



## Market Commentary



➔ The PSEi lost 107.40 points or 1.55% and ended last week at 6,126.34. The local bourse continued to suffer from heavy foreign selling amidst mounting inflation concerns due to rising oil prices. The Philippine Peso weakened to PHP56.815 from PHP56.63 against the US dollar. Net foreign selling amounted to PHP4.39 billion. Mining&Oil (+4.04%) was the silver lining. Property (-3.33%), Services (-2.57%), and Holding Firms (-2.09%) had the biggest declines. PNX4 (+28.04%) and LPC (+11.29%) led the stock gainers while AB (-11.80%) and RRHI (-9.96%) had the worst week.

## INDICES

Index	Prev	Last	% Chg
<b>PSEi</b>	6,222.94	6,126.34	-1.55%
<b>All Shares</b>	3,360.23	3,320.18	-1.19%
<b>Financial</b>	1,793.46	1,786.93	-0.36%
<b>Industrial</b>	8,816.12	8,789.88	-0.30%
<b>Holding Firms</b>	5,984.10	5,859.32	-2.09%
<b>Property</b>	2,588.90	2,502.59	-3.33%
<b>Services</b>	1,533.93	1,494.56	-2.57%
<b>Mining &amp; Oil</b>	10,078.42	10,485.61	4.04%

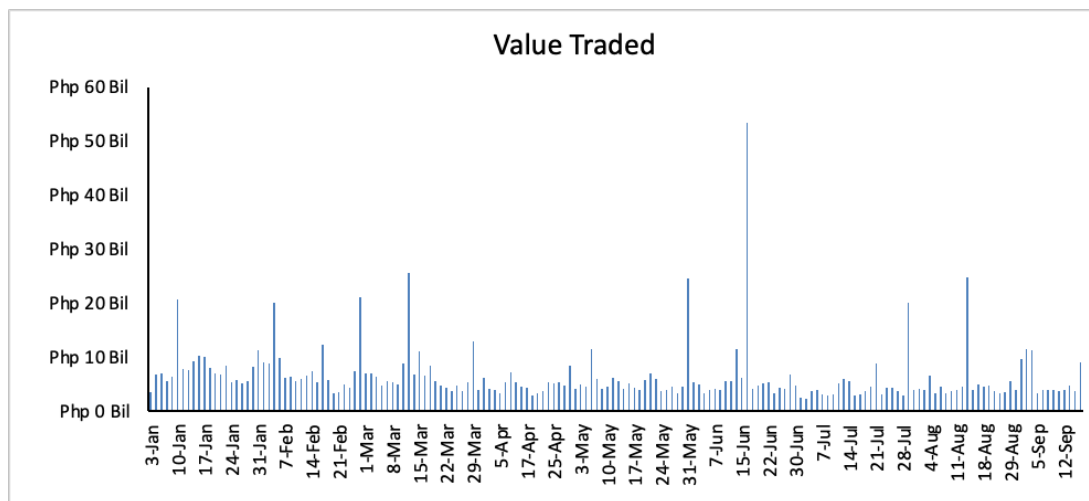
- The Philippines' outstanding debt has reached a new record of PHP14.24 trillion (\$284 billion) as of the end of July, driven by additional domestic borrowings to meet state financing requirements. This marks a slight increase of 0.7% from the previous month but represents a 10.5% year-on-year increase from PHP12.887 trillion. The government added PHP96.44 billion in fresh obligations in July due to the net issuance of domestic securities. The current debt level is approximately 97.4% of the expected PHP14.62 trillion debt by the end of 2023.
- Vehicle sales in the Philippines continued to grow in the first 8 months of the year, with a 29.8% increase compared to the same period last year. Data from the Chamber of Automotive Manufacturers of the Philippines Inc. (CAMPI) and the Truck Manufacturers Association (TMA) showed that new motor vehicle sales reached 276,215 units from January to August, representing 70% of the 395,000 sales forecasts for the year. This growth in vehicle sales indicates optimism for a sustained post-pandemic recovery in the auto industry. In August alone, vehicle sales increased by 21.6% to 36,714 units, with passenger car sales leading the growth by rising 49.9% to 10,094 units. Commercial vehicle sales also increased by 13.5% in August to 26,620 units.

