

Macroeconomics

Global Macroeconomics

Following the Fed's decision to cut interest rates by 0.25% at the FOMC meeting on December 18, 2024, the Fed's message regarding monetary policy in 2025 is expected to be quite cautious and gradual in terms of quantitative easing. The Fed's rate cuts, previously expected to occur four times, have been reduced to two times in 2025. The U.S. Dollar Strength Index (DXY) ended 2024 with a 6.96% increase. With the Fed's slow rate cuts, the DXY is expected to continue anchored high until President Donald Trump's tax and spending policies are enacted.

In China, the manufacturing and non-manufacturing PMI indices continue to maintain an expansionary trend above 50 points, thanks to recent economic stimulus measures by the government. However, with the continuous appreciation of the U.S. dollar, the Chinese government has begun to shift efforts towards protecting the value of the Renminbi in the short term before dealing with potential tariff policies from President Donald Trump. Deflationary pressures persist as the December CPI inflation index increased by only 0.1% year-on-year.

Vietnam Macroeconomics

Positive Vietnam Macro Outlook in 2025

Vietnam's economic outlook for 2025 is optimistic, with the government targeting an ambitious GDP growth rate of 8%, driven by stronger public investments and supportive measures to boost local sectors and consumer demand. Public investment, which rose by 3.3% in 2024, is expected to continue its upward trajectory, providing a solid foundation for economic expansion. Foreign Direct Investment (FDI) is projected to remain a key driver of economic growth, while the establishment of the Investment Support Fund aims to attract investment in high-tech industries and support industrial park developers, enhancing Vietnam's attractiveness as an investment destination. Despite challenges in the global trade environment amid rising trade protectionism, Vietnam's export outlook remains good. Given exports and FDI outlook as well as the central bank effective measures, the downward pressure in VND due to strong USD will be manageable. Inflationary pressures are likely to persist, but it is likely inflation will remain below the target of 4-4.5% for 2025. Overall, Vietnam's economic outlook remains positive, with strong growth prospects and inflation under control.

GDP Growth Exceeds Expectations, Inflation Below the government's Target

Vietnam's GDP growth in the fourth quarter (Q4) of 2024 reached an impressive 7.55% year-on-year, bringing the full-year 2024 GDP growth to 7.09%. This performance surpassed the National Assembly's target of 6.5%. Among the three main sectors, industry & construction recorded the highest growth at 8.35% YoY in Q4 2024 and 8.24% YoY in 2024.

Inflation in December 2024 stood at 2.94% year-on-year, contributing to the average inflation rate of 3.63% for 2024 - well below the government's target of 4.0 – 4.5%. Key inflation drivers in the year were contributed by higher costs for housing and construction materials, as well as food and foodstuffs.

Robust Trade Performance, The Outlook Appears Challenging

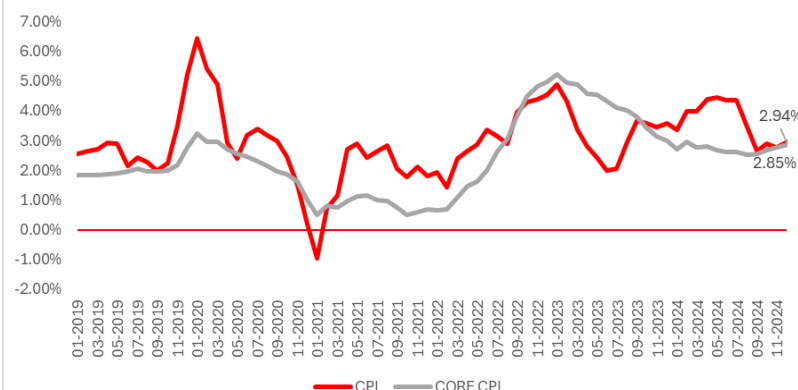
In December 2024, Vietnam's exports increased by 12.8% year-on-year, while imports rose by 19.2% year-on-year, translating to annual 2024 exports growth of 14.3% and imports growth of 16.7%. The growth in exports was driven by strong performances in computers, electrical products, machinery, textiles, and garments. On the import side, significant growth was seen in computers, electrical products, motor vehicles, and plastics. The trade surplus narrowed to USD 0.5 billion in December, bringing the total trade surplus for 2024 to USD 24.8 billion.

