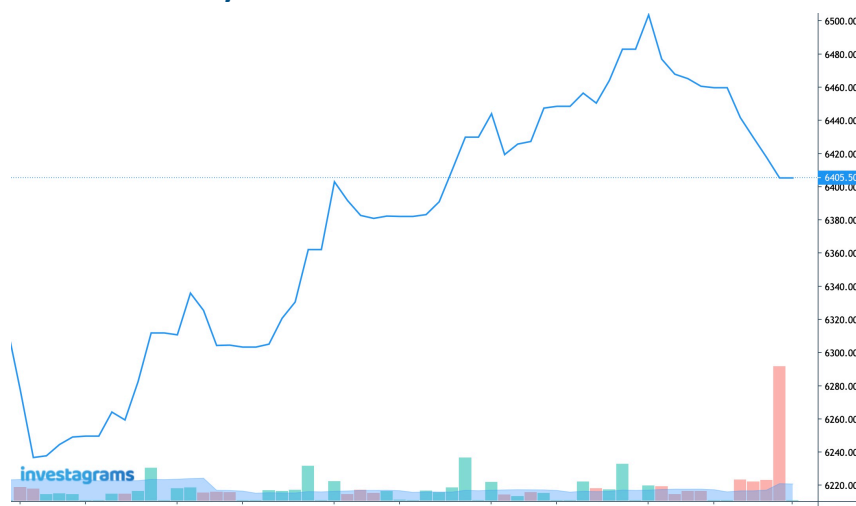




Market Commentary



➔ The PSEi gained 89.57 points or 1.42% week-on-week to close at 6,405.50 from the previous week's 6,315.93. The benchmark index recorded another winning week on the back of strong batches of corporate earnings and the US Federal Reserve's less hawkish tone following its interest rate hike in the previous week. Most companies reported better financial results in first half of 2022 compared to last year, and in the second quarter versus the first quarter of this year. The Philippine Peso closed slightly weaker against the US dollar at PHP55.2 against the preceding week's PHP55.13. Net foreign buying expanded last week reaching PHP747.63 million from PHP545.56 million. Sectoral performances were mixed. Industrial (+3.58%) posted the biggest gain, while Financial (-0.77%) recorded the largest decline. PNX4 (+23.17%), and AB (+13.30%) led last week's gainers, while SECB (-9.44%), and SSP (-9.38%) were the main laggards. Notable developments from last week were:

- The Philippine Statistics Authority (PSA) said that PH inflation reached 6.4% in July, still fueled by food and transport prices. The figure was higher than June's 6.1%, and the quickest since October 2018's 6.9%. Food and non-alcoholic beverage were the main drivers of inflation followed by transport.
- According to S&P Global, the growth of the Philippines' manufacturing sector slowed down in July due to declining output and demand. The country's S&P Global Purchasing Managers' Index (PMI) went down to 50.8 points, the slowest in six months, from June's 53.8 points, due to increasing impacts of inflationary pressures on production levels and demand for new orders.
- According to the Bangko Sentral ng Pilipinas (BSP)'s data, gross international reserves (GIR) was at \$98.83 billion as of July-end, 2% lower than the June-end's \$100.85 billion. It was the first time that the dollar reserves fell below the \$100-billion mark since August 2020.
- The PH office sector continues its recovery towards pre-POGO level in 2016. Office demand for the second quarter of 2022 stood at 451,000 square meters (sqm), while back in 2016, it stood at 647,000 sqm. Actual office absorption for the second quarter was 255,000 sqm, the highest since the pandemic started.

