

Fixed-income Perspectives

SBV back to liquidity withdrawal as interbank demand cools

SBV back to withdrawal

In 23W25 (02 to 06 June), the SBV resumed liquidity withdrawal at a significant level as liquidity demand in the banking system cooled. Specifically, VND21.36tn in repos matured this week, while only VND6.33tn was successfully bid, resulting in a net withdrawal of VND15.03tn from the system.

Interbank curve steepened

This week, interbank rates recorded sharp declines at short tenors, while the rest remained mostly unchanged, accompanied by a drop in trading volume compared to the previous week. Specifically, except for the 3-month tenor which rose by 5bps to 4.25%, short-term rates such as overnight, 1-week, 2-week, and 1-month fell sharply by 40bps, 63bps, 50bps, and 30bps, respectively, settling at 2.53%, 2.93%, 3.37%, and 3.73%. The average trading volume stood at VND465.58tn, down by 19.11% from the previous week.

USDVND extends upward momentum

USDVND rose the third week in a row although with a smaller magnitude as concerns related to outcomes of the trade talks with U.S. Interbank USDVND increased by 0.13%, reaching 26,056 for a U.S. dollar on Friday. Accordingly, foreign investors in the Vietnamese stock market accelerated the selling, contributing partly to the development of the exchange rate this week. On the global front, DXY declined mildly by 0.14%, posting 99.2 on the Friday amid the mix of raising trade tension and a strong job report. On the one hand, a higher-than-expected increase in nonfarm payrolls and cautious comments of Fed's officials on the rate cut mainly drove the DXY to higher. On the other hand, legal rulings on Trump-era steel and aluminum tariffs created uncertainty, with courts delivering mixed decisions.

Vietnam economic indicators

	24-Dec	25-Jan	25-Feb	25-Mar	25-Apr	25-May	Corr. ¹
FDI %YoY	22.1	2.0	9.1	9.9	7.7	9.8	-0.25
Retail sales %YoY	7.0	9.9	9.4	9.8	9.3	10.2	-0.20
Export %YoY	12.9	-4.0	25.7	14.5	19.7	17.0	-0.13
Import %YoY	19.0	-2.6	40.0	19.0	22.8	14.1	-0.06
Trade balance (USD bn)	0.5	3.1	-1.5	1.6	0.6	0.6	-0.04
CPI %MoM	0.29	0.98	0.34	-0.03	0.07	0.16	-0.06
Credit %YoY	15.1	16.5	15.7	17.9	17.6	17.5	-0.29
USDVND %MoM	0.55	-1.59	1.89	0.03	1.64	0.03	-0.32
PMI (pts)	49.8	48.9	49.2	50.5	45.6	49.8	-0.20
VNINDEX return (%)	1.5	-0.1	3.2	0.1	-6.1	9.7	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.

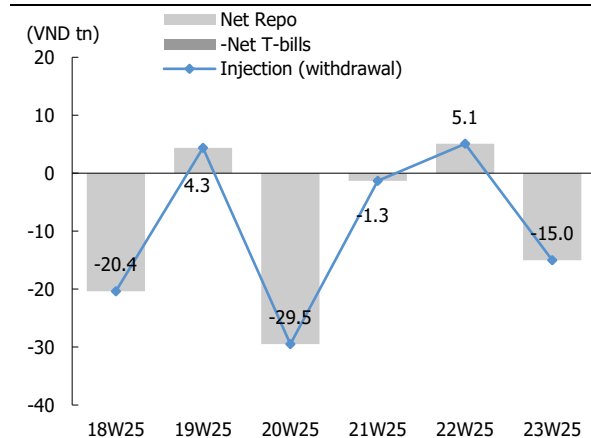
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I. SBV back to withdrawal