The manufacturing index of industrial production (IIP) grew by 9.0% year-on-year in December 2024. However, the manufacturing Purchasing Managers' Index (PMI) for December was 49.8, indicating a contraction. The outlook appears challenging as firms may reduce employment and stock purchases due to a decline in new export orders.

PMI Vietnam Dec. 2024



Vietnam Inflation Dec. 2024



Source: S&P Global, FiiiproX, GSO, Bloomberg.

Market Overview

The promising outlook for Vietnam's stock market in 2025

In December 2024, the VN-Index closed at 1,266.80 points, marking a 1.30% month-on-month (MoM) increase and a notable 12.10% year-to-date (YTD) gain. In December 2024, the index had a sluggish start, however, it rebounded strongly with a 2.2% increase on December 5th, driven by robust buying from investors. Despite the positive momentum in early December, several factors limited further gains in the month, including a lack of supportive information, the Fed signaling fewer rate cuts in 2025, and the State Bank of Vietnam (SBV) selling USD to stabilize the exchange rate. Market liquidity improved slightly, with the average daily trading value (ADTV) increasing by 1.50% MoM to USD 574.2 million. Foreign investors continued their net selling trend, with a net outflow of USD 109.4 million in December 2024, bringing the total net outflow for the year to USD 3.7 billion. The VN-Index's trailing P/E ratio stood at 14.8x as of the end of 2024, which was relatively lower than regional markets.

The outlook for Vietnam's stock market in 2025 is promising, driven by supportive economic policies and relatively attractive valuation compared to regional markets. The market drivers for 2025 will include the acceleration of public investment, with a focus on enhancing both hard and soft infrastructure, as well as the recovery of the property sector. However, investors may exercise caution ahead of Trump's presidency and declining trade activities. Despite potential short-term volatility, the overall market outlook remains positive, supported by strong economic fundamentals and sector-specific growth drivers.

Sector Performance

In December 2024, the Insurance and Technology sectors were the top performers. The Insurance sector saw an impressive 8.00% monthly return, led by significant gains in PVI (+23.2%) and PTI (+13.9%). The Technology sector followed with a 6.10% increase, driven by strong performances from SAM (+17.9%), SGT (+14.2%), and FPT (+6.4%). Conversely, the Oil & Gas sector was the worst performer, declining by 4.30%, followed by Utilities with a slight decrease of 0.10%.

Industries	%1 M	%3 M	%YTD	P/E	P/B	ROE %	ROA %	EPS Growth (YoY,%)	Net Profit Growth (YoY,%)
Financials	1.4%	-1.9%	3.3%	17.37	1.27	6.8%	2.3%	-15.5%	126.0%
Basic Materials	3.5%	-0.3%	27.2%	19.31	1.60	8.8%	4.5%	127.6%	-25.5%
Oil & Gas	4.5%	-8.8%	17.7%	19.99	1.33	6.6%	3.4%	-39.2%	-127.7%
Utilities	1.2%	-2.1%	14.7%	16.40	1.83	10.7%	5.7%	-18.8%	8.3%
Banks	2.4%	-0.3%	25.2%	9.54	1.53	16.7%	1.5%	-0.8%	-7.6%
Consumer Goods	4.9%	5.4%	33.5%	20.21	2.63	13.1%	6.2%	14.3%	3.0%
Industrials	3.9%	13.8%	58.2%	19.26	2.12	11.4%	5.1%	5.9%	-18.8%
Health Care	3.7%	3.7%	29.0%	16.15	1.76	11.0%	6.6%	-17.0%	-8.5%
Consumer Services	1.9%	1.8%	45.9%	32.14	4.33	14.3%	3.2%	-316.2%	26.9%
Technology	6.1%	13.9%	79.7%	30.23	5.63	21.4%	10.7%	11.9%	9.3%
Telecommunications	0.9%	36.7%	241.2%	59.33	7.41	16.3%	8.9%	1483.0%	-43.6%
Real Estate	0.5%	-1.8%	0.5%	18.01	1.21	6.1%	2.1%	-22.9%	264.1%

VnIndex



P/E ratio



Source: FiiiproX, Bloomberg.

