

Fixed-income Perspectives

USDVND surges ahead of tariff outcomes

SBV modestly withdraws liquidity

In 31W25 (28 July to 01 August), the SBV returned to net liquidity withdrawal as a significant amount of repos matured. Specifically, it issued VND68.83tn of new repos against VND70.60tn that matured, resulting in a net withdrawal of VND1.77tn. As liquidity demand in the banking system has risen recently, the SBV also suspended T-bill issuance and saw no T-bills mature during the period.

Interbank rates ease

This week on the interbank market, short-term rates remained elevated but eased compared with the previous week, while trading volume continued to rise. Specifically, the overnight, 1-week, 2-week, 1-month, and 3-month rates fell sharply by 100bps, 95bps, 108bps, 63bps, and 25bps, respectively, to 5.18%, 5.18%, 5.05%, 5.00%, and 5.00%. Additionally, average trading volume increased to VND659.53tn, up 18.40% from the previous week.

USDVND pressure returns

This week, USDVND surged, hitting a new record high of 26,219 (+0.30% or 73ppts) early in the week, then closing at 26,213 (+0.28% or 73ppts) on Friday. The greenback rallied midweek (DXY +2.4% to the 100 mark) before easing to 99.1 by Friday. Globally, the announcement of U.S. tariffs early in the week reduced policy uncertainty, boosting sentiment and demand for the U.S. dollar. Domestically, USDVND jumped on tariff news, as the 20% rate negotiated by Vietnam in the preliminary agreement with the Trump administration proved less favorable compared with Vietnam's ASEAN export competitors.

Vietnam economic indicators

	25-Jan	25-Feb	25-Mar	25-Apr	25-May	25-Jun	corr.
FDI %YoY	2.0	9.1	9.9	7.7	9.8	8.7	-0.22
Retail sales %YoY	9.9	9.4	9.8	9.3	9.5	8.3	-0.17
Export %YoY	-4.0	25.7	14.5	19.7	17.0	16.3	-0.07
Import %YoY	-2.6	40.0	19.0	22.8	14.1	20.2	0.02
Trade balance (USD bn)	3.1	-1.5	1.6	0.6	0.6	2.8	-0.05
CPI %MoM	0.98	0.34	-0.03	0.07	0.16	0.48	-0.04
Credit %YoY	16.5	16.8	14.1	17.6	18.5	16.8	-0.28
USDVND %MoM	-1.59	1.89	0.03	1.64	0.15	0.30	-0.32
PMI (pts)	48.9	49.2	50.5	45.6	49.8	48.9	-0.07
VNINDEX return (%)	-0.1	3.2	0.1	-6.1	9.2	3.5	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.

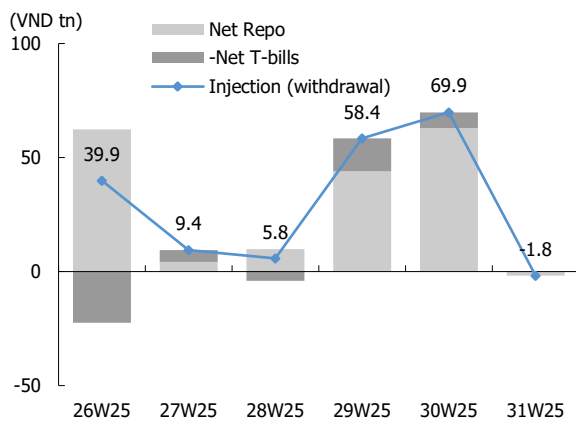
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I. SBV modestly withdraws liquidity

