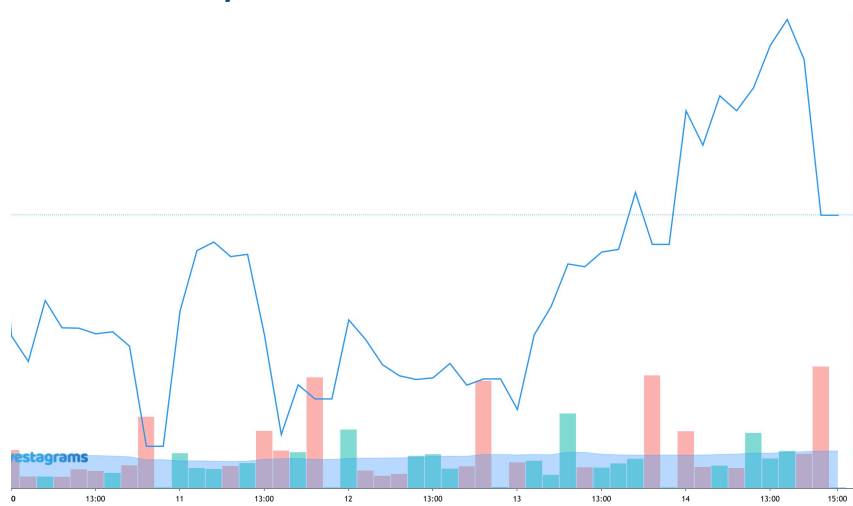




Market Commentary



➔ The PSEi shed 27.44 points or 0.46% week-on-week to close last week at 5,904.75 from the previous week's 5,932.19. The benchmark index reverted to a week-on-week contraction after it posted its first positive week in the recent seven last week. Volatility and thin trading range plagued the local bourse last week in the midst of the release of key economic data, like the September US inflation which came in hotter than expected. Fears of further interest rate hikes, among other global headwinds, continued to prevent any significant turnaround in the market. The Philippine Peso closed at PHP59.935 last week, weaker than the PHP58.92 in the previous week. Foreigners continue to be net sellers with net foreign selling amounting to PHP310.86 million. Financial (+1.44%), and Property (+0.45%) were the sectoral gainers, while Services (-2.44%), and Mining&Oil (-1.69%) had the biggest losses among the rest. STR (+36.92%), and SSP (+12.08%) led last week's stock gainers, while PNX (-31.24%), and ROCK (-13.82%) were the main stock laggards. Notable developments from last week were:

- Data from the Bangko Sentral ng Pilipinas (BSP) showed that net inflow of foreign direct investments (FDI) dropped by 64.4% year-on-year to a 14-month low of \$460 million in July from \$1.29 billion last year. From January to July, the net FDI inflow slipped by 12% to \$5.1 billion from \$5.79 billion in the same period last year.
- Preliminary data from the Philippine Statistics Authority (PSA) showed the biggest single-month trade deficit in August amounting to \$6.003 billion, bigger than the \$5.989 billion in July. The widening was attributed to the 26% rise in merchandise imports to \$12.413 billion, and the drop in merchandise exports by 2% to \$6.410 billion. From January-August, the trade deficit has widened to \$41.811 billion, compared to the \$24.77 billion trade gap in the same period last year.
- Finance Secretary Benjamin E. Diokno said that the government is seeking to extend the lower tariff rates on key commodities like pork, corn, rice, and coal to next year to help cooldown rising food inflation. Executive Order 171 (EO 171), which was issued in May, extended the lower pork tariffs until year-end.

