

Fixed-income Perspectives

SBV continues to withdraw liquidity before the holiday

SBV continues to withdraw liquidity

In 18W25 (28 April to 02 May), the SBV continued its liquidity withdrawal for the third consecutive week, as abundant liquidity in the banking system allowed it to ease the pressure from outstanding repo contracts accumulated since its stimulus stance post-Tet. Specifically, a total of VND20.35tn was withdrawn during the week, as only VND5.92tn in repos were issued to ease VND26.27tn in maturing ones.

Overnight rate normalizes

This week, interbank rates increased in most tenors, with the sharpest gains observed at the short-term rates, accompanied by a moderate increase in trading volume compared to the previous week. Specifically, overnight, 1-week, 2-week, and 3-month rates rose by 161bps, 12bps, 9bps, and 2bps, respectively, reaching 3.83%, 3.97%, 4.07%, and 4.45%. Meanwhile, 1-month and 6-month rates both declined by 3bps to 4.27% and 4.70%, respectively. The average trading volume stood at VND546.56tn, up by 6.36% from the previous week.

USDVND edges down

This week, USDVND slightly declined while the greenback continued to regain momentum. Specifically, the interbank USDVND rate fell by 0.23% (or 60pts) from the previous week, closing at 25,962 on Friday. On the global front, U.S. dollar strengthened as investor sentiment improved following a robust jobs report and news that China is considering the possibility of restarting trade negotiations with the U.S. The USDVND cooled even as the U.S. dollar strengthened globally, likely reflecting weaker demand for importing materials in the process manufacturing sector. Furthermore, international tourist arrivals to Ho Chi Minh City reached 120,000 during the holiday, doubling compared to the same period last year, likely enriching the USD supply. Given that negotiations between Vietnam and the U.S. are approaching, the final impact on Vietnam's outlook will largely depend on the outcome of these upcoming talks.

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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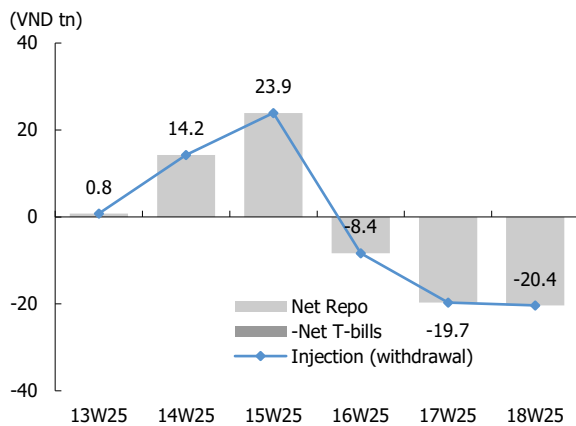
I. SBV continues to withdraw liquidity

SBV withdraws liquidity ahead of the holiday

In 18W25 (28 April to 02 May), the SBV continued its liquidity withdrawal for the third consecutive week, as abundant liquidity in the banking system allowed it to ease the pressure from outstanding repo contracts accumulated since its stimulus stance post-Tet. Specifically, a total of VND20.35tn was withdrawn during the week, as only VND5.92tn in repos were issued to ease VND26.27tn in maturing ones.

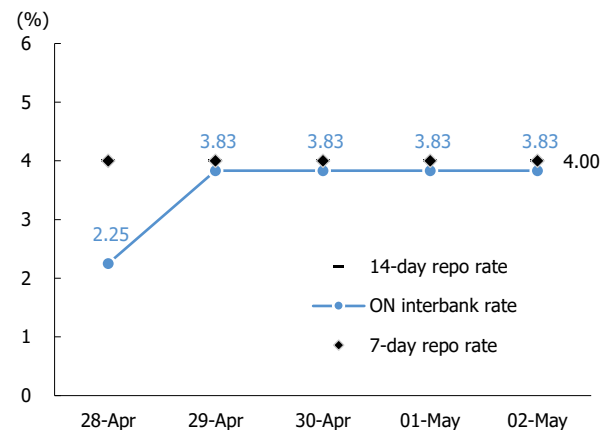
The SBV is still expected to maintain a supportive stance toward the banking system in the coming weeks. However, during periods of ample liquidity, the SBV may find less urgency to maintain its stimulus stance, allowing it to gradually reduce obligations from outstanding repos. This, in turn, creates more policy space for liquidity support should it become necessary in the following weeks.

