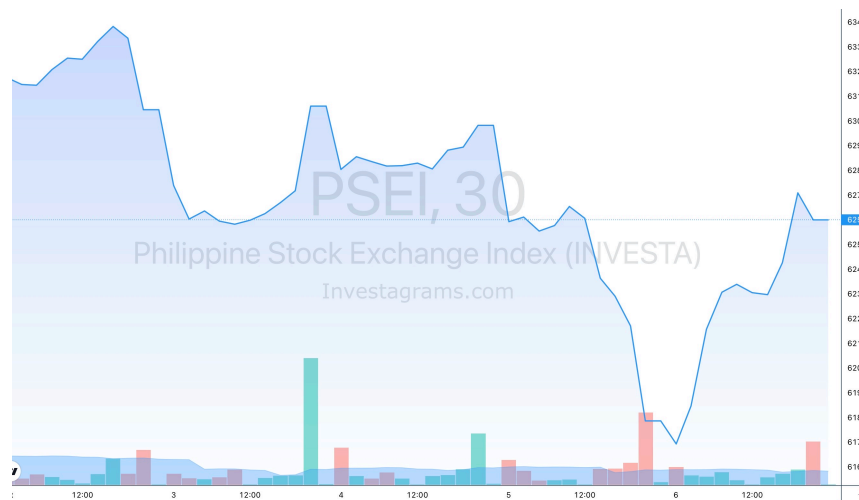




Market Commentary



➔ The PSEi slid by 44.58 points or 0.97% week-on-week and ended at 6,259.95 last Friday. Market sentiment took a hit after inflation quickened anew to 6.1% in September, which fell on the upper-end of the BSP estimate of 5.3%-6.1%. The Philippine Peso depreciated to PHP56.62 from PHP56.575 against the US dollar. Net foreign selling amounted to PHP2.58 billion. Mining&Oil (+0.44%) was the lone sector to go up. Financial (-2.00%) had the biggest decline while the rest had sub-1% contractions. PNX4 (+48.57%) and ACEN (+6.31%) led the stock gainers while AB (-12.28%) and COSCO (-7.47%) had the worst week.

INDICES

Index	Prev	Last	% Chg
PSEi	6,321.24	6,259.95	-0.97%
All Shares	3,400.83	3,379.27	-0.63%
Financial	1,861.78	1,824.55	-2.00%
Industrial	8,915.66	8,882.78	-0.37%
Holding Firms	6,033.57	5,974.48	-0.98%
Property	2,613.61	2,597.27	-0.63%
Services	1,508.29	1,506.00	-0.15%
Mining & Oil	10,794.09	10,841.29	0.44%