INDICES

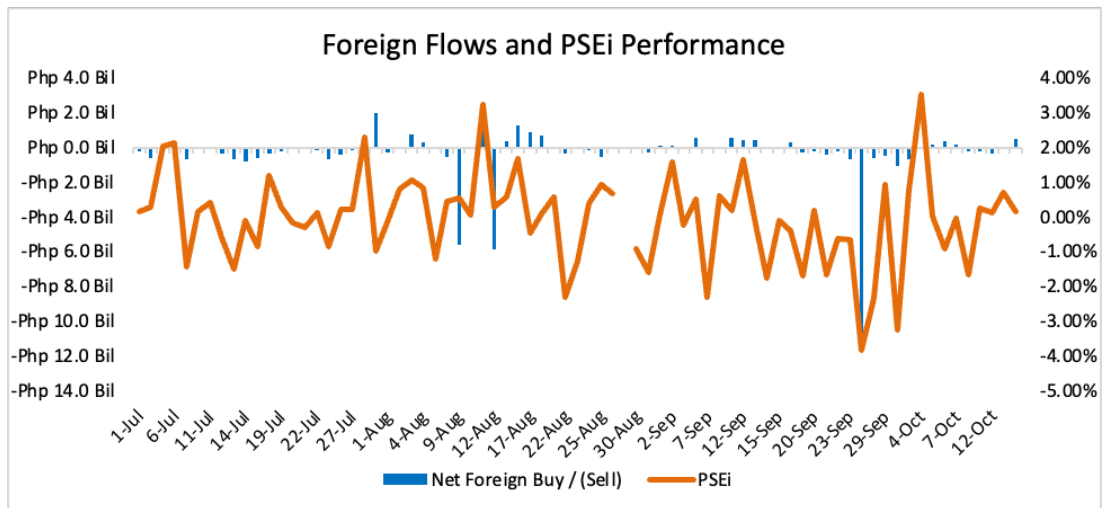
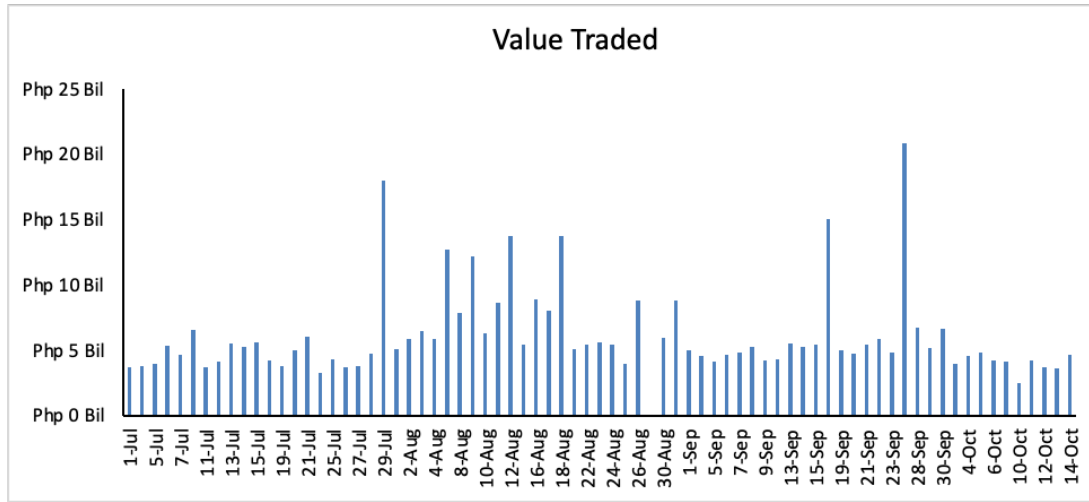
Index	Prev	Last	% Chg
PSEi	5,932.19	5,904.75	-0.46%
All Shares	3,200.59	3,177.74	-0.71%
Financial	1,498.89	1,520.47	1.44%
Industrial	8,775.56	8,701.26	-0.85%
Holding Firms	5,700.73	5,635.43	-1.15%
Property	2,528.42	2,539.75	0.45%
Services	1,557.56	1,519.56	-2.44%
Mining & Oil	10,692.44	10,511.73	-1.69%

Disclaimer:

Information and opinions presented represent the judgment of the author and securities offered and sold by Mandarin Securities Corp. are subject to price movements and possible loss of amount invested. The information is based upon sources we believe to be reliable and has been obtained from public sources. Opinions and estimates are subject to change without notice. Mandarin Securities, and/or its employees may act or take a view in a different and inconsistent way contained in this report. This report is for informational purposes only, and is not an offer or solicitation to buy or sell any financial instrument or product or financial security.



➔ Market turnover for the week averaged PHP3.75 billion, lower than the previous week's PHP4.34 billion. Last week logged a net foreign selling of PHP310.86 million, lower than the PHP62.69 million from the week of October 3-7.

