

## Viet Nam

### Yield Movements

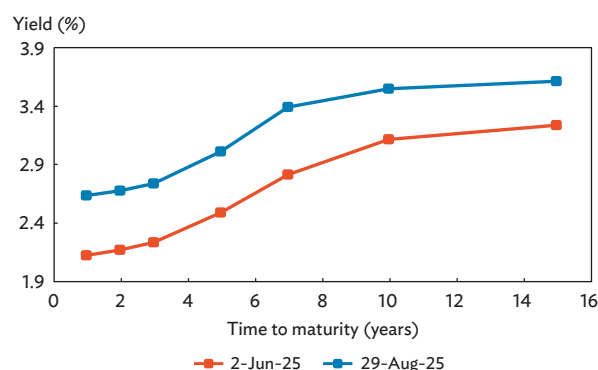
The local currency (LCY) sovereign bond yield curve in Viet Nam shifted upward across all maturities between 2 June and 29 August. Yields across the curve climbed an average of 49 basis points, propelled by strong economic growth and relatively high inflation (**Figure 1**). In the second quarter (Q2) of 2025, Viet Nam's economy grew the fastest among its emerging East Asian peers, expanding 8.0% year-on-year (y-o-y) compared with 6.9% y-o-y in the previous quarter.<sup>27</sup> The Q2 2025 growth surpassed the government's expectation (7.7% y-o-y) and was supported by expansions in the manufacturing and construction (9.0% y-o-y) and service (8.5% y-o-y) sectors. On 5 August, the government revised upward the 2025 growth target to a range of 8.3%–8.5% from a target of at least 8.0% set in February to boost economic momentum and lay a foundation for double-digit growth in 2026. Inflation eased to 3.2% y-o-y in both August and July from 3.6% y-o-y in June, driven by moderating food prices and declining transportation cost. Despite this decline, Viet Nam's August inflation was also the highest among its regional peers, but it remained within the government's ceiling of 4.5%.

### Local Currency Bond Market Size and Issuance

LCY bond market growth accelerated in Q2 2025, supported by expansions across all bond segments. At the end of June, the total LCY debt stock reached VND3,487.0 trillion on accelerated growth of 8.2% quarter-on-quarter (q-o-q) versus 1.9% q-o-q growth in the previous quarter (**Figure 2**). Outstanding corporate bonds grew 13.6% q-o-q in Q2 2025, driven by increased issuance from corporates and the growing participation of nonbank entities. Despite reduced issuance, outstanding Treasury and other government bonds and central bank securities recorded q-o-q growth of 3.5% and 77.2%, respectively, supported by fewer maturities during the quarter.

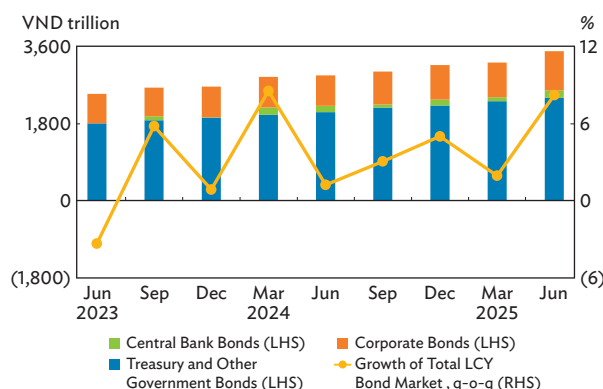
**Reduced debt sales from both the government and central bank fueled the decline in total LCY bond issuance.** In Q2 2025, overall issuance dropped

**Figure 1: Viet Nam's Benchmark Yield Curve—Local Currency Government Bonds**



Source: Based on data from Bloomberg LP.

**Figure 2: Composition of Local Currency Bonds Outstanding in Viet Nam**



( ) = negative, LCY = local currency, LHS = left-hand side, q-o-q = quarter-on-quarter, RHS = right-hand side, VND = Vietnamese dong.

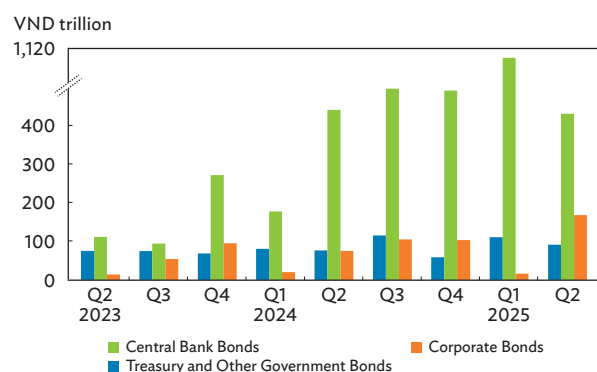
Note: Other government bonds comprise government-guaranteed and municipal bonds.

