



Market Commentary



➔ The PSEi surged by 148.40 points or 2.91% and closed at 6,321.24 last week. The local bourse rallied on bargain hunting and shrugged off lingering inflation and interest rate concerns. The Philippine Peso strengthened to PHP56.575 from PHP56.795 against the US dollar. Net foreign selling amounted to PHP10.13 billion. Financial (+4.11%) and Mining&Oil (+3.91%) had the biggest jumps. LPC (+27.27%) and ABS (+19.05%) led the stock gainers while MRSGI (-8.53%) and UBP (-7.59%) had the worst week.

INDICES

Index	Prev	Last	% Chg
PSEi	6,142.79	6,321.24	2.91%
All Shares	3,316.95	3,400.83	2.53%
Financial	1,788.23	1,861.78	4.11%
Industrial	8,805.82	8,915.66	1.25%
Holding Firms	5,814.95	6,033.57	3.76%
Property	2,552.97	2,613.61	2.38%
Services	1,488.54	1,508.29	1.33%
Mining & Oil	10,387.46	10,794.09	3.91%

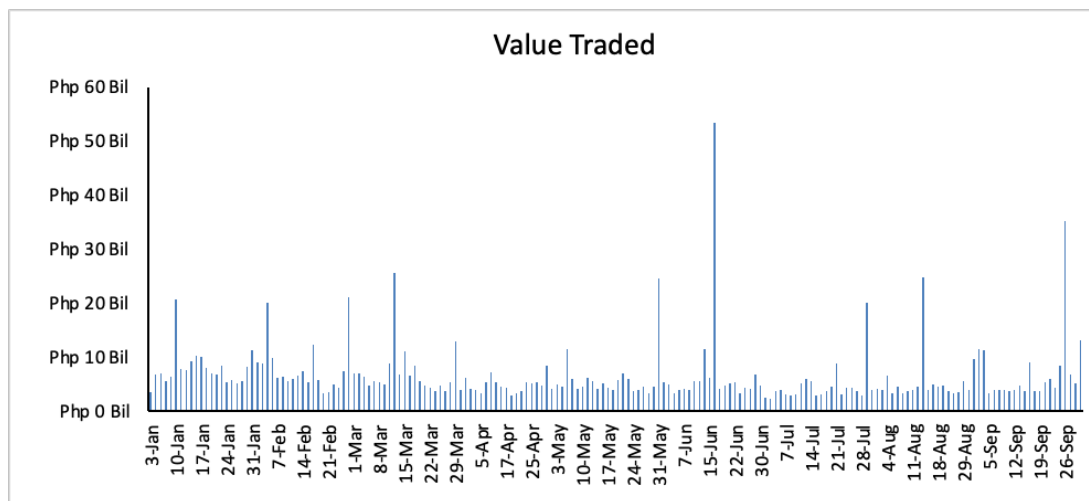
- S&P Global Ratings has reduced its 2023 GDP growth forecast for the Philippines to 5.2%, down from the original target of 5.9%. This downgrade is attributed to several factors, including the slowing global economy, the delayed impact of rate hikes by the Bangko Sentral ng Pilipinas (BSP), and the effects of El Niño. Despite this adjustment, the Philippines is still expected to be the second-fastest-growing economy in the Asia-Pacific region, following India's projected growth of 6%. S&P raised its GDP growth forecast for the Philippines to 6.1% for 2024 but lowered it to 6.2% for 2025.
- The Philippine government has successfully raised \$611.2 million through its second onshore retail dollar bonds (RDBs) auction. While this amount slightly exceeded the \$636 million on offer, it fell short of the \$1 billion target mentioned by Finance Secretary Benjamin E. Diokno.
- The Bangko Sentral ng Pilipinas (BSP) has displayed a preference for a more restrictive monetary policy and a longer-lasting period of higher interest rates, signaling the possibility of a rate hike as early as November. Economists anticipate that the BSP is likely to keep rates unchanged in the first half of 2024 following the resumption of its tightening cycle in November 2023. They have adjusted their forecasts, now expecting the policy rate to reach 5% at the end of 2024, up from the earlier prediction of 4.5%.

