



## Market Commentary



Index	INDICES		
	Prev	Last	% Chg
<b>PSEi</b>	6,259.54	5,741.07	-8.28%
<b>All Shares</b>	3,341.29	3,107.90	-6.99%
<b>Financial</b>	1,549.97	1,466.60	-5.38%
<b>Industrial</b>	9,139.12	8,576.21	-6.16%
<b>Holding Firms</b>	6,066.05	5,498.89	-9.35%
<b>Property</b>	2,708.44	2,454.80	-9.36%
<b>Services</b>	1,637.51	1,503.69	-8.17%
<b>Mining &amp; Oil</b>	11,134.98	10,455.68	-6.10%

➔ The PSEi plunged by 518.47 points or 8.28% week-on-week to close last week at 5,741.07 from the previous week's 6,259.54. The benchmark index posted its sixth straight weekly decline as it dropped to bear market territory at the 5,700-level. More prospective interest hikes continued to dampen market sentiment. The Philippine Peso dropped to record lows last week but ended at PHP58.625 last Friday from the PHP58.50 in the previous week. Foreigners continue to be net sellers with net foreign selling amounting to PHP13.57 billion. All sectors posted week-on-week contractions with Property (-9.36%), and Holding Firms (-9.35%) having the biggest declines. Meanwhile, WLCON (+7.58%), and RFM (+2.67%) led last week's 7 stock gainers, while SSP (-24.86%), and MAXS (-17.86%) were the main stock laggards. Notable developments from last week were:

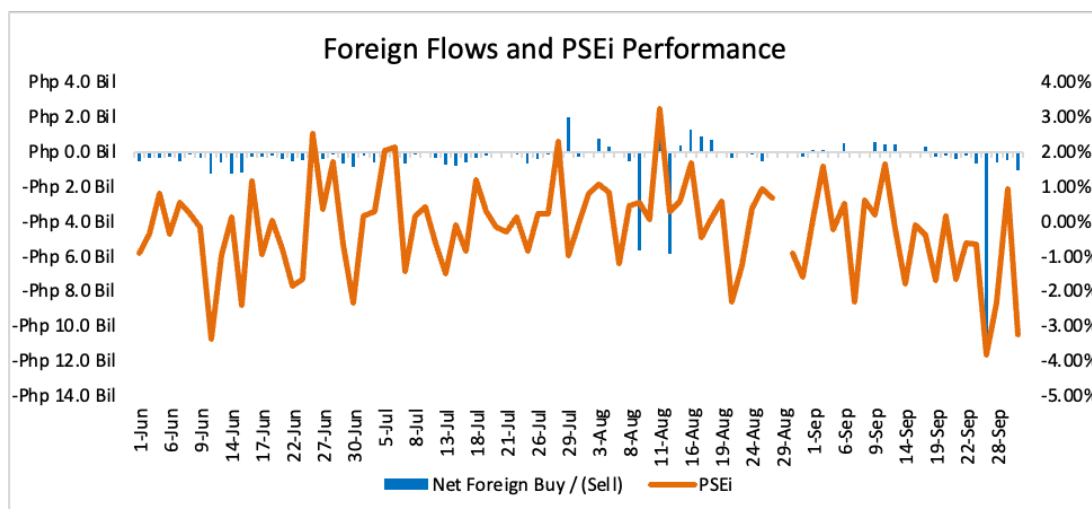
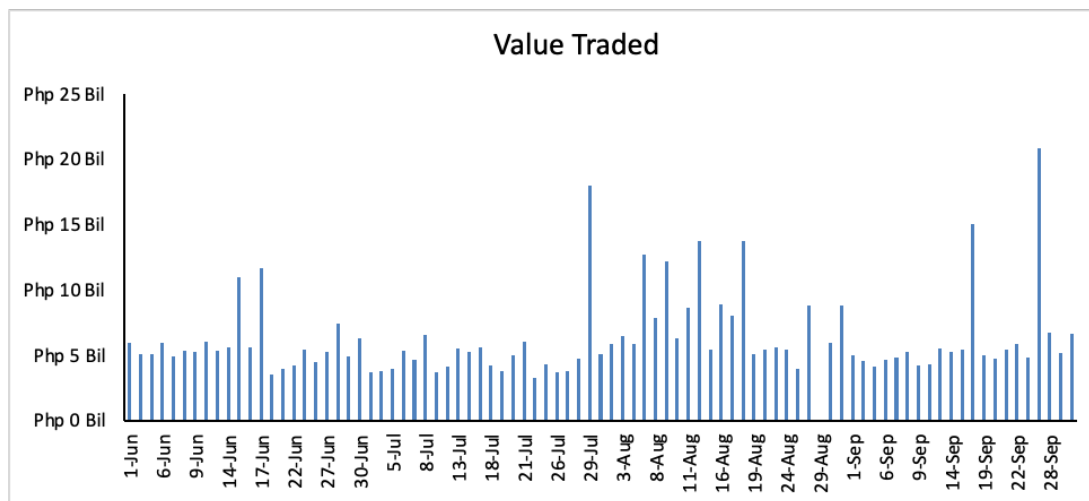
- The Bangko Sentral ng Pilipinas (BSP) estimates September inflation to settle within 6.6%-7.4%, faster than the 6.3% in August due to higher prices of electricity and key food commodities along with the depreciation of the Philippine Peso. Despite this, BSP Governor Felipe Medalla said that an off-cycle interest rate hike does not seem necessary yet and mentioned that there are tools to support the local currency.
- Preliminary data from the Bangko Sentral ng Pilipinas (BSP) showed that universal and big banks' loans amounted to PHP10.33 trillion in end-August, 12.2% higher than the PHP9.2 trillion recorded in the same period last year.
- The Department of Energy (DoE) ordered on-grid power suppliers to increase the share of renewable energy (RE) in their output by 2.52% next year from the current 1%. It will be requirement for the suppliers to be compliant with the requirements of the renewable portfolio standards (RPS) program.
- The World Bank (WB) raised its 2022 growth forecast for the Philippines to 6.5% from the 5.7% figure back in April on the back of strong recovery in consumption. However, the WB's outlook is at the low end of the government's own forecast of 6.5%-7.5%. The WB report cited the revival in public and private investment along with the further reopening of the economy as the main reasons for the revised better estimates.