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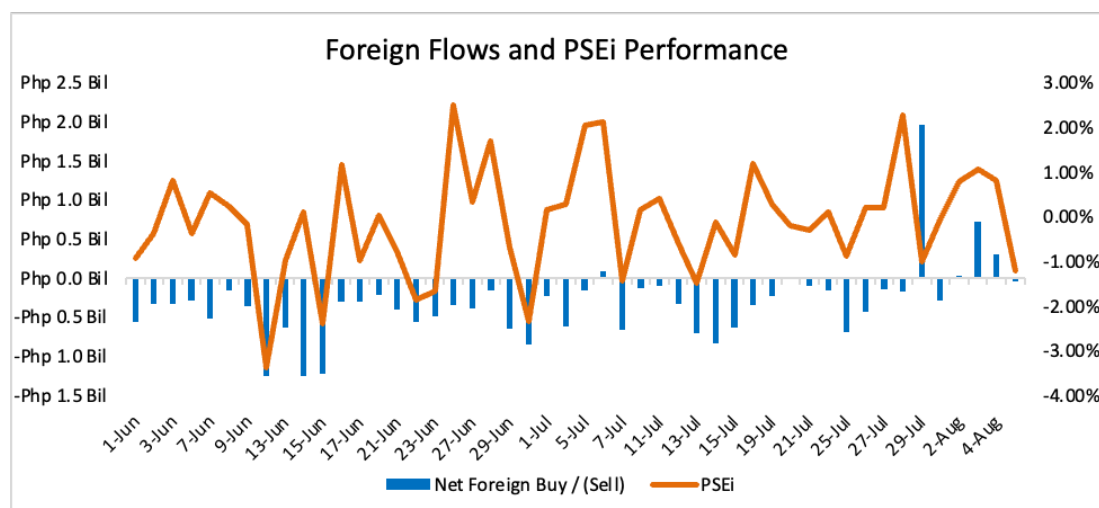
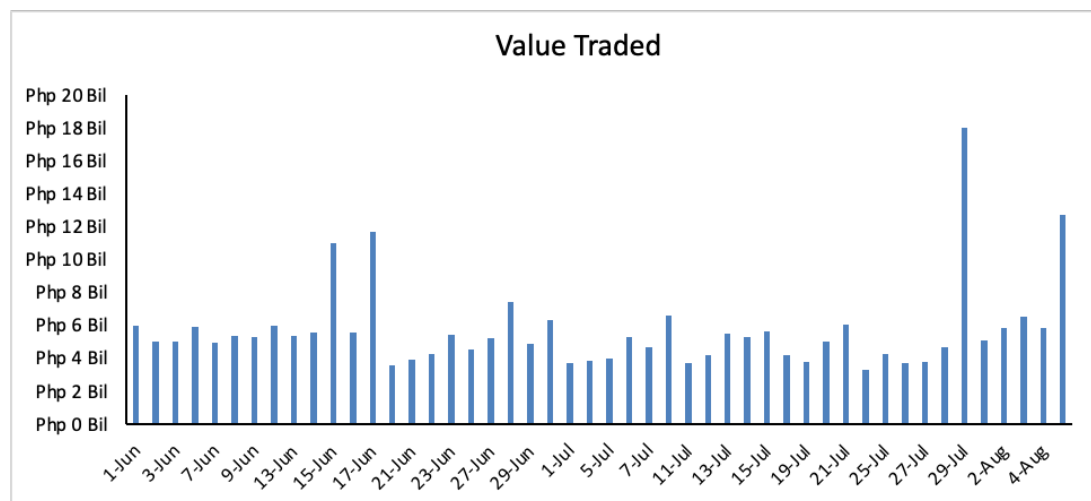
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INDICES

Index	Prev	Last	% Chg
PSEi	6,315.93	6,405.50	1.42%
All Shares	3,398.82	3,432.06	0.98%
Financial	1,532.38	1,520.62	-0.77%
Industrial	9,262.41	9,593.71	3.58%
Holding Firms	5,934.73	6,072.20	2.32%
Property	2,832.21	2,858.04	0.91%
Services	1,674.25	1,673.71	-0.03%
Mining & Oil	11,442.61	11,439.10	-0.03%



- Market turnover for the week averaged PHP7.21 billion, higher than the previous week's PHP6.93 billion. This week logged a higher net foreign buying of PHP747.63 million, compared to the PHP545.56 million from July 25-July 29.

