

Macroeconomics

Global Macroeconomics

The U.S. economy demonstrated stable recovery in January 2025, with both the manufacturing and services PMI indices maintaining expansion levels at 51.2 and 52.9, respectively. The unemployment rate marked a positive progression, decreasing by 0.1% from the previous month to 4.0%. Inflation rose to 3% in January, its highest rate for six months, and above the 2.9% expected by economists. Given the improved macro-economic condition and that the inflation has yet reduced to the target of 2%, coupled with unpredictable changes in President Donald Trump's ongoing tariff policy, the likely delay in the Fed's monetary easing process this year is foreseeable.

In China, the manufacturing PMI index could not remain its expansion momentum and shifted to contraction, scoring 49.1, down 1 basic point from the previous month. The non-manufacturing PMI, while still in expansion territory at 50.2, decreased by 2 basic points from the previous month. Despite a relatively inflation rise of 0.5% year-over-year, driven by consumer spending and tourism during the recent Lunar New Year, China's economy is expected to face significant challenges in overcoming deflation amidst the ongoing trade war with the U.S. in 2025.

Vietnam Macroeconomics

Inflation and Retail Sales Rise Amid Lunar New Year

In January 2025, Vietnam's inflation rate increased to 3.63% YoY and 0.98% MoM, driven by higher costs in food, foodstuff, and healthcare. The Lunar New Year influenced the rise in food prices due to higher demand. Concurrently, retail sales grew by 9.5% YoY and 2.7% MoM, reflecting strong domestic demand during the festive season. The accommodation and food & beverage sectors saw a notable increase of 14.8% YoY, underscoring the resilience of Vietnam's domestic market despite external economic challenges. Moreover, the implementation of new medical service pricing in certain localities contributed to the healthcare cost surge.

Manufacturing Sector and Trade Activities Slow due to Lunar New Year

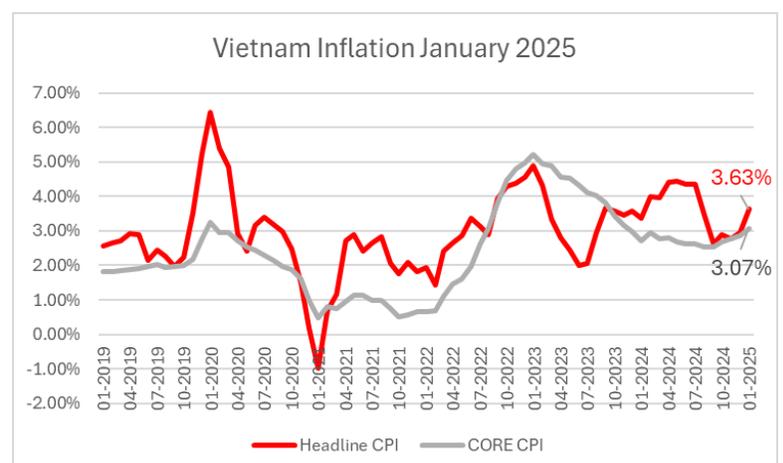
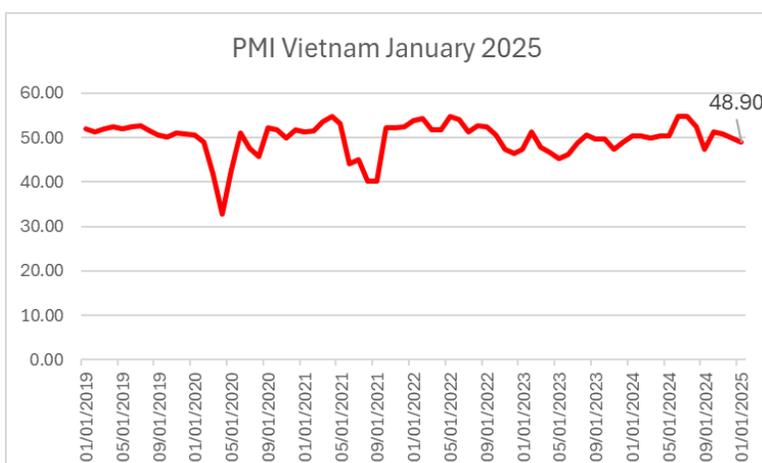
The manufacturing sector in Vietnam experienced a contraction with the Manufacturing PMI standing at 48.9 in January 2025. This decline indicates a slowdown in manufacturing activities, influenced by fewer working days during the Lunar New Year in January 2025 compared to January 2024, when the Lunar New Year fell in February. The index of industrial production (IIP) showed modest growth of 0.6% YoY, reflecting the sector's struggle to maintain momentum. Additionally, Vietnam's export and import values both saw declines, with exports falling by 4.3% YoY and imports by 2.6% YoY, largely due to seasonal factors (fewer working days). Despite these challenges, Vietnam recorded a trade surplus of 3 USD billion, demonstrating resilience in its trade balance amidst global trade headwinds and protectionist measures.

Positive Momentum in Foreign Direct Investment (FDI)

Disbursed FDI in January 2025 reached 1.5 USD billion, marking a 2% YoY increase. This growth was driven by significant investments, notably Samsung Display's additional investment of 1.2 USD billion in Bac Ninh Province. The surge in FDI commitments, which rose by 48.6% YoY, reflects strong investor confidence in Vietnam's long-term economic prospects. This positive momentum in foreign direct investment highlights the country's attractiveness as a destination for international investors, contributing to its economic stability and growth.