SBV slightly resumes liquidity withdrawal

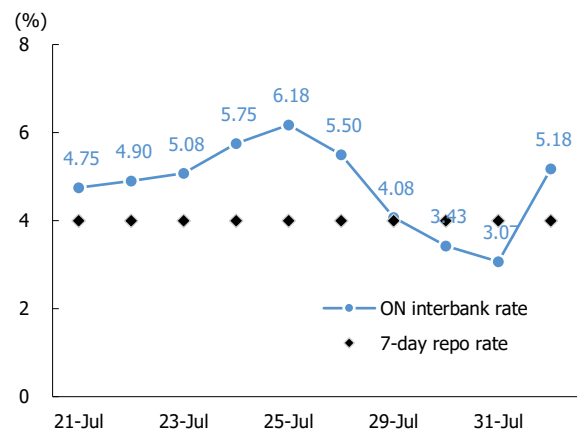
In 31W25 (28 July to 01 August), the SBV returned to net liquidity withdrawal as a significant amount of repos matured. Specifically, it issued VND68.83tn of new repos against VND70.60tn that matured, resulting in a net withdrawal of VND1.77tn. As liquidity demand in the banking system has risen recently, the SBV also suspended T-bill issuance and saw no T-bills mature during the period. These open market operations underscore ongoing strong funding needs among banks to support their 2H25 activities. Additionally, the SBV raised its 2025 credit growth target for credit institutions—removing prior-approval requirements and mandating deposit-rate stability. Going forward, the SBV will remain focused on ensuring the smooth functioning of the banking system by maintaining adequate liquidity and preventing funding-cost pressures in the money market.

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 (%)
28-Jul-25	4-Aug-25	7	2.31	4.00
31-Jul-25	7-Aug-25	7	7.84	4.00
1-Aug-25	8-Aug-25	7	8.03	4.00
Total		7	18.17	4.00

Source: SBV, KIS

Figure 4. Repo transactions: 14-day tenor

Issue date	Maturity Date	Tenor (days)	Amount (VNDtn)	Yields (%)
28-Jul-25	11-Aug-25	14	9.68	4.00
29-Jul-25	12-Aug-25	14	6.63	4.00
30-Jul-25	13-Aug-25	14	0.24	4.00
1-Aug-25	15-Aug-25	14	16.96	4.00
Total		14	33.50	4.00

Source: SBV, KIS

Figure 5. Repo transactions: 28-day tenor

Issue date	Maturity Date	Tenor (days)	Amount (VNDtn)	Yields (%)
28-Jul-25	25-Aug-25	28	6.39	4.00
29-Jul-25	26-Aug-25	28	3.22	4.00
30-Jul-25	27-Aug-25	28	1.08	4.00
1-Aug-25	29-Aug-25	28	5.05	4.00

Total		28	15.74	4.00
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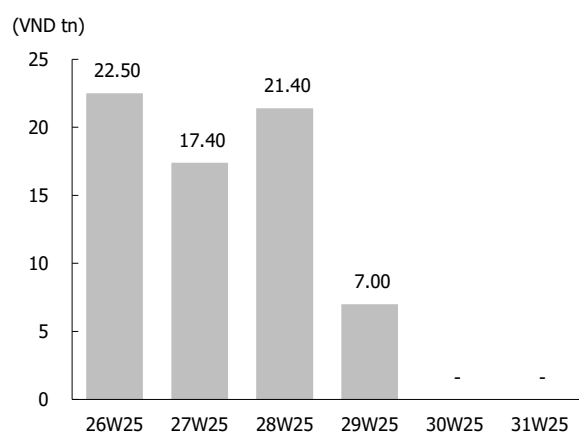
Source: SBV, KIS

Figure 6. Repo transactions: 91-day tenor

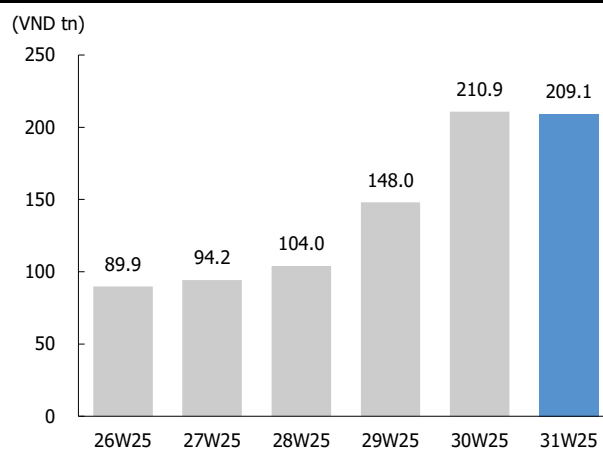
Issue date	Maturity Date	Tenor (days)	Amount (VNDtn)	Yields (%)
29-Jul-25	28-Oct-25	91	0.30	4.00
30-Jul-25	29-Oct-25	91	0.17	4.00
1-Aug-25	31-Oct-25	91	0.94	4.00

Total		91	1.42	4.00
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Source: SBV, KIS

