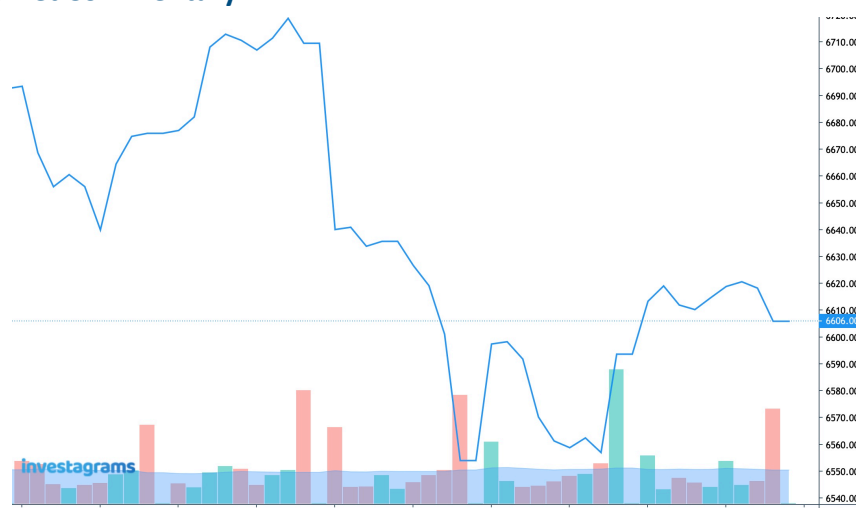




Market Commentary



Index	INDICES		
	Prev	Last	% Chg
PSEi	6,692.65	6,606.00	-1.29%
All Shares	3,548.53	3,506.47	-1.19%
Financial	1,612.17	1,606.63	-0.34%
Industrial	9,926.40	9,828.89	-0.98%
Holding Firms	6,458.51	6,365.69	-1.44%
Property	2,984.96	2,934.94	-1.68%
Services	1,692.03	1,677.03	-0.89%
Mining & Oil	11,643.81	11,622.09	-0.19%

➔ The PSEi shed another 86.85 points or 1.29% week-on-week to close at 6,606.00 from the previous week's 6,692.65. The benchmark index posted another weekly decline for the third straight week as latest positive economic data failed to outweigh fears of the implications of a continuously hawkish Federal Reserve (Fed) on stock markets. The Philippine Peso closed last week at PHP56.82 against the US dollar from the previous week's PHP56.77. Foreigners switched to being net buyers with net foreign buying amounting to PHP1.16 billion. All sectors posted week-on-week contractions with Property (-1.68%), and Holding Firms (-1.44%) having the biggest losses. Meanwhile, APX (+11.11%), and DMC (+7.91%) led last week's stock gainers, while HOME (-11.42%), and ACEN (-7.85%) were the main stock laggards. Notable developments from last week were:

