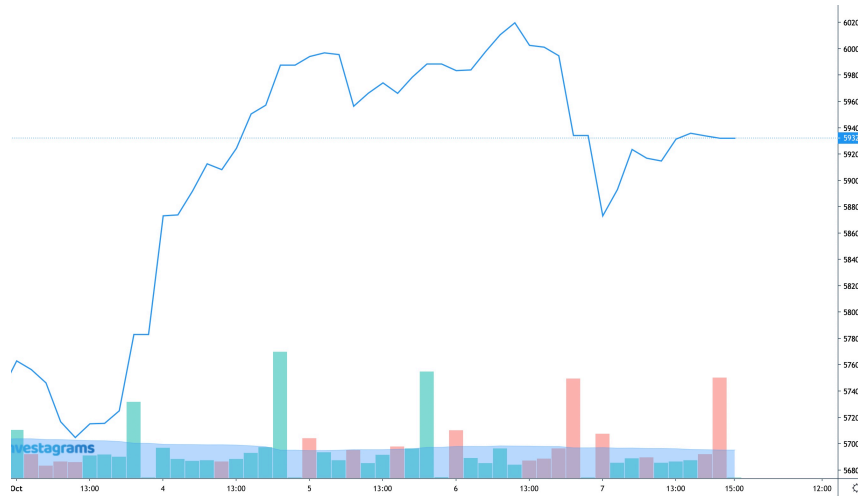




Market Commentary



➔ The PSEi gained 191.12 points or 2.58% week-on-week to close last week at 5,932.19 from the previous week's 5,741.07. The benchmark index posted its first positive week after six straight week-on-week contractions as it bounced back to the 5,900-level on bargain hunting. The local bourse tracked the relief rallies in the US and European markets early last week, but downward bias remains as global headwinds continue to bar continued market recovery from recent drops. The Philippine Peso closed at PHP58.92 last week, weaker than the PHP58.625 in the previous week. Foreigners continue to be net sellers with net foreign selling amounting to PHP62.69 million. All sectors posted week-on-week gains with Services (+3.78%), and Mining&Oil (+3.69%) having the biggest additions. Meanwhile, PNX4 (+40.22%), and EAGLE (+28.32%) led last week's stock gainers, while WLCON (-11.42%), and IMI (-9.01%) were the main stock laggards. Notable developments from last week were:

- Preliminary data from the Philippine Statistics Authority (PSA) showed that headline inflation accelerated to 6.9% in September, above the 6.3% in August, but still within the BSP's estimated range of 6.6%-7.4%. The movement was mainly driven by increases in food, utilities, and transport prices. Meanwhile, core inflation slightly cooled down to 4.5% from August's 4.6%.
- PSA reported that unemployment rate in August inched up to 5.3% from July's 5.2%. Meanwhile, underemployment rate rose to 14.7% in August compared to July's 13.8%. The worsening number of jobless Filipinos was primarily driven by the month-on-month increases in joblessness in the fishing and aquaculture, and the construction sector.
- The S&P Global Philippines Manufacturing Purchasing Managers' Index (PMI) was at 52.9 in September, higher than the August reading of 51.2, and the highest in three months. It marked the eighth straight month that manufacturing activity posted growth. According to S&P Global, the growth was driven by domestic demand as foreign demand for locally made goods was reduced during the period.

