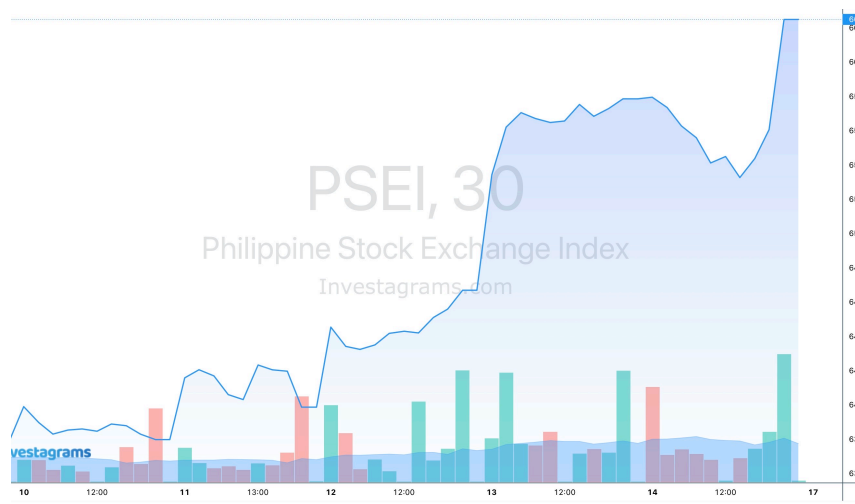




## Market Commentary



➔ The PSEi gained 245.76 points or 3.85% week-on-week and closed at 6,624.79. The benchmark index surged to the 6,600-level fueled by bullish sentiments after the continued cooling of US inflation last June. The Philippine Peso strengthened to PHP54.40 against the US dollar from PHP55.62 in the previous week. Net foreign buying amounted to PHP2.58 billion. All sectors ended positive last week led by Financial (+6.75%) and Property (+3.67%). ION (+15.79%) and AB (+15.61%) led the stock gainers, while ABS (-6.83%) and PRF3A (-4.76%) were the worst performers. Notable local developments from last week were the following:

- Approved investments by the Philippine Economic Zone Authority (PEZA) experienced a significant surge in the first half of the year, growing by 258% to reach PHP80.6 billion. The increase was driven by the government's robust promotion efforts, with PEZA approving a total of 102 projects during this period. In June alone, approved investments skyrocketed by 814.31% to PHP32.56 billion, covering 22 projects.
- The Department of Energy (DoE) has announced that government agencies and local government units (LGUs) in the Philippines have been given a 3-year timeline to achieve a 20% quota for renewable energy (RE) in their power usage. The Inter- Agency Energy Efficiency and Conservation Committee issued a resolution on July 7, setting the RE quota and specifying acceptable sources such as solar photovoltaic (PV) systems or any equivalent form of RE.
- The National Wages and Productivity Commission (NWPC) confirmed that the approved PHP40 minimum wage hike will be implemented on July 16, despite the appeal made by several labor organizations seeking a higher increase. The appeal was filed on July 3, three days after Wage Order No. NCR-24 was published, which stipulated the PHP40 wage hike for both the non-agriculture and agriculture sectors.

## INDICES

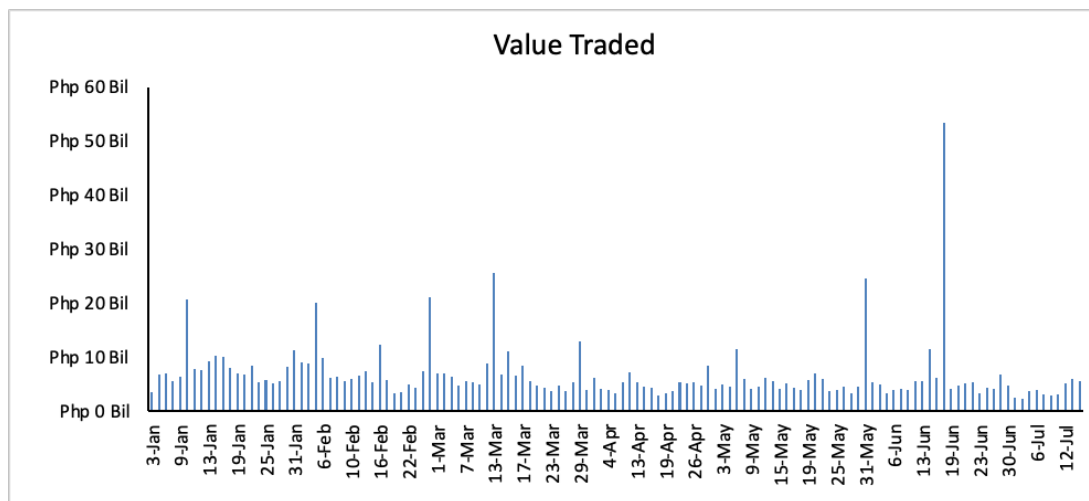
Index	Prev	Last	% Chg
<b>PSEi</b>	6,379.03	6,624.79	3.85%
<b>All Shares</b>	3,422.28	3,515.81	2.73%
<b>Financial</b>	1,817.16	1,939.83	6.75%
<b>Industrial</b>	9,114.63	9,369.55	2.80%
<b>Holding Firms</b>	6,326.08	6,470.77	2.29%
<b>Property</b>	2,547.70	2,641.32	3.67%
<b>Services</b>	1,551.57	1,581.56	1.93%
<b>Mining &amp; Oil</b>	9,870.56	10,018.79	1.50%