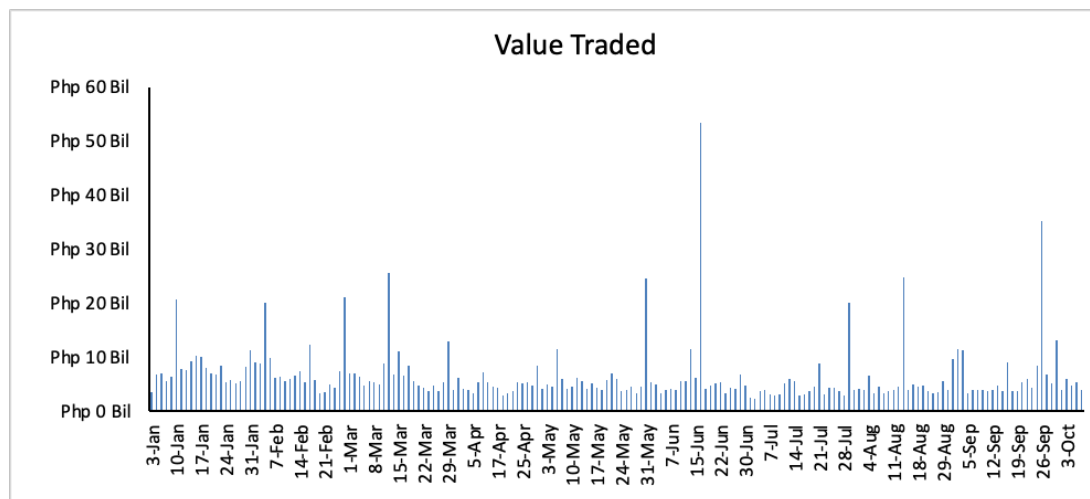
- The country's headline inflation surged to 6.1% in September, according to the Philippine Statistics Authority (PSA). This marked an increase from the 5.3% rate in August. The latest figure pushed the average inflation for the year from January to September to 6.6%. The main drivers of the acceleration were food and non-alcoholic beverages, particularly cereal food items like rice, as well as transportation due to multiple fuel price hikes during the month.
- Bank lending growth in the Philippines has decelerated to its slowest pace in nearly two years as of August 2023, with outstanding loans issued by major banks expanding at a rate of 7.2% year-on-year, reaching PHP 11.06 trillion. This marks a decline from July's 7.7% growth rate and represents the slowest pace since December 2021 when it was at 4.8%.
- The Department of Trade and Industry (DTI) has announced that manufacturers have reached a consensus to delay price increases until the end of 2023. During a meeting with 29 manufacturers and two industry associations representing various necessities, six manufacturers withdrew their requests for price adjustments. This withdrawal influenced other manufacturers, leading to a consensus to hold off on price increases until the year-end. The DTI is also considering rounding off canned sardine prices, following advice from the Bangko Sentral ng Pilipinas (BSP), which aims to generate efficiencies in delivering goods and services and reduce the demand for coins.

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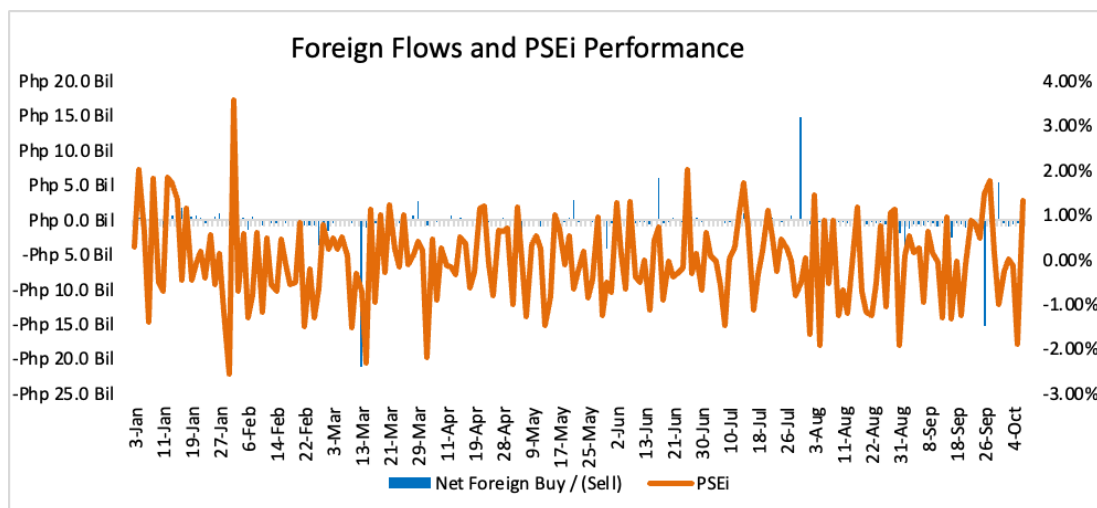
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- ➔ Market turnover averaged PHP4.76 billion last week, lower compared to the previous week's PHP13.73 billion which was mainly due to various block sales relating BLOOM, among others, and the increased activity because of the recent off-balance rebalancing of PSE indices.



- ➔ Last week logged a net foreign selling of PHP2.58 billion, lower than the PHP10.13 billion in the previous week.



