



Market Commentary



➔ The PSEi gained 164.20 points or 2.45% week-on-week to close at 6,863.86 from the previous week's 6,699.66. The benchmark index continued its upward trend as bullish sentiments persisted in other major markets for most of the week and corporate earnings continued to show positive results. The Philippine Peso closed weaker against the US dollar at PHP55.93 from the previous week's PHP55.61. Foreigners switched to being net buyers last week with net foreign buying amounting to PHP3.19 billion. Sectors posted gains across the board again led by Mining&Oil (+5.40%), and Holding Firms (+4.11%). Meanwhile, 2GO (+19.84%), and AGI (+10.65%) led last week's stock gainers, while HOME (-12.31%), and ABS (-10.81%) were the main stock laggards. Notable developments from last week were:

- The Bangko Sentral ng Pilipinas (BSP) raised policy rates by 50-basis points (bps) which brought the benchmark rate to 3.75%. It also raised its inflation forecast for 2022 to 5.4% from 5% and lowered its 2023 estimate to 4% from 4.2%
- Preliminary data from the Philippine Statistics Authority (PSA) showed that total foreign investment pledges for the first half of 2022 amounted to PHP55.21 billion, up 30.67% from last year's PHP42.25 billion.
- According to the joint report of the Chamber of Automotive Manufacturers of the Philippines, Inc. (CAMPI) and Truck Manufacturers Association (TMA), new motor vehicle sales reached 27,813 units in July, 29% higher than the 21,498 units sold in July 2021. For the first seven months of 2022, total sold units amounted to 182,687, 18.4% more than the 154,265 units sold in the same period last year.
- Data from the Bangko Central ng Pilipinas (BSP) showed that cash remittances in June went up 4.4% year-on-year to \$2.75 billion from \$2.64 billion and the biggest in the past six months. For the first half 2022, cash remittances stood at \$15.35 billion, 2.9% higher than the \$14.91 billion from the same period in 2021. Economists said that the rise in remittances may be due to the increased cost of living of overseas Filipinos' families due to elevated prices of goods and services.

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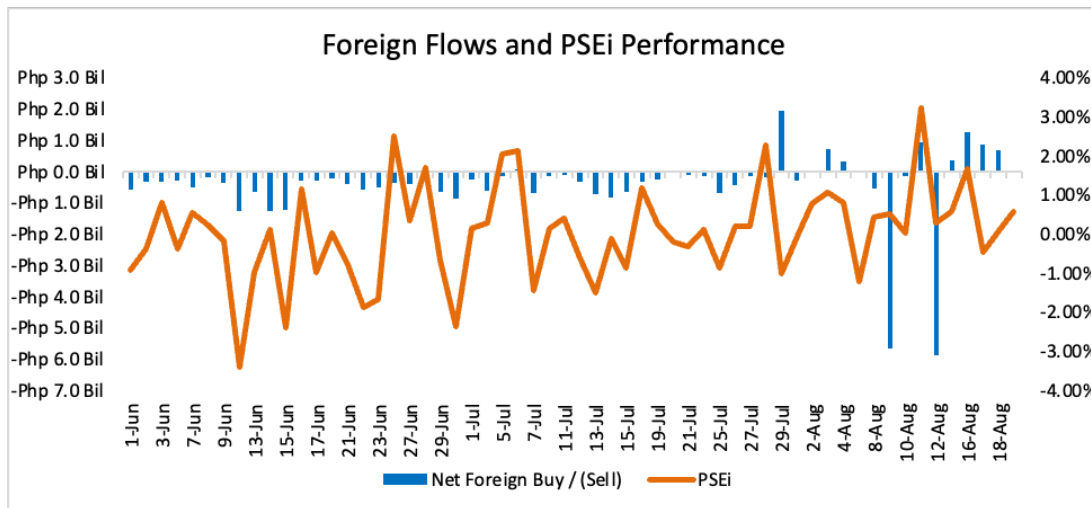
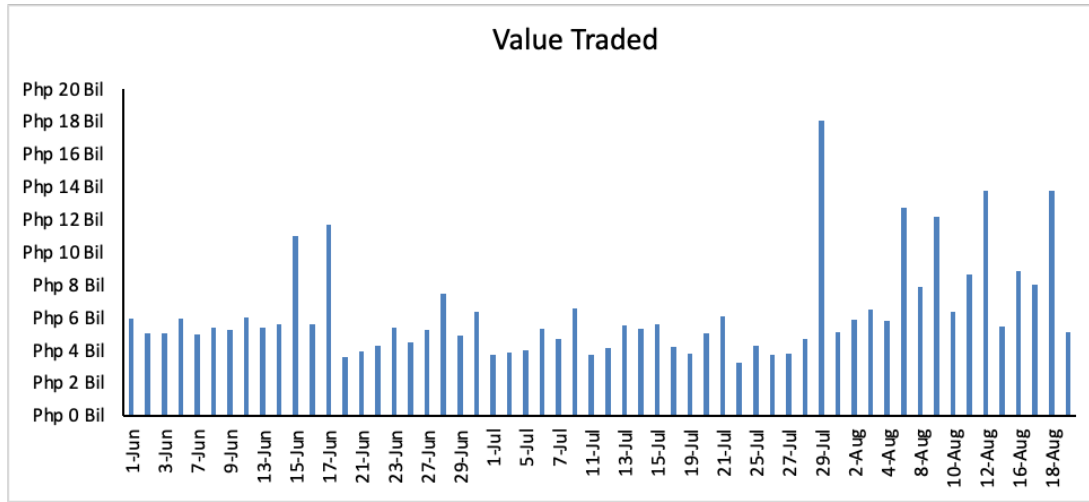
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INDICES