PRUlink Fund Performance Update

Introduction

In March, **PRUlink Sustainable Development Equity fund** has been launched in response to the investment trend in enterprises that commit to ESG of SDG – UN. Hence, up to now there are 7 **PRUlink Funds** established from premium of unit-linked product policies provided by Prudential Vietnam, with an aim to maximize total income in the medium-to-long term for policyholders who are signed policies with Prudential Vietnam and does not apply to other individuals. These funds are designed for customers with low to high risk tolerance levels corresponding to investment strategy into assets with stable income (such as deposits...) to high capital growth (such as stocks...) or both high capital growth and meet the **ESG** trend in the world.

PRUlink Funds Performance

Year	Prulink ESG Since 08.03.24	PRUlink Vietnam Equity	PRUlink Growth	PRUlink Balance	PRUlink Stable	PRUlink Bond	PRUlink Preserver	VNIndex	Gold	USD	Deposit rate of 12 months
2019		9.8%	10.6%	11.0%	11.4%	12.2%	5.5%	7.7%	16.0%	-0.2%	6.8%
2020		16.4%	16.0%	14.7%	12.5%	9.0%	5.6%	14.9%	31.9%	-0.6%	7.1%
2021		40.0%	28.5%	20.8%	13.3%	3.0%	4.2%	35.7%	9.7%	-1.6%	6.2%
2022		-23.8%	-17.6%	-13.3%	-8.9%	-2.0%	4.8%	-32.8%	8.1%	3.4%	5.7%
2023		13.5%	15.5%	16.8%	18.1%	20.2%	6.7%	12.2%	10.8%	2.9%	6.7%
12M2024	6.7%	18.9%	14.3%	10.9%	7.5%	2.6%	4.2%	12.1%	15.3%	5.9%	5.9%

NAV data as of 30 Dec 2024

Commentary

In December 2024, **PRUlink** funds achieve positive growth, specifically:

- **PRUlink** ESG Fund increased 6.7% since its launch on 08.03.24.
- **PRUlink** Equity Fund recorded the best results with an increase of 18.9%, outperformed VNINDEX (+12.1%) year to date
- **PRUlink** Growth Fund increased 14.3%
- **PRUlink** Balance Fund increased 10.9%
- **PRUlink** Stable Fund increased 7.5%
- **PRUlink** Bond Fund increased 2.6%
- **PRUlink** Preserver Fund increased 4.2%

PRUlink funds customers are always recommended to focus on investment goals with a long-term vision rather than focusing on short-term fluctuations because the unit-linked investment product (ILP) is designed with specific investment goals and maximum maximize profits in the medium and long term.

Disclaimer

This document is only intended to provide the information and opinions of Eastspring Investments Fund Management Company Limited (“Eastspring Vietnam”) and may not be used for publication, circulation, republication or partial distribution or in whole to anyone else without the prior written consent of Eastspring Vietnam.

Eastspring Vietnam has taken all reasonable care so that the information contained in this document is not false or misleading when published. However, Eastspring Vietnam does not guarantee the accuracy or completeness of such information. The information and opinions contained in this document are subject to change without notice. Eastspring Vietnam does not accept any liability for the use or interpretation of the information contained in this presentation by others or for any loss arising directly or indirectly from any person's actions. based on any information or opinions contained in this presentation.

Note: EIVN's past investment results do not necessarily represent the future investment results of ILP Funds. Investing in ILP Funds is subject to investment risks, including the possible loss of initial investment. Investors should consult with a financial expert before deciding to invest in ILP Funds.

Eastspring Vietnam is a company of Prudential Group plc of the UK. Eastspring Vietnam and Prudential Group plc are not affiliated in any way with Prudential Financial Inc., a company headquartered in the United States of America, and Prudential Assurance Company, a company subsidiary of M&G Group plc, incorporated in the United Kingdom.