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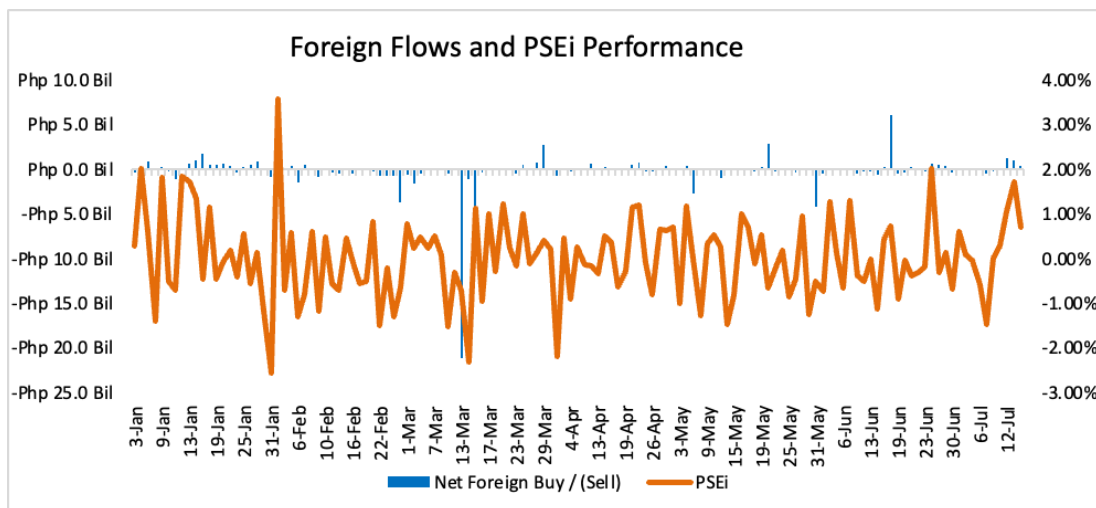
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- ➔ Market turnover for last week averaged PHP4.54 billion, higher than the PHP3.12 billion in the previous week. Market activity picked up from Wednesday to Friday as foreign and local economic data came in, headlined by the US inflation figures.



- ➔ Last week logged a net foreign buying of PHP2.58 billion, contrary to the net foreign selling of PHP410.98 million in the period of July 3-7. Foreigners are currently on a 4-day net buying streak.