Figure 1. Net injection (withdrawal) of liquidity



Source: SBV, KIS

Figure 2. Interest rate corridor



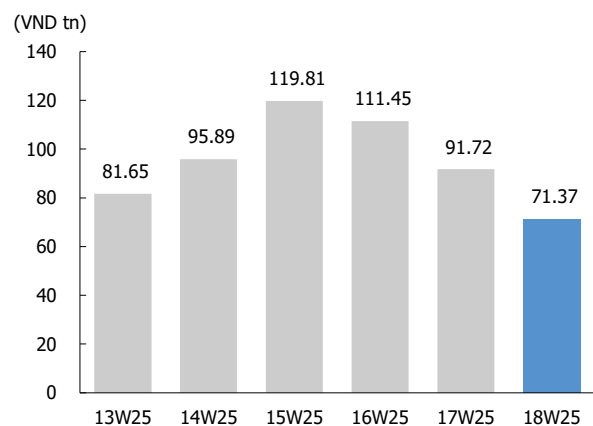
Source: SBV, KIS

Figure 3. Repo transactions

Issue date	Maturity Date	Tenor (days)	Amount (VNDtn)	Yields (%)
28-Apr-25	5-May-25	7	2.00	4.00
29-Apr-25	6-May-25	7	2.16	4.00
28-Apr-25	12-May-25	14	1.06	4.00
28-Apr-25	2-Jun-25	35	0.24	4.00
29-Apr-25	3-Jun-25	35	0.46	4.00
Total			5.92	4.00

Source: SBV, KIS

Figure 4. Outstanding amount of repos



Source: SBV, KIS

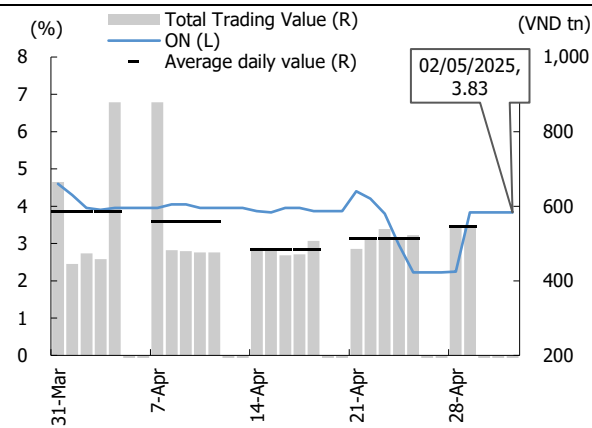
II. Overnight rate normalizes

Interbank rates rose at short tenors

This week, interbank rates increased in most tenors, with the sharpest gains observed at the short-term rates, accompanied by a moderate increase in trading volume compared to the previous week. Specifically, overnight (ON), 1-week (1W), 2-week (2W), and 3-month (3M) rates rose by 161bps, 12bps, 9bps, and 2bps, respectively, reaching 3.83%, 3.97%, 4.07%, and 4.45%. Meanwhile, 1-month (1M) and 6-month (6M) rates both declined by 3bps to 4.27% and 4.70%, respectively. The average trading volume stood at VND546.56tn, up by 6.36% from the previous week.

