



Market Commentary



INDICES

Index	Prev	Last	% Chg
PSEi	6,752.50	6,692.65	-0.89%
All Shares	3,577.45	3,548.53	-0.81%
Financial	1,636.78	1,612.17	-1.50%
Industrial	9,874.87	9,926.40	0.52%
Holding Firms	6,490.97	6,458.51	-0.50%
Property	3,021.17	2,984.96	-1.20%
Services	1,722.49	1,692.03	-1.77%
Mining & Oil	11,814.88	11,643.81	-1.45%

➔ The PSEi shed another 59.85 points or 0.89% week-on-week to close at 6,692.65 from the previous week's 6,752.50. The benchmark index posted another weekly decline for a second straight week as market sentiment continued to be dampened by fears of higher interest rates amidst majority of major central banks' hawkish signals. The Philippine Peso closed last week with a new all-time of PHP56.77 against the US dollar from the previous week's PHP56.02. Foreigners continued to be net sellers with net foreign selling amounting to PHP126.89 million. All sectors except Industrial (+0.52%) posted week-on-week contractions. Services (-1.77%), and Financial (-1.50%) had the biggest drops. Meanwhile, MWIDE (+21.23%), and SGP (+11.79%) led last week's stock gainers, while PNX4 (-23.62%), and ABS (-19.60%) were the main stock laggards. Notable developments from last week were:

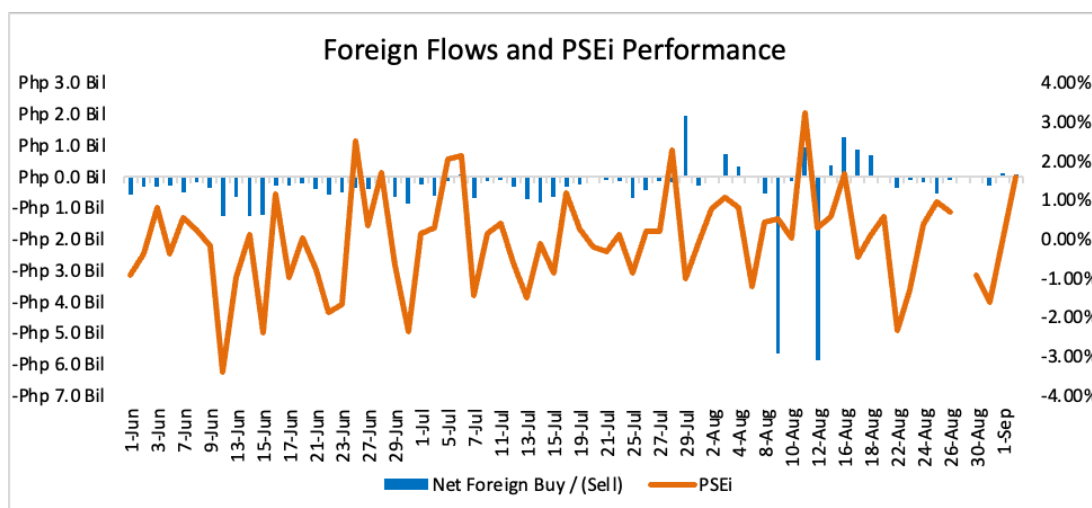
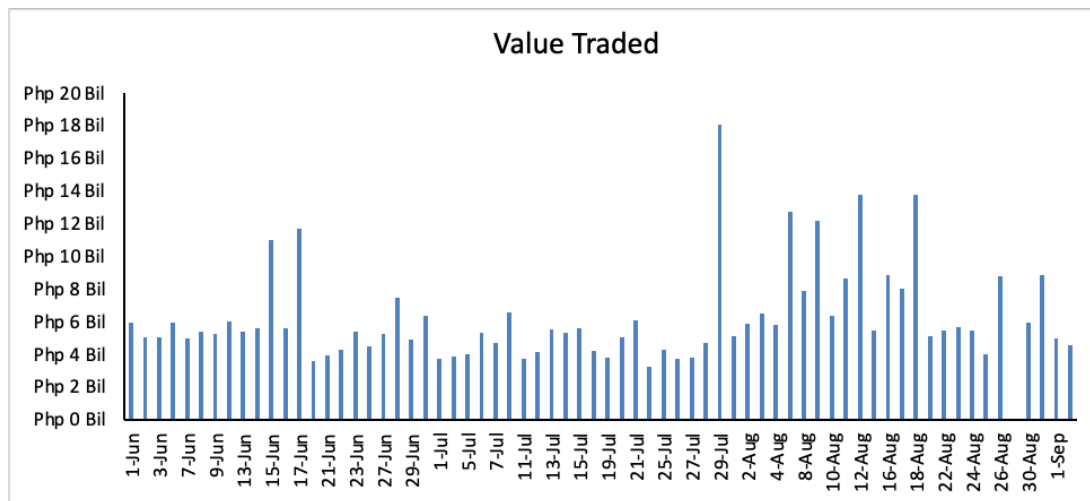
- The S&P Global Philippines Manufacturing Purchasing Managers' Index (PMI) reading stood at 51.2 in August, higher than the 50.8 in July. This is the 7th month in a row that manufacturing firms recorded growth.
- The Bangko Sentral ng Pilipinas (BSP) stated that there is a chance that inflation may have accelerated faster in August due to increases in the price of key food items. The central bank estimates August inflation to fall between 5.9%-6.7%.
- According to the Philippine Statistics Authority (PSA), the rise of wholesale price index for construction materials in Metro Manila slowed down to 8.7% in July from an almost 14-year high of 8.9% in June. Bulk prices of building materials went up by 7.1%, faster by 2% than July last year. Security Bank Corp. Chief Economist Robert Dan J. Roces said the latest data confirm the recovery of the construction sector amid economic reopening.
- Data from the BSP showed that outstanding loans of universal and commercial banks net of reverse repurchase (RRP) placements with the central bank, rose by 12% year-on-year in July to PHP10.21 trillion from PHP9.12 trillion. The central bank added that domestic liquidity (M3) grew by 7% year-on-year to PHP15.4 trillion in the same month.