SBV resumes net withdrawal as interbank demand cools

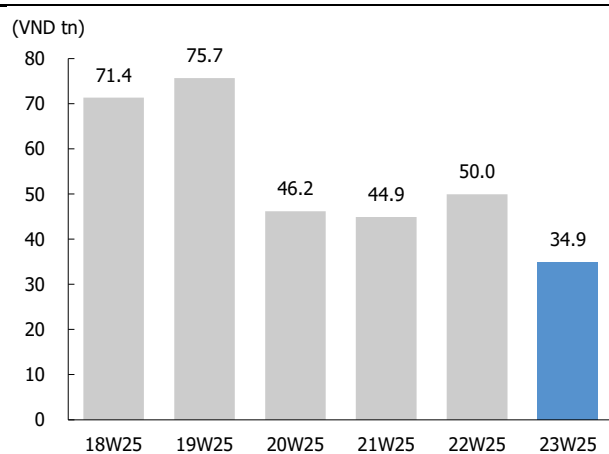
In 23W25 (02 to 06 June), the SBV resumed liquidity withdrawal at a significant level as liquidity demand in the banking system cooled. Specifically, VND21.36tn in repos matured this week, while only VND6.33tn was successfully bid, resulting in a net withdrawal of VND15.03tn from the system. Recent weeks have shown that liquidity within the banking system remains abundant, which significantly reduced banks' demand for additional funding via OMO. Only VND6.33tn—just 4.5% of the VND140tn offered—was successfully bid in the week. This helped reduce outstanding repos, creating more room for the SBV to support the system if needed under more stressful conditions.

Figure 1. Net injection (withdrawal) of liquidity



Source: SBV, KIS

Figure 2. Outstanding amount of repos



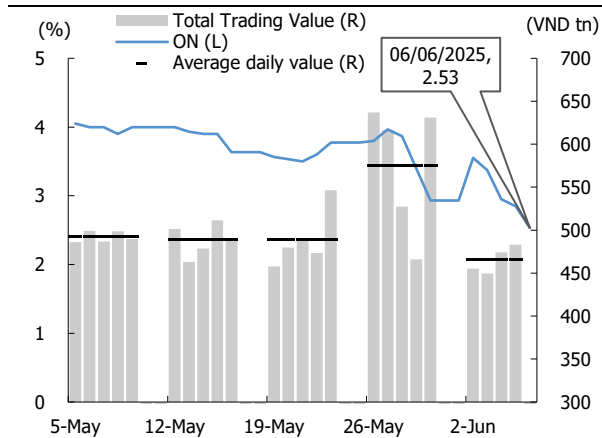
Source: SBV, KIS

II. Interbank curve steepened

Interbank rates decline sharply at short tenors

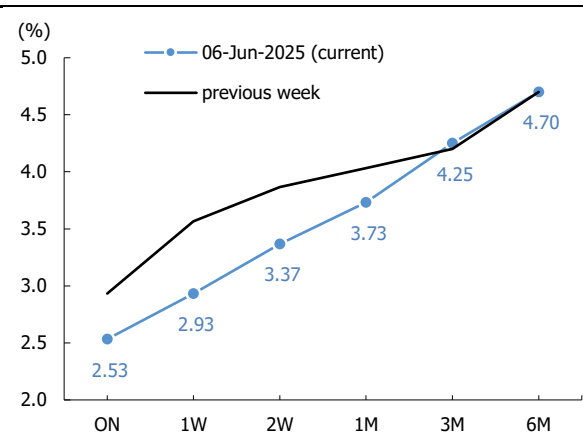
This week, interbank rates recorded sharp declines at short tenors, while the rest remained mostly unchanged, accompanied by a drop in trading volume compared to the previous week. Specifically, except for the 3-month (3M) tenor which rose by 5bps to 4.25%, short-term rates such as overnight (ON), 1-week (1W), 2-week (2W), and 1-month (1M) fell sharply by 40bps, 63bps, 50bps, and 30bps, respectively, settling at 2.53%, 2.93%, 3.37%, and 3.73%. The average trading volume stood at VND465.58tn, down by 19.11% from the previous week. These movements continue to reflect ample liquidity in the banking system, as evidenced by steep declines in actively traded short-term tenors alongside reduced demand. The easing pressure may be attributed to: (1) the government's expansionary fiscal policy, including increased public spending and accelerated disbursement of development investment; and (2) the maturity of VND-denominated government bonds listed domestically. Together, these factors help ease funding conditions and support the banking system in achieving the 16% credit growth target for 2025.

