, 18bps, 29bps, 7bps, and 12bps, respectively, to 2.23%, 3.85%, 3.98%, 4.43%, and 4.73%, while other tenors remained unchanged. The average trading value reached VND513.89tn, up 6.11% from the previous week.

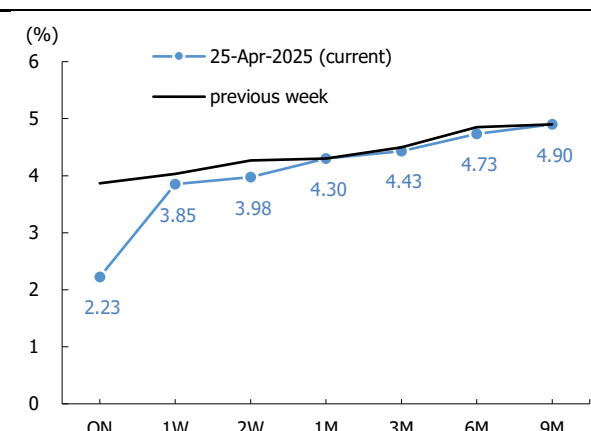
This week's interbank rate movements reflect mild liquidity pressure in the system, particularly as the ON rate surged early in the week before dropping sharply by Friday. This indicates that system liquidity remains abundant, partly supported by the SBV's consecutive liquidity injections through open market operations in previous weeks.