Figure 7. Outstanding amount of bills

Source: SBV, KIS

Figure 8. Outstanding amount of repos

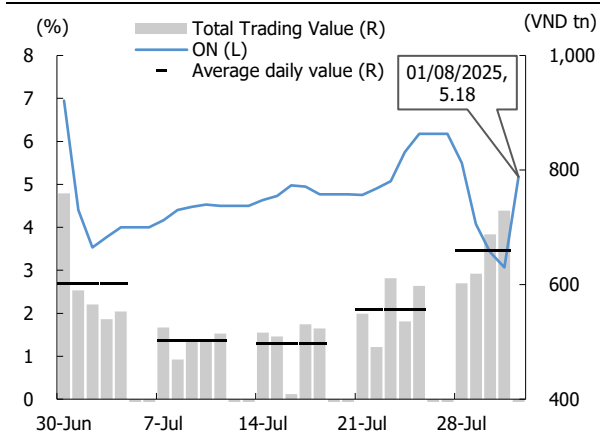
Source: SBV, KIS

II. Interbank rates ease

Short-term rates cool while demand remains high

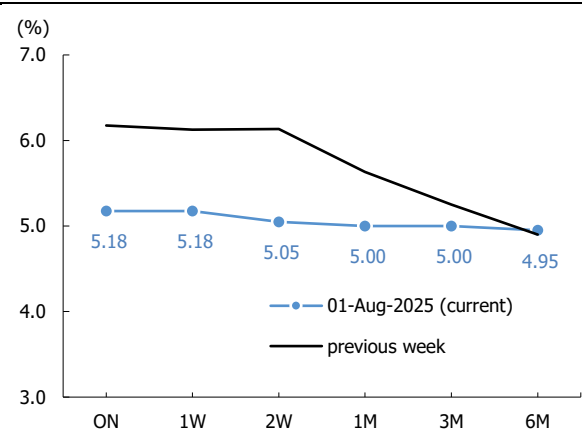
This week on the interbank market, short-term rates remained elevated but eased compared with the previous week, while trading volume continued to rise. Specifically, the overnight (ON), 1-week (1W), 2-week (2W), 1-month (1M), and 3-month (3M) rates fell sharply by 100bps, 95bps, 108bps, 63bps, and 25bps, respectively, to 5.18%, 5.18%, 5.05%, 5.00%, and 5.00%. Additionally, average trading volume increased to VND659.53tn, up 18.40% from the previous week. These developments suggest that liquidity demand remains robust as banks may be accelerating disbursements to support their 2H25 activities. Looking ahead, with the SBV expected to continue its liquidity support through OMO operations, interbank rates are likely to remain anchored at appropriate levels in the coming weeks, helping ensure stable funding conditions for the banking system.