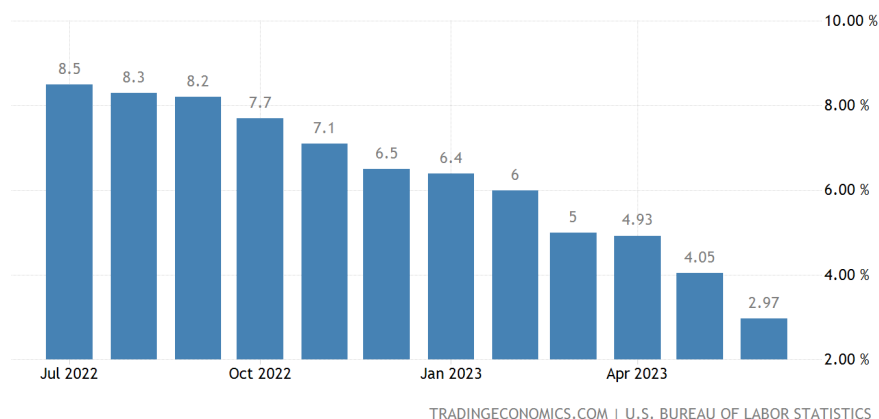


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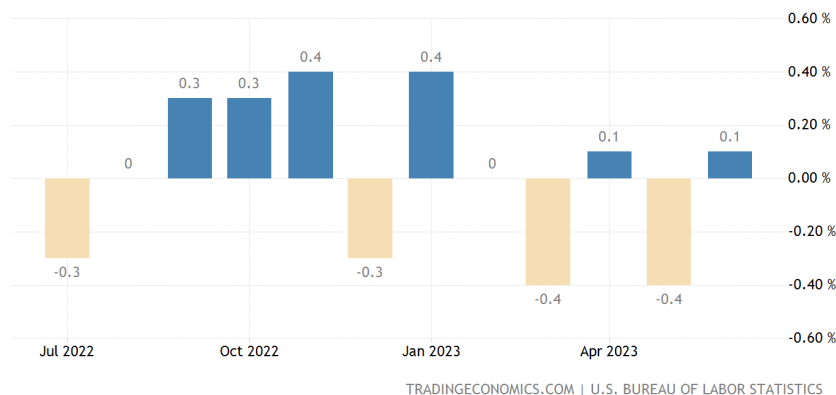
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## Key Economic Figures



➔ **US consumer price index (CPI).** The US annual inflation rate slowed to 3% in June 2023, which was lower than the market expectation of 3.1%. This figure marked the lowest level since March 2021. The decrease in inflation can be attributed in part to the high base effect from the previous year, where energy and food price surges drove inflation to reach 9.1%. Energy costs experienced a significant slump, with fuel oil, gasoline, and utility gas service prices declining by 36.6%, 26.5%, and 18.6% respectively. On the other hand, electricity prices increased by 5.4%. Inflation also eased for other categories, including food, shelter, new vehicles, apparel, transportation services, medical services, and used cars and trucks. At the same time, core inflation rate dropped to 4.8% in June, lower than the market expectation of 5%.



➔ **US producer price index (PPI).** Producer prices for final demand in the US showed a modest increase of 0.1% on a month-over-month basis in June. This follows a revised 0.4% decrease in May and falls below market expectations of a 0.2% rise. Services costs rose by 0.2%, led by a 5.4% advance in deposit services. Several sectors, including food and alcohol retailing, traveler accommodation services, insurance also experienced price increases. However, truck transportation of freight declined by 2.1%. On the other hand, goods costs remained unchanged. Price increases for items such as gasoline, electric power, beef and veal, chicken eggs, and medical and personal aid devices offset decreases in categories like iron and steel scrap, diesel fuel, oilseeds, industrial chemicals, and residual fuels. On a year-on-year basis, producer prices were up by 0.1%, representing the smallest increase since the fall of 2020.

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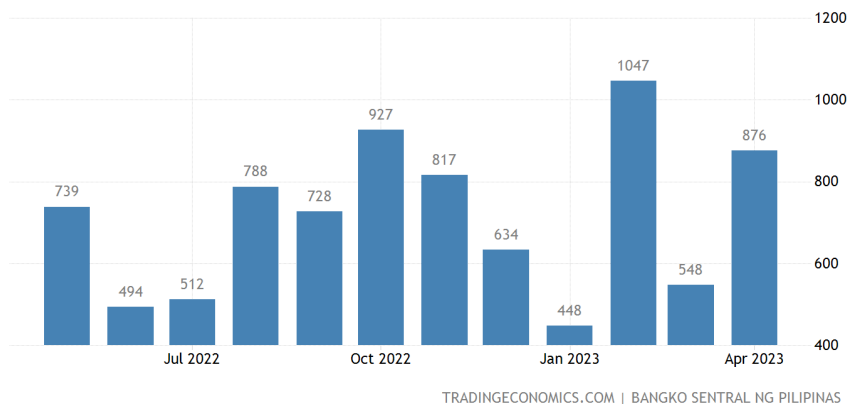
## For the Week