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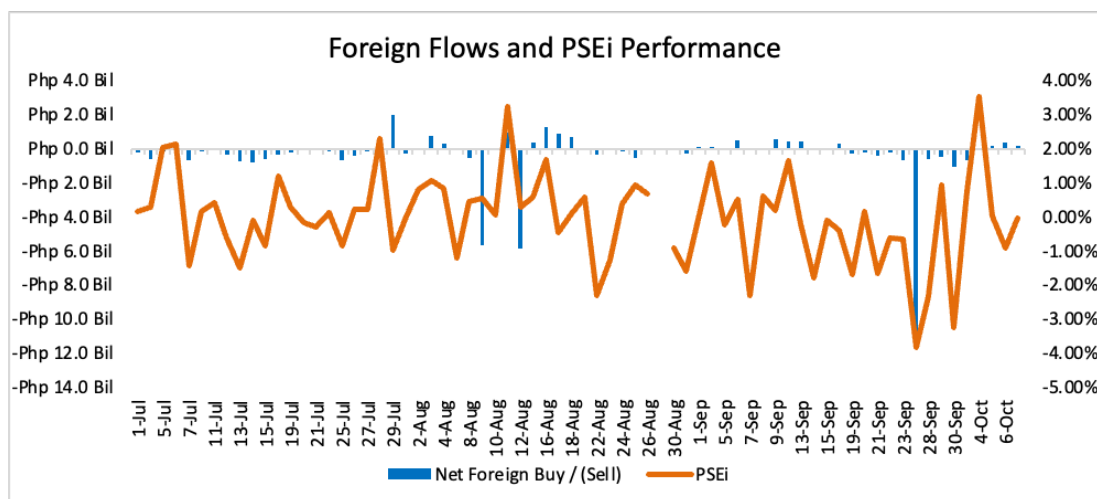
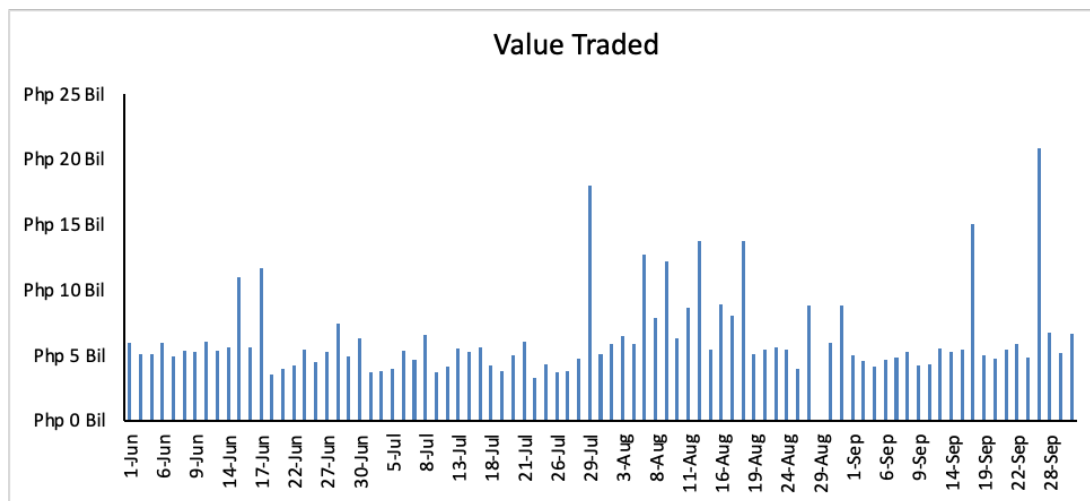
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INDICES

Index	Prev	Last	% Chg
PSEi	5,741.07	5,932.19	2.58%
All Shares	3,107.90	3,200.59	2.78%
Financial	1,466.60	1,498.89	1.62%
Industrial	8,576.21	8,775.56	2.21%
Holding Firms	5,498.89	5,700.73	2.58%
Property	2,454.80	2,528.42	2.37%
Services	1,503.69	1,557.56	3.78%
Mining & Oil	10,455.68	10,692.44	3.69%