Figure 9. Interbank daily transaction



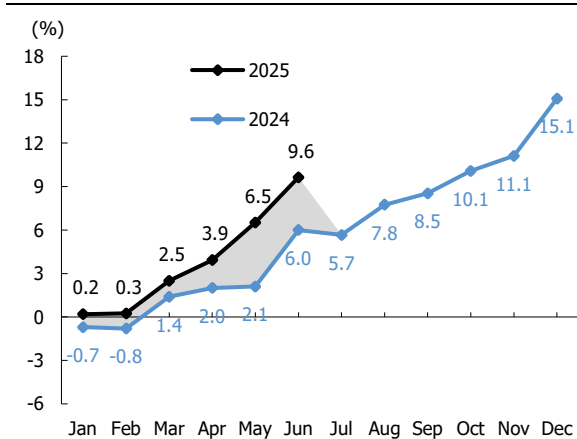
Source: SBV, Bloomberg, KIS

Figure 10. Interbank rate curve



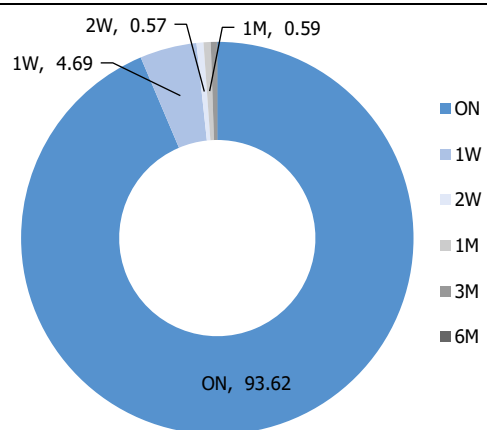
Source: SBV, Bloomberg, KIS

Figure 11. Credit growth by month of the year



Source: SBV, Bloomberg, KISVN
Note: Updated by 28 July, 2024

Figure 12. Interbank transaction structure



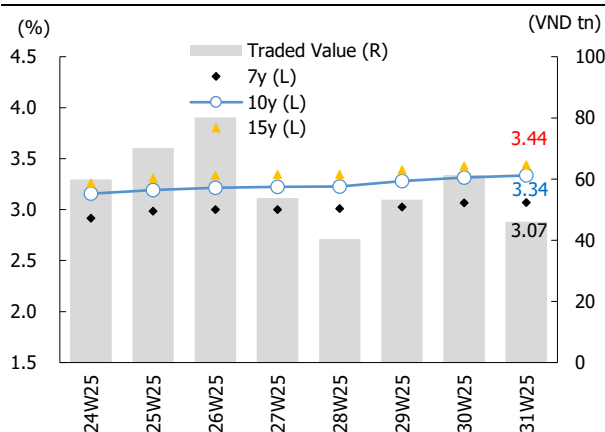
Source: SBV, Bloomberg, KISVN

III. G-bond yields edge higher

G-bond yields continue to rise across most tenors

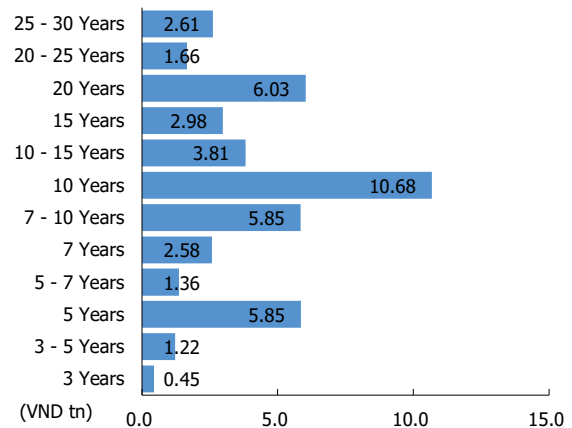
In 31W25, government bond (G-bond) yields on the secondary market continued to rise across maturities, while trading volume declined significantly—reflecting caution among investors ahead of primary-market developments. Specifically, yields on actively traded tenors such as the 5-year, 7-year, 10-year, 15-year, 20-year, and 30-year bonds rose by 2bps, 1bp, 2bps, 1bp, 1bp, and 2bps respectively, to 2.76%, 3.07%, 3.34%, 3.44%, 3.50%, and 3.57%. Total trading volume dropped to VND45.99tn, down 24.9% from the previous week, with a daily average of VND9.20tn.

