Eastspring Vietnam Newsletter – Oct 2025

Macroeconomics

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Global Macroeconomics

United States: At the FOMC meeting on October 30, 2025, the Federal Reserve decided to cut the policy rate by 25 basis points and announced it will end its balance sheet reduction program effective December 1, 2025. This means the Fed will stop selling U.S. Treasuries to drain liquidity, after having already reduced approximately $2.3 trillion from its nearly $9 trillion balance sheet since the COVID-19 pandemic in 2022, in an effort to support market liquidity.

The Fed noted that the U.S. economy continues to grow at a moderate pace, but hiring demand is slowing, while inflation remains above the 2% target—currently around 3%, partly due to tariff policies under President Donald Trump. However, the Fed views these inflationary pressures as transitory. The latest rate cut signals the Fed's priority to support labor markets and economic growth, even at the expense of its short-term inflation objective.

China: During the APEC summit, President Donald Trump and President Xi Jinping reached several agreements aimed at ending the "trade war." Key measures include reducing the U.S. import tariff on fentanyl to 10% and lowering tariffs on Chinese goods from 57% to 47%. In return, China committed to curbing illicit substance flows into the U.S., increasing purchases of 180,000 tons of soybeans, approving the sale of TikTok in the U.S., and ensuring a stable supply of rare earth materials for America's strategic industries.

Vietnam Macroeconomics

Macroeconomic Outlook Remains Positive Despite Global Uncertainty

Vietnam's economic outlook for late 2025 and 2026 remains favorable, underpinned by strong public investment and resilient external demand. Accelerated infrastructure spending is expected to maintain growth momentum and generate spillover effects across industries. While global trade risks and geopolitical tensions could pose challenges, Vietnam's competitive tariff regime, solid fiscal position, and accommodative monetary policy provide a robust foundation for achieving ambitious GDP growth targets.

Inflation Pressures Remain Contained Despite Food Price Surge

Vietnam's headline inflation in October rose modestly by 0.20% MoM and 3.25% YoY, signaling that price pressures remain under control. The increase was primarily driven by higher foodstuff prices in flood-affected provinces following recent storms, which lifted the food and catering category by 0.59% MoM. However, this upward pressure was partially offset by a sharp 2.48% decline in domestic gasoline prices, which helped contain overall inflation. The relatively stable inflation environment provides room for policymakers to maintain accommodative monetary conditions while monitoring potential risks from weather-related disruptions and energy price volatility.

Retail Sales Growth Slowed Sharply Amid Flood Impact

Retail sales of goods and services grew 7.2% YoY in October, marking the lowest monthly growth rate of 2025. This slowdown was largely attributed to severe flooding caused by storms No. 11 and No. 12, which disrupted consumption activities in several northern and central provinces. Despite this temporary setback, cumulative retail sales for the first ten months of the year (10M 2025) remained resilient, which grew 9.3% YoY, supported by strong demand for food, garments, and tourism services. Looking ahead, reconstruction efforts and seasonal demand during the year-end holidays are expected to provide a rebound in retail activity.

Manufacturing Momentum Has Strengthened with PMI at 15-Month High

Industrial production continued its robust performance, with the Index of Industrial Production (IIP) rising 2.4% MoM and 10.8% YoY in October. The manufacturing sub-sector led the expansion, posting an impressive 11.4% YoY growth, driven by strong demand for motor vehicles, rubber, and plastic products. Complementing this trend, the Manufacturing PMI surged to 54.5, its highest level in 15 months, signaling a significant improvement in business conditions. The recovery in new export orders for the first time in a year and rising employment underscore growing confidence among manufacturers as they prepare for peak seasonal demand.

External Sector and Investment Flows Remain Robust

Vietnam's trade performance remained strong in October, with exports reaching USD 42.0bn (+17.5% YoY) and imports at USD 39.4bn (+16.8% YoY), resulting in a trade surplus of USD 2.6bn. Export growth was fueled by electronics and machinery, while import demand reflected continued investment in production capacity. Foreign direct investment also showed positive momentum, with disbursed FDI rising to USD 2.5bn (+11.4% YoY), supported by manufacturing and processing projects. Meanwhile, public investment disbursement accelerated to VND 45.7tn in October, contributing to a cumulative 57.9% YoY increase over 10 months, as the government pushed infrastructure spending to sustain economic growth.