TOP GAINERS		TOP LOSERS	
ION	15.79%	ABS	-6.83%
AB	15.61%	PRF3A	-4.76%
LR	9.66%	SGP	-4.43%
MONDE	8.90%	RFM	-4.31%
BDO	8.76%	STR	-4.10%
BPI	8.59%	AGI	-3.92%
APX	8.08%	COSCO	-3.75%
ALI	7.08%	WLCON	-3.61%
PX	6.23%	TECH	-2.61%
JFC	5.83%	VLL	-2.47%
ICT	5.34%	MAXS	-2.34%
MBT	5.12%	PLC	-1.89%
GSMI	5.10%	BLOOM	-1.85%
DD	4.96%	MWIDE	-1.77%
DNL	4.96%	CLI	-1.52%
CNPF	4.31%	CNVRG	-1.50%
GTCAP	4.00%	UBP	-1.47%
SM	3.95%	FLI	-1.47%
ACEN	3.85%	PGOLD	-1.37%
MER	3.66%	IMI	-1.23%

## Key Economic Figures



- ➔ **US consumer sentiment.** Consumer sentiment in the United States soared to its highest level in almost two years in July, as per the University of Michigan's survey. The preliminary reading of the overall index of consumer sentiment reached 72.6, the highest since September 2021, surpassing economists' expectations. The surge in sentiment was driven by a combination of factors, including the easing of inflationary pressures and the stability of the labor market. All demographic groups, except lower-income consumers, witnessed an increase in sentiment. The survey also revealed a slight uptick in short-term inflation expectations, while the longer-term outlook remained relatively stable. Overall, the robust consumer sentiment suggests positive prospects for the U.S. economy, indicating improved confidence among consumers amidst more favorable economic conditions.



- ➔ **PH foreign direct investment (FDI).** Foreign direct investment (FDI) in the Philippines experienced a year-on-year decline of 14.1% in April 2023, amounting to \$0.9 billion. This decrease can be attributed to investor concerns regarding slowing economic growth and relatively high inflation levels on a global scale. Net debt instruments dropped by 7.7% to \$0.66 billion, while reinvestment of earnings decreased by 19.4% to \$0.08 billion. Equity capital witnessed a significant decline of 33.8% to \$0.14 billion. Japan, the United States, and Singapore were the primary sources of funds, with investments primarily directed towards the manufacturing, real estate, and financial and insurance industries. For the first four months of the year, net inflows of FDI declined by 18.0% year-on-year to \$2.9 billion, reflecting cautiousness among foreign investors in the face of persistent and broadening global inflationary pressures.

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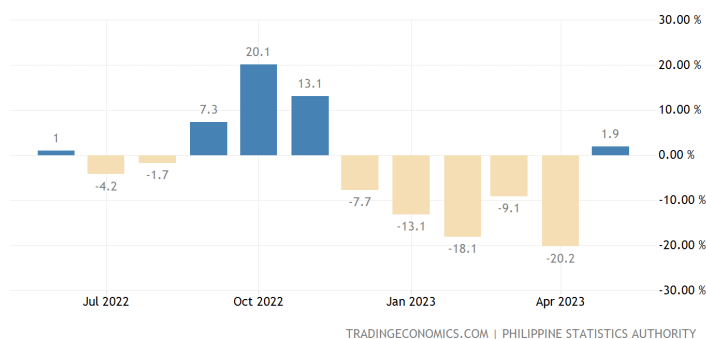
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## For the Week

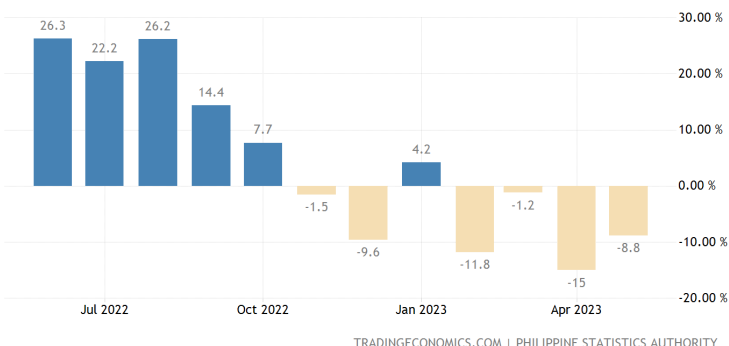
TOP GAINERS		TOP LOSERS	
LR	15.36%	EI	-8.16%
APX	10.17%	AP	-7.41%
COSCO	8.98%	FNI	-5.37%
ION	7.26%	PLC	-5.36%
SHNG	6.78%	HOME	-4.95%
STR	5.93%	VLL	-4.71%
FB	5.56%	ROCK	-4.23%
PRF3A	5.53%	RLC	-3.78%
FGEN	5.14%	ACEN	-3.53%
PCOR	4.90%	DNL	-3.29%
RFM	4.84%	AC	-3.20%
PIZZA	4.80%	GMA7	-3.16%
GLO	4.56%	GTCAP	-2.91%
MPI	3.98%	SMPH	-2.89%
CHP	3.92%	FLI	-2.86%
MWIDE	3.67%	CEB	-2.80%
MAXS	3.52%	SHLPH	-2.76%
DD	3.37%	BPI	-2.67%
SLI	3.35%	ICT	-2.65%
RRHI	3.29%	SGP	-2.55%



