

Macroeconomics

Global Macroeconomics

The Fed cut interest rates for the second time following the FOMC meeting on November 7, 2024, reducing the rate by 0.25% to 4.75%. The meeting's message indicated that the Fed remains focused on the labor market and inflation. The pace of monetary policy easing will be adjusted flexibly towards a "soft landing". Additionally, the Fed may not provide estimates based on economic models due to upcoming changes in tax and spending policies from President Donald Trump's administration.

Alongside the Fed, the ECB cut interest rates for the third time on October 17, 2024, reducing the rate by 0.25% to 3.40%. In Asia, on October 21, 2024, the People's Bank of China (PBOC) reduced the 5-year and 1-year basic lending rates by 0.25% to 3.60% and 3.10%, respectively, to continue supporting the real estate sector and revitalize the economy.

Vietnam Macroeconomics

Vietnam - Continuing Economic Recovery and Positive Macroeconomic Landscape

Vietnam's economic recovery shows steady progress in retail, production, and exports. Total retail sales rose 8.5% YoY in the first 10 months of 2024, with goods up 7.8% YoY, and accommodation, catering, and tourism surging 12.5% YoY and 14.2% YoY. The manufacturing sector is recovering, driven by strong export orders and resilient supply chains. Exports increased by 14.9% YoY to USD 335.6 billion, while imports rose 16.8% YoY to USD 312.3 billion, resulting in a trade surplus of USD 23.3 billion.

Vietnam's strategic location and free trade agreements support robust export and import growth, generating a trade surplus. Maintained Foreign Direct Investment (FDI) reflects investor confidence. Government measures to stabilize the currency and boost public investment enhance economic resilience.

Well-Controlled Inflation

In October 2024, inflation rose to 2.90% YoY, driven by higher food and rent prices. The average inflation rate for the first ten months was 3.78% YoY, below the target of 4.0%-4.5%. Seasonal factors and weather conditions contributed to the rise in food prices, while rent increases also played a role. The retail electricity hike from mid-October is not expected to add further inflationary pressure.

Manufacturing Shows Strong Growth

The Index of Industrial Production (IIP) for manufacturing grew by 3.6% MoM and 8.8% YoY in October 2024. Over the first ten months, the IIP increased by 9.6% YoY. The recovery in new orders, as reported in the latest PMI, suggests continued production growth. The PMI rose to 51.2 in October 2024, indicating a recovery following disruptions caused by Typhoon Yagi.

Export Value Boosted by Holiday Demand

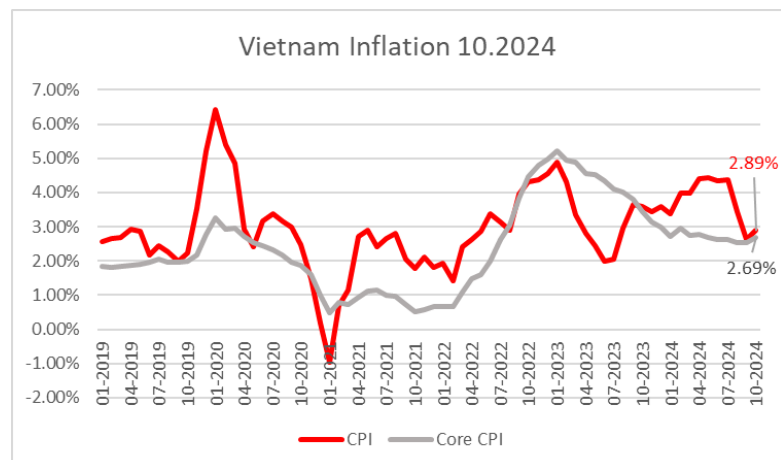
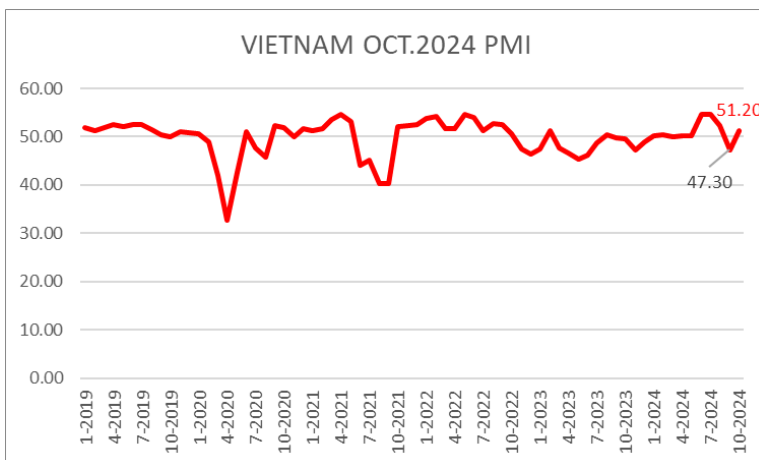
Vietnam's export value reached USD 35.6 billion in October 2024, reflecting a recovery in new export orders and increased demand ahead of holiday events. For the first ten months, exports surged by 14.9% YoY. The import value for October was USD 33.6 billion, indicating a strong recovery in external trade. Vietnam maintained a trade surplus of USD 2.0 billion in October 2024.