Figure 3. Interbank daily transaction



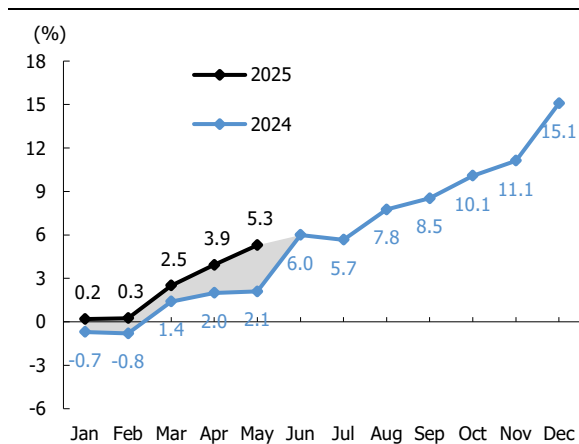
Source: SBV, Bloomberg, KISVN

Figure 4. Interbank rate curve



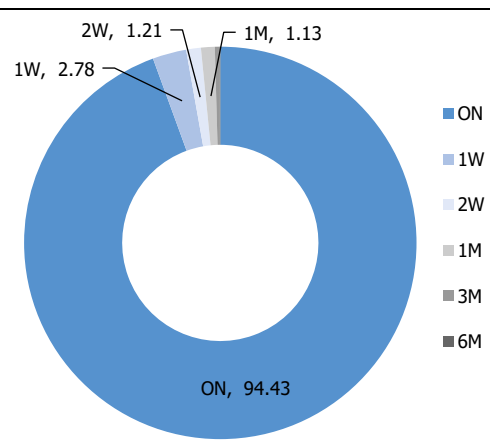
Source: SBV, Bloomberg, KISVN

Figure 5. Credit growth by month of the year



Source: SBV, Bloomberg, KISVN
Note: Updated by May, 2024

Figure 6. Interbank transaction structure



Source: SBV, Bloomberg, KISVN

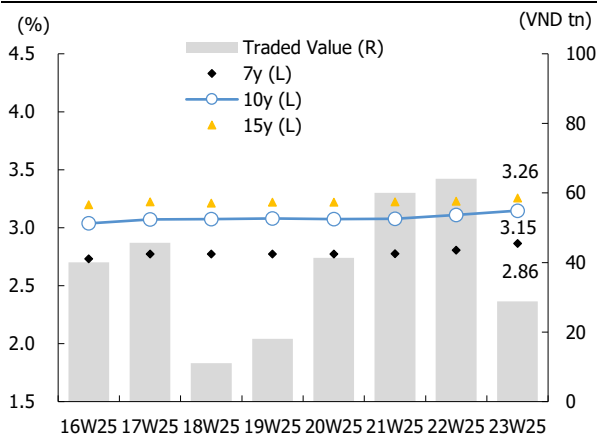
III. G-bond yields edge higher

Yields rise at mid-term tenors

This week, G-bond yields on the secondary market continued to climb across most maturities, while trading value contracted—signalling that selling pressure has eased after three hectic weeks. Specifically, yields on the 7- year, 10- year and 15-year tenors increased by 6bps, 4bps and 2bps, reaching 2.86 %, 3.15 % and 3.26 %, respectively. Total turnover came to VND36.11tn, down 43.64% from the previous week, or an average of VND7.22tn per day.

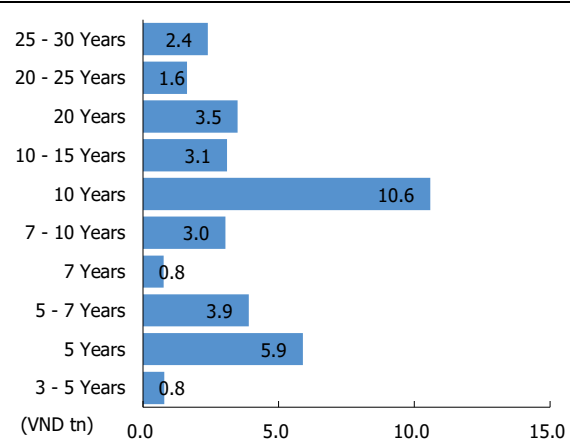
In the secondary market, yields rose while trading value fell versus the prior three weeks. The divergence points to softer buyer interest: investors have grown more cautious and are standing on the sidelines in anticipation of upcoming primary auctions. As a result, liquidity has declined even as yields remain under upward pressure, underscoring that market participants are waiting for new issuance expected to offer more attractive rates as the Government accelerates bond sales to fund public-investment outlays.