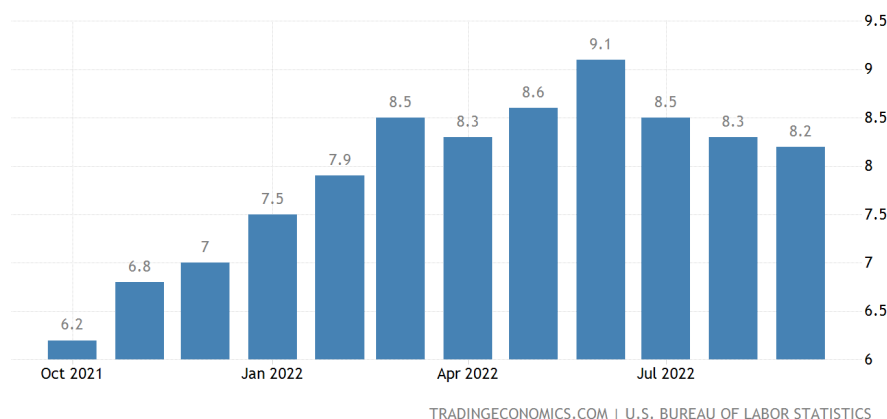


Disclaimer:

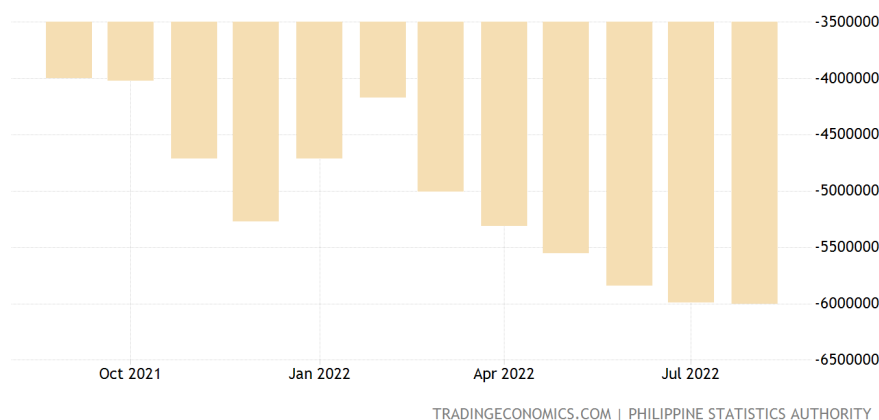
Information and opinions presented represent the judgment of the author and securities offered and sold by Mandarin Securities Corp. are subject to price movements and possible loss of amount invested. The information is based upon sources we believe to be reliable and has been obtained from public sources. Opinions and estimates are subject to change without notice. Mandarin Securities, and/or its employees may act or take a view in a different and inconsistent way contained in this report. This report is for informational purposes only, and is not an offer or solicitation to buy or sell any financial instrument or product or financial security.



Key Economic Figures



- ➔ **US September headline inflation rate.** US inflation slowed down for the third consecutive month. The September inflation print was at 8.2%, lower than August's 8.2%, but higher than the markets' estimate of 8.1%. The slight cooldown was driven by lower gasoline, fuel, and electricity prices. Cost of food also went down marginally. These were partially offset by higher prices for shelter. Meanwhile, core inflation was also higher than expected, residing at a 4-decade high of 6.6%. It was the second month in which it posted an acceleration. The latest inflation indicated that price pressures remain strong which may prompt the US Federal Reserve to keep raising interest interest moving forward.



- ➔ **PH balance of trade as of August.** The country's trade deficit widened to an all-time record of \$6.003 billion in August from the \$5.989 billion in July. The larger trade gap was mainly due to the big jump in imports, increasing by 26% year-on-year to \$12.41 billion due to higher demand as the economy reopens, rise in commodity prices, and the depreciation of the peso. Meanwhile, exports contracted by 2% year-on-year to \$6.41 billion as foreign demand waned. The trade deficit could be expected to widen further towards the end of the year, partly due to the continued weakness of the local currency.