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➔ Market turnover for the week averaged PHP9.89 billion, higher than the previous week's PHP5.18 billion. Last week logged a net foreign selling of PHP13.57 billion, higher than the PHP1.76 billion from the week of September 19-23. However, around PHP11 billion foreign selling was only from one stock, House of Investments, Inc. (HI).



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## Key Economic Figures



➔ **USD-PHP exchange rate.** The Philippine Peso touched fell to all-time lows last week, bottoming out at PHP59 against the US dollar. The US Federal Reserve (Fed)'s aggressive monetary policy stance have continued to fuel the US dollar's surge. Other currencies have also hit record lows due to the pressure from the widely-considered safe haven currency. The peso has depreciated by 14.95% year-to-date. This led to increased inflationary pressures as imports become more expensive. The BSP said that an off-cycle interest rate hike is unnecessary despite the currency situation.



➔ **WTI crude oil price.** Oil prices fell for the fourth consecutive month in September as aggressive monetary tightening policies by major central banks globally increased concerns of an economic slowdown and therefore, weaker energy demand. WTI crude oil price, in particular, have dropped significantly from its pandemic high of \$119.65/barrel to the low \$80s. An OPEC+ meeting this week will consider cutting output by more than 1 million barrels per day in the attempt to stop the falling oil prices.