Figure 7. G-bond traded value by week



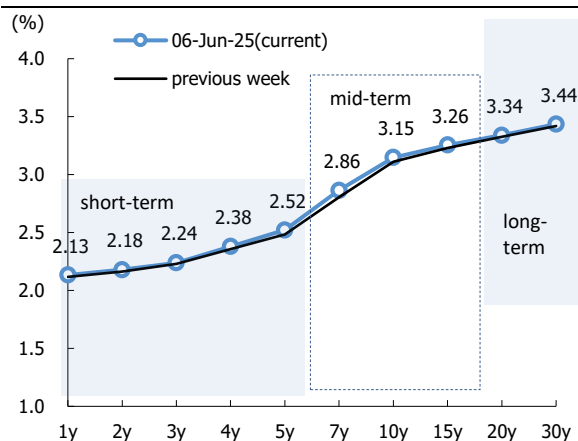
Source: HNX, Bloomberg, KIS

Figure 8. G-bond traded value by tenor



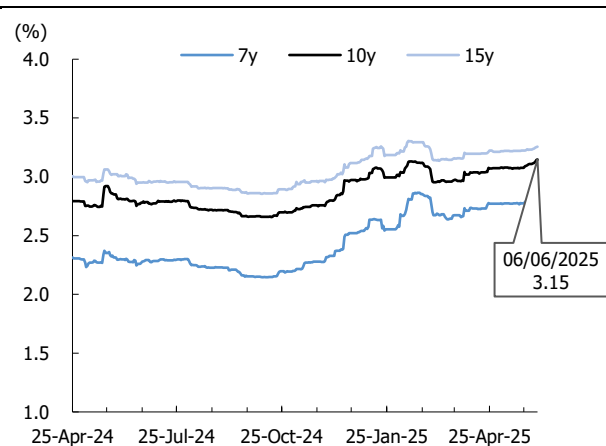
Source: HNX, Bloomberg, KIS

Figure 9. G-bond trading yield curve



Source: HNX, VBMA, KIS

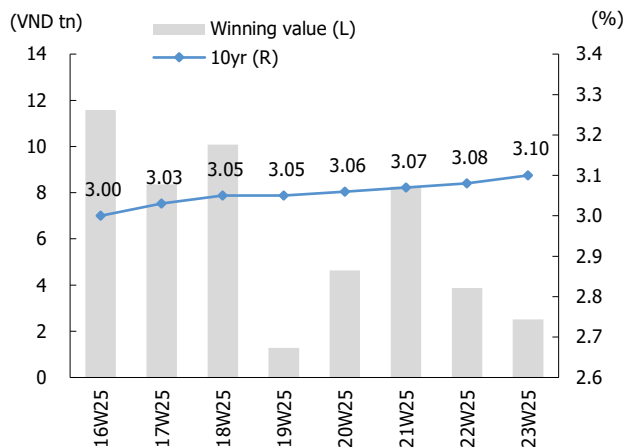
Figure 10. Historical daily government bond yields



Source: HNX, VBMA, KIS

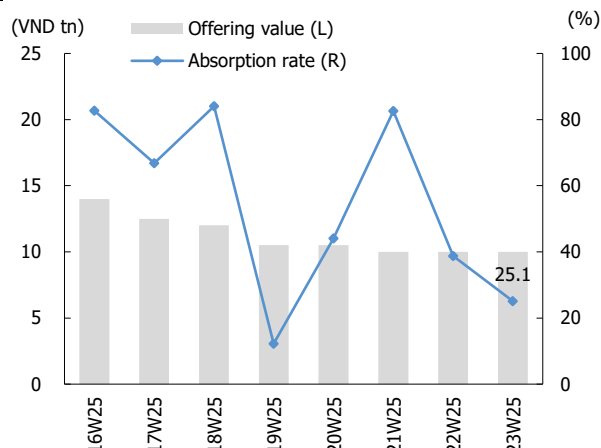
On the primary market, 23W25 extended the steep decline in G-bond issuance as demand weakened. VST raised only VND2.51tn (down 35.23% from the prior week), meeting just 25.10% of its weekly target. The drop in take-up underscores that investors are cautious about rate volatility—or simply waiting for upcoming auctions to offer more attractive yields.