Figure 7. Interbank daily transaction



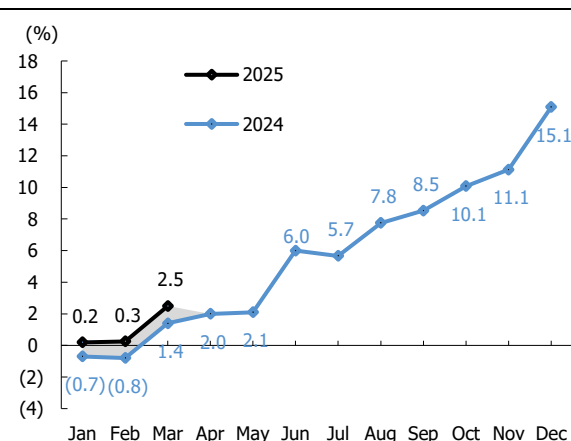
Source: SBV, Bloomberg, KISVN

Figure 8. Interbank rate curve



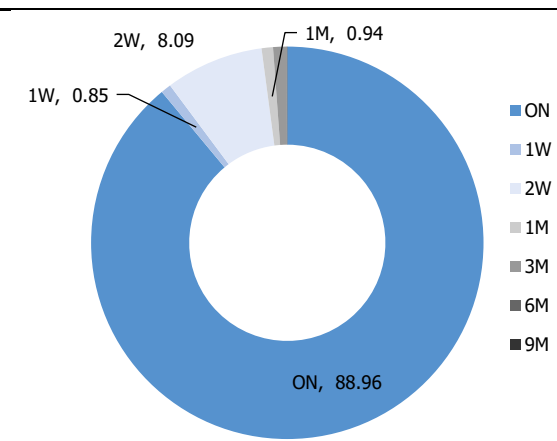
Source: SBV, Bloomberg, KISVN

Figure 9. Credit growth by month of the year



Source: SBV, Bloomberg, KISVN
Note: Updated by 25 March, 2024

Figure 10. Interbank transaction structure



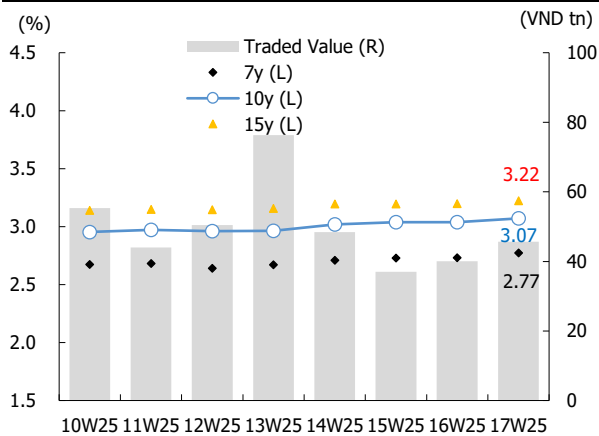
Source: SBV, Bloomberg, KISVN

III. G-bond yields shift up

G-bond yields rose at actively traded tenors

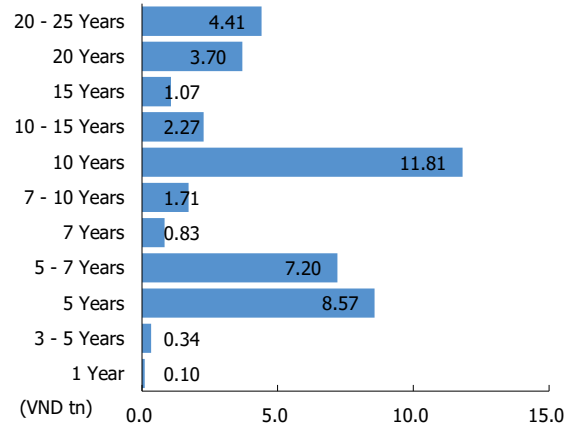
This week, G-bond yields increased at longer tenors while short-term yields remained flat, accompanied by an increase in trading value. Specifically, yields for the 4-year, 5-year, 7-year, 10-year, and 15-year tenors rose by 1bp, 2bps, 4bps, 3bps, and 2bps, respectively, reaching 2.29%, 2.41%, 2.77%, 3.07%, and 3.22%. Additionally, total trading value this week reached VND45.64tn, up 14% compared to the previous week, with a daily average trading value of VND9.13tn.