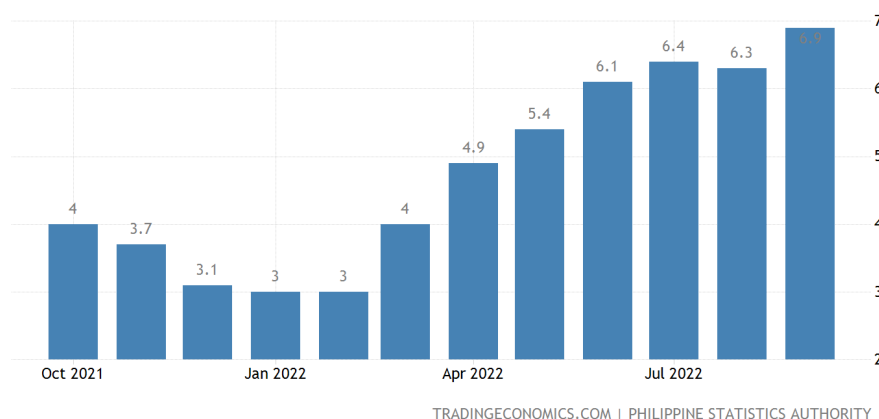
➔ Market turnover for the week averaged PHP4.34 billion, lower than the previous week's PHP9.89 billion. Last week logged a net foreign selling of PHP62.69 million, lower than the PHP13.57 billion from the week of September 27-30. However, around PHP11 billion foreign selling from the previous week was only from one stock, House of Investments, Inc. (HI).



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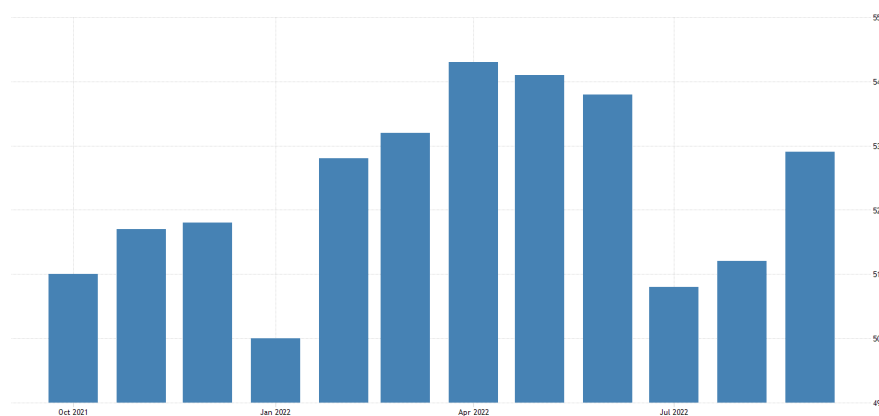
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Key Economic Figures



Source: TradingView, Philippine Statistics Authority

- ➔ **PH September inflation rate.** The Philippine's annual headline inflation rate accelerated to 6.9% in September from August's 6.3%. It went above the market's consensus estimate of 6.7%, but still fell within the BSP's estimated range of 6.6%-7.4%. The hotter inflation print was primarily driven by rising food prices at a rate of 7.4%, the most in nearly four years. Housing and transport prices also had notable increases during the period. The local currency's depreciation also contributed. Inflation has average 5.1% so far this year, well above the BSP's long-term target of 2%-4%



Source: TradingEconomics, S&P Global

- ➔ **PH September Manufacturing PMI.** The S&P Global Philippines Manufacturing PMI rose to a three-month high in of 52.9 in September from 51.2 in August. It was the eighth straight month of expansion amidst the continued reopening of the economy from the COVID-related disruptions. Some economists attributed the growth to increased production activities in anticipation of higher demand during the holidays. S&P Global's report also showed that increases in output and new orders, easing of price pressure, and manufacturers' confidence for the next 12 months have supported the sector's health despite the lower demand from foreign markets for Philippine-made goods.