Figure 11. Weekly winning values



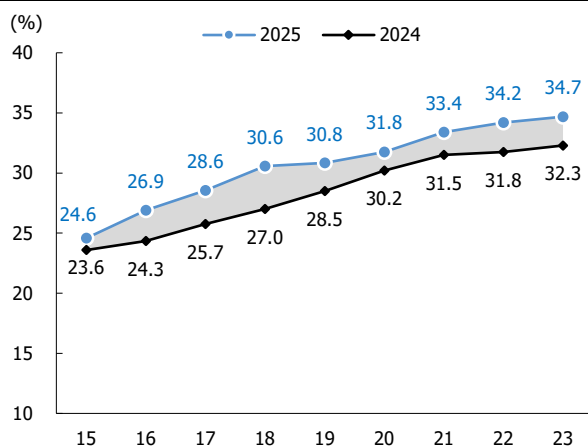
Source: HNX, KIS

Figure 12. Weekly absorption rate



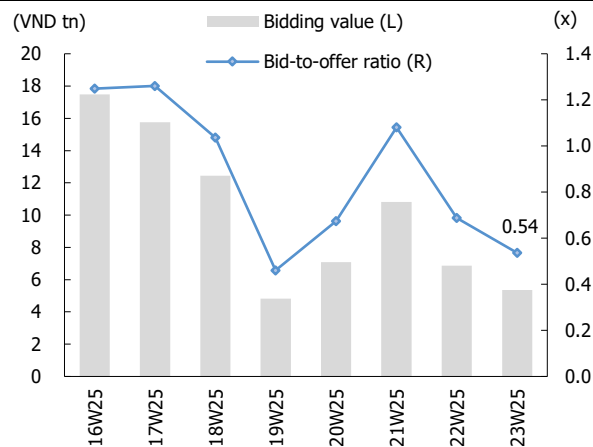
Source: HNX, KIS

Figure 13. Completion ratio by week-of-the-year



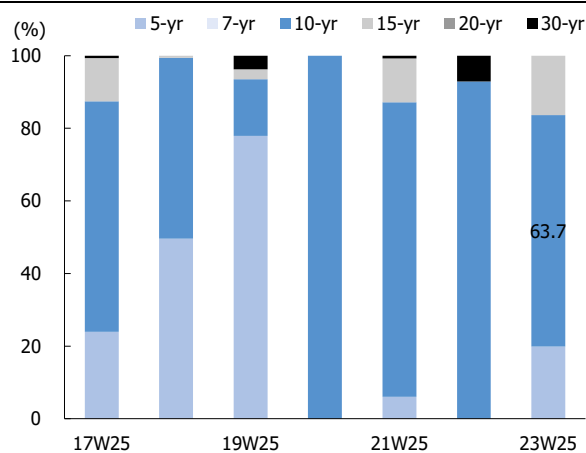
Source: HNX, KIS

Figure 14. Weekly bid-to-offer ratio



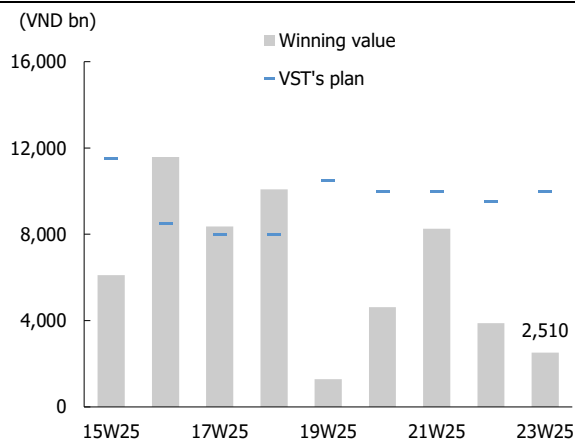
Source: HNX, KIS

Figure 15. Weekly winning G-bond structure



Source: HNX, KIS

Figure 16. Weekly issued amount of G-bond



Source: HNX, KIS

IV. USDVND extends upward momentum

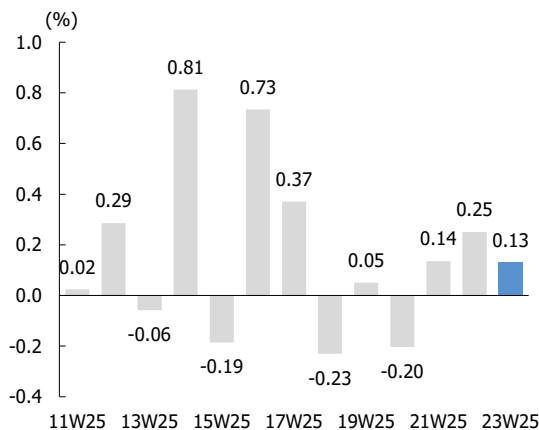
USDVND rose further in the week of trade negotiations

USDVND rose the third week in a row although with a smaller magnitude as concerns related to outcomes of the trade talks with U.S. Interbank USDVND increased by 0.13%, reaching 26,056 for a U.S. dollar on Friday. Accordingly, foreign investors in the Vietnamese stock market accelerated the selling, contributing partly to the development of the exchange rate this week.