Figure 11. G-bond traded value by week



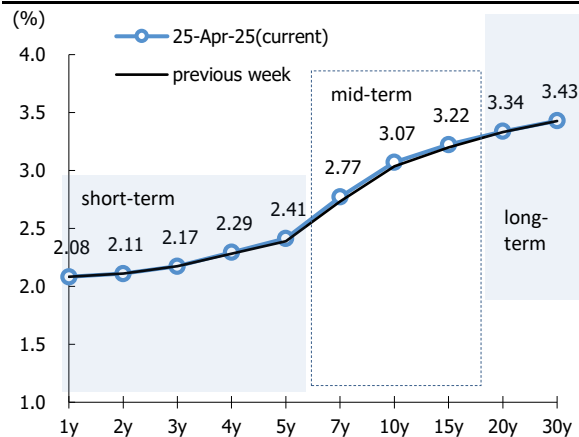
Source: HNX, Bloomberg, KIS

Figure 12. G-bond traded value by tenor



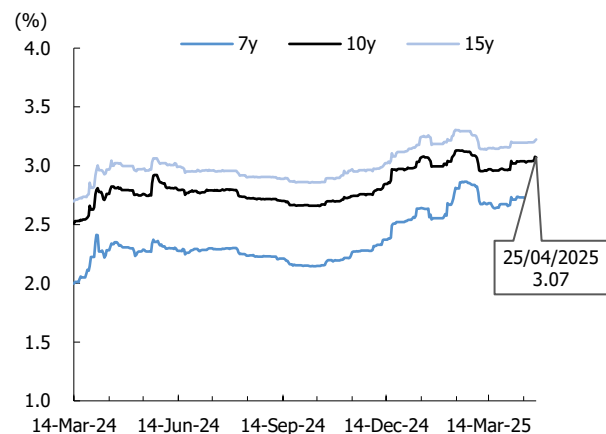
Source: HNX, Bloomberg, KIS

Figure 13. G-bond trading yield curve



Source: HNX, VBMA, KIS

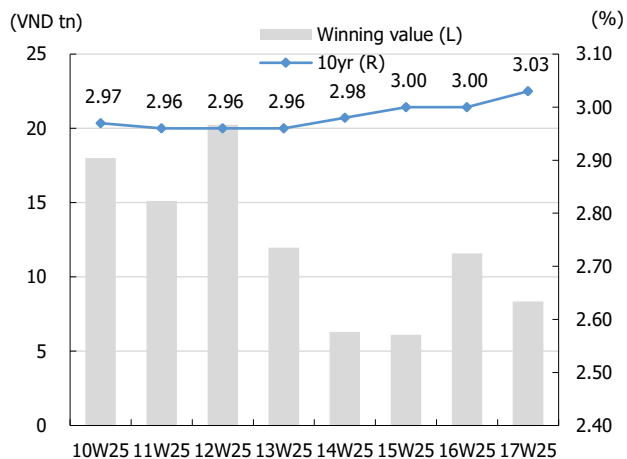
Figure 14. Historical daily government bond yields



Source: HNX, VBMA, KIS

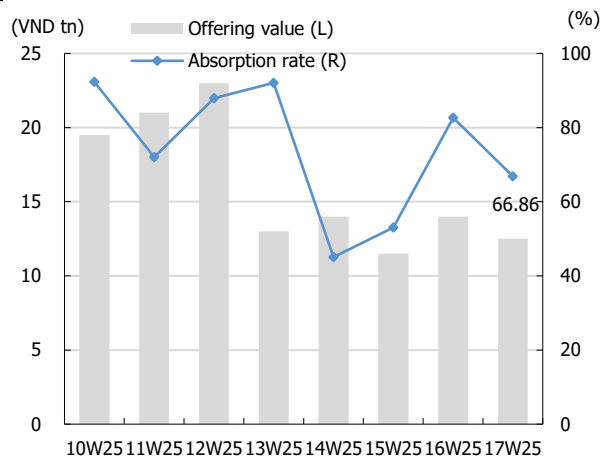
In the primary market, 17W25 continued to show a slowdown in bond issuance as the winning value declined and yields edged higher. Specifically, the VST issued VND8.36tn this week, down 27.8% from the previous week, while the winning yield rose by 3bps to 3.03%. As of now, the VST has issued a total of VND142.78tn, completing 28.6% of its full-year target—a faster pace compared to 25.7% recorded in the same period of 2024.