Figure 13. G-bond traded value by week



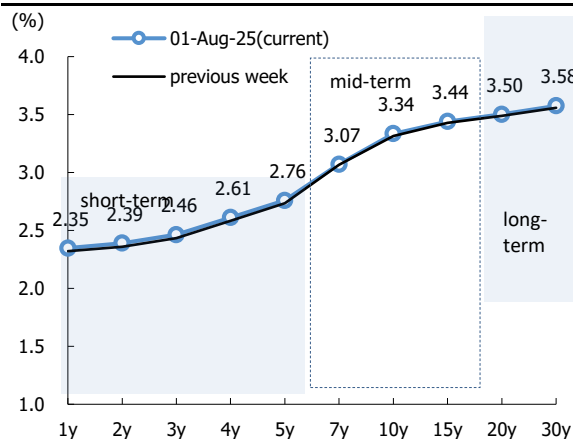
Source: HNX, Bloomberg, KIS

Figure 14. G-bond traded value by tenor



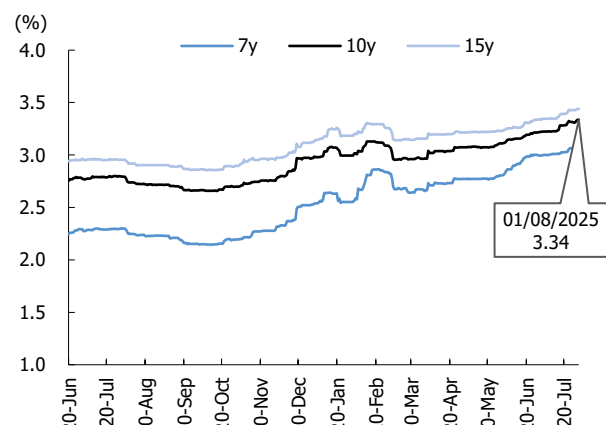
Source: HNX, Bloomberg, KIS

Figure 15. G-bond trading yield curve



Source: HNX, VBMA, KIS

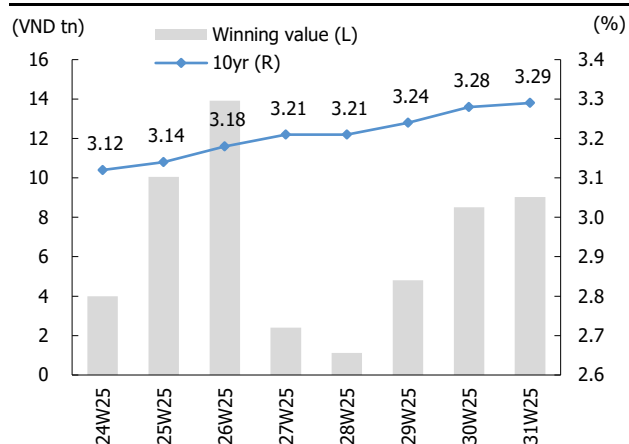
Figure 16. Historical daily government bond yields



Source: HNX, VBMA, KIS

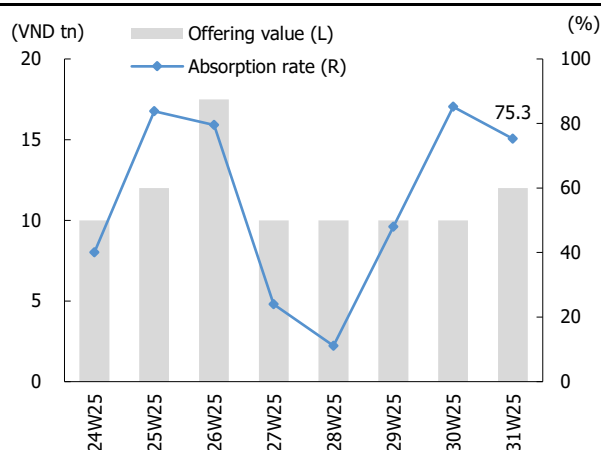
In the primary market, 10-year G-bond yields continued to climb alongside increased issuance. The VST issued VND9.03tn of G-bonds—up 6.1% from the previous week—while the 10-year yield rose by 1bp to 3.29%. Since the start of 2025, total issuance stands at VND227.25tn, completing 45.4% of the full-year target—slightly behind the 48.3% recorded in 2024. With less than half of the annual target met, issuance pressure is expected to intensify in 2H25, particularly for the VST's preferred 10-year tenor, which could further push G-bond yields higher and prompt investors to liquidate off-the-run bonds in the secondary market.