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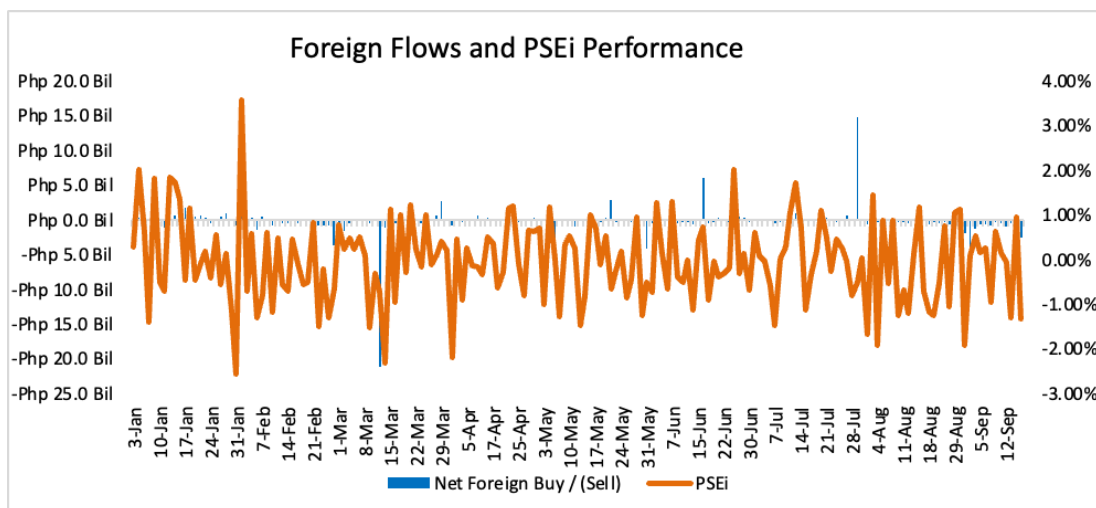
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- ➔ Market turnover averaged PHP5.04 billion last week, slightly lower than the PHP5.25 billion in the previous week. Activity picked up especially last Friday with total turnover value reaching PHP9.07 billion.



- ➔ Last week logged a net foreign selling of PHP4.39 billion, higher than the PHP3.60 billion in the previous week. Foreigners have a running net sell streak of 19 sessions.



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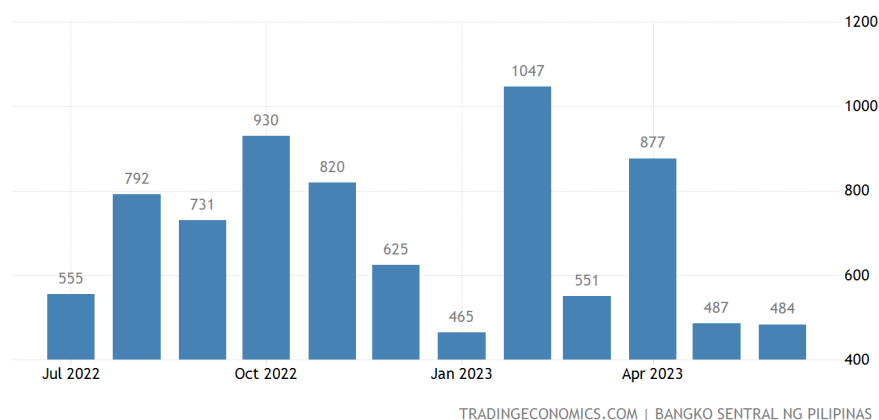
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## Key Economic Figures