For the Week

TOP GAINERS		TOP LOSERS	
PNX4	40.22%	WLCON	-11.42%
EAGLE	28.32%	IMI	-9.01%
LR	23.24%	FNI	-4.74%
MRSGI	16.95%	HOME	-4.56%
SSP	14.62%	PGOLD	-4.42%
ICT	13.41%	DD	-4.17%
HLCM	13.16%	GTCAP	-3.75%
MER	12.32%	2GO	-3.70%
RCB	10.54%	CEB	-3.12%
AB	7.43%	URC	-3.07%
MWIDE	6.94%	RLC	-2.91%
SSI	6.92%	UBP	-2.80%
DNL	6.87%	MAXS	-2.39%
GLO	6.40%	SEVN	-2.06%
ROCK	6.29%	ION	-1.92%
TECH	6.14%	LTG	-1.82%
CNPF	5.56%	EI	-1.51%
AEV	5.50%	RFM	-1.30%
FMETF	5.35%	STR	-1.22%
SGP	5.27%	ABS	-1.14%

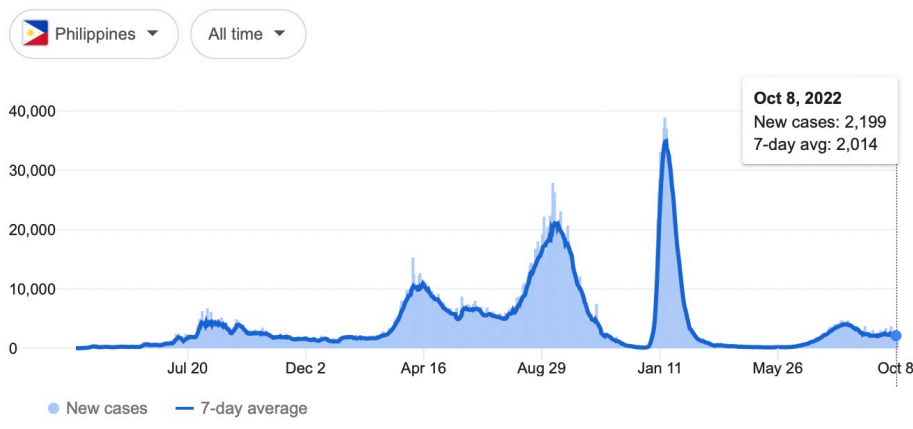
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Market Outlook

What You Need to Know

- ➔ The PSEi posted its first week-on-week gain in seven weeks last week as it grew by 2.58%. Markets globally also posted some recovery after a steep decline in prices in the previous weeks. However, downward pressures remain prevalent as recent economic data still points toward the Fed continuing to be aggressive in its monetary policy decisions. The markets are currently expecting another 75-basis points hike in November, which will be its fourth straight jumbo hike this year as it fights off high inflation.
- ➔ Average number of COVID-19 cases in the Philippines per week decreased last week. The number of coronavirus cases in the Philippines has reached 3,967,861 as of October 9 while active cases went down to 26,357 from 28,872 in the previous week. There are now 63,264 recorded deaths from COVID-19. Average new cases per week went down to 2,-14 from 2,427 in the previous week.



- ➔ The PSEi briefly touched the 6,000-level last week but eventually settled to the 5,900-level as volatility amidst weaker market participation prevailed in the local bourse. The benchmark index was able to close with weekly gains due to bargain hunting. Traders took advantage of the depressed prices in the past few weeks but also took profits faster since the market continued to be volatile. Investors are likely maintaining a wait-and-see stance until a definitive indicator for the Fed's policy stance is seen. The September US jobs report did not show any significant weakening which some have taken as a sign that the Fed may just continue being hawkish and continue to raise policy rates aggressively, unless a notable cooldown is seen in the September inflation print. Investors may be waiting for the release of the US September CPI data this week in order to have a better gauge of the markets' direction in the near to medium-term. A significantly cooler inflation may help the Fed believe that the previous policy hikes are taking effect which could cause them to ease off a bit. The Philippine Peso's continued weakness also continues to add downward pressure to local equities. Volatility and low level market participation could continue until the release of other economic cues.

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