



Market Commentary



INDICES

Index	Prev	Last	% Chg
PSEi	6,405.50	6,699.66	4.59%
All Shares	3,432.06	3,564.16	3.85%
Financial	1,520.62	1,559.99	2.59%
Industrial	9,593.71	9,898.88	3.18%
Holding Firms	6,072.20	6,404.39	5.47%
Property	2,858.04	3,042.00	6.44%
Services	1,673.71	1,752.31	4.70%
Mining & Oil	11,439.10	11,693.36	2.22%

➔ The PSEi soared by 294.16 points or 4.59% week-on-week to close at 6,699.66 from the previous week's 6,405.50. The benchmark index booked a significant upward momentum last week on the back of the cooler-than-expected US inflation in July, the second quarter gross domestic product (GDP) growth falling within expectations, and strong corporate earnings. The Philippine Peso closed weaker against the US dollar at PHP55.61 from the previous week's PHP55.2. Foreigners turned net sellers last week with net foreign selling amounting to PHP11.19 billion. Sectors posted gains across the board led by Property (+6.44%), and Holding Firms (+5.47%). Meanwhile, ABS (+30.59%), and MAXS (+24.44%) led last week's stock gainers, while PNX4 (-18.71%), and ION (-7.25%) were the main stock laggards. Notable developments from last week were:

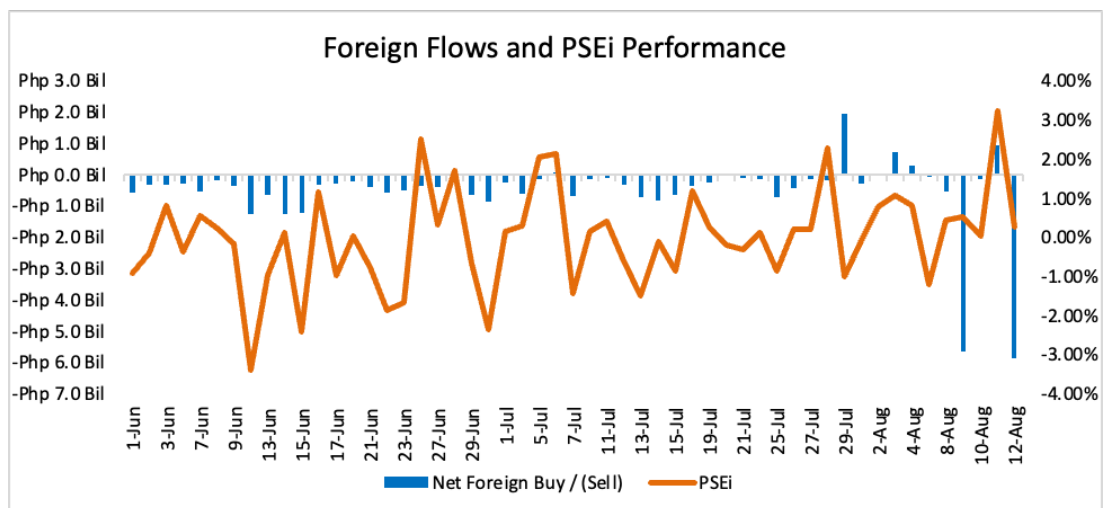
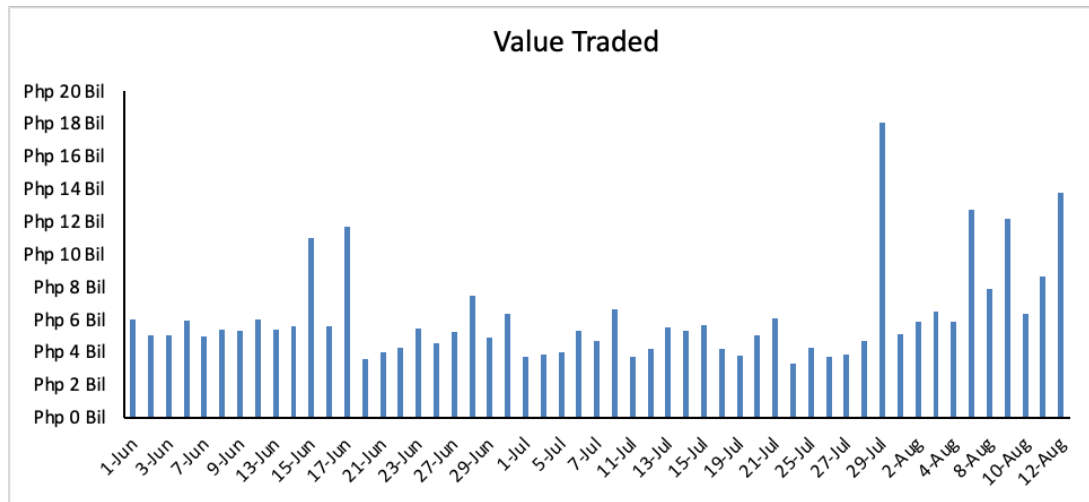
- The Philippines' GDP grew by 7.4% in the second quarter, which was still on the upper end of the government's year-end target of 6.5%-7.5%. The growth was slower than the first quarter's 8.2%. First half GDP growth is at 7.8%.
- Net inflows of foreign direct investment went down to \$742 million in May, 24.9% lower than the \$989 million recorded in April, but 64% higher than the same period last year. Economists cited the wait-and-see stance prior to the elections as the main cause for the contraction.
- The unemployment rate in June was unchanged at 6% compared to May, but lower than the 7.7% in June of last year. This was equivalent to 2.99 million unemployed Filipinos out of the 49.58 million that participated in its monthly labor force survey. Meanwhile, underemployment improved to 12.6% from 14.6% in May, and 14.2% in June 2021.
- Earnings of Philippine banks rose by 16.7% to PHP143.12 billion in the first six months of 2022, from last year's PHP122.67 billion. The banking sector's net interest income grew by 8.8% to PHP354.32 billion from PHP325.58 billion, due a 6.4% increase in interest earnings paired with 6.9% drop in interest expenses.