Index	Prev	Last	% Chg
PSEi	6,699.66	6,863.86	2.45%
All Shares	3,564.16	3,635.57	2.00%
Financial	1,559.99	1,621.00	3.91%
Industrial	9,898.88	10,006.74	1.09%
Holding Firms	6,404.39	6,667.83	4.11%
Property	3,042.00	3,079.37	1.23%
Services	1,752.31	1,756.17	0.22%
Mining & Oil	11,693.36	12,325.37	5.40%



- ➔ Market turnover for the week averaged PHP8.27 billion, lower than the previous week's PHP9.77 billion. Last week logged a net foreign buying of PHP3.19 billion, compared to the net foreign selling of PHP11.19 billion from the week of August 8-12.

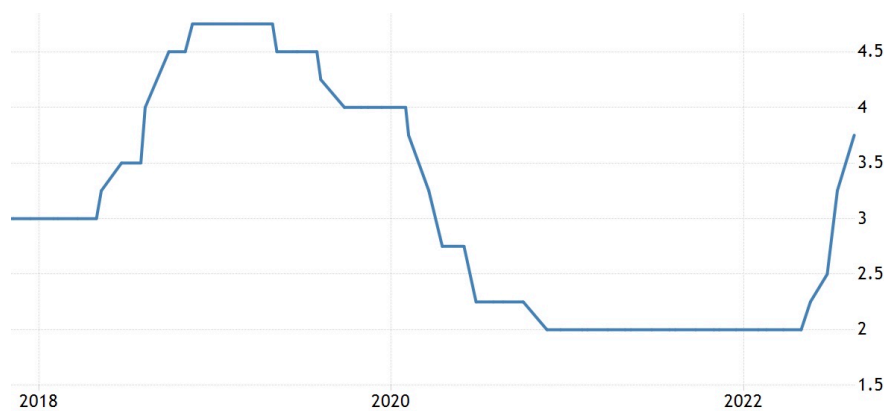


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Key Economic Figures



TRADINGECONOMICS.COM | BANGKO SENTRAL NG PILIPINAS

Source: TradingEconomics, Bangko Sentral ng Pilipinas

➔ **PH benchmark rate.** The Bangko Sentral ng Pilipinas (BSP) announced a 50-basis points (bps) increase in policy rates last Thursday, August 18. This brought the overnight reverse repurchase 3.75%, close to the pre-pandemic rate of 4.00%. The BSP has raise the rates by 175bps so far this year in its effort to curb high inflation. BSP Governor Felipe Medalla expects inflation to reach its peak within the 4th quarter of this year. Even so, further rate hikes may still be necessary as a peak in inflation does not necessarily entail that it will fall within the central bank's targets. The BSP also clarified that it will have to respond to the US Federal Reserve's policy moves, but not necessarily match it on a point-per-point basis.