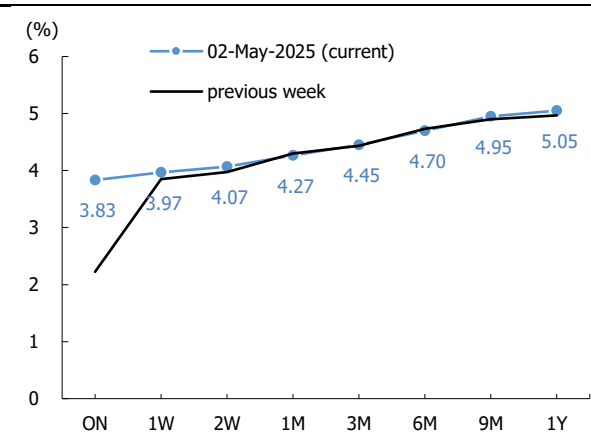
After signs of easing liquidity in recent weeks, the SBV withdrew liquidity via OMO to rebalance short-term money market conditions, contributing to the normalization of the ON rate this week. Assuming the SBV continues to maintain its liquidity support, interbank rates are expected to remain steady in the coming weeks. However, unexpected global macro developments could still pose risks to this outlook.

Figure 5. Interbank daily transaction



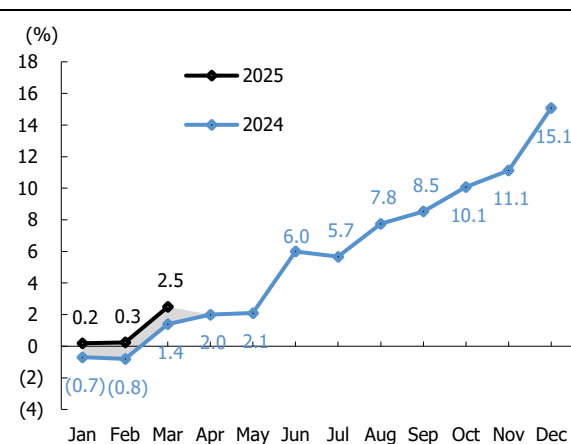
Source: SBV, Bloomberg, KISVN

Figure 6. Interbank rate curve



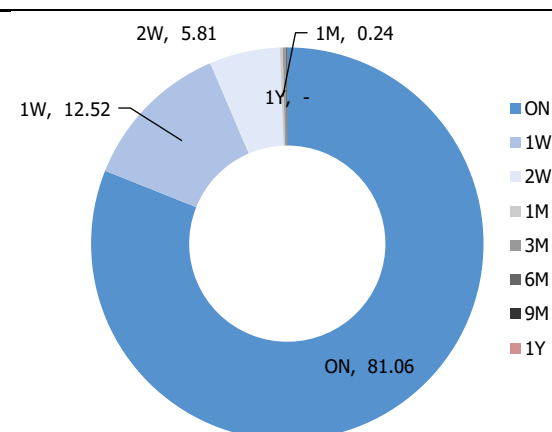
Source: SBV, Bloomberg, KISVN

Figure 7. Credit growth by month of the year



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

Figure 8. Interbank transaction structure



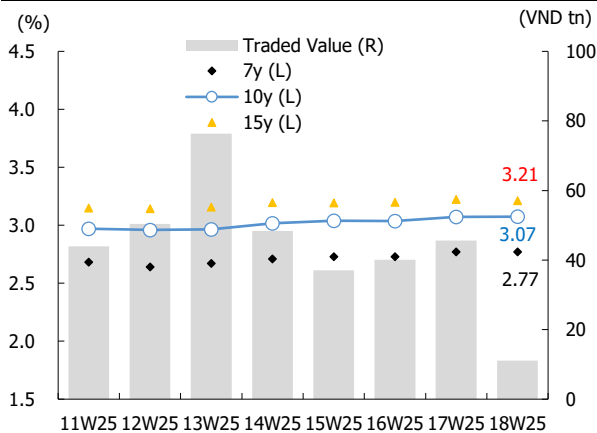
Source: SBV, Bloomberg, KISVN