For the Week

TOP GAINERS		TOP LOSERS	
STR	36.92%	PNX4	-31.24%
SSP	12.08%	ROCK	-13.82%
2GO	7.54%	HLCM	-11.63%
SEVN	7.36%	SGP	-10.99%
BDO	6.76%	ABS	-10.10%
MWC	6.22%	MONDE	-8.15%
TECH	5.37%	RCB	-7.63%
RLC	5.00%	JGS	-6.49%
PGOLD	4.07%	FNI	-6.33%
ION	3.92%	DDPR	-6.00%
CLI	3.75%	HOME	-5.41%
SECB	2.47%	LR	-5.39%
SHLPH	2.35%	TEL	-5.30%
AEV	2.30%	HOUSE	-4.68%
ACEN	2.08%	PRF3A	-4.47%
GLO	1.85%	MWIDE	-4.42%
MPI	1.45%	ICT	-4.39%
CEB	1.40%	SSI	-4.32%
URC	1.27%	FGEN	-4.06%
SMPH	1.11%	DD	-4.03%

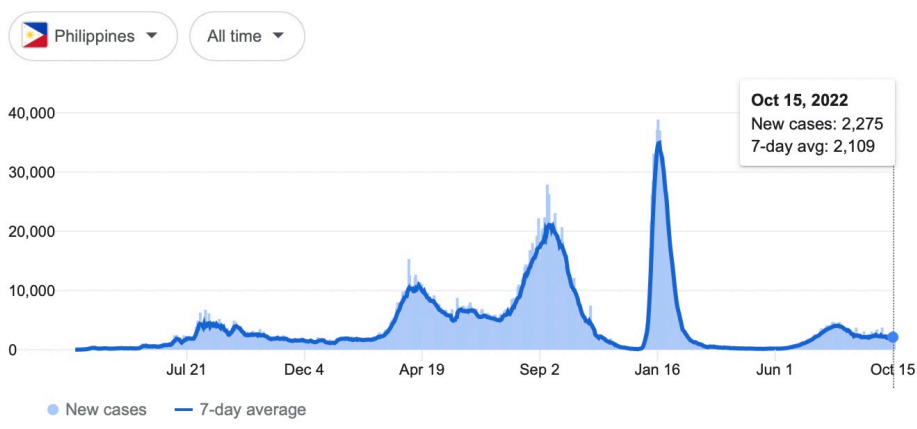
Disclaimer:

Information and opinions presented represent the judgment of the author and securities offered and sold by Mandarin Securities Corp. are subject to price movements and possible loss of amount invested. The information is based upon sources we believe to be reliable and has been obtained from public sources. Opinions and estimates are subject to change without notice. Mandarin Securities, and/or its employees may act or take a view in a different and inconsistent way contained in this report. This report is for informational purposes only, and is not an offer or solicitation to buy or sell any financial instrument or product or financial security.

Market Outlook

What You Need to Know

- ➔ The PSEi slid by 0.46%, reverting to a week-on-week decline, just a week after its first week-on-week gain in eight weeks. Investors remained cautious while gauging any major changes in market sentiment after the release of the latest US inflation print. Focus will likely shift to the third quarter earnings season which starts this week.
- ➔ Average number of COVID-19 cases in the Philippines per week increased last week. The number of coronavirus cases in the Philippines has reached 3,980,629 as of October 15 while active cases went up to 26,404 from 26,357 in the previous week. There are now 63,477 recorded deaths from COVID-19. Average new cases per week went up to 2,109 from 2,014 in the previous week.



- ➔ The PSEi managed to stay above the 5,900-level after posting a 4-day rally to end last week. It was able to recover majority of the ground it lost last Monday. Market movements remained small compared to previous weeks as some investors remained on the sidelines in the absence of strong catalysts. Even after the release of the US inflation report, market participation continued to be weak. The third quarter earnings season will start this week and focus could likely shift to that from macroeconomic data. Volatility may be expected to continue this week. Philippine businesses may have posted slower growth in the third quarter due to higher borrowing costs and the depreciation of the local currency. Buying opportunities for long-term investors remain abundant especially in volatile conditions, but the timeline by which equities would have a continuous upward momentum is uncertain. Equities are likely to continue facing pressure from prospective interest rate hikes and are likely to remain quiet unless a significant resolution in major global issues like the Ukraine-Russia conflict is achieved.

Disclaimer:

Information and opinions presented represent the judgment of the author and securities offered and sold by Mandarin Securities Corp. are subject to price movements and possible loss of amount invested. The information is based upon sources we believe to be reliable and has been obtained from public sources. Opinions and estimates are subject to change without notice. Mandarin Securities, and/or its employees may act or take a view in a different and inconsistent way contained in this report. This report is for informational purposes only, and is not an offer or solicitation to buy or sell any financial instrument or product or financial security.