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➔ Market turnover for the week averaged PHP9.77 billion, higher than the previous week's PHP7.21 billion. Last week logged a net foreign selling of PHP11.19 billion compared to the net foreign buying of PHP747.63 million from the week of August 1-5.



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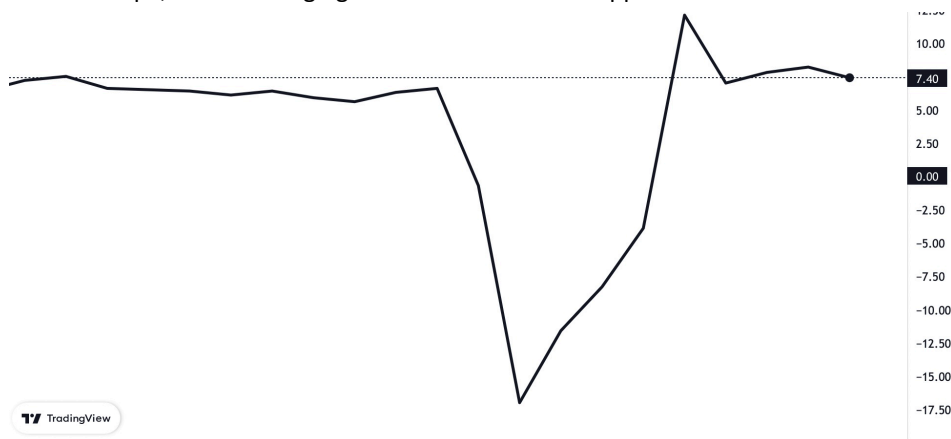


Key Economic Figures



Source: TradingView, US Bureau of Labor Statistics

- ➔ **US inflation rate.** The US inflation accelerated by a cooler-than-expected 8.5% in July on the back of lower petrol prices. This was lower than the 9.1% in June. Some economists said that this may be a sign that both inflation and the US Federal Reserve's aggressive interest rate hiking cycle could have already peaked. With commodity prices well removed from their all-time or recent highs, market sentiment could start to lean heavier on a better outlook in the long run. The positive effects of the latest US inflation print spilled over to other markets as well, in Europe, and in emerging economies like the Philippines.



