

## Market Commentary



➔ The PSEi declined by 57.23 points or 0.87% week-on-week to close at 6,548.77 from the previous week's 6,606.00. It was the benchmark index's fourth consecutive weekly decline as concerns rose from the hotter than expected US inflation in August which further raised the possibility of higher prospective interest hikes by the US Federal Reserve (Fed). The local Philippine Peso, along with other currencies, continued to face increased pressure from the surging US dollar. It closed last week at PHP57.43, fresh all-time low, from the previous week's PHP56.82. Foreigners continued to be net buyers with net foreign buying amounting to PHP1.12 billion. All sectors except Services (+1.08%) posted week-on-week contractions with Industrial (-3.50%), and Mining&Oil (-2.96%) having the biggest losses. Meanwhile, LR (+14.01%), and TEL (+5.80%) led last week's stock gainers, while MONDE (-13.81%), and APX (-10.56%) were the main stock laggards. Notable developments from last week were:

- US' August inflation slightly eased to 8.3% from 8.5% in July. Despite the slowdown, it was still faster than the consensus estimate of 8.1%. Furthermore, core inflation accelerated by 6.3%, faster than July's 5.9% and the consensus estimate of 6.1%.
- Data from the Bangko Sentral ng Pilipinas (BSP) showed that foreign direct investments (FDI) had net inflows of \$4.64 billion as of June-end, 3.1% higher than the \$4.5 billion in the same period last year. BSP cited non-residents' net investment in debt instruments (+12.3% YoY) as the main driver of the growth. It offset the decline in net placements of equity capital other than reinvestment of earnings (-24.4% YoY).
- According to the Bangko Sentral ng Pilipinas (BSP)'s data, personal remittances went up by 2.3% year-on-year in July to \$3.24 billion from \$3.17 billion. From January-July, remittances grew by 2.7% to \$20.33 billion, compared to \$19.78 billion in the same period last year. However, this fell below the BSP's target of a 4% expansion.

## INDICES

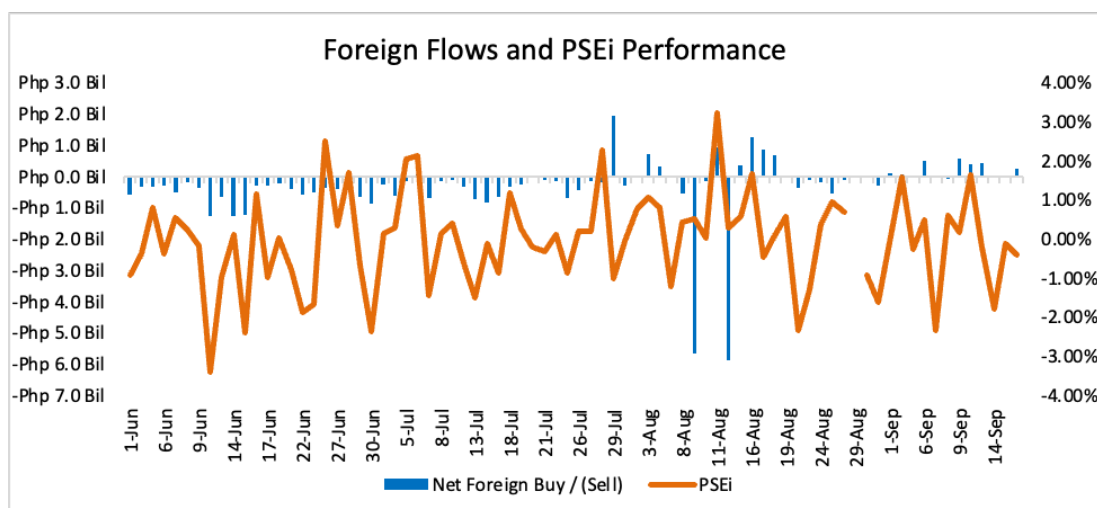
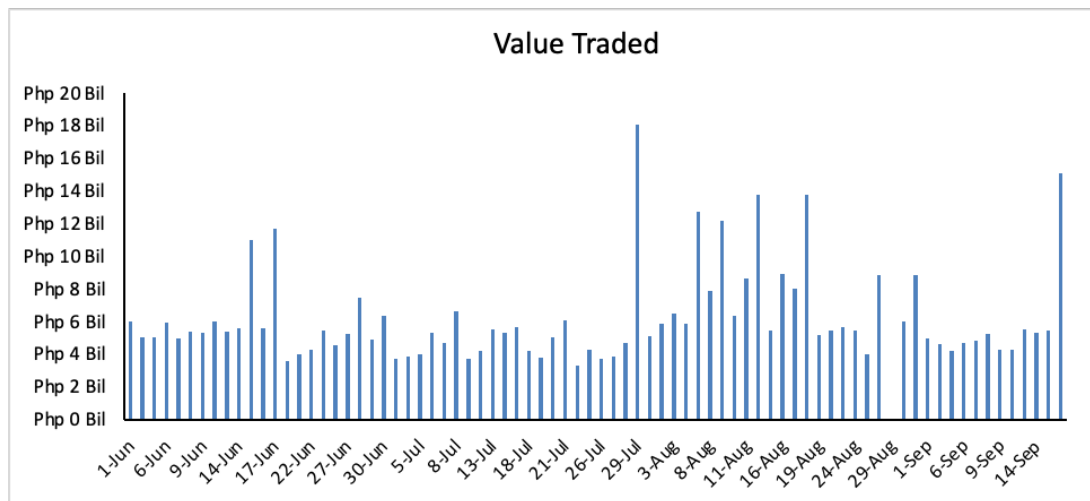
Index	Prev	Last	% Chg
<b>PSEi</b>	6,606.00	6,548.77	-0.87%
<b>All Shares</b>	3,506.47	3,474.41	-0.91%
<b>Financial</b>	1,606.63	1,590.84	-0.98%
<b>Industrial</b>	9,828.89	9,485.15	-3.50%
<b>Holding Firms</b>	6,365.69	6,364.03	-0.03%
<b>Property</b>	2,934.94	2,918.01	-0.58%
<b>Services</b>	1,677.03	1,695.09	1.08%
<b>Mining &amp; Oil</b>	11,622.09	11,277.51	-2.96%