Source: TradingView, IDC

➔ **USD-PHP exchange rate.** The Philippine Peso weakened for the 3rd straight week against the US dollar as it continued to face pressure from the hawkish US Federal Reserve (Fed). The Fed raised policy rates by 75-basis points (bps) last July 27, its second consecutive 75bps hike this year. The local currency has depreciated by 9.71% against the greenback this year as of last Friday as prices soared and are just now beginning to ease. The BSP's 50bps hike last Thursday was unable to immediately stop the bleeding as estimates for the Fed's next possible hike on September lean heavier on another 75bps increase. The Philippine Peso ended last week at 55.93, down another 0.58% week-on-week.

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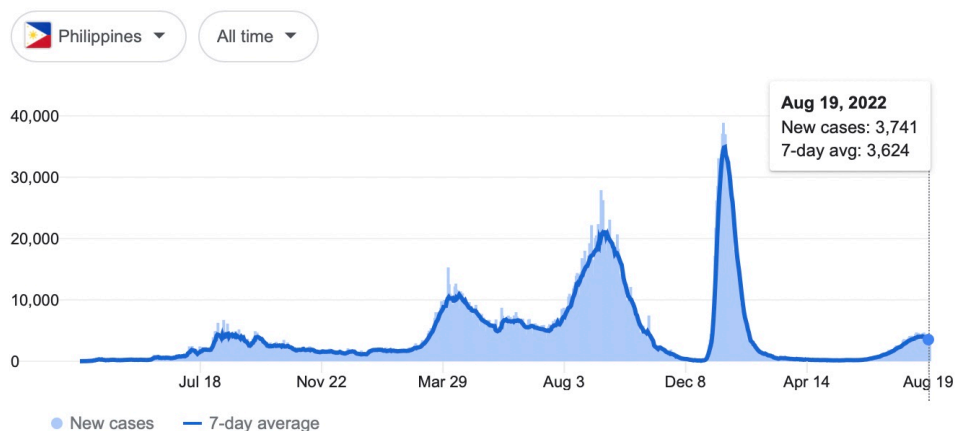
For the Week

TOP GAINERS		TOP LOSERS	
2GO	19.84%	HOME	-12.31%
AGI	10.65%	ABS	-10.81%
PX	10.63%	TECH	-10.78%
SHLPH	10.55%	PNX4	-7.99%
SEVN	9.77%	CHP	-4.11%
BDO	9.30%	TEL	-3.74%
FGEN	8.89%	HLCM	-3.53%
MEG	8.16%	MWC	-3.13%
SGP	8.09%	ION	-3.13%
EMP	8.08%	GMA7	-3.07%
IMI	7.96%	MRSGI	-2.80%
NIKL	7.90%	CHIB	-2.72%
CNPF	7.71%	SMC	-1.94%
VLL	7.14%	RRHI	-1.87%
LR	6.90%	JFC	-1.72%
APX	6.25%	FB	-1.63%
DNL	5.97%	SPC	-1.61%
SCC	5.97%	SMPH	-1.30%
GSMI	5.88%	SSI	-1.26%
SSP	5.88%	FNI	-1.22%

Market Outlook

What You Need to Know

- ➔ The PSEi gained 2.45% week-on-week and closed at 6,863.86 last Friday. The benchmark index posted another winning week, making it 5 consecutive weeks of gains. It also broke past and closed above the 6,800-level, the first since May 30 when it ended at 6,822.32. The BSP raised interest rates by another 50-basis points, in line with consensus estimate. Some positive key economic indicators and strong batches of corporate earnings could have continued to uplift market sentiment.
- ➔ Average number of COVID-19 cases in the Philippines per week decreased. The number of coronavirus cases in the Philippines has reached 3,852,170 as of August 20 while active cases increased to 36,146 from last week. There are now 61,308 recorded deaths from COVID-19. Average new cases per week are down to 3,624 from 4,061 last week.



- ➔ The benchmark index has gained 668.60 points in the last five weeks, 458.36 points in the last two weeks alone. Market sentiment may continue to be on the positive side, but some tapering off could happen in the coming weeks due to the Fed maintaining a hawkish stance on monetary policy moving forward. Some investors were on the belief that the Fed's interest rate hiking cycle may have already peaked as the US inflation finally cooled down in July. However, the minutes of their meeting last July noted a hawkish tone, and only a slowdown in the pace of hikes may be considered. Economists are now bracing for another 75bps hike on September which may cause recession fears to heighten once again. This could negatively affect local equities. Given the big and quick rise of stock prices in the past few weeks, the market could be highly susceptible to profit taking. Investors may be keen to lock in profits from the rallies in the past weeks as the earnings season draws to a close and absence of more economic indicators in the coming weeks loom.

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