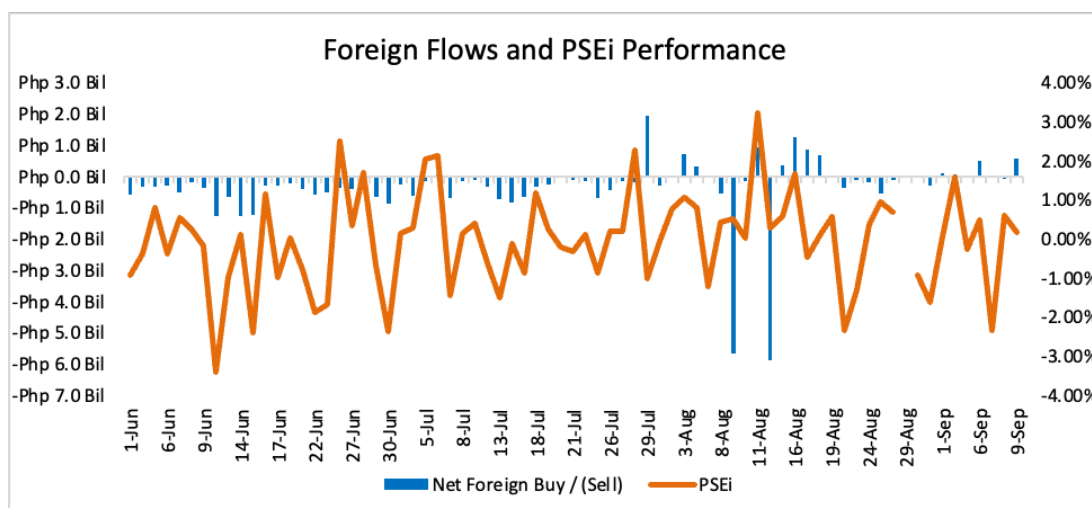
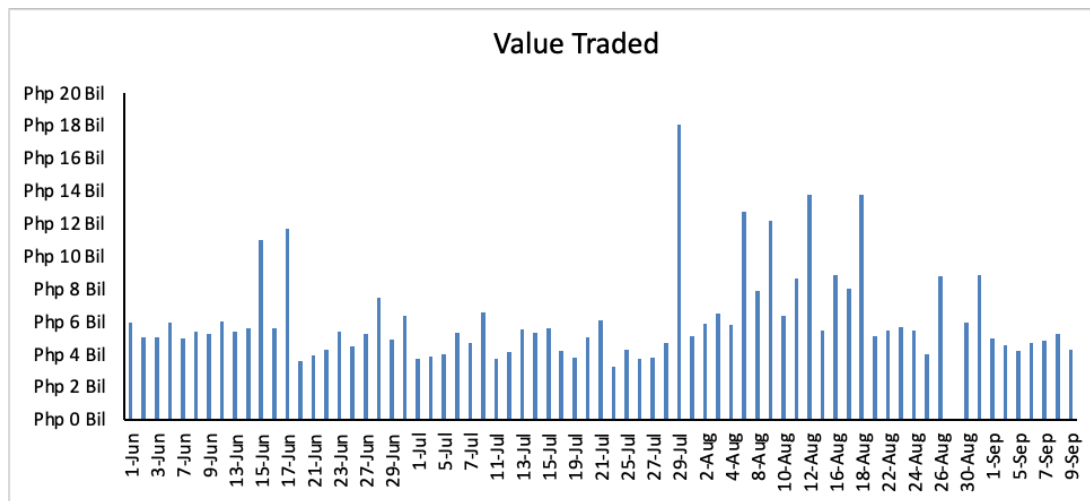
- Preliminary data from the Philippine Statistics Authority (PSA) showed that the consumer price index (CPI) eased to 6.3% year-on-year in August, from 6.4% in July. The figure was within the Bangko Sentral ng Pilipinas (BSP)'s estimated range of 5.9%-6.7%. Average inflation for the first eight months is at 4.9%, still below the BSP's revised full year forecast of 5.4%.
- Preliminary data from the Philippine Statistics Authority (PSA) showed that unemployment rate dropped to 5.2% in July, its lowest since the onset of the COVID-19 pandemic. However, underemployment rate worsened to 13.8% in July from 12.6% in June.
- Preliminary data from the Bangko Sentral ng Pilipinas (BSP) showed that the country's gross international reserves (GIR) dropped from \$99.84 billion at July-end to \$98.98 billion by the end of August. The central bank attributes the decrease to the national government's foreign currency withdrawals from its deposits with the central bank to settle its foreign currency debt obligations and pay for its various expenditures.
- Preliminary data from the Philippine Statistics Authority (PSA) showed that factory output as measured by the volume of production index (VoPI) grew by 2.5% year-on-year in July, higher than the 0.7% expansion in June. Factory output averaged 24.1% in the first seven months.

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➔ Market turnover for the week averaged PHP4.65 billion, lower than the previous week's PHP6.11 billion. Last week logged a net foreign buying PHP1.16 billion compared to net foreign selling of PHP126.89 million from the week of August 30-September 2.



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Key Economic Figures

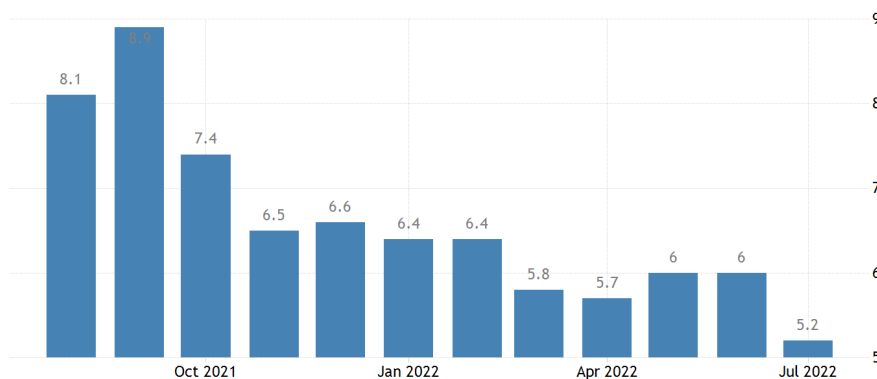
Published on TradingView.com, Sep 11, 2022 13:47 UTC



TradingView

Source: TradingView, Philippine Statistics Authority

- ➔ **PH headline inflation rate.** The country's headline inflation rate for the month of August slowed down to 6.3% from July's 6.4%. The slight cooldown was attributed to the lower transport costs after the cuts in pump prices in early August. The transport index, which accounts for 9% of CPI, slowed down to 14.6% from the 18.1% in July. Meanwhile, the food-alone index eased to 6.5% in August from 7.1% in the preceding month, driven by slower price upticks of fish, meat, and vegetables. Average inflation for the first eight months is at 4.9%, still below the BSP's revised full year forecast of 5.4%



TRADINGECONOMICS.COM | PHILIPPINE STATISTICS AUTHORITY

Source: TradingEconomics, Philippine Statistics Authority

- ➔ **PH unemployment rate.** The Philippines' unemployment rate dropped to 5.2% in July from 6% in June, as the economy continued to recover from the pandemic. It was the lowest unemployment level since the onset of the COVID-19 pandemic in March 2020. Number of the unemployed fell to 2.60 million from 2.99 million in June. However, underemployment rate rose to 13.8% from 12.6% as the number of Filipinos wanting more work and higher income reached 6.54 million from 6.40 million in June.