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

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Stock Market

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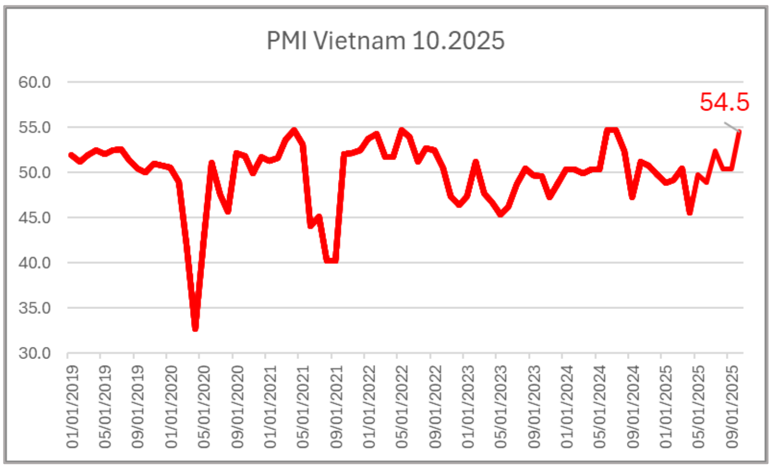
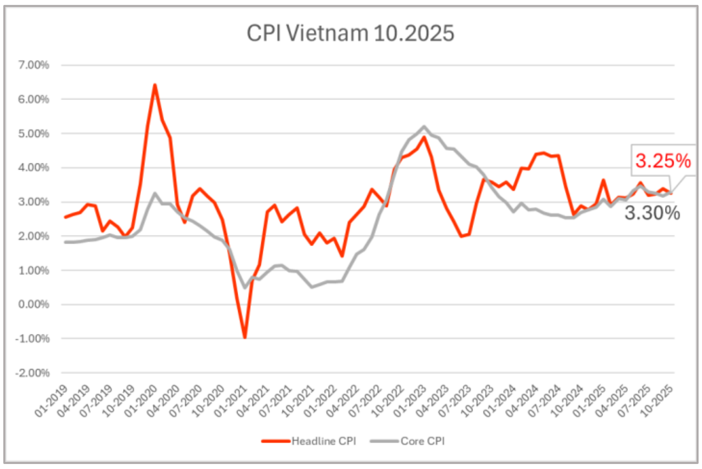
Market Overview





Equity market overview.

Vietnam's equity market remains an attractive long-term investment destination.

The VN-Index closed October at 1,639.7 points, down 1.3% MoM, marking its second consecutive monthly decline. As of end-October, the VNI had still surged 29.4% YTD. Despite an early rally fueled by strong macroeconomic data and the FTSE Russell upgrade announcement in October, profit-taking and persistent foreign net selling reversed gains later in the month. Market liquidity softened, with the average daily trading value slipping 1.4% MoM to USD 1,275.9 million, reflecting cautious investor sentiment. Foreign investors continued aggressive selling, recording USD 842.5 million net outflows on HSX, contributing to a substantial USD 4.6 billion YTD outflow. Meanwhile, valuations remained reasonable, with the VN-Index trading at a trailing P/E at 15.9x as of end-October 2025, competitive compared to regional peers such as Indonesia's JCI and Thailand's SET.

Vietnam's equity market remains an attractive long-term investment destination, supported by reasonable valuations, accommodative monetary conditions, and a pivotal market upgrade. FTSE Russell has confirmed Vietnam's reclassification from Frontier Market to Secondary Emerging Market, effective September 21, 2026. This transition is expected to strengthen investor confidence, improve liquidity, and drive valuations higher, particularly alongside Vietnam's strong GDP growth prospects. These structural enhancements are likely to draw substantial foreign capital and expand investor participation. Nevertheless, challenges persist. External headwinds, notably shifts in U.S. trade policy, continue to pose risks to Vietnam's export performance and its ability to maintain foreign direct investment inflows. Successfully navigating these uncertainties will be critical to sustaining momentum and unlocking the full potential of Vietnam's equity market in the coming years.

Sector performance.

Sector performance in October showed clear divergence. Technology surged 10.8%, emerging as the strongest performer, driven by optimism around IT recovery and standout gains from FPT. Consumer Services followed with a robust 5.5% increase, supported by exceptional moves in VJC and retail names like FRT and MWG. On the downside, Financial Services tumbled 12.5%, hit by foreign selling and weak sentiment in brokerage stocks. Banks fell 4.4%, pressured by profit-taking and continued foreign outflows, while Basic Materials declined 1.5% amid pricing headwinds.

Bond market overview

Bond Market Developments in October 2025: Corporate Bonds Accelerate, Government Bonds Remain Stable

In October 2025, the total value of government bond (GB) auction offerings reached VND 67.5 trillion, with a winning bid ratio of 41.1%, equivalent to 19.1% of the Q4 issuance plan. Notably, the 10-year tenor continued to dominate with a high winning ratio (65.3% of total successful bids). Average winning yields across most maturities edged up slightly compared to the previous month. The average issuance tenor stood at 8.7 years. By the end of October 2025, the State Treasury had raised VND 283.4 trillion through GB issuance, representing 56.7% of the annual target.