Figure 15. Weekly winning values



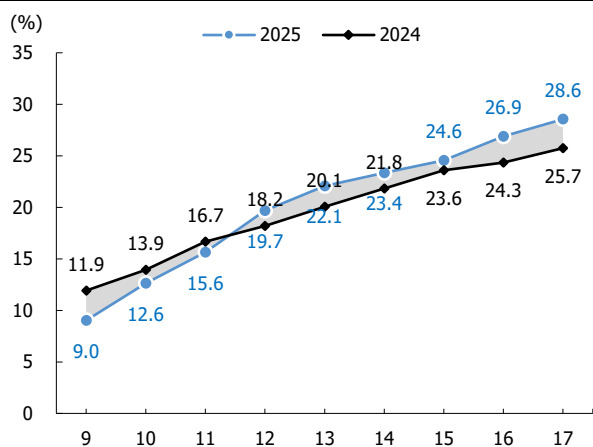
Source: HNX, KIS

Figure 16. Weekly absorption rate



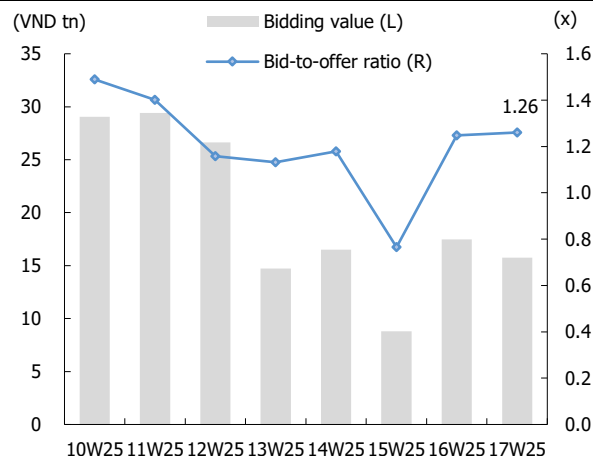
Source: HNX, KIS

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



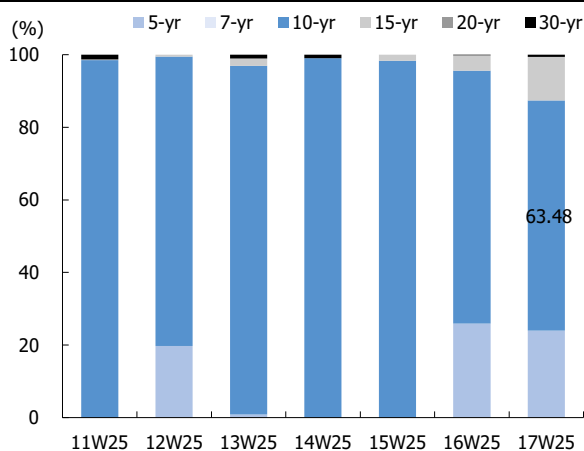
Source: HNX, KIS

Figure 18. Weekly bid-to-offer ratio



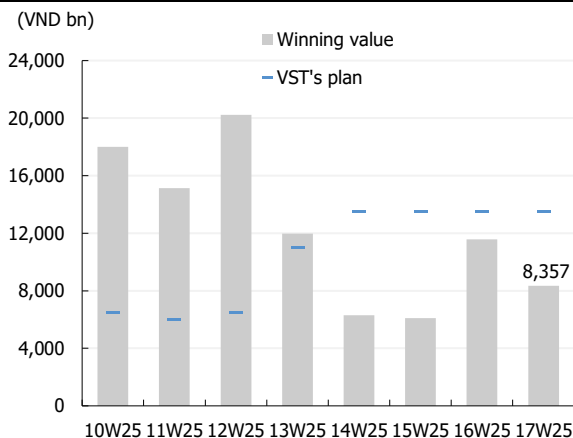
Source: HNX, KIS

Figure 19. Weekly winning G-bond structure



Source: HNX, KIS

Figure 20. Weekly issued amount of G-bond



Source: HNX, KIS

IV. USDVND continues to accelerate

USDVND extends rally amid concerns over global supply chain shifts

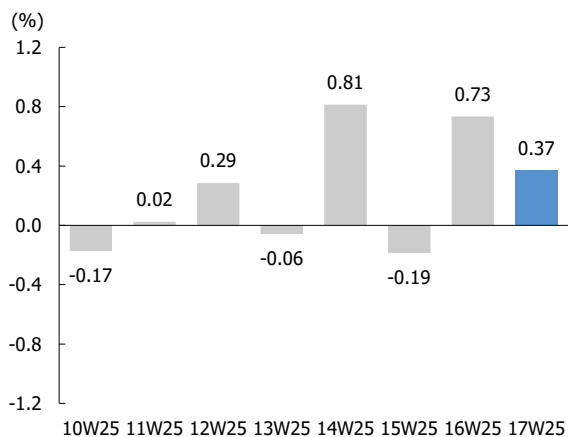
This week, USDVND continued to surge as the greenback began to regain its momentum. Specifically, the interbank USDVND rate rose by 0.37% (or 96ppts) from the previous week, settling at 26,022 on Friday.

On the global front, the DXY gradually recovered, approaching the 100 mark by Friday and recording a slight increase of 0.24% compared to the previous week. The greenback strengthened as trade tension fears partially eased, supported by positive earnings results from major tech-related firms, which lifted market sentiment. However, lingering U.S.-China tensions capped further dollar recovery.

Domestically, the VST's additional USD110mn bidding this week partly contributed to the upward pressure on USDVND. However, the main driver behind USDVND's continued sharp rise remains concerns over global supply chain realignment following escalating trade wars. Countries like India, showing positive negotiation progress with the U.S., are increasingly attracting multinational corporations such as Apple, Samsung, and Google to relocate production and mitigate tariff risks. As Vietnam is a key link in the global value chain—hosting major suppliers like Foxconn and Goertek—this shift could negatively impact Vietnam's economy, particularly in attracting new FDI inflows if upcoming negotiations with the U.S. do not yield favorable outcomes.

