

**The pressure of exchange rates is spreading to all financial markets.**

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**Money Market**

From the beginning of March until the report update on April 22, the State Bank of Vietnam (SBV) has issued 214,700 billion dong of Bills and concurrently injected a total of 59,892 billion dong through OMO channels to regulate liquidity in the interbank market. In the latest session on April 23, the SBV raised the OMO interest rate to 4.25% (an increase of 0.25%) with the same 14-day term as the previous session. The interbank market interest rate landscape has been positioned at a new high level and is expected to be maintained for a long time as the interest rate gap between VND and USD is unlikely to narrow soon as previously forecasted.

**Foreign Exchange Market**

As of now, the USDVND exchange rate is trading around 25,440 – 25,460, up 4.9% compared to the beginning of the year. The exchange rate has cooled down after the State Bank of Vietnam intervened in selling foreign currency. However, PHS still maintains a cautious outlook as the demand for USD still awaits from imports and FDI enterprises' investment income payments. Additionally, FDI enterprises as well as commercial banks still tend to hoard USD as the Fed has not yet signaled an immediate interest rate reduction.

**Primary Government Bond Market**

In the first quarter, the Treasury organized 51 auction sessions for government bonds with a total offering amount of 118,500 trillion dong, of which the accepted amount was 80,229 trillion dong. The accepted amount is equivalent to 20% of the annual plan and approximately 63% of the first-quarter plan. Among these, the accepted amount on the plan for 10-year bonds is the highest, exceeding 111% of the plan, followed by 5-year bonds (59%), and 15-year bonds (57%). The remaining tenors have lower accepted amount on plan, below 20%. The weak public investment in the first quarter is the main factor causing the Treasury not to rush in issuance and to significantly increase accepted yields, resulting in a low accepted ratios.

**Secondary Government Bond Market**

Accumulated in the first quarter, the transaction value on the secondary market saw a significant increase compared to the same period last year due to a low base. However, compared to the previous quarter, the total value of Outright transactions decreased by 5% while Repo transactions increased by 95%. Particularly in March, the Repo transactions value increased by 115% compared to the average monthly transaction value since the beginning of 2023 until now. Yields of government bonds on the secondary market at the end of the first quarter rose sharply compared to the beginning of the year, especially for tenors from 5 to 15 years as interbank interest rates and US government bond yields surged.

**Corporate Bond Market**

In the first quarter, the total value of corporate bond issuance reached 33,560 trillion dong, a 31.8% increase compared to the same period last year. Compared to the almost frozen issuance of corporate bonds in the early months of 2023, the results of issuance in the first quarter of 2024 appear more optimistic. However, compared to the end of 2023, the corporate bond market is showing signs of sluggishness. Repurchase activities have also weakened after a strong increase in the second half of 2023.

	2021	2022	2023	Feb-24	Mar-24	Apr-24	YoY (+/-bps/pips)	YTD (+/-bps/pips)
Primary Government bond yield (10Y)	2.08%	4.80%	2.20%	2.31%	2.42%	2.50%	-152	30
Secondary Government bond yield (10Y)	2.09%	4.89%	2.22%	2.35%	2.63%	2.82%	-46	60
Corporate bond interest rate (%)	7.86%	10.89%	8.15%	8.90%	9.20%	7.10%	-689	-105
USDVND exchange rate	22,826	23,633	24,267	24,648	24,791	25,449	1954	1182
Interbank interest rate (%ON)	1.72%	4.97%	0.20%	1.47%	2.78%	3.95%	72	375
Average deposit interest rate 12M (SOB-%)	5.50%	7.40%	5.23%	4.80%	4.70%	4.60%	-293	-63

*Nguồn: PHS tổng hợp*