

Macroeconomics

Global Macroeconomics

U.S. inflation continued its deceleration in June, as reflected in the Consumer Price Index (CPI) on 11/07/2024 at 3.0%, 0.1% better than expected. It decreased 0.3% from May, marking the lowest CPI level since the beginning of 2024. Fed Chairman Jerome Powell expressed satisfaction at the Central Bank forum in Sintra, Portugal in early July, highlighting progress in cooling down inflation over recent years. However, he emphasized the need for sustained progress before contemplating an interest rate reduction.

The US economy still maintains an optimistic signal as it continues to expand in both production and services. The Manufacturing PMI was reported at 51.6, up 0.3 points from the previous month, while the Services PMI was published at 55.3, also up 0.5 from the previous month.

In line with the Fed, although there was a move to reduce the 0.25% interest rates in early June, in a recent speech, at the Central Bank forum in Sintra, Portugal, Ms. Christine Lagarde, President of the European Central Bank (ECB), needs more evidence to confirm that inflation has firmly returned to the 2% target. The current positive economic data shows that lowering interest rates is not an urgent requirement at this time.

Vietnam Macroeconomics

Inflation Pressures Persist

Inflation rose by 4.3% YoY in June 2024. Key drivers include rising pork prices due to supply shortages, higher state fees like education and healthcare services. Unfavorable weather and geopolitical conflicts have added to some commodities prices like oil. However, the extension of the 2% VAT cut and a forecasted stable in global oil prices may support inflation in the coming months.

Retail Sales Boosted by Tourism and Policy Measures

Retail sales grew by 9.1% YoY in June 2024, contributing to an 8.6% YoY increase for the first half of 2024. The recovery in retail sales is particularly driven by goods, accommodation, catering, and tourism services, thanks to a significant influx of international visitors to Vietnam. The extension of a 2% VAT cut and the statutory base rate hike in public sector salaries have also bolstered retail sales, reflecting the positive impact of government policies on consumer demand.

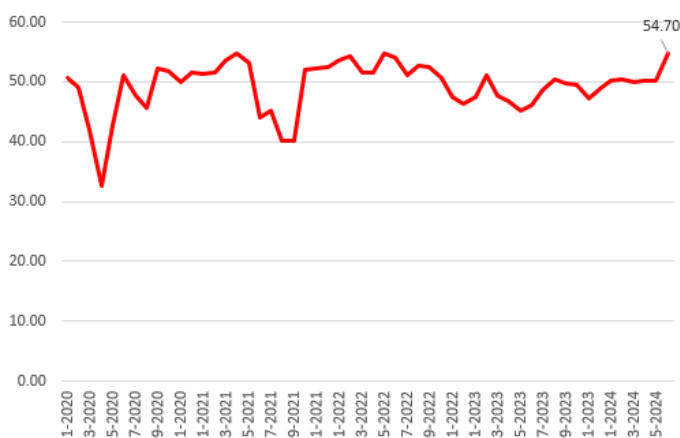
Manufacturing Sector Shows Strong Performance

Manufacturing PMI reached 54.7 in June 2024, continuing strong growth in new orders and the highest level since March 2011. Output posted the steepest increase in over 5.5 years, and employment growth recovered for the first time in three months. Additionally, the Manufacturing IIP grew by 10.9% YoY in June 2024 - the second highest monthly growth since August 2022, reflecting further production improvements across various subsectors, including rubber & plastic products, furniture, chemicals, and electrical equipment.

Trade and FDI Disbursement Hit Record Highs

Vietnam trade rebounded to USD 2.1 billion surplus in June after trade deficits in previous month. Export growth surged by 14.5% YoY in the first half of 2024, driven by PCs, electronic items, phones, spare parts, machinery, equipment, textiles, and garments. Import growth also increased by 17% YoY, primarily from PCs, electronic items, and fabrics. Disbursed FDI reached USD 2.6 billion, marking a 9.3% YoY increase while continuing to hit high record month since 2012. This growth is attributed to Vietnam's fundamental advantages, diversification of investment from China, and recent diplomatic upgrades with key partners.

Vietnam June PMI



Vietnam June Inflation rate



Market Overview

VN-Index down -1.3% MoM in June, closing at 1,245.3. Despite an initial rally that saw the VNI reach the highest closing level since 2022 in mid of June, the index retreated due to profit-taking, strong foreign net selling, pressure on the USD/VND exchange rate, and higher short-term interest rates. However, VNI still posted a 10.2% increase in the first half of 2024, outperforming peer markets such as Philippines, Indonesia, and Thailand. As of the end of June, the VNI's trailing twelve months P/E was 15.4x, which is competitive compared to regional peers given the potential positive macroeconomics and ongoing government policies.

Trading Turnover rising streak and Continuing Foreign outflow

Although it was down 19.5% YTD, trading turnover continued to rise for the second consecutive month. The average daily trading value (ADTV) of VNI went robust to USD909.8 million (+6.5% MoM). ADTV first half performance surged 1.8x compared to last year first half, reaching USD966.5 million. Foreign investors recorded net outflows for the fifth straight month in June, with a total net outflow of USD 652.0 million on the HSX and USD657.8 million on the three bourses combined. Overall, H1 2024 was about the foreign outflow USD2.1 billion, in contrast of net inflow from first half last year, suffering the same situation with regional market such as Thailand, Philippines and Indonesia.