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➔ Market turnover for the week averaged PHP6.11 billion, higher than the previous week's PHP5.87 billion. Last week logged a net foreign selling of PHP126.89 million, significantly lower compared to the PHP1.23 billion from the week of August 22-26.

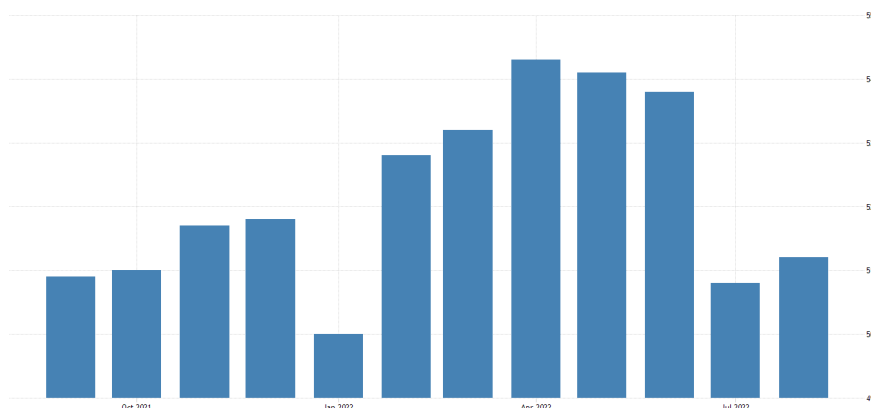


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Key Economic Figures



Source: TradingEconomics, S&P Global

- ➔ **S&P Global Philippines manufacturing purchasing managers' index.** The S&P Global Philippines manufacturing PMI went up to 51.2 in August from a 6-month low of 50.8 in July. The factory output growth was sustained as the economy continues its recovery from pandemic-induced disruptions. Output was back on track after posting a contraction for the first time in six months last July. Manufacturing firms' employment increased strongly at the fastest pace since June 2017 in the hopes of continued production expansion. However, S&P Global warned that rising downside external risks to domestic manufacturing growth, such as global supply-chain disruptions, elevated energy costs, and domestic issues like the weak peso and increasing interest rates may affect further growth.