Across FX segments, ask prices at Vietcombank and the shadow market dropped by 0.04% (10bps) and 0.02% (5bps). As of Friday, quoted rates stood at 26,220 and 26,325 for one U.S. dollar, respectively.

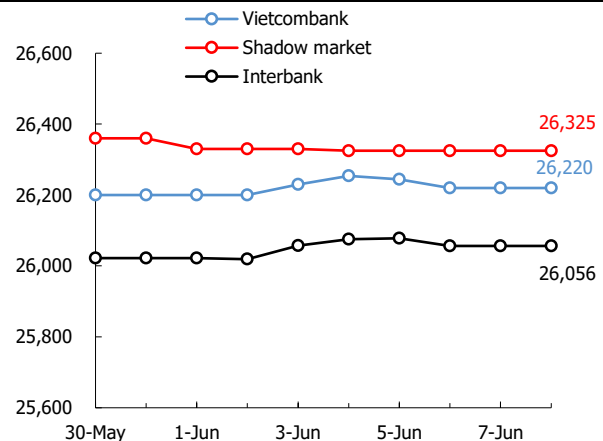
On the global front, DXY declined mildly by 0.14%, posting 99.2 on the Friday amid the mix of raising trade tension and a strong job report. On the one hand, a higher-than-expected increase in nonfarm payrolls and cautious comments of Fed's officials on the rate cut mainly drove the DXY to higher. On the other hand, legal rulings on Trump-era steel and aluminum tariffs created uncertainty, with courts delivering mixed decisions. Trump also proposed new tariffs targeting Chinese rare-earth minerals and green energy components, raising fears of a revived trade war.