➔ **US CPI.** In August, the annual inflation rate in the US rose for the second consecutive month, reaching 3.7%, exceeding market projections of 3.6%. This increase was driven by higher oil prices in the past two months, along with base effects from the previous year. Energy costs dropped by 3.6% in July 2023, a smaller decline compared to the 12.5% decrease in July. Prices for fuel oil and gasoline also fell at a slower pace. Conversely, transportation services, electricity, food, shelter, new vehicles, apparel, and several other categories experienced inflation slowdowns. However, the core inflation rate, which excludes food and energy, remained stable at 4.3%. (US Bureau of Labor Statistics)



➔ **PH FDI.** In June 2023, net foreign direct investment (FDI) in the Philippines dropped by 3.9% year-on-year to \$0.48 billion. This decline was driven by a 26.8% decrease in reinvestment of earnings, which amounted to \$0.09 billion, and an 11.8% decrease in equity capital, totaling \$0.11 billion. On the other hand, net debt instruments increased by 11% to \$0.28 billion. The primary sources of equity capital placements for the month were Japan, the United States, and Singapore, with investments mainly going into the manufacturing, real estate, and information & communication sectors. For the first half of the year, FDI net inflows in the Philippines declined by 20.4% to \$3.9 billion compared to the same period last year. (BSP)

## For the Week

TOP GAINERS		TOP LOSERS	
PNX4	28.04%	AB	-11.80%
LPC	11.29%	RRHI	-9.96%
TECH	10.64%	AP	-8.14%
LR	10.41%	TEL	-5.92%
CNVRG	9.22%	ABS	-5.75%
SSP	8.26%	DNL	-5.75%
SCC	7.81%	ALI	-5.73%
PLC	6.56%	CEB	-5.36%
EW	5.39%	APX	-5.19%
FNI	5.22%	JGS	-4.60%
MONDE	5.06%	WLCON	-4.56%
MER	4.52%	AEV	-3.57%
NIKL	3.52%	FGEN	-3.46%
PAL	3.17%	MBT	-3.45%
BPI	2.80%	GSMI	-3.43%
DMC	2.76%	FLI	-3.08%
FB	2.75%	CHP	-2.94%
MRSGI	2.36%	BLOOM	-2.85%
ROCK	1.41%	IMI	-2.78%
DD	1.40%	PGOLD	-2.68%

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## Market Outlook

### What You Need to Know

- ➔ The PSEi declined by 1.55% and snapped a 2-week streak of week-on-week gains. The benchmark index failed to stay afloat last Friday and fell to the 6,100-support level once again. Selling pressure heightened on worries over the lasting effects of rising oil prices on inflation. Local headline inflation quickened anew to 5.3% last August.
- ➔ The number of coronavirus cases in the Philippines has reached 4,112,293 as of September 15, 2023. Active cases stood at 2,709. The number of deaths from COVID-19 has 66,685. Number of recoveries stood at 4,042,899.
- ➔ Equity markets experienced further concerns last week, primarily due to renewed fears of inflation driven by rising oil prices. Several airlines in big markets like US and Europe lowered earnings expectations despite strong air travel demand as pricier oil is expected to cut margins. China's strong economic data and a resilient US economy suggest further strength in oil demand. US' consumer price index (CPI) and producer price index (PPI) both increased in the previous month. Investors continued to flock to safe haven/developed markets as evident in the continued foreign selling in the local bourse. Risk-off sentiment on equities could continue unless the Fed, and in turn the BSP, provides some strong signals that interest rates are close to reaching their peaks if they have not yet done so. Both the Fed and the BSP are expected to keep policy rates unchanged in their respective meetings this week, with both also leaving room for a potential one more rate hike before year-end. A PSEi's break of the 6,100-support level could initiate a fresh round of selling before it is picked up by bargain hunters. The local currency is also closely being monitored by the local central bank as it nears the PHP57-level again. The BSP may be forced to make some interventions again in the foreign exchange market to help support the Philippine Peso.

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