III. G-bond yields stay flat

G-bond yields stay flat in holiday-shortened trading week

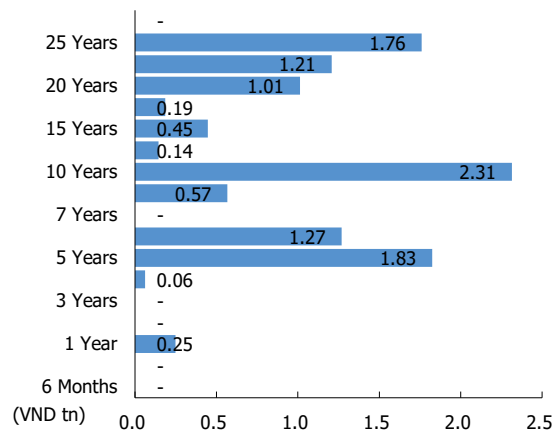
G-bond yields remained mostly unchanged during the holiday week with only two trading sessions. Specifically, the yield on the 15-year tenor declined by 1bp to 3.21%, while yields at other tenors stayed flat from the previous week. Additionally, total trading value for the week reached VND11.05tn, with a daily average trading value of VND5.52tn.

Figure 9. G-bond traded value by week



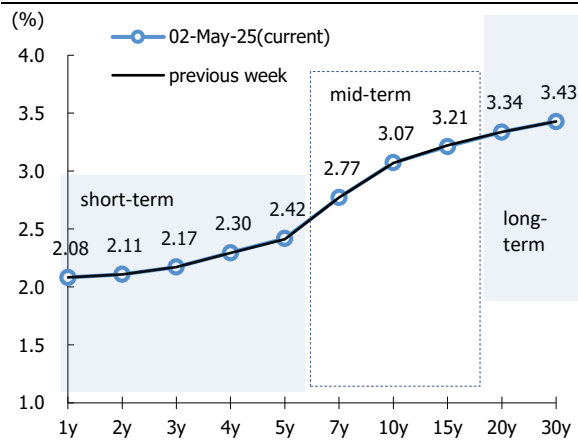
Source: HNX, Bloomberg, KIS

Figure 10. G-bond traded value by tenor



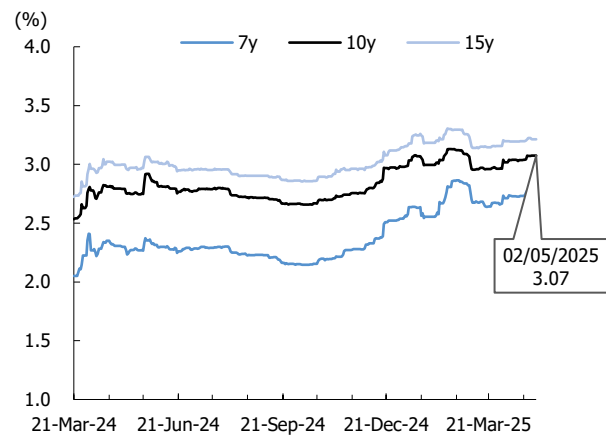
Source: HNX, Bloomberg, KIS

Figure 11. G-bond trading yield curve



Source: HNX, VBMA, KIS

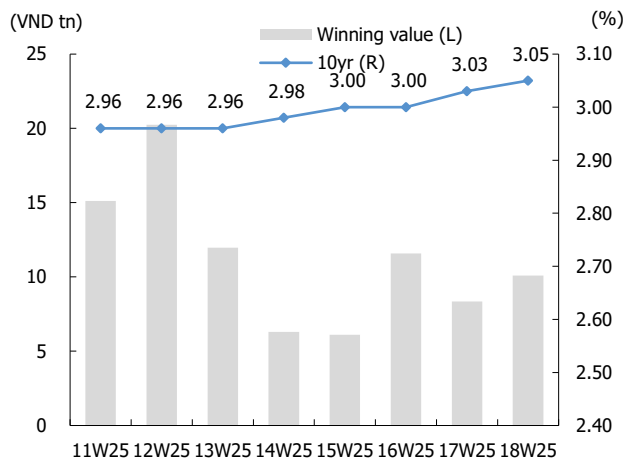
Figure 12. Historical daily government bond yields