## Key Economic Figures



➔ **PH exports.** In May 2023, Philippine exports rebounded strongly with a year-on-year growth of 1.9% to reach \$6.44 billion, following a significant decline of 20.2% in the previous month. This marked the first increase in shipments since November of the previous year, driven by a surge in sales to China, the country's largest trading partner. Sales saw growth in various sectors, including electronic products, other manufactured goods, ignition wiring sets, gold, and bananas. However, exports contracted for other mineral products, refined copper cathodes, machinery and transport equipment, and chemicals. Among the destination markets, sales increased to China, the US, Japan, the Netherlands, South Korea, Malaysia, India, and the European Union. Conversely, they declined for Hong Kong, Singapore, Thailand, and ASEAN countries. This recovery in exports reflects a positive trend in the Philippines' external trade, particularly with China's increased demand for Philippine goods.



➔ **PH imports.** Imports into the Philippines experienced a year-on-year decline of 8.8% in May 2023, amounting to \$10.84 billion. This marks the fourth consecutive month of decreasing imports, driven by weakening domestic demand and ongoing cost pressures. Several import categories saw contractions, including electronic products, mineral fuels and lubricants, iron and steel, and industrial machinery and equipment. However, there were increases in purchases of transport equipment, other food and animals, telecommunication equipment and electrical machinery, and metalliferous ores and metal scrap. Import volumes from Japan, South Korea, Malaysia, Taiwan, Indonesia, Thailand, Vietnam, ASEAN countries, and the European Union were lower. On the other hand, imports from the United States and China recorded growth. The decline in imports reflects the challenges faced by the Philippine economy, particularly in relation to domestic demand and cost-related factors, while certain sectors saw increased demand for specific import goods.

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## Market Outlook

### What You Need to Know

- ➔ The PSEi went up by almost 4% last week, a complete turnaround after a 1.17% drop in the previous week. The local barometer managed to break through the tough 6,600-resistance level, just a week after it fell through the 6,400-support level. The further cooldown of US inflation helped lift market sentiment which had been dampened by hawkish signals by the US Federal Reserve (Fed) since the last week of May. Other markets also cheered the latest inflation report along with the reduced expectations of more rate hikes by the Fed following the projected 25-basis points (bps) hike next week.
- ➔ The number of coronavirus cases in the Philippines has reached 4,169,947 as of July 16, 2023 while active cases continued to decline and had a 12.37% drop from 6,606 to 5,789. There were 26 new deaths from COVID-19 recorded last week and the total increased to 66,510.
- ➔ The Philippine stock market may experience a decline this week due to profit taking after a 5-day rally last week. Additionally, the upcoming Fed policy review may create a sense of uncertainty among investors which could lead to a wait-and-see approach, despite high expectations of a 25-bps hike after its decision to keep rates unchanged in its previous meeting. US consumer prices continued to rise in June, but both headline and core inflation are subsiding. Despite this, it is not projected to be sufficient to deter the Fed from resuming interest rate hikes this month. However, these developments have increased hopes that the July hike will be the final one, bringing a peak to the Fed's monetary policy tightening cycle. The Philippine Peso could continue its upward trajectory against the US dollar this week even after ending on a 3-month high last week. The local currency surged amidst hopes that the Fed might cut interest rates early next year, as US inflation has been slowing. The weakness of the greenback have also helped the Philippine Peso make strides. Notions that the Fed is nearing the peak of its rate hiking cycle due to easing inflationary pressures have added to the downward tilt of the US dollar and have been favorable for the local currency. In the local bourse, higher selling pressure and increased volatility could be expected. The Philippines' cash remittance and balance of payments (BoP) data will also come out and these would bring some insights on how the economy did last quarter.

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