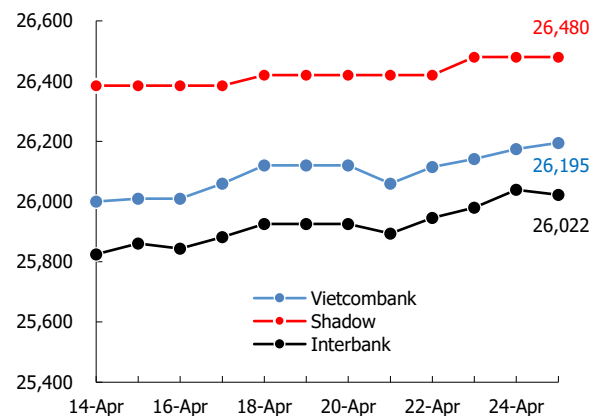
Considering FX developments across segments, ask prices at both Vietcombank and the shadow market rose by 0.29% (75ppts) and 0.23% (60ppts), respectively, compared to the previous week. On Friday, ask prices were quoted at 26,195 and 26,480 VND per U.S. dollar.

Figure 21. Weekly USDVND performance



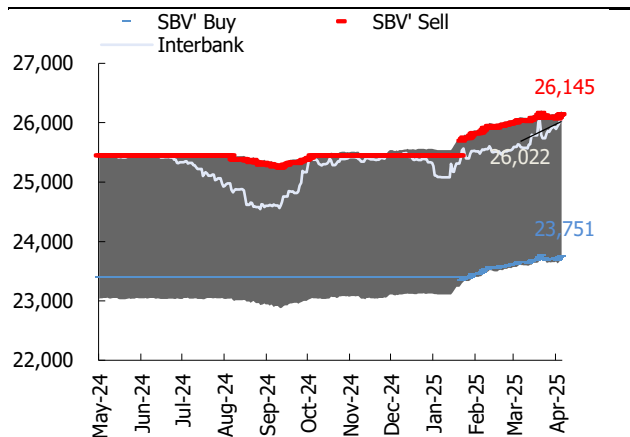
Source: Bloomberg, KIS

Figure 22. VCB & shadow market USDVND spread



Source: SBV, Vietcombank, KIS

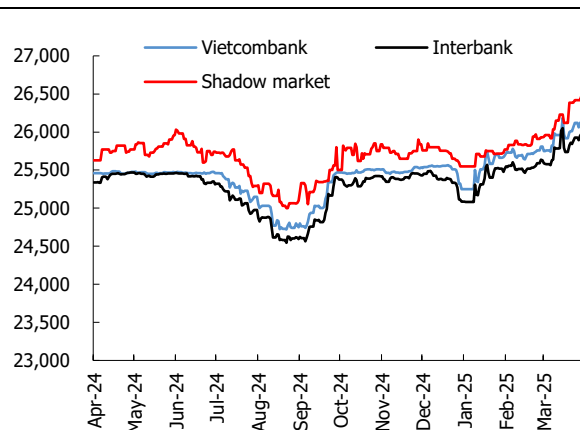
Figure 23. SBV's movement



Source: SBV, Bloomberg, Fiinpro, KIS

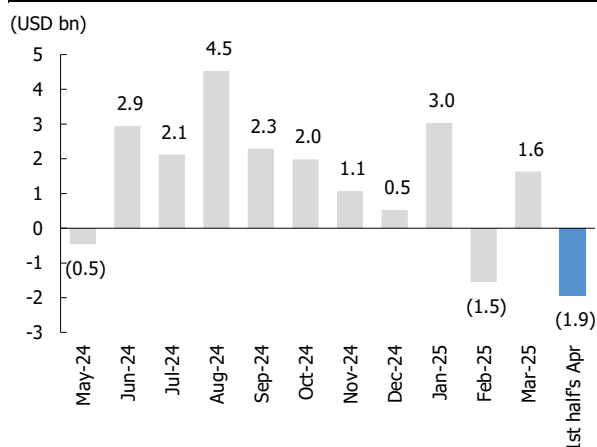
Note: shaded region is the daily trading band. The effective trading band is +/- 5% (the effective date is 17 October, 2022).