Technology Leads, Financial Services Lags

Sector performance was mostly negative in June, driven by top laggards from Financial services (-6.5%), Real estate (-3.2%), Energy (-2.8%), and Banks (-1.6%). Conversely, only 2 sectors are significant gainers in this month, such as IT sector with 10.5% increase, driven mainly by FPT (+12.2%); Communication services followed with a 5.1% gain.

Industries	% 1M	% 3M	% YTD	P/E	P/B	ROE %	ROA %	EPS growth (YoY,%)	PBT Growth (YoY,%)
Financials	4.20%	0.13%	5.44%	17.00	1.41	7.39%	2.48%	-7.37%	-13.52%
Basic Materials	13.55%	11.19%	27.50%	26.60	1.71	6.61%	3.36%	10.57%	68.05%
Oil & Gas	18.55%	15.33%	20.65%	12.80	1.39	10.98%	5.54%	-20.10%	6.24%
Utilities	10.73%	8.52%	14.16%	18.53	1.99	10.32%	5.62%	-35.58%	-46.66%
Banks	0.20%	-3.69%	14.59%	9.52	1.51	16.61%	1.48%	-3.96%	8.76%
Consumer Goods	12.13%	11.36%	19.51%	21.25	2.50	12.28%	5.88%	-5.28%	14.37%
Industrials	14.62%	14.71%	27.39%	18.20	2.00	10.93%	4.81%	2.14%	52.79%
Health Care	4.72%	8.39%	12.75%	15.01	1.69	11.64%	7.16%	-4.84%	-16.15%
Consumer Services	16.85%	33.50%	42.49%	122.81	4.60	4.06%	0.93%	-159.33%	572.91%
Technology	11.20%	24.94%	39.28%	25.94	4.63	20.75%	10.07%	12.59%	23.42%
Telecommunications	32.27%	143.36%	199.98%	77.84	7.46	12.90%	6.87%	21.57%	104.60%
Real Estate	2.65%	-1.75%	1.67%	16.87	1.33	6.83%	2.38%	-22.21%	-29.01%

P/E ratio



P/E ratio



Source: FiiiproX, Bloomberg.

Eastspring Vietnam Newsletter – June 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	245.4 Bil VND	Cut-off time	10.30 AM on Tuesday & Thursday
NAV/unit	35,996	Subscription fee	Determined by distributors (Max 3%)
Supervisory bank	Standard Chartered VN	Redemption fee	0%
Min. Investment	100,000 VND	Management fee	1.5%/anum

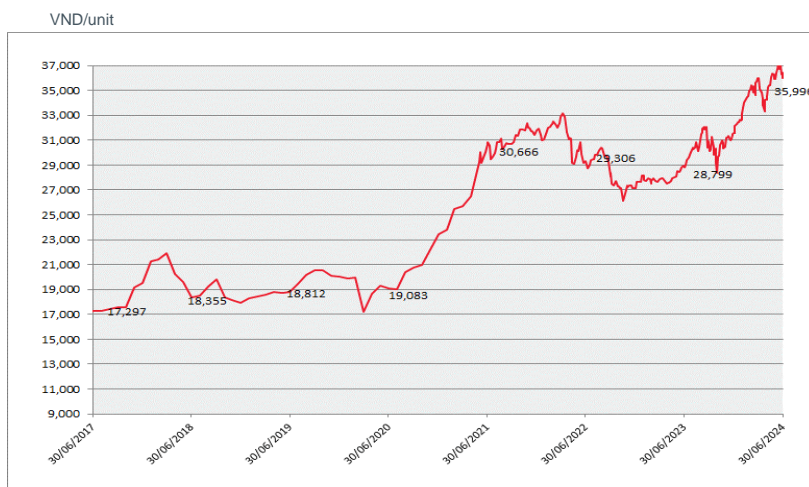
Accumulated net return (%)

	1 month	3 months	YTD	1 year	3 years	Since Inception
Net return	0.3%	0.2%	14.1%	25.0%	17.4%	260.0%

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%

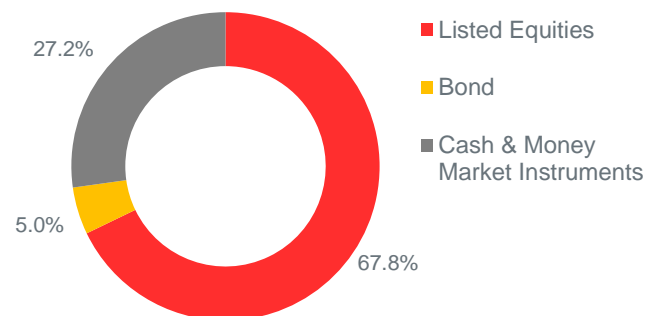
Performance chart



Top 5 holdings

FPT Corporation	FPT	11.7%
Vietinbank	CTG	7.5%
Military Bank	MBB	5.0%
Asia Commercial JS Bank	ACB	4.6%
Hoa Phat Group	HPG	4.3%

Asset allocation



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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%
6M2024	2.0%	15.5%	11.4%	8.5%	5.5%	1.1%	2.1%	10.2%	2.7%	4.9%	2.6%

NAV data as of 27 June 2024

Commentary

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

- **PRUlink** ESG Fund increased 2.0% since its launch on 08.03.24.
- **PRUlink** Equity Fund recorded the best results with an increase of 15.5%, outperformed VNINDEX (+10.2%) year to date
- **PRUlink** Growth Fund increased 11.4%
- **PRUlink** Balance Fund increased 8.5%
- **PRUlink** Stable Fund increased 5.5%
- **PRUlink** Bond Fund increased 1.1%
- **PRUlink** Preserver Fund increased 2.1%

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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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.

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