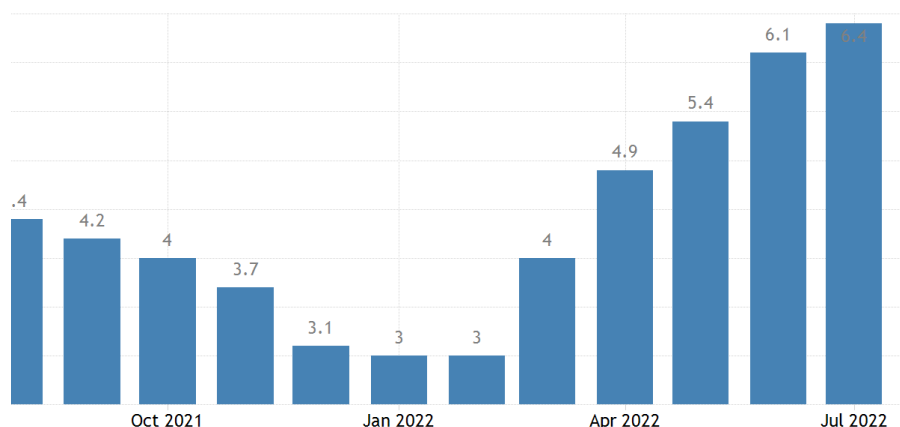


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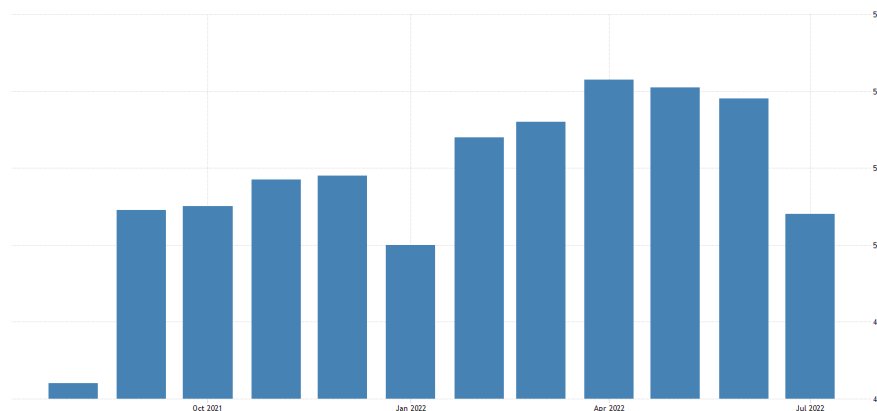


Key Economic Figures



Source: TradingEconomics, Philippine Statistics Authority

- ➔ **PH inflation rate.** Inflation rate in July reached 6.4%, higher than the 6.1% recorded in June, and on the upper end of the BSP's range estimate of 5.6%-6.4%. Food and non-alcoholic beverages prices were the main drivers of the acceleration, followed by transport costs, and housing. This was the highest level since the 6.9% back in October 2018. Prices continued to be affected by external pressures stemming from the Ukraine-Russia conflict, and the US Federal Reserve's aggressive monetary policy tightening. The BSP could feel more pressured to make a bigger policy rate hike in their next meeting this August.



Source: TradingEconomics, S&P Global

- ➔ **PH PMI Index.** The Philippines' S&P Global Purchasing Managers' Index (PMI) slid down by 3 points to 50.8 points from June's 53.8 points as output and new demand both dipped. This was the weakest in 11 months, not including January of this year. According to the S&P Global report, production was severely affected by the lengthy lead times because of logistical challenges, shipment delays, and port congestion. Global uncertainties also weighed down on export demand. The country's PMI reading in July was behind most of its fellow ASEAN members like Thailand, Indonesia, and Vietnam which recorded 52.4 points, 51.3 points, and 51.2 points, respectively. The Philippines was only ahead of Malaysia's 50.6 points, and Myanmar's 46.5 points.