Source: TradingView, Philippine Statistics Authority

- ➔ **PH GDP.** The Philippine GDP expanded by 7.4% in the second quarter, slightly lower than some economists' consensus estimate of 7.5%, but well within the upper end of the government's 6.5%-7.5% year-end target. The growth was fueled by strong construction and household spending as the economy continued to recover from the pandemic. However, the expansion was slowed down primarily by elevated food and energy prices during the cover period. The Philippines' GDP growth for the first half of the year stood at 7.8%. The government's finance managers are optimistic that the Philippine GDP growth will settle within their target range by the end of the year.

For the Week

TOP GAINERS		TOP LOSERS	
ABS	30.59%	PNX4	-18.71%
MAXS	24.44%	ION	-7.25%
PIZZA	13.57%	SSP	-6.21%
BLOOM	12.58%	CNVRG	-4.10%
MWC	12.30%	CNPF	-4.00%
GLO	11.44%	MRSGI	-3.38%
SSI	11.19%	SHNG	-2.72%
GTCAP	10.89%	IMI	-2.40%
WLCON	10.73%	GTPPB	-2.24%
SHLPH	10.68%	EEL	-2.10%
RLC	10.59%	DDPR	-2.00%
PGOLD	10.27%	2GO	-1.87%
ALI	10.04%	ACEN	-1.81%
HOME	9.39%	PRF3A	-1.52%
MBT	8.81%	HOUSE	-1.15%
MEG	8.41%	LPZ	-0.97%
VLL	8.25%	COSCO	-0.92%
TECH	8.09%	SMC2F	-0.65%
SM	8.08%	BPI	-0.47%
JFC	8.01%	DMW	-0.29%

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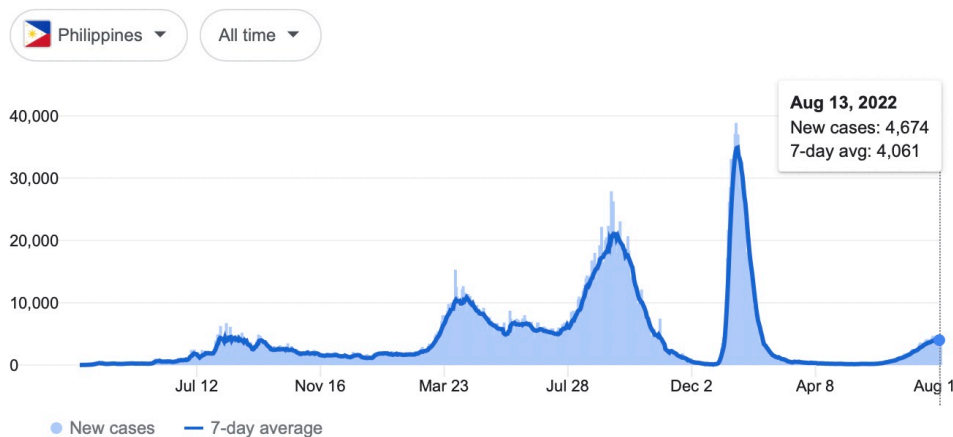
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Market Outlook

What You Need to Know

- ➔ The PSEi gained 4.59% week-on-week and closed at 6,699.66 last Friday. The benchmark index posted a week-long rally and even breached the 6,700-level briefly last Friday. Positive spillover effects in reaction to the cooler US inflation in July helped lift up market sentiment. The country's second quarter GDP growth of 7.4% was slower than the first quarter's 8.2%. However, investors' confidence appeared to have remained high on the notion that inflation have finally peaked, which could mean a slower pace and lesser magnitude of interest rate hikes moving forward.
- ➔ Average number of COVID-19 cases in the Philippines per week decreased. The number of coronavirus cases in the Philippines has reached 3,803,955 as of August 7 while active cases increased to 3,831,941 from 3,705,343 last week. There are now 61,036 recorded deaths from COVID-19. Average new cases per week are down to 4,061 from 4,326 last week.



- ➔ The market rose by almost 300 points in a span of a week which could make it highly susceptible to profit taking even if market sentiment may continue to fall on the positive side. However, a sustained rally remains possible when investors' confidence on key economic figures and strong corporate earnings could outweigh selling pressure from the quick rise in stock prices last week. Investors could also take a wait-and-see approach as the Bangko Sentral ng Pilipinas (BSP)'s next policy meeting on Thursday nears.

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