Source: HNX, VBMA, KIS

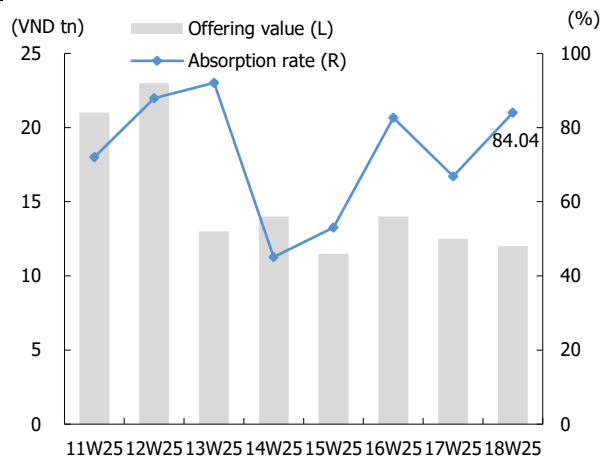
In the primary market, bond issuance activity in week 18W25 was active, with both winning value and yields rising slightly. Specifically, the VST issued VND10.09tn this week, up 20.7% from the previous week, while the winning yield edged up by 2bps to 3.05%. 18W25 was the final week of April, and the VST may have ramped up issuance to meet its monthly target. As of now, the VST has issued a total of VND152.87tn, completing 30.6% of its full-year plan—faster than the 27.01% recorded in the same period of 2024.