Sources: Hanoi Stock Exchange, State Bank of Vietnam, Vietnam Bond Market Association, and Bloomberg LP.

40.2% q-o-q to VND742.6 trillion, reversing the previous quarter's 33.0% q-o-q growth (**Figure 3**). Issuance of Treasury and other government bonds contracted 17.6% q-o-q due to *investors preference* for only the 5-year and 10-year instruments amid lingering global trade uncertainty. Central bank securities posted the fastest q-o-q decline in issuance at 56.6% as the

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<sup>27</sup> Emerging East Asia is defined to include member states of the Association of Southeast Asian Nations plus the People's Republic of China; Hong Kong, China; and the Republic of Korea.

**Figure 3: Composition of Local Currency Bond Issuance in Viet Nam**

Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter, VND = Vietnamese dong.

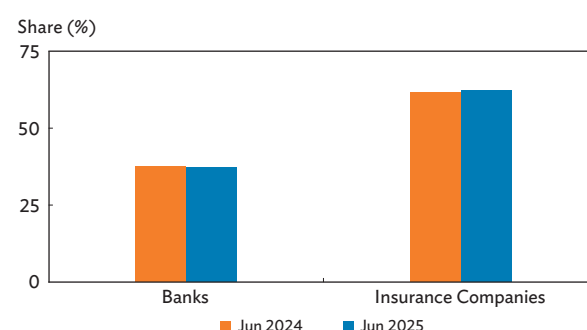
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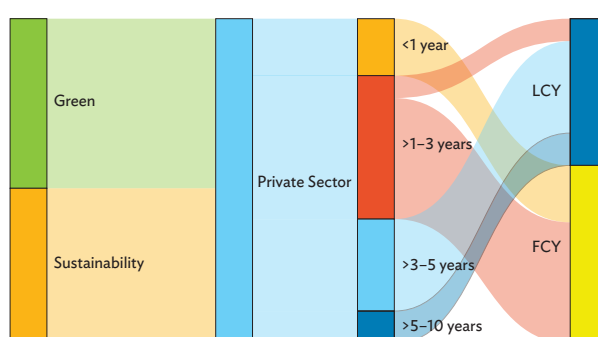
State Bank of Vietnam aimed to stimulate financial market activity to meet the credit growth target of 16.0%. In contrast, corporate bond issuance grew more than tenfold in Q2 2025 to VND167.8 trillion, driven by banks' need to raise capital to meet the credit growth target set by the central bank and nonfinancial firms' need for refinancing as repayment pressure is expected to peak in the third quarter. The banking and property sectors were the key drivers of issuance during the quarter, accounting for 72.4% and 21.0%, respectively, of the corporate issuance total in Q2 2025.

## Investor Profile

**The investor profile of Viet Nam's LCY government bond market remained the least diversified in the region.** Insurance companies remained the largest investor group with a holdings share of 62.0% at the end of June, up from 61.5% a year earlier (**Figure 4**). This was followed by banks with a holdings share of 37.0%, slightly down from 37.5% during the same period. Collectively, these two dominant investor groups held 99.0% of LCY government bonds outstanding at the end of June, roughly unchanged from 99.1% a year earlier.

**Figure 4: Market Profile of the Two Dominant Investors for Local Currency Government Bonds**

Source: Ministry of Finance, Viet Nam.

**Figure 5: Market Profile of Outstanding Sustainable Bonds in Viet Nam at the End of June 2025**

FCY = foreign currency, LCY = local currency.

Source: AsianBondsOnline calculations based on Bloomberg LP data.

## Sustainable Bond Market

**The private sector remained the sole player in Viet Nam's sustainable bond market.** At the end of June, private sector financing continued to dominate Viet Nam's sustainable bond market, which comprises green (52.2%) and sustainability bonds (47.8%) (**Figure 5**). Total outstanding sustainable bonds reached USD1.1 billion in Q2 2025. In terms of size, Viet Nam's sustainable bond market continued to lag behind its emerging East Asian peers, accounting for only 0.2% of the regional total. Outstanding sustainable bonds are predominantly short-term securities, mainly concentrated in tenors of 3 years and less (61.7%). The size-weighted average tenor stood at 2.4 years in Q2 2025, among the shortest tenors across the region's sustainable bond markets. Outstanding sustainable bonds were primarily denominated in United States dollars with a 54.8% share, followed by the Vietnamese dong with a 45.2% share.