Figure 17. Weekly winning values



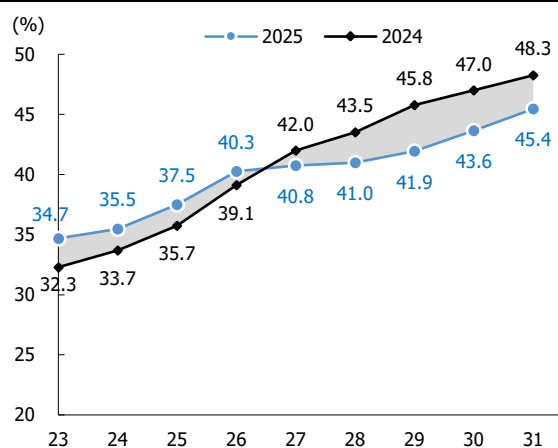
Source: HNX, KIS

Figure 18. Weekly absorption rate



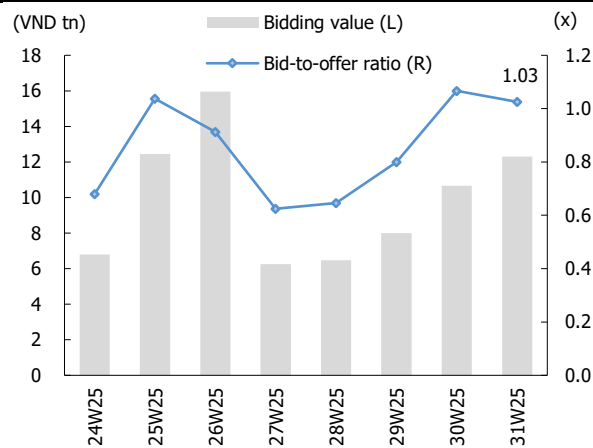
Source: HNX, KIS

Figure 19. Completion ratio by week-of-the-year



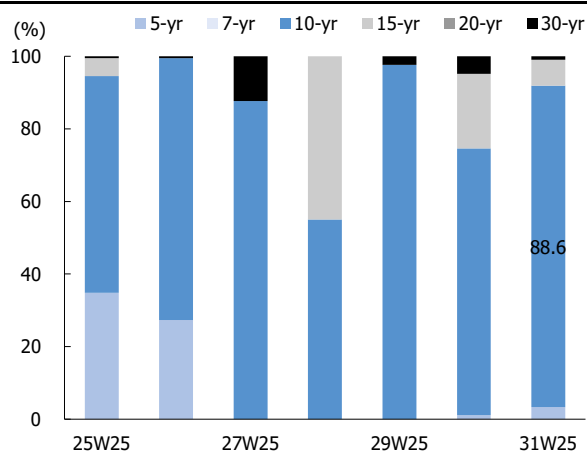
Source: HNX, KIS

Figure 20. Weekly bid-to-offer ratio



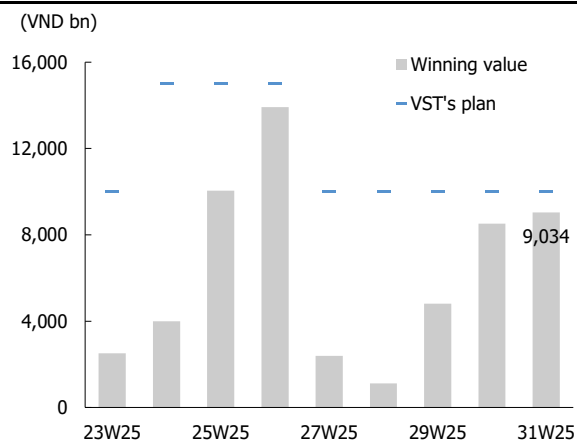
Source: HNX, KIS

Figure 21. Weekly winning G-bond structure



Source: HNX, KIS

Figure 22. Weekly issued amount of G-bond



Source: HNX, KIS

IV. USDVND pressure returns

USDVND jumps to new record high as tariff unveiled

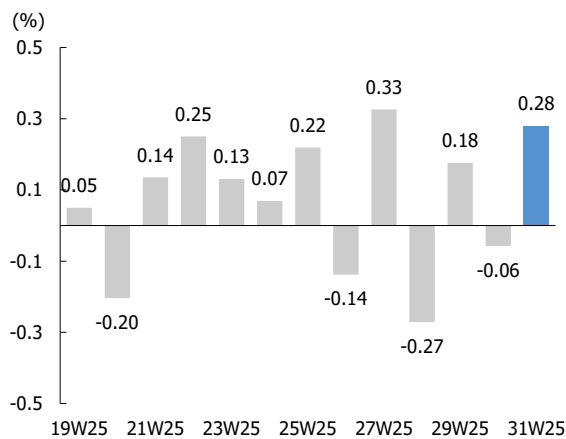
This week, USDVND surged, hitting a new record high of 26,219 (+0.30% or 73ppts) early in the week, then closing at 26,213 (+0.28% or 73ppts) on Friday. The greenback rallied midweek (DXY +2.4% to the 100 mark) before easing to 99.1 by Friday.

Globally, the announcement of U.S. tariffs early in the week reduced policy uncertainty, boosting sentiment and demand for the U.S. dollar. However, President Trump's tougher stance toward major partners such as Canada and India reignited trade-war concerns. Meanwhile, the latest labor data and recent BLS revisions showed a weakening U.S. labor market—job losses and a rising unemployment rate—raising expectations for a more dovish Fed in its upcoming rate decisions.

Domestically, USDVND jumped on tariff news, as the 20% rate negotiated by Vietnam in the preliminary agreement with the Trump administration proved less favorable compared with Vietnam's ASEAN export competitors—Thailand, Indonesia, Cambodia, Malaysia, and the Philippines—all of which secured 19% tariffs. This may undermine the competitiveness of Vietnamese exports in the near term.