Disbursed FDI Hits Highest Level Since 2012

FDI disbursement in Vietnam reached USD 2.2 billion in October 2024, marking a 7.6% YoY increase. For the first ten months, disbursed FDI totaled USD 19.6 billion, the highest level since 2012. This growth was driven by solid FDI registrations and Vietnam's strategic advantages, including its location, free trade agreements, and competitive labor costs.

SBV Measures to Counter FX Pressure

In response to rising FX pressures, the State Bank of Vietnam (SBV) announced its readiness to sell USD to commercial banks. During the first half of October 2024, the VND depreciated by 3.3% against the USD. To mitigate these pressures, the SBV resumed T-bill issuance and announced it would sell USD at a spot rate of 25,450 to commercial banks. This intervention helped the VND recover 0.5% by the end of October. The SBV's actions, along with solid foreign inflows, are expected to stabilize the USD/VND exchange rate.



Market Overview

Markets cautious ahead of US election and Fed move.

VN-Index closed at 1,264.5 points in October, marking a 1.8% decline from the previous month. This drop was primarily driven by profit-taking pressure as the index approached the 1,300-point level, coupled with the State Bank of Vietnam’s issuance of T-bills, which withdrew liquidity from the banking system. Trading turnover remained relatively stable in October, with the average daily trading value (ADTV) on HSX increasing slightly by 0.3% MoM to USD 641.9 million. The combined ADTV for the three bourses also saw a marginal increase of 0.1% MoM to USD 710.6 million. However, foreign investors continued their selling streak for the ninth consecutive month, with a net outflow of USD 440.5 million, the highest level in four months. The top foreign net sells included VIB, MSN, and HDB, while the top net buys were TCB, FPT, and NVL. Despite this, the VN-Index has still achieved a 11.9% YTD gain, reflecting a competitive trailing P/E ratio of 14.7x compared to regional markets.

Market sentiment in November is expected to remain cautious as investors closely monitor the US election and the Federal Reserve’s actions. Nonetheless, solid domestic macroeconomic results are anticipated, supported by a recovery in Vietnam’s PMI reading, which rose to 51.2 in October from 47.3 in September.

Sector Performance

Almost all sectors experienced declines in October, with the oil & gas sector suffering the most, dropping by 7.4%. Key players in this sector, such as PLX, PVD, and PVS, saw substantial losses. The financial services sector also faced a significant decline of 5.9%, with notable decreases in stocks like MBS, FTS, and SHS. In contrast, Technology and Insurance sectors outperformed the market in October 2024. The Technology sector posted a 1.0% gain, while the Insurance sector saw a 0.9% increase. Consumer Services also managed a modest gain of 0.2%.

Industries	%1 M	%3 M	%YTD	P/E	P/B	ROE %	ROA %	EPS Growth (YoY,%)	Net Profit Growth (YoY,%)
Financials	-2.71%	1.98%	2.43%	17.26	1.28	6.77%	2.25%	-15.46%	32.29%
Basic Materials	-2.50%	-0.10%	24.35%	18.98	1.59	8.78%	4.45%	132.12%	61.61%
Oil & Gas	-8.84%	-7.09%	17.69%	20.27	1.34	6.60%	3.38%	-39.39%	-115.09%
Utilities	-2.58%	-2.23%	14.09%	16.77	1.87	10.73%	5.67%	-18.80%	37.75%
Banks	-0.69%	5.39%	24.78%	9.50	1.53	16.70%	1.50%	2.33%	17.52%
Consumer Goods	-0.43%	2.80%	26.19%	18.97	2.54	13.07%	6.20%	17.80%	22.76%
Industrials	2.95%	1.97%	43.12%	17.66	1.98	11.41%	5.08%	7.45%	14.79%
Health Care	-1.17%	0.28%	22.90%	15.86	1.72	10.96%	6.61%	-16.74%	-3.39%
Consumer Services	0.35%	2.57%	43.81%	43.65	4.33	14.34%	3.18%	-255.58%	-341.16%
Technology	1.09%	4.92%	59.44%	27.09	4.91	21.35%	10.67%	10.70%	19.54%
Telecommunications	11.03%	2.60%	177.18%	48.54	6.06	16.31%	8.90%	1483.03%	-47.77%
Real Estate	-2.31%	1.72%	-0.07%	17.87	1.22	6.13%	2.10%	-22.93%	44.73%

VnIndex



P/E ratio



Source: FiiiproX, Bloomberg.