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➔ Market turnover for the week averaged PHP7.14 billion, higher than the previous week's PHP4.65 billion. Last week logged a net foreign buying of PHP1.12 billion, lower compared to the PHP1.16 billion from the week of September 5-September 9.

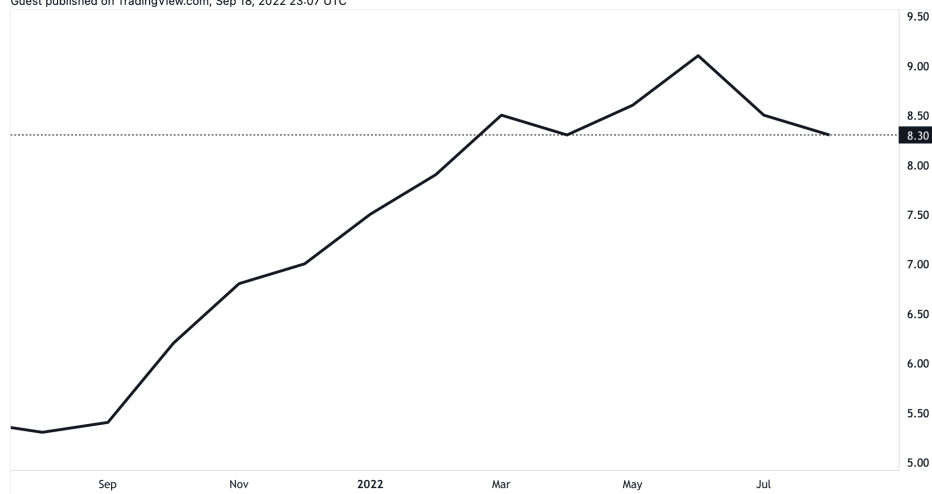


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## Key Economic Figures

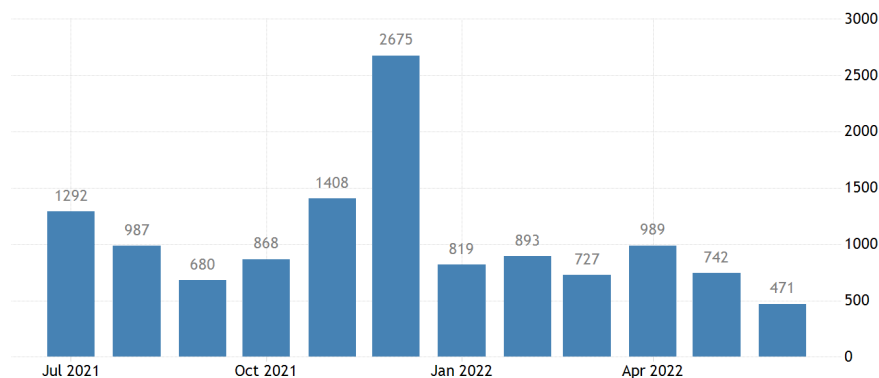
Guest published on TradingView.com, Sep 18, 2022 23:07 UTC



TradingView

Source: TradingView, U.S. Bureau of Labor Statistics

- ➔ **US inflation rate.** The US inflation in August eased to 8.3% from 8.5% in July, driven by slowdown in gas prices. However, it was still hotter than the market expectation of 8.1%. Inflation of food and shelter prices reached 11.4% and 6.2%, respectively, the highest since 1979 and 1984. Meanwhile, core inflation sped up by 6.3%, even faster than 5.9% in June and July. The latest inflation numbers worried investors as these may push the US Federal Reserve to employ an even more aggressive monetary approach which could lead to an eventual economic downturn.