Figure 13. Weekly winning values



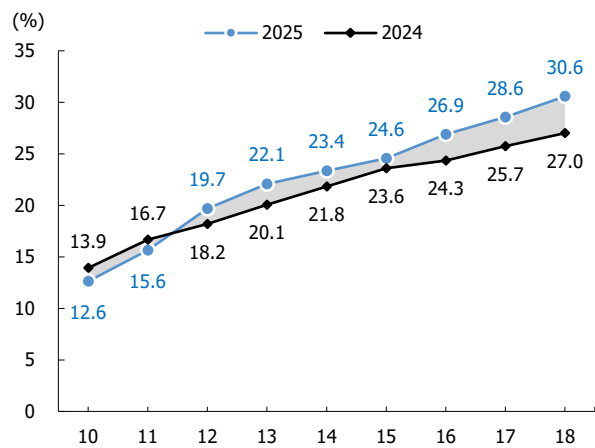
Source: HNX, KIS

Figure 14. Weekly absorption rate



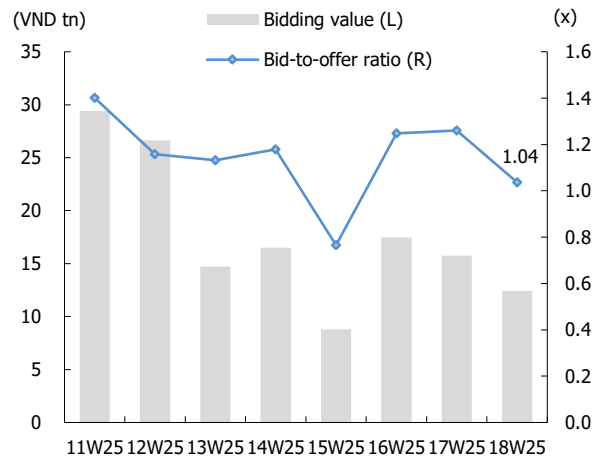
Source: HNX, KIS

Figure 15. Completion ratio by week-of-the-year



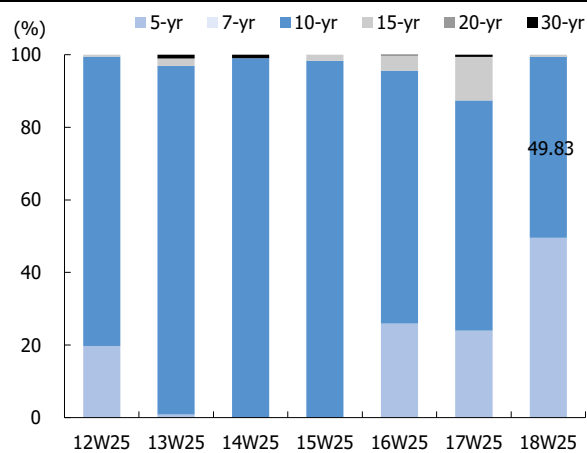
Source: HNX, KIS

Figure 16. Weekly bid-to-offer ratio



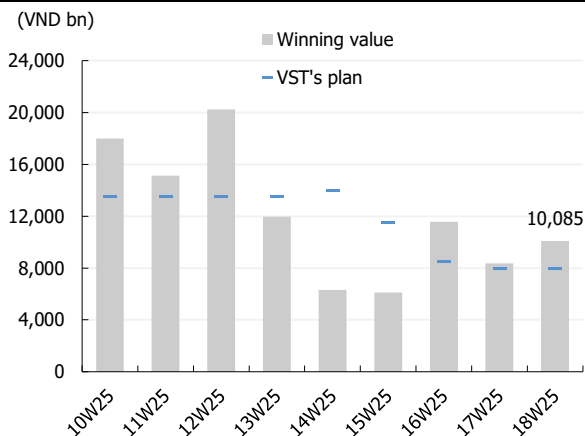
Source: HNX, KIS

Figure 17. Weekly winning G-bond structure



Source: HNX, KIS

Figure 18. Weekly issued amount of G-bond



Source: HNX, KIS

IV. USDVND edges down

USDVND slightly drops despite continued greenback strength

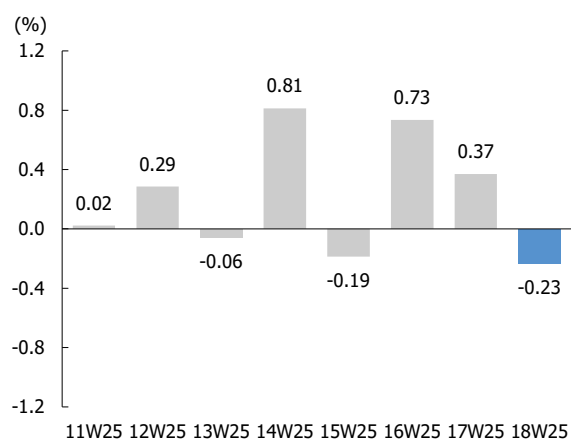
This week, USDVND slightly declined while the greenback continued to regain momentum. Specifically, the interbank USDVND rate fell by 0.23% (or 60ppts) from the previous week, closing at 25,962 on Friday.

On the global front, the DXY index continued its recovery, reaching the 100 mark by the end of the week and posting a 0.56% gain compared to the previous week. The U.S. dollar strengthened as trade tension concerns partially eased, supported by strong earnings results from major tech companies, which lifted market sentiment. Early in the week, data showed that the U.S. economy contracted in 1Q25, heightening recession fears. However, investor sentiment improved following a robust jobs report and news that China is considering the possibility of restarting trade negotiations with the U.S., further boosting the dollar's recovery.

The USDVND cooled even as the U.S. dollar strengthened globally, likely reflecting weaker demand for importing materials in the process manufacturing sector. Given that negotiations between Vietnam and the U.S. are approaching, the final impact on Vietnam's outlook will largely depend on the outcome of these upcoming talks. Furthermore, international tourist arrivals to Ho Chi Minh City reached 120,000 during the holiday, doubling compared to the same period last year, likely enriching the USD supply. Additionally, foreign investors continued to net sell in the stock market, with net outflows totaling VND255bn, equivalent to 0.86% of the week's total trading value.