Eastspring Vietnam Newsletter – Oct 2024

ENF Performance Update

Introduction

Eastspring Investments Vietnam Navigator Fund (the “Navigator Fund” or “ENF”) is a Mutual Fund licensed by Vietnam State Securities Commission under license No. 09/GCN-UBCK (April 25th, 2014).

Fund Manager: Eastspring Investments Fund Management Limited Liability Company (“Eastspring Vietnam”).

Investment objective

- Objective of the Navigator Fund is to deliver capital appreciation through exposure to multiple asset classes, including equity, bond, and bank deposit.
- Actively navigate the market through dynamic asset allocation to provide participation in equity upside when stock markets are performing well, while having a softening effect when stock markets are not performing well.

Inception date	25/03/2014	Dealing frequency	Weekly Wednesday & Friday (T day)
Total NAV	249.8 Bil VNĐ	Cut-off time	10.30 AM on Tuesday & Thursday
NAV/unit	36,557	Subscription fee	Determined by distributors (Max 3%)
Supervisory bank	Standard Chartered VN	Redemption fee	0%
Min. Investment	100,000 VNĐ	Management fee	1.5%/anum

Accumulated net return (%)

	1 month	3 months	YTD	1 year	3 years	Since Inception
Net return	-1.4%	0.8%	15.8%	28.8%	14.8%	265.6%

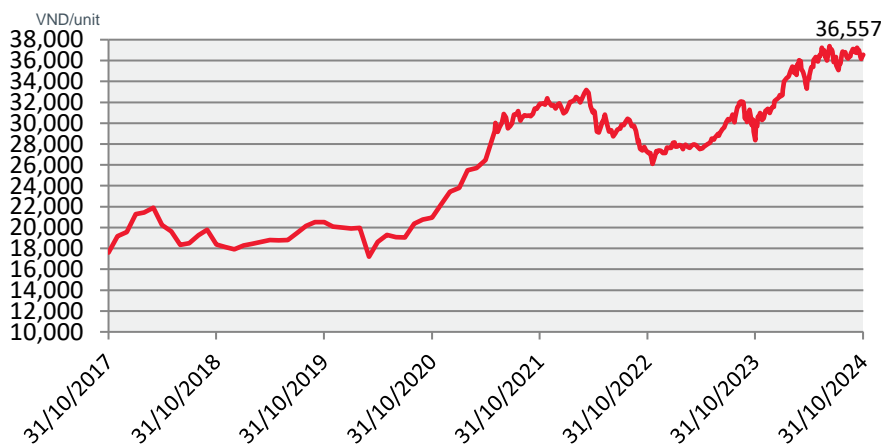
Calendar year net return(%)

Year	2019	2020	2021	2022	2023
Net return	11.6%	17.1%	35.8%	-14.7%	16.3%
VNIndex	7.7%	14.9%	35.7%	-32.8%	12.2%

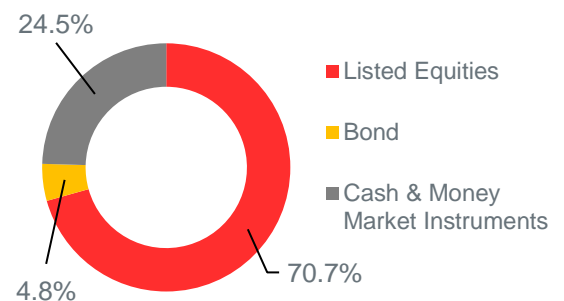
Top 5 holdings

FPT Corporation	FPT	12.3%
Vietinbank	CTG	9.2%
Military Bank	MBB	6.0%
Asia Commercial JS Bank	ACB	6.0%
Sacombank	STB	3.7%

Performance chart



Asset allocation



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KIS Vietnam Securities Corporation (KIS)

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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%
10M2024	3.8%	17.2%	13.0%	10.0%	6.9%	2.4%	3.5%	11.9%	23.3%	4.3%	4.8%

NAV data as of 31 Oct 2024

Commentary

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

- **PRUlink** ESG Fund increased 3.8% since its launch on 08.03.24.
- **PRUlink** Equity Fund recorded the best results with an increase of 17.2%, outperformed VNINDEX (+11.9%) year to date
- **PRUlink** Growth Fund increased 13.0%
- **PRUlink** Balance Fund increased 10.0%
- **PRUlink** Stable Fund increased 6.9%
- **PRUlink** Bond Fund increased 2.4%
- **PRUlink** Preserver Fund increased 3.5%

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.

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