TRADINGECONOMICS.COM | BANGKO SENTRAL NG PILIPINAS

Source: TradingEconomics, Bangko Sentral ng Pilipinas

- ➔ **PH foreign direct investment.** Net foreign direct investment (FDI) fell 51.5% year-on-year onto a 13-year low to \$0.47 billion in June 2022. The BSP cites the decrease in non-residents' net investments in debt instruments of their local affiliates due to higher repayments during the month. Global headwinds evidently affected FDI especially to emerging markets. However, net FDI was still up 3.1% to \$4.64 billion as of the first half of the year compared to last year. The central bank forecasts net inflows to reach \$11 billion by year-end.

## For the Week

TOP GAINERS		TOP LOSERS	
LR	14.01%	MONDE	-13.81%
TEL	5.80%	APX	-10.56%
RRHI	4.73%	PX	-9.75%
STR	4.69%	TUGS	-7.81%
HOUSE	4.22%	PGOLD	-6.84%
EEI	3.52%	MWIDE	-6.07%
CEB	2.96%	VLL	-6.03%
UBP	2.73%	IMI	-5.78%
ALI	2.70%	SHLPH	-5.71%
PNX4	2.63%	SSI	-5.59%
BLOOM	2.43%	URC	-5.58%
AC	2.02%	CHP	-5.33%
MWC	1.70%	BDO	-4.44%
JFC	1.63%	PCOR	-4.04%
DMC	1.52%	DD	-3.78%
MRSGI	1.45%	AGI	-3.68%
GLO	1.34%	SMC	-3.55%
ROCK	1.31%	MEG	-3.39%
FNI	1.30%	MAXS	-3.39%
CNPF	1.28%	RLC	-3.31%

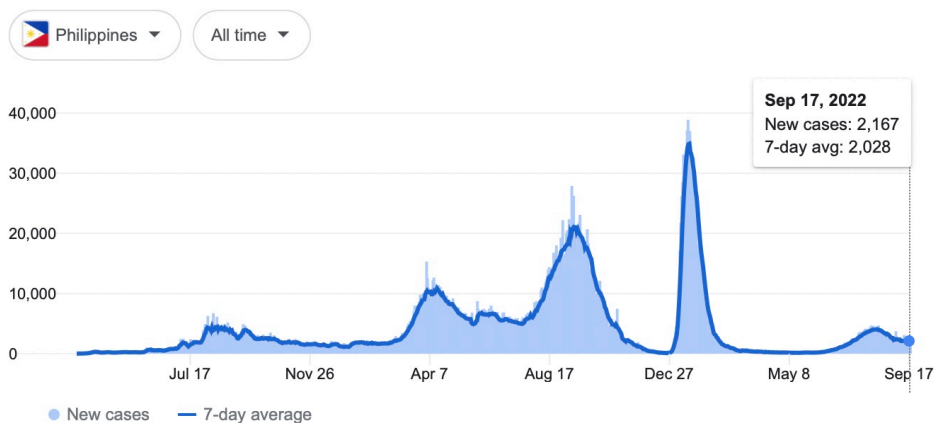
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## Market Outlook

### What You Need to Know

- ➔ The PSEi declined by 0.89% week-on-week and closed at 6,548.77 last Friday. The benchmark index recorded its fourth consecutive weekly decline as markets globally were spooked by the hotter-than-expected US inflation print in August. US inflation slowed down to 8.3% from 8.5% in July, but failed to reach the market expectation of 8.1%, which raised alarms for investors.
- ➔ Average number of COVID-19 cases in the Philippines per week continued to decrease. The number of coronavirus cases in the Philippines has reached 3,920,693 as of September 18 while active cases went up to 26,401 from 25,684 in the previous week. There are now 62,549 recorded deaths from COVID-19. Average new cases per week were down to 2,028 from 2,139 in the previous week.



- ➔ The benchmark index recorded four straight days of decline to end last week, dropping from the 6,700-level last Monday back to the 6,500-level by Friday. Most major global markets also posted significant losses as market sentiment may have been overwhelmed by downward pressure stemming from the US inflation figure in August which failed to beat market expectations. The US Federal Reserve (Fed) could be more inclined now to raise interest rates by at least another 75-basis points, in line with their hawkish tones in recent interviews and public statements. The US dollar could likely continue its surge in the coming weeks. Other currencies have already felt the the strong pressure stemming from the rising greenback. The Philippine Peso have already dropped to record lows in the recent weeks. The Bangko Sentral ng Pilipinas (BSP) may need to seriously consider a bigger policy hike to support the local currency and to avoid further widening of the interest rate differential with the Fed. Market participation may weaken ahead of the Fed's and BSP's policy meeting in the latter part of the week. Selling bias is likely to remain strong but last week's decline also created more bargain hunting opportunities for traders. The benchmark rates' changes will likely drive the direction of the market and investors may want to take a more risk-off stance given the prospective rate hikes.

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