For the Week

TOP GAINERS		TOP LOSERS	
PNX4	23.17%	SECB	-9.44%
AB	13.30%	SSP	-9.38%
AC	12.42%	MER	-7.06%
MONDE	10.96%	AGI	-5.86%
URC	10.45%	AP	-5.05%
EAGLE	10.15%	ICT	-4.94%
RRHI	10.01%	SMC	-4.74%
ABS	9.68%	MPI	-4.34%
SPC	8.57%	DD	-3.89%
TUGS	8.04%	ROCK	-3.85%
APX	7.43%	MWIDE	-3.41%
JFC	6.76%	LTG	-3.41%
CNPF	6.38%	MWC	-3.39%
LPZ	6.21%	UBP	-3.35%
ACEN	5.85%	MAXS	-3.02%
CNVRG	5.26%	DMC	-2.84%
GSMI	5.26%	LR	-2.82%
GMA7	5.24%	CLI	-2.80%
PGOLD	4.80%	FMETF	-2.57%
FLI	4.55%	8990P	-2.53%

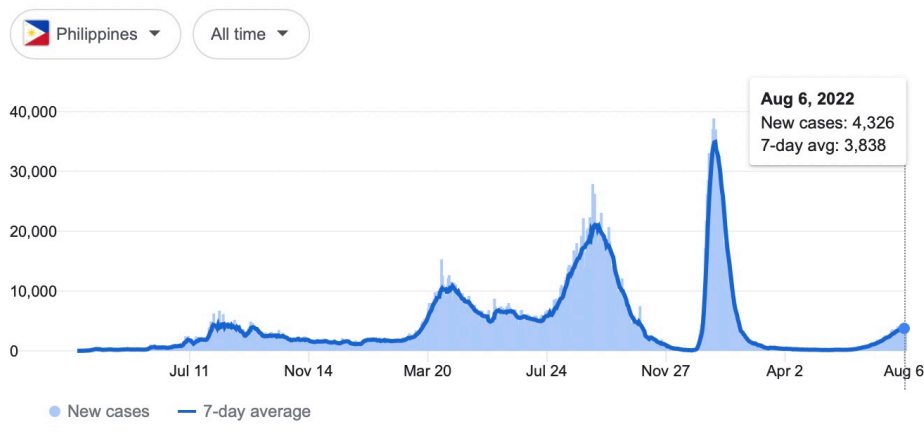
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Market Outlook

What You Need to Know

- ➔ The PSEi gained by 1.42% week-on-week and closed at 6,405.50 last Friday. The benchmark index posted a 3-day rally which was only snapped last Friday. The high 6.4% inflation in July could weigh down on market sentiment in the short-term only as commodity prices have been dropping recently already. Some analysts are saying that cycle of interest rate hikes may have already peaked, despite the high probability of further increases towards the end of the year.
- ➔ Average number of COVID-19 cases in the Philippines per week continues to increase drastically. The number of coronavirus cases in the Philippines has reached 3,803,955 as of August 7 while active cases increased to 3,705,343 from 33,622 last week. There are now 60,807 recorded deaths from COVID-19. Average new cases per week are up to 4,326 from 3,356 last week.



- ➔ The market remains susceptible to profit taking measures given its strong performance last week. Added selling pressure may arise from the latest inflation data for July as the central bank could be more pressed now to impose a bigger increase in its benchmark rate. However, the effects of the hot inflation in July to market sentiment could not linger that long, especially if the second quarter gross domestic product (GDP) data which will be released tomorrow pleases market expectations. Despite the US Federal Reserve (Fed)'s latest 75-basis points hike, the Philippine Peso continued hold strong which could also be a positive indicator. Corporate earnings of Philippine companies last week continued to show strong recovery from the pandemic. Some companies are even ahead or approaching their pre-pandemic earnings status. Long-term economic outlook for the Philippines remains optimistic as challenges to growth are slowly loosening.

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