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For the Week

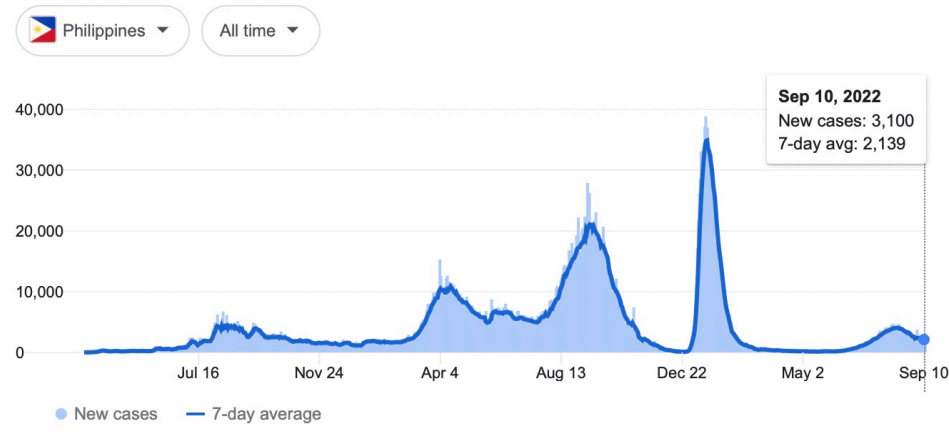
TOP GAINERS		TOP LOSERS	
APX	11.11%	HOME	-11.42%
DMC	7.91%	ACEN	-7.85%
SSI	6.62%	JGS	-7.48%
BLOOM	6.32%	MWIDE	-6.97%
PLC	5.75%	PGOLD	-5.61%
PNX4	4.28%	CNPF	-5.43%
CHP	4.17%	MEG	-4.84%
SSP	4.08%	GLO	-4.74%
LR	3.29%	STR	-4.48%
PAL	2.59%	CNVRG	-4.36%
URC	2.54%	TECH	-4.33%
MRSGI	2.22%	ALI	-4.30%
EAGLE	1.64%	VLL	-3.86%
MPI	1.61%	IMI	-3.66%
TUGS	1.59%	EMP	-3.60%
RCB	1.46%	2GO	-3.43%
RFM	1.30%	AC	-2.98%
PX	1.27%	DD	-2.89%
UBP	1.18%	AEV	-2.69%
HOUSE	1.17%	AGI	-2.59%



Market Outlook

What You Need to Know

- ➔ The PSEi declined by 1.29% week-on-week and closed at 6,606.00 last Friday. The benchmark index continued to a third straight week of weekly decline as positive economic data released during the course of last week failed to push it towards a week-on-week gain. The Philippines' headline inflation in August cooled down to 6.3% from the 6.4% in July. Unemployment rate in July also went down to 5.2%, its lowest level since the COVID-19 pandemic started. Factory output based on the volume of production index (VoPI) showed a year-on-year growth of 2.5% in July, well above the 0.7% last June.
- ➔ Average number of COVID-19 cases in the Philippines per week continued to decrease. The number of coronavirus cases in the Philippines has reached 3,906,269 as of September 11 while active cases went up to 25,684 from 24,067 in the previous week. There are now 62,304 recorded deaths from COVID-19. Average new cases per week were down to 2,139 from 2,394 in the previous week.



- ➔ The benchmark index ended last week on a two-day minor rally despite the strong downward pressure from the reaffirmed aggressive stance on monetary policy of major central banks, particularly the US Federal Reserve. The Philippine Peso, along with other currencies, has suffered greatly in value as the greenback surged. Continued volatility paired with weak market participation may ensue this week as investors continue to look towards cues like the US inflation print in August to be released on September 13, and the policy meetings of the Fed and the Bangko Sentral ng Pilipinas next week. Other domestic economic indicators like the OFW remittances, foreign direct investments, and balance of payments are also likely being anticipated. With Fed Chairman Jerome Powell's strong statements last week regarding fighting off inflation, another 75-basis points (bps) hike this month is widely-expected among economists. This could put more pressure to the BSP to respond in kind with a bigger hike than the 25bps that it initially signaled. The continued depreciation of the local currency, despite it stemming more from the US dollar's surge rather than an aggressive economic expansion, could not be ignored by the central bank. This may still warrant a response from the BSP to support the peso to reestablish confidence in the markets.

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