Figure 17. Weekly USDVND performance



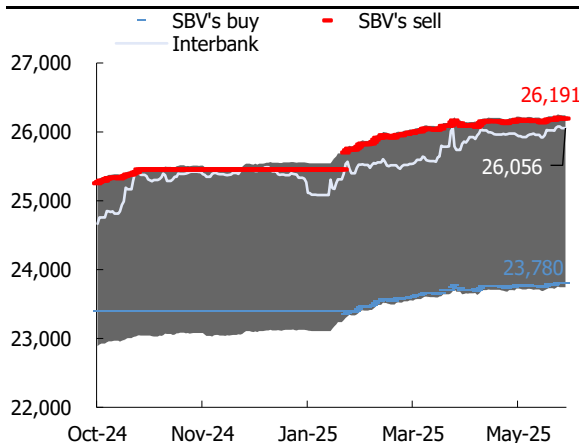
Source: Bloomberg, KIS

Figure 18. VCB & shadow market USDVND spread



Source: SBV, Vietcombank, KIS

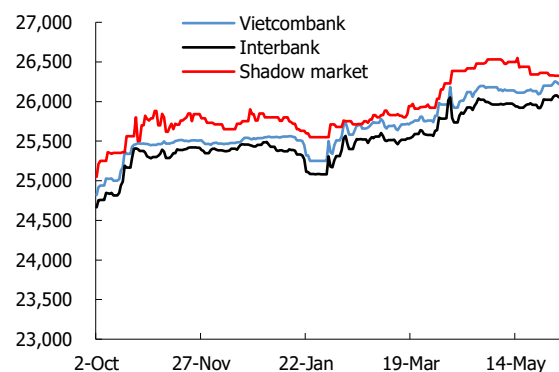
Figure 19. SBV's movement



Source: SBV, Bloomberg, Fiipro, KIS

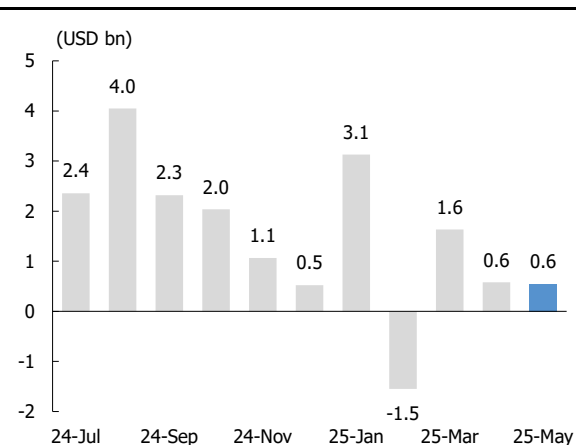
Note: shaded region is the daily trading band. The effective trading band is +/- 5% (the effective date is 17 October, 2022).

Figure 20. USDVND by market



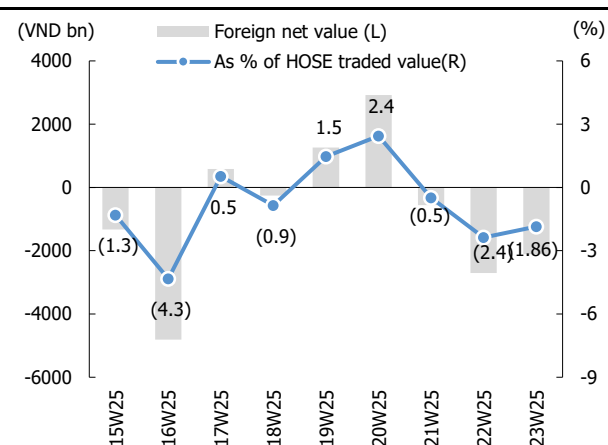
Source: SBV, Bloomberg, KIS

Figure 21. Vietnam's trade balance by month



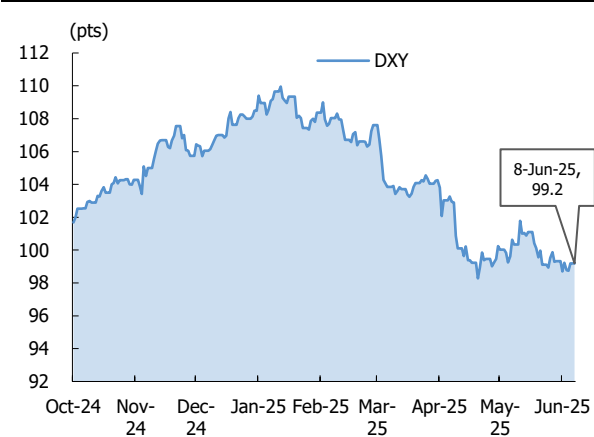
Source: GSO, KIS
Note: Updated until 20 May, 2025