## For the Week

TOP GAINERS		TOP LOSERS	
WLCON	7.58%	SSP	-24.86%
RFM	2.67%	MAXS	-17.86%
RCB	1.91%	MWIDE	-16.86%
RLC	1.23%	VLL	-15.34%
HOUSE	0.38%	GTCAP	-14.10%
SMC	0.31%	ICT	-13.91%
FGEN	0.25%	CNVRG	-13.47%
EAGLE	0.00%	PNX4	-12.81%
COSCO	0.00%	MRSGI	-12.59%
LPZ	0.00%	MER	-12.39%
SHNG	0.00%	FLI	-11.63%
LR	0.00%	SMPH	-11.60%
8990P	0.00%	AC	-11.49%
GLOPP	0.00%	ACEN	-11.25%
GTPPB	0.00%	JGS	-11.10%
MWP	0.00%	SHLPH	-10.53%
PRF3A	0.00%	SM	-10.27%
SMC2C	0.00%	PCOR	-9.89%
SMC2F	0.00%	CEB	-9.11%
DMW	-0.44%	AGI	-9.04%

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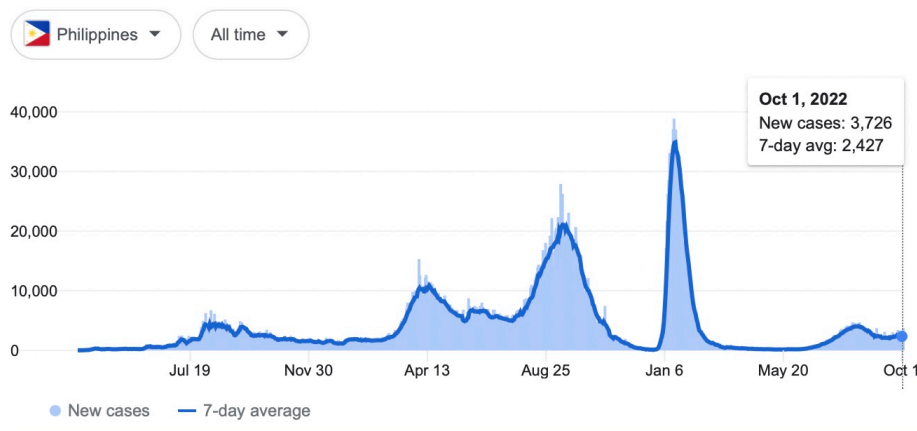
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## Market Outlook

### What You Need to Know

- ➔ The PSEi posted a bigger week-on-week decline of 8.28% and closed at 5,741.07 last Friday. The benchmark index recorded its sixth consecutive weekly decline as markets sentiment continued to be directed by rising interest rates and economic recession concerns abroad. The continued strength of the US dollar against other currencies may have incentivized foreign investors to reduce, if not completely pull out, funds in emerging markets and move to the bigger ones like the US.
- ➔ Average number of COVID-19 cases in the Philippines per week increased again last week. The number of coronavirus cases in the Philippines has reached 3,953,886 as of October 2 while active cases went up down to 28,872 from 32,323 in the previous week. There are now 63,013 recorded deaths from COVID-19. Average new cases per week went up to 2,427 from 2,350 in the previous week.



- ➔ The benchmark index sank to bear market territory after falling more than 500 points during the four-day session last week. It has fallen by more than 800 points the past two weeks. Markets globally continue to suffer from worries regarding a possible economic downturn brought about by the continued rise of interest rates. The US Federal Reserve remains hawkish and determine to significantly curb inflation through more prospective interest rate hikes. This has sent the US dollar, yields bonds and treasury bills to record levels, which in turn have severely affected emerging markets and their respective currencies. The Philippine Peso has touched an all-time record low of PHP59 against the US dollar. However, the Bangko Sentral ng Pilipinas (BSP) does not think that an off-cycle interest rate hike is necessary even if it projects another inflation peak between 6.6%-7.4% in September. Prices have fallen significantly in the past few weeks and investors could take advantage and take up positions in preparation for a market recovery in the medium-long term. A notable switch in the Fed's policy stance, along with a resolution of the Ukraine-Russia conflict, could highly boost investors' confidence and send the markets on a significant upward trend. But for the short-term, volatility is expected to continue as investors await more economic cues. Aside from these, the third quarter corporate earnings season will also offer insights into the effects of the global headwinds on the business environment.

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