Optimistic Macroeconomic Outlook for 2025

Vietnam's economic outlook for 2025 remains optimistic. The government has set ambitious targets, aiming for an 8% GDP growth and a 5% CPI increase. Stronger public investments, supportive monetary measures to boost consumer demand and strong FDI inflows are expected to drive economic growth. Moreover, the record number of international arrivals in January 2025, particularly from China, signals a promising recovery in tourism in the year. However, inflationary pressures and global trade uncertainties warrant close monitoring to ensure sustained growth. Overall, Vietnam's economic outlook remains positive, with strong growth prospects tempered by external uncertainties, requiring careful management to sustain the momentum of growth.



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

Market Overview

The promising outlook for Vietnam's stock market in 2025

In January 2025, the VN-Index closed at 1,265.10, reflecting a marginal decline of 0.1% both month-over-month (MoM) and year-to-date (YTD). The market's cautious sentiment was influenced by the upcoming Tet holiday. Market liquidity saw a significant drop, with the average trading value on HSX decreasing by 22.0% MoM and 31.6% YoY to 449.6 USD million, primarily due to the cautious sentiment and holiday period. Additionally, foreign investors continued their net selling streak for the twelfth consecutive month, resulting in net outflows of 266.7 USD million in January 2025. The VN-Index's trailing P/E ratio stood at 13.3x, indicating a competitive valuation vs regional markets.

The outlook for Vietnam's stock market in 2025 is promising, driven by supportive economic policies and relatively attractive valuations compared to regional markets. The government's ambitious economic targets, including striving for 8% GDP growth, are expected to drive economic activities and investor confidence. Moreover, the acceleration of public investment, the recovery of the property sector, and increased foreign direct investment will further bolster market performance. However, investors may exercise caution due to declining trade activities during Trump's presidency. Despite potential short-term volatility, with supportive government measures and a resilient economic outlook, the Vietnam market is well-positioned for robust growth in the coming year.

Sector Performance

In January 2025, Industrials emerged as the top performer with a monthly return of 2.0%, driven by strong performances from companies like VTP, VGC, VCG, GEX, and CTR. The Banking sector also showed resilience, posting a 1.7% return in the month, led by LPB, BID, VIB, and MBB. Insurance rounded out the top three outperforming sectors with a modest gain of 0.5%. On the downside, the Oil & Gas sector underperformed significantly with a monthly return of -3.6%, followed by Consumer Goods and Financial Services, both recording monthly declines of 2.2%.

Industries	%1 M	%3 M	%YTD	P/E	P/B	ROE %	ROA %	EPS Growth (YoY,%)	Net Profit Growth (YoY,%)
Financials	-1.2%	-0.7%	-1.2%	17.46	1.24	5.8%	1.2%	-16.2%	-10.0%
Basic Materials	-0.6%	3.3%	-0.1%	20.47	1.59	-5.1%	-1.8%	39.5%	36.4%
Oil & Gas	0.5%	-1.3%	0.6%	19.12	1.30	-0.9%	-0.2%	-39.6%	-319.6%
Utilities	1.0%	0.3%	-0.4%	16.11	1.86	6.8%	2.2%	-9.8%	-20.9%
Banks	3.9%	3.6%	1.8%	9.61	1.54	10.8%	0.7%	-3.9%	12.3%
Consumer Goods	-2.2%	0.5%	-4.3%	18.90	2.52	7.4%	3.7%	14.8%	-0.3%
Industrials	4.1%	14.8%	4.2%	19.21	2.18	7.5%	2.9%	16.6%	40.0%
Health Care	-0.6%	5.0%	0.0%	15.81	1.75	7.0%	3.8%	-13.4%	23.3%
Consumer Services	-1.6%	3.7%	-0.5%	28.09	4.22	-13.0%	-3.7%	-491.2%	-2.9%
Technology	1.8%	14.7%	0.5%	30.30	5.65	4.2%	3.0%	4.5%	6.5%
Telecommunications	-1.7%	36.1%	1.5%	58.78	7.43	0.0%	0.0%	81.4%	351.9%
Real Estate	-1.0%	-1.4%	-1.2%	17.83	1.19	2.4%	1.6%	-18.6%	-11.0%

VnIndex



P/E ratio



Source: FiiiproX, Bloomberg.

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
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%
2024	6.7%	18.9%	14.3%	10.9%	7.5%	2.6%	4.2%	12.1%	15.3%	5.9%	5.9%
1M2025	-0.6%	-0.7%	-0.4%	-0.2%	0.0%	0.2%	0.3%	-0.1%	5.5%	-1.6%	0.5%

NAV data as of 27 Jan 2025

Commentary

As of 27 January 2025, **PRUlink** funds achieve growth, specifically:

- **PRUlink** ESG Fund decreased -0.6% from year to date (YTD).
- **PRUlink** Equity Fund decreased -0.7% YTD.
- **PRUlink** Growth Fund decreased -0.4% YTD.
- **PRUlink** Balance Fund decreased -0.2% YTD.
- **PRUlink** Stable Fund increased 0.0% YTD.
- **PRUlink** Bond Fund increased 0.2% YTD.
- **PRUlink** Preserver Fund increased 0.3% YTD.

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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