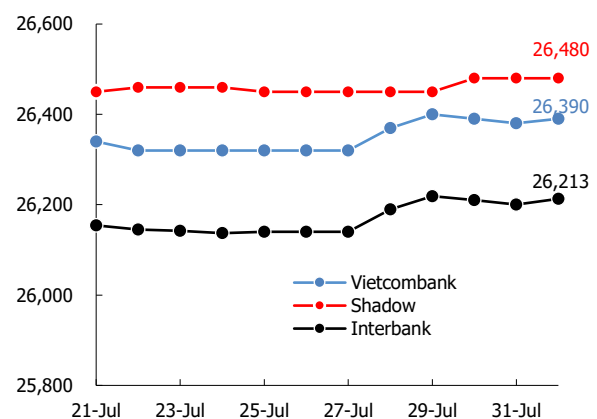
Across FX segments, Vietcombank's USDVND ask rate rose by 0.27% (70ppts), while the shadow market climbed by 0.11% (30ppts). As of Friday, ask prices stood at 26,390 at Vietcombank and 26,480 in the shadow market.

Figure 23. Weekly USDVND performance



Source: Bloomberg, KIS

Figure 24. VCB & shadow market USDVND spread



Source: SBV, Vietcombank, KIS

Figure 25. SBV's movement

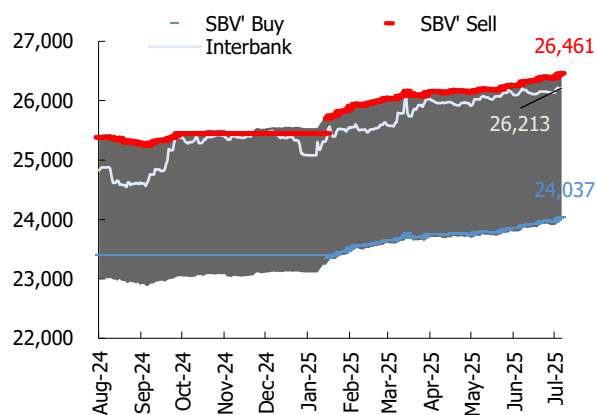


Figure 26. USDVND by market

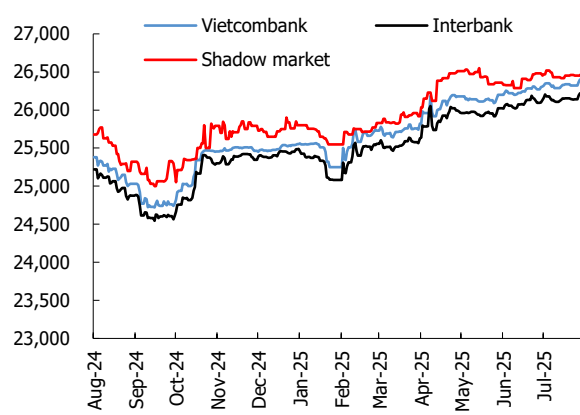


Figure 27. Vietnam's trade balance by month

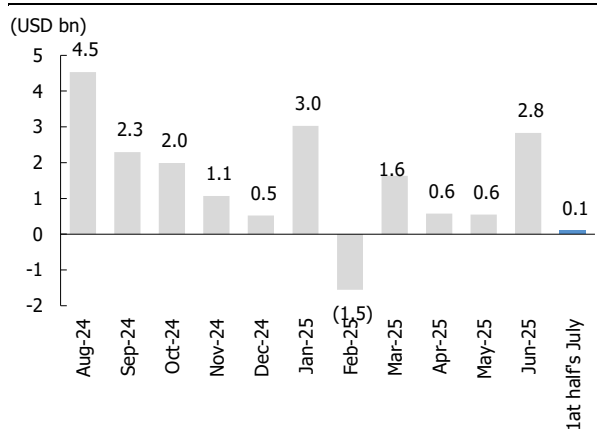


Figure 28. Trading of the foreign bloc in Vietnamese stock market

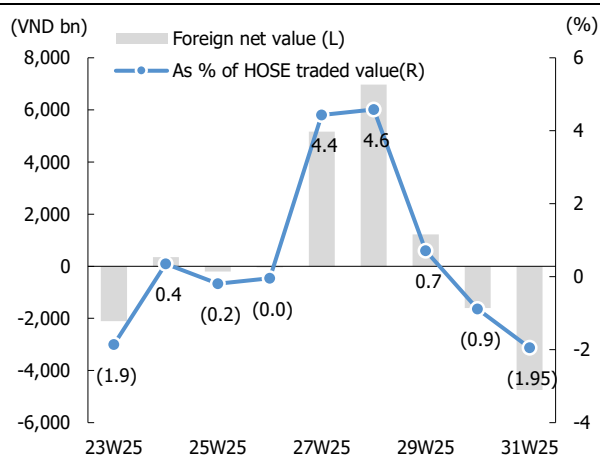


Figure 29. Historical DXY

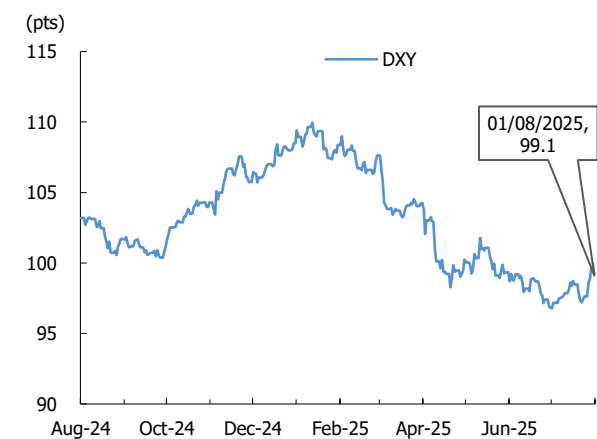


Figure 30. Weekly change of USDVND and peers

		29W25	30W25	31W25	2025YT D
China	USDCNY	0.06	-0.07	0.33	-1.45
EU	USDEUR	0.54	-0.99	1.34	-10.64
Mexico	USDMXN	0.60	-1.07	1.68	-9.17
Vietnam	USDVND	0.18	-0.06	0.28	2.84
Canada	USDCNY	0.25	-0.17	0.61	-4.44
Taiwan	USDTWD	0.67	0.17	1.95	-8.74
Japan	USDJPY	0.94	-0.75	-0.20	-6.23
South Korea	USDKRW	0.98	-0.56	0.47	-5.62
Thailand	USDTHB	-0.38	0.00	1.49	-3.62
DXY	U.S. Dollar Index	0.64	-0.85	1.53	-8.61