Figure 24. USDVND by market



Source: SBV, Bloomberg, KIS

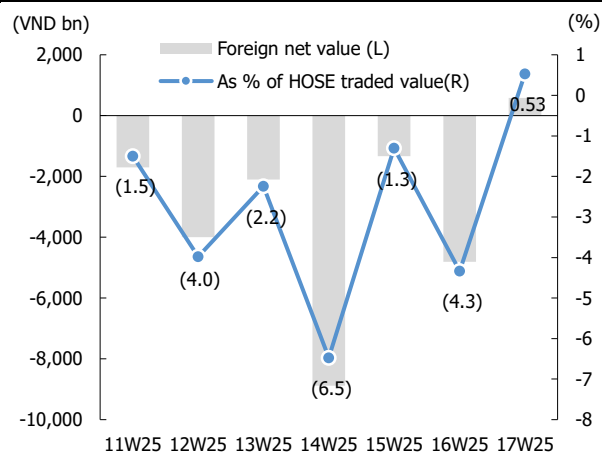
Figure 25. Vietnam's trade balance by month



Source: GSO, KIS

Note: Updated until 18 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)		16W25	17W25	2025YTD
China	-295.40	USDCNY	0.10	-0.18	-0.17
EU	-235.57	USDEUR	-0.33	0.25	-8.90
Mexico	-171.81	USDMXN	-2.99	-1.09	-6.07
Vietnam	-123.46	USDVND	0.73	0.37	2.10
Canada	-73.93	USDCNY	-0.21	0.12	-3.90
Taiwan	-68.47	USDTWD	-0.19	-0.30	-1.11
Japan	-66.01	USDJPY	-0.95	1.05	-8.61
South Korea	-64.19	USDKRW	0.15	1.15	-2.16
Thailand	-45.61	USDTHB	-0.56	0.34	-1.58
DXY		U.S. Dollar Index	-0.87	0.24	-8.31

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, 3.03%
- * Absorption rate = winning value / offering value, 66.86%
- * Bid to offer ratio = offering value / bidding value, 1.26%
- * DXY = U.S. Dollar Index, ~99.5
- * OMO = Open market operation
- * Tenor = due for payment
- * ON = overnight interbank interest rate, ~2.23%

Appendix

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

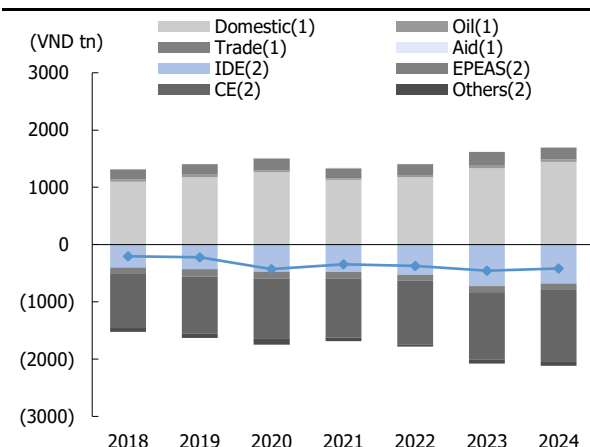
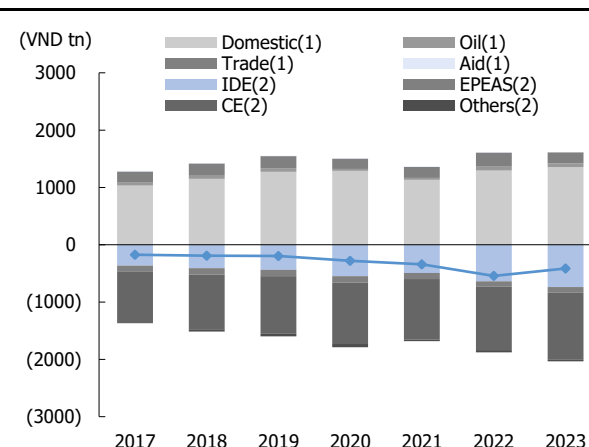


Figure 2. Vietnam's state budget by year: actual



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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