Meanwhile, corporate bond (CB) issuance in October 2025 totaled VND 57.2 trillion, up 13% month-on-month and 46% year-on-year. Cumulatively, in the first 10 months of 2025, total CB issuance reached VND 481.9 trillion, marking a 37% increase compared to the same period in 2024, with the majority still driven by the Banking and Real Estate sectors. During October, corporates repurchased VND 9.95 trillion of bonds before maturity, down 44% year-on-year.

Source: FiinproX, Bloomberg, VBMA.

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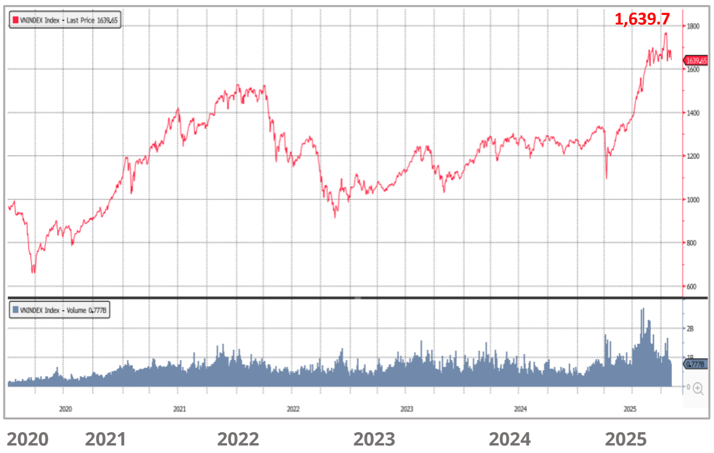
Industries	%1 M	%3 M	%YTD	P/E	P/B	ROE %	ROA %	EPS Growth (YoY,%)	Net Profit Growth (YoY,%)
Financials	0.47%	24.63%	104.90%	22.04	2.26	10.48%	3.16%	38.26%	20.39%
Basic Materials	-0.28%	2.77%	20.54%	16.20	1.59	10.46%	5.32%	20.72%	-6.61%
Oil & Gas	2.31%	13.18%	14.60%	20.49	1.36	6.83%	3.20%	-32.46%	-19.33%
Utilities	1.26%	1.05%	10.81%	13.46	1.70	13.41%	7.00%	24.25%	-24.59%
Banks	-3.86%	8.40%	28.71%	10.04	1.62	17.04%	1.48%	5.28%	-1.91%
Consumer Goods	4.47%	8.41%	5.27%	16.34	2.39	14.43%	6.70%	17.55%	-16.96%
Industrials	-3.48%	-14.68%	-12.92%	12.97	2.05	13.68%	5.94%	22.18%	38.11%
Health Care	0.65%	4.68%	13.66%	17.91	1.72	9.07%	5.38%	-8.90%	-4.99%
Consumer Services	6.05%	11.96%	38.65%	22.01	4.18	20.30%	5.40%	64.19%	-34.79%
Technology	11.50%	1.05%	-18.02%	19.28	3.90	22.52%	11.18%	16.18%	10.34%
Telecommunications	13.80%	6.55%	-7.90%	23.08	5.88	29.29%	15.39%	114.89%	38.86%
Real Estate	2.73%	30.66%	129.31%	24.93	2.42	9.92%	3.05%	40.60%	-3.52%

VN-Index



P/E ratio

Source: FiinproX, Bloomberg.

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PRU*link* Fund Performance Update

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Introduction

In April, PRU*link* ***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 **PRU***link* **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.

PRU*link* Funds Performance

Year	Prulink Vietnam S.D.E	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	6.3%	17.9%	13.7%	10.5%	7.4%	2.8%	4.2%	12.1%	15.3%	5.9%	5.9%
10M2025	**11.2%**	**11.8%**	**9.2%**	**7.3%**	**5.4%**	**2.8%**	**3.7%**	**29.4%**	**77.2%**	**2.5%**	**4.7%**

NAV data as of 30 Oct 2025

Commentary

As of 31 Oct 2025, **PRU***link* funds achieved returns as follows:

- **PRU***link* ESG Fund increased 11.2% from year to date (YTD).
- **PRU***link* Equity Fund increased 11.8% YTD.
- **PRU***link* Growth Fund increased 9.2% YTD.
- **PRU***link* Balance Fund increased 7.3% YTD.
- **PRU***link* Stable Fund increased 5.4% YTD.
- **PRU***link* Bond Fund increased 2.8% YTD.
- **PRU***link* Preserver Fund increased 3.7% YTD.

PRU*link* 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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