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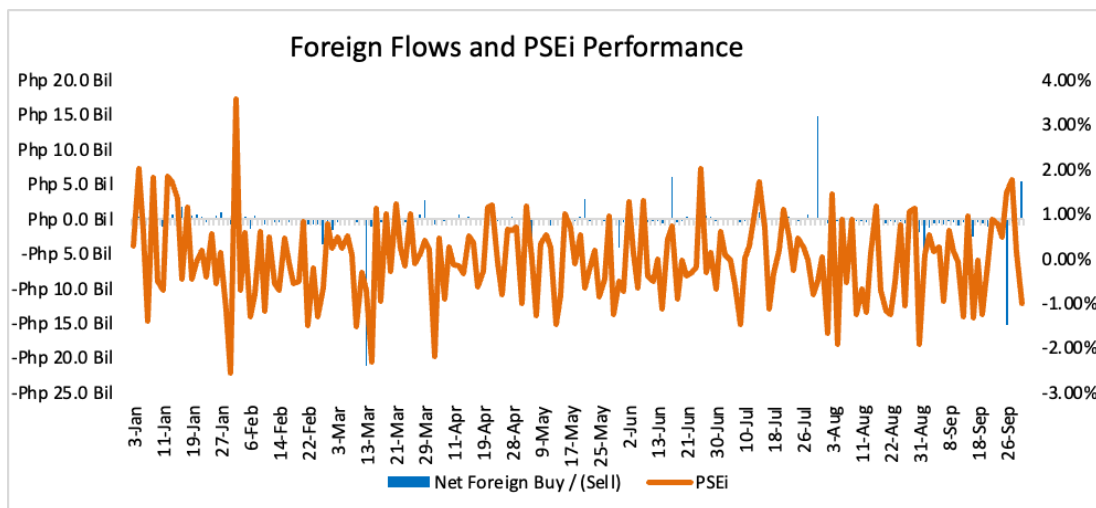
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- ➔ Market turnover averaged PHP13.73 billion last week compared to PHP4.58 billion in the previous week. The spike was mainly due to various block sales relating BLOOM, among others, and the increased activity because of the recent off-balance rebalancing of PSE indices.



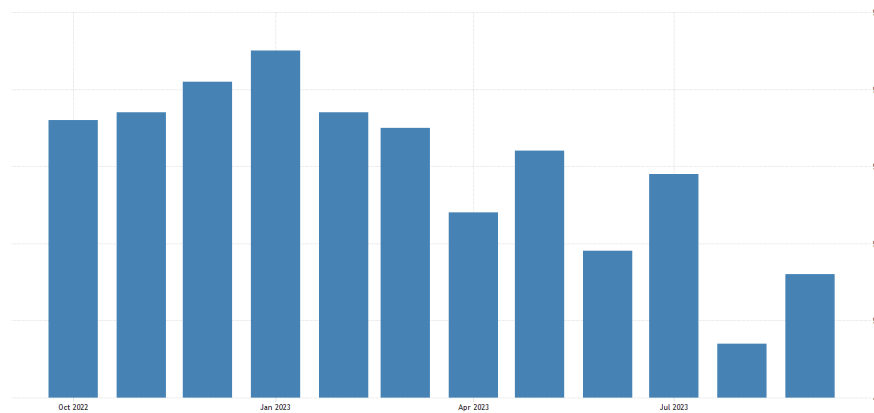
- ➔ Last week logged a net foreign selling of PHP10.13 billion, higher than the PHP2.66 billion in the previous week. A net foreign buy was recorded last Thursday and Friday, breaking the streak of 27 consecutive sessions of net selling.



