**Weekly information on banking operations (November 21-25, 2016)**

**1. Mobilizing and lending rates:**

**1.1. Mobilizing rates:**

- VND mobilizing rates: During the week several commercial banks slightly increased interest rates for 12-month-plus terms and decreased a little bit the rates for short terms. The rates were commonly 0.8 - 1% p.a for demand and below 1-month terms, 4.5 - 5.4% p.a for 1-to-6-month terms, 5.4 - 6.5% p.a for 6-to-12 month terms; and 6.4 – 7.2% p.a for 12-month-plus terms.

- USD mobilizing rates: The USD mobilizing rates were commonly 0% p.a for individuals and economic institutions**.**

**1.2. Lending rates:**

VND lending rates: The average rates were commonly 6-7% p.a for short-term loans for priority fields, while state-owned commercial banks continued to offer rates of 9 – 10% p.a for medium and long-term loans for priority fields. The rates were commonly 6.8% - 9.0% p.a for short-term, and 9.3% – 11.0% p.a, for medium- and long-term ordinary loans. The lending rate for short-term loans was 4-5% p.a, applied to those customers who have good loan-repayment track records, as well as strong and transparent finances.

- USD lending rates were commonly 2.8% – 6.0% p.a. The rates were 2.8 – 4.8% p.a for short-term and 4.9 – 6.0% p.a for medium- and long-term loans.

The specific lending rates were as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| Groups of commercial banks | Currency | Short term  (% p.a) | Medium and long terms  (% p.a) |
| Group of state-owned commercial banks | - VND applicable to ordinary loans | 6.8-8.5 | 9.3-10.3 |
| - VND applicable to loans for 5 priority sectors | 6.0-7.0 | 9.0-10.0 |
|  | USD | 2.8-4.3 | 4.9-6.0 |
| Group of joint stock commercial  banks | - VND applicable to ordinary loans | 7.8-9.0 | 10.0-11.0 |
| - VND applicable to loans for 5 priority sectors | 7.0 | 10.0-10.5 |
|  | USD | 4.2-4.8 | 5.0-6.0 |

**2. Inter-bank transaction turnover:**

**2.1. Transactions:**

According to reports from credit institutions and Vietnamese-based foreign banks, the total amount of transactions on the inter-bank market reached about VND 134,364 billion, an increase of VND 26,426 billion as compared to the week of November 14 – 18, while the USD amount was equivalent to VND 57,711 billion, an increase of VND 5,049 billion as compared to the previous week.

Most VND transactions were overnight and 1-week terms (accounting for 34% and 31% of the total amount of VND transactions respectively). Transactions in USD were mostly overnight and 1-week terms, accounting for 33% and 19% of the total amount of USD transactions respectively.

**2.2. The average inter-bank interest rates:**

For  VND transactions: As compared to the week of November 14 – 18, the inter-bank interest rates decreased for most key terms below one month. Specifically, the rate for overnight, 1-week and 1-month terms decreased to 1.60%, 1.70% and 2.43% p.a respectively.

For USD transactions: The average inter-bank interest rates of most key terms below one month were in a downward trend. Specifically, the average inter-bank interest-rates for overnights and 1-month terms decreased to 0.46% and 0.77% p.a respectively. The average inter-bank interest rate for 1-week term was unchanged at 0.52% p.a.

The specific average inter-bank interest rates were as follows for October 21 – 25, 2016:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Term | Over night | 1 week | 2 weeks | 1 month | 3 months | 6 months | 9 months |
| VND | 1.60 | 1.70 | 1.96 | 2.43 | 4.56 | 5.23 | - |
| USD | 0.46 | 0.52 | 0.54 | 0.77 | 1.28 | 1.32 | - |

**3. Forex market:**

The buying and selling VND/USD exchange rate quoted at the end of trading day by Vietcombank continued the upward trend of the previous week. The exchange rate increased from 22,480/22,580 VND/USD in the first day of the week up to 22,680/22,780 VND/USD on the last two days of the week, increased by 230 VND/USD for buying and selling as compared with the final trading day of the previous week. The reason for the VND/USD rate increase was mainly due to market expectations on a Fed interest-rate hike and unfavorable balance of foreign currency supply and demand.

The SBV will continue to conduct synchronous measures and utilize monetary policy tools to stabilize the forex market and foreign-exchange rates within the set band.

**The State Bank of Vietnam**

Translated by MH