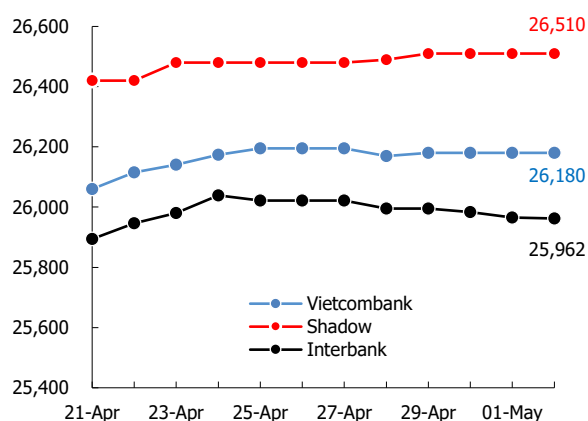
Considering FX developments across segments, ask prices at both Vietcombank and the shadow market fell by 0.06% (15ppts) and 0.11% (30ppts), respectively, compared to the previous week. On Friday, ask prices were quoted at 26,180 and 26,510 VND per U.S. dollar.

Figure 19. Weekly USDVND performance



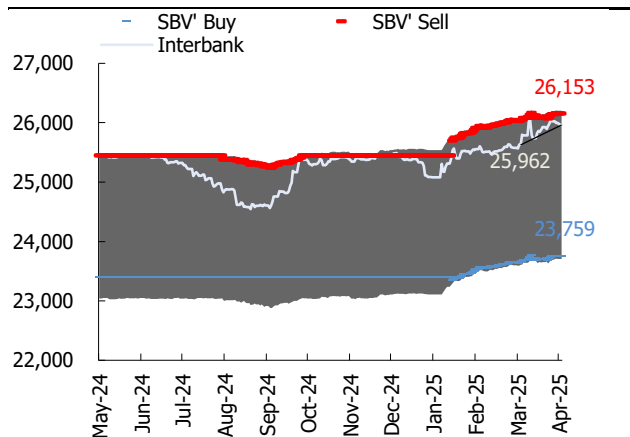
Source: Bloomberg, KIS

Figure 20. VCB & shadow market USDVND spread



Source: SBV, Vietcombank, KIS

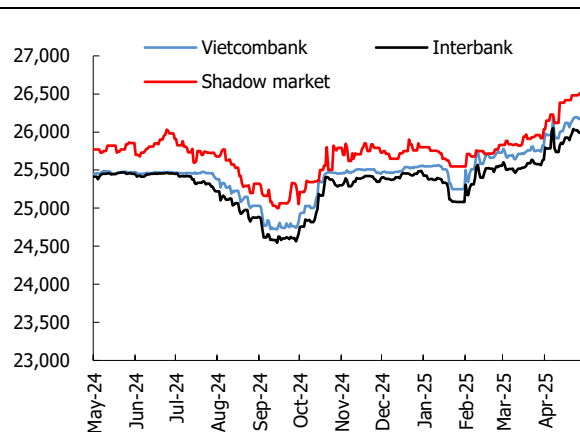
Figure 21. SBV's movement



Source: SBV, Bloomberg, Fiinpro, KIS

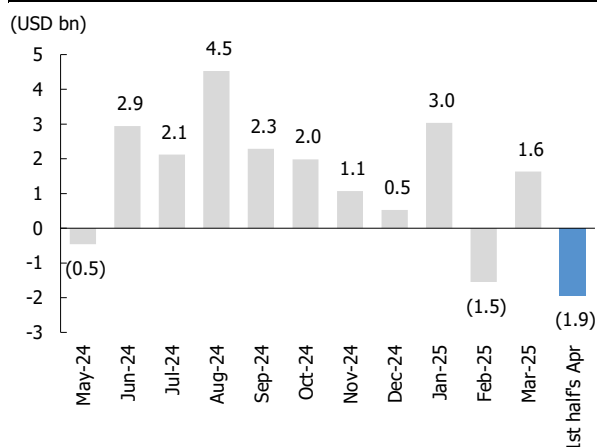
Note: shaded region is the daily trading band. The effective trading band is +/- 5% (the effective date is 17 October, 2022).