Figure 22. Trading of the foreign bloc in Vietnamese stock market



Source: Fiinpro, KIS

Figure 23. Historical DXY



Source: Bloomberg

Figure 24. Weekly change of USDVND and peers

	Regime	21W25	22W25	23W25	2025YTD
DXY	U.S. Dollar Index	-1.96	0.22	-0.14	-8.57
USDCNY	Managed floating	-0.45	0.25	-0.09	-1.46
EURUSD	Floating	1.78	-0.13	0.44	10.07
USDJPY	Floating	-2.16	1.02	0.58	-7.86
USDKRW	Floating	-2.48	1.22	-1.50	-7.93
USDSGD	Basket-band-crawl	-1.20	0.48	-0.12	-5.58
USDTHB	Floating	-2.61	1.14	-0.38	-4.68
USDVND	Managed floating	0.14	0.25	0.13	2.24

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

Macro scorecard

	25-Jan	25-Feb	25-Mar	25-Apr	25-May	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)	4.34	2.57	4.08	2.82	4.56	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)	32.15	31.11	38.51	37.45	39.60	98.2	108.6	105.9	102.84	335.7	371.85	355.5	405.5
Import (USD bn)	30.92	32.66	36.88	36.87	39.04	94.0	99.7	101.9	99.68	331.1	360.65	327.5	380.8
Export growth (%)	-4.05	25.67	14.49	19.75	16.97	13.59	15.82	11.46	10.64	18.74	10.61	-4.4	14.3
Import growth (%)	-2.32	39.99	18.99	22.95	14.13	20.65	17.19	14.91	17.03	25.9	8.35	-8.9	16.7
Inflation (%)	3.63	2.91	3.13	3.12	3.24	4.39	3.48	2.87	3.22	1.84	3.15	3.25	3.63
USD/VND	25,082	25,530	25,565	25,983	26,022	25,458	24,093	25,386	25,565	22,790	23,650	23,784	25,386
Credit growth (%)	16.1	15.7	17.9	17.6	17.5	15.3	16.1	13.8	16.3	13.61	14.2	13.7	13.8
10Y gov't bond (%)	2.99	3.18	3.06	3.20	3.22	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, 3.10%
- * Absorption rate = winning value / offering value, 25.10%
- * Bid to offer ratio = offering value / bidding value, 0.54%
- * DXY = U.S. Dollar Index, ~99.2
- * OMO = Open market operation
- * Tenor = due for payment

Appendix

Figure 1. Vietnam's balance of payment (USD bn)

	2021	2022	2023	2Q24	3Q24	4Q24
Current account	(4.6)	(1.1)	25.1	4.5	7.8	7.5
Goods, credit (exports)	335.9	371.3	354.7	97.9	108.2	105.9
Goods, debit (imports)	318.5	345.6	310.7	89.3	94.6	97.0
Balance on goods	17.5	25.7	44.0	8.5	13.6	8.9
Services, credit (exports)	4.2	12.9	19.6	5.5	5.9	6.6
Services, debit (imports)	19.9	25.5	29.1	8.3	9.8	9.6
Primary income, credit	1.0	2.3	4.6	1.4	1.4	1.4
Primary income, debit	17.7	22.0	27.0	5.4	6.1	3.8
Secondary income, credit	13.6	12.2	16.1	3.8	3.9	5.1
Secondary income, debit	3.2	6.7	3.1	1.1	1.0	1.0
Financial account	(30.9)	(9.5)	(2.8)	(6.3)	(2.7)	0.3
Direct investment, assets	0.3	2.7	1.6	(0.1)	(0.2)	(0.2)
Direct investment, liabilities	15.7	17.9	18.5	5.0	5.2	6.4
Portfolio investment, assets	(0.0)	(0.0)	0.0	0.0	(0.1)	0.0
Portfolio investment, liabilities	0.3	1.5	(1.2)	(1.6)	(0.8)	(2.0)
Other investment, assets	0.6	13.7	(14.3)	(5.2)	(2.6)	(4.3)
Other investment, liabilities	15.9	6.4	(7.4)	(4.4)	(4.2)	0.4
Net errors and omissions	(10.4)	(31.1)	(16.6)	(4.3)	(5.1)	(9.4)
Reserves and related items	15.9	(22.7)	(5.6)	6.1	(0.1)	1.7

Source: SBV, IMF, KIS

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