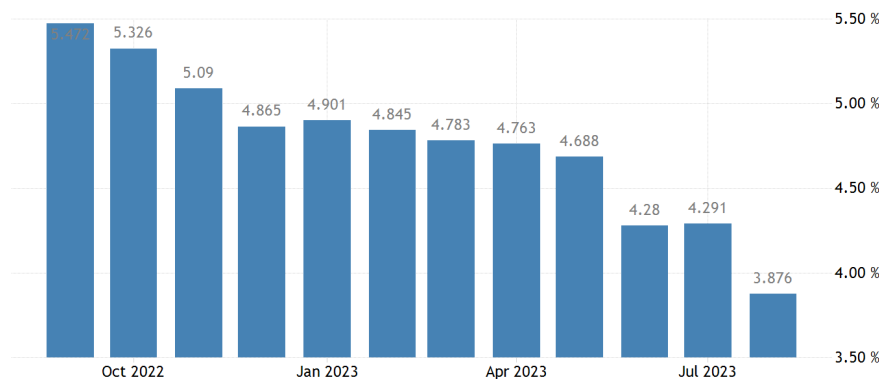
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Key Economic Figures



➔ **PH manufacturing PMI.** The S&P Global Philippines Manufacturing PMI increased from 49.7 in August to 50.6 in September, indicating a modest expansion in the Filipino manufacturing sector at the end of Q3. This growth was primarily driven by a rise in new orders, leading to increased production and hiring. Despite rising selling prices, inflationary pressures remained subdued. Looking forward, firms expressed optimism about future output growth but had some concerns about sustaining demand, as sentiment hit a 15-month low in September. *(S&P Global)*



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➔ **US core PCE price index.** In August 2023, the US core PCE price index, favored by the Federal Reserve for measuring inflation, increased by 3.9% annually, marking the lowest rate since May 2021 and aligning with market predictions. On a monthly basis, core PCE prices rose by 0.1%, falling short of the expected 0.2%. When considering food and energy costs, the PCE price index grew by 0.4% from the prior month and 3.5% from the same period the previous year. *(US Bureau of Economic Analysis)*

For the Week

TOP GAINERS		TOP LOSERS	
LPC	27.27%	MRSGI	-8.53%
ABS	19.05%	UBP	-7.59%
NIKL	16.35%	SEVN	-7.06%
HOME	10.83%	CNPF	-5.88%
ION	9.35%	PX	-5.05%
AP	8.94%	BLOOM	-4.72%
BDO	8.32%	MAXS	-2.86%
AEV	8.32%	PNX4	-2.49%
FGEN	7.06%	CEB	-2.30%
SECB	7.03%	CHP	-2.02%
TECH	6.77%	DDPR	-1.86%
CNVRG	6.67%	PCOR	-1.69%
DNL	5.77%	APX	-1.66%
ALI	5.75%	AGI	-1.60%
RLC	5.42%	MONDE	-1.53%
SSI	5.32%	GMA7	-1.22%
SM	4.91%	GTTPB	-1.15%
JGS	4.81%	GTCAP	-0.96%
URC	4.76%	EMP	-0.95%
LR	4.55%	MER	-0.81%

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Market Outlook

What You Need to Know

- ➔ The PSEi posted a strong rally last week, gaining almost 3% following a modest gain of 0.27% in the previous week. Investors took into account various central banks' decisions and some off-cycle PSE index rebalancing. UBP will be taken out from the main index and will be replaced by NIKL. BLOOM entered the PSEi along with CNPF, while MPI and AP were moved out. Market sentiment appeared more upbeat last week and took advantage of bargains. However, investors may continue to exercise temperance due to issues in the US and China.
- ➔ The number of coronavirus cases in the Philippines has risen to 4,114,680 as of September 29, from 4,113,434 last week. Active cases slightly rose to 3,018 from 2,914. There were no new deaths from COVID-19 last week, hence, the total has remained at 66,696. Number of recoveries rose to 4,044,966 from 4,043,824.
- ➔ Looking ahead, the main index is projected to climb and reach the 6,400 level in the coming week as bargain hunting continues before the release of September inflation data. Despite last week's rally, the local market remains attractive to investors due to its price-to-earnings ratio of 13.61x, below the 2018-2022 average of 19.08x, according to Philstocks Financial. Investors are closely watching the upcoming September inflation data, as a significantly higher figure than August's 5.3% could lead to market declines and potential uncertainty. Additionally, the release of S&P Global Philippines Manufacturing Purchasing Manager's Index data and August labor market data will provide further insights into the local economy.

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