Figure 22. USDVND by market



Source: SBV, Bloomberg, KIS

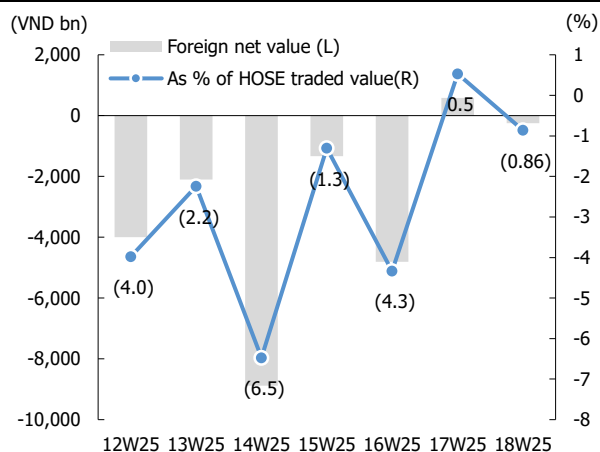
Figure 23. Vietnam's trade balance by month



Source: GSO, KIS

Note: Updated until 18 April, 2025

Figure 24. Trading of the foreign bloc in Vietnamese stock market



Source: Fiinpro, KIS

Figure 25. Historical DXY



Source: Bloomberg

Figure 26. Weekly change of USDVND and peers

	2024 Trade deficit (USDbn)		17W25	18W25	2025YTD
China	-295.40	USDCNY	-0.18	-0.21	-0.38
EU	-235.57	USDEUR	0.25	0.60	-8.35
Mexico	-171.81	USDMXN	-1.09	0.43	-5.67
Vietnam	-123.46	USDVND	0.37	-0.23	1.86
Canada	-73.93	USDCNY	0.12	-0.37	-4.26
Taiwan	-68.47	USDTWD	-0.30	-5.22	-6.27
Japan	-66.01	USDJPY	1.05	0.90	-7.79
South Korea	-64.19	USDKRW	1.15	-2.71	-4.81
Thailand	-45.61	USDTHB	0.34	-1.47	-3.03
DXY		U.S. Dollar Index	0.24	0.56	-7.80

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, 3.05%
- * Absorption rate = winning value / offering value, 84.04%
- * Bid to offer ratio = offering value / bidding value, 1.04%
- * DXY = U.S. Dollar Index, ~100.0
- * OMO = Open market operation
- * Tenor = due for payment
- * ON = overnight interbank interest rate, ~3.83%

Appendix

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

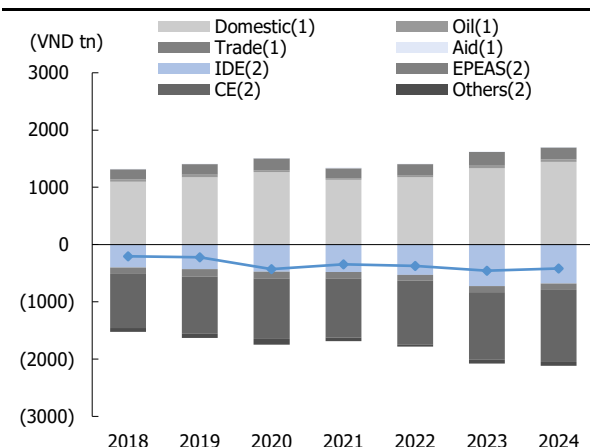
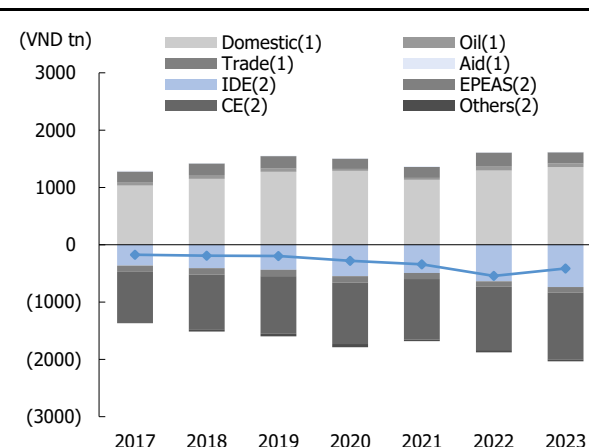


Figure 2. Vietnam's state budget by year: actual



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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