Source: TradingView, IDC

- ➔ **USD-PHP exchange rate.** The Philippine Peso fell into a new all-time low against the USD as it closed at PHP56.77 last Friday. The USD continued to strengthen on the back of the US Federal Reserve's signals of a continued aggressive monetary tightening. The local currency is down 11.31% year-to-date. Some analysts are expecting a further decline ahead of the BSP's policy meeting this month.

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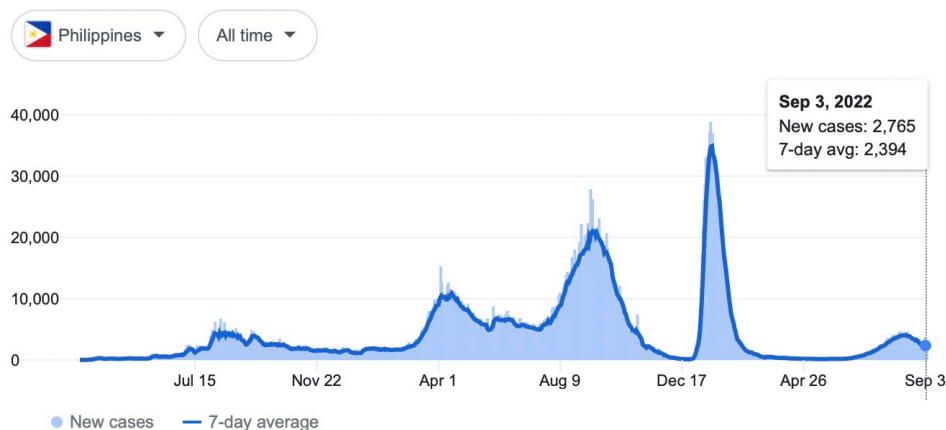
For the Week

TOP GAINERS		TOP LOSERS	
MWIDE	21.23%	PNX4	-23.62%
SGP	11.79%	ABS	-19.60%
FMETF	8.88%	CHP	-7.69%
HOUSE	6.30%	EEI	-7.51%
UBP	6.25%	FB	-6.32%
JFC	3.71%	IMI	-5.66%
GTCAP	3.24%	LTG	-5.30%
EAGLE	3.10%	TECH	-5.14%
STR	3.08%	ACEN	-4.98%
AC	2.64%	PX	-4.85%
8990P	2.50%	ION	-4.76%
PLC	2.35%	MEG	-4.25%
MRSGI	2.27%	PAL	-3.97%
DNL	2.00%	CNVRG	-3.87%
EMP	1.71%	TUGS	-3.82%
AB	1.44%	CEB	-3.42%
MER	1.34%	MWC	-3.13%
AP	1.27%	FGEN	-3.12%
MONDE	1.00%	BDO	-2.81%
PIZZA	0.89%	GTPPB	-2.72%

Market Outlook

What You Need to Know

- ➔ The PSEi declined by 0.89% week-on-week and closed at 6,692.65 last Friday. The benchmark posted a second straight losing week as market sentiment continued to be dampened by fears of higher interest rates in the US which may prompt a major economic downturn. Bargain hunters lifted the index in the last two days but still failed to overcome the losses incurred earlier in the week.
- ➔ Average number of COVID-19 cases in the Philippines per week continued to decrease. The number of coronavirus cases in the Philippines has reached 3,891,418 as of September 4 while active cases went down to 24,067 from 28,525 in the previous week. There are now 62,011 recorded deaths from COVID-19. Average new cases per week were down to 2,394 from 2,891 in the previous week.



- ➔ The benchmark index suffered another losing week for the second straight time as investors' confidence remain affected by concerns regarding higher interest rates even at the cost of a large economic slowdown. The positive manufacturing PMI slightly turned the market tides toward the end of the week. However, the continued strengthening of the US dollar may already be starting to cause bigger concerns given that the peso already fell to an all-time low. The August inflation data which will be released tomorrow will be vital to how the BSP will gauge its policy decisions later this month. Analysts expect volatile trading to ensue prior to the release of the inflation data as it may dictate the local bourse's direction for the rest of the week.

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