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

Macro scorecard

	25-Feb	25-Mar	25-Apr	25-May	25-Jun	3Q24	4Q24	1Q25	2Q25	2021	2022	2023	2024
Real GDP growth (%)						7.43	7.55	7.05	7.96	2.58	8.02	5.05	7.09
Registered FDI (USD bn)	4.34	2.57	4.08	2.82	3.14	9.59	13.44	10.98	10.54	31.15	27.72	36.61	38.23
GDP per capita (USD)										3,725	4,110	4,285	4,479
Unemployment rate (%)						2.23	2.22	2.20	2.22	3.22	2.32	2.26	2.24
Export (USD bn)	32.15	31.11	38.51	37.45	39.49	108.6	105.9	102.84	116.93	335.7	371.85	355.5	405.5
Import (USD bn)	30.92	32.66	36.88	36.87	36.66	99.7	101.9	99.68	112.52	331.1	360.65	327.5	380.8
Export growth (%)	-4.05	25.67	14.49	19.75	16.31	15.82	11.46	10.64	18.03	18.74	10.61	-4.4	14.3
Import growth (%)	-2.32	39.99	18.99	22.95	20.16	17.19	14.91	17.03	18.77	25.9	8.35	-8.9	16.7
Inflation (%)	3.63	2.91	3.13	3.12	3.57	3.48	2.87	3.22	3.31	1.84	3.15	3.25	3.63
USD/VND	25,082	25,530	25,565	25,983	26,121	24,093	25,386	25,565	26,121	22,790	23,650	23,784	25,386
Credit growth (%)	16.1	15.7	16.3	18.53	17.48	16.1	13.8	16.3	17.48	13.61	14.2	13.7	13.8
10Y gov't bond (%)	2.99	3.18	3.06	3.20	3.34	2.66	2.94	3.06	3.34	2.11	5.08	2.39	2.94

Source: GSO, Bloomberg, FIA, IMF

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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