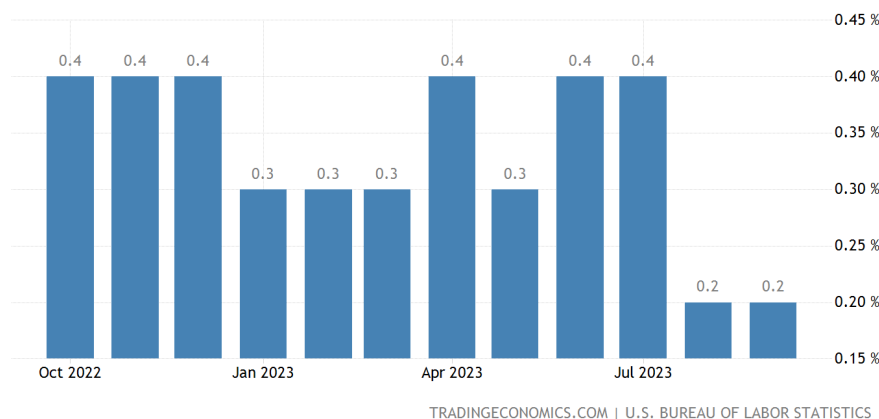
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Key Economic Figures



- ➔ **PH unemployment rate.** The Philippines' unemployment rate declined to 4.4% in August 2023, the lowest since May, down from 5.3% in the same period the previous year. This improvement reflects a decrease in the number of unemployed individuals to 2.21 million from 2.68 million in August 2022, alongside an increase in employment to 48.07 million from 47.87 million. The services sector accounted for the largest portion of employment at 57.3%, followed by agriculture at 24.5%, and industry at 18.2%. However, the labor force participation rate dipped to 64.7% from 66.1% year-on-year. *(Philippine Statistics Authority)*



- ➔ **US average hourly wage.** In September 2023, average hourly earnings for all employees in the US private nonfarm payrolls increased by 7 cents, or 0.2%, to reach \$33.88. This growth rate matched the previous month's pace and was slightly below market expectations of a 0.3% increase. For private-sector production and nonsupervisory employees, average hourly earnings rose by 6 cents, or 0.2%, to \$29.06 during the same period. Over the past 12 months, average hourly earnings saw a 4.2% increase, the smallest rise since June 2021 and falling slightly below market estimates of a 4.3% increase. *(US Bureau of Labor Statistics)*

For the Week

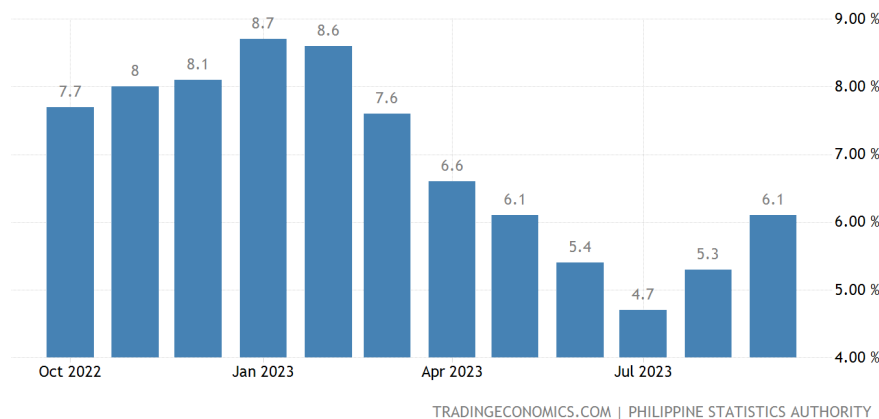
TOP GAINERS		TOP LOSERS	
PNX4	48.57%	AB	-12.28%
ACEN	6.31%	COSCO	-7.47%
FNI	6.12%	FLI	-4.69%
GSMI	5.71%	STR	-4.49%
WLCON	4.55%	RFM	-3.82%
ROCK	4.29%	APX	-3.80%
VLL	4.27%	SECB	-3.69%
ABS	4.00%	JFC	-3.66%
HOUSE	3.89%	IMI	-3.59%
TUGS	3.85%	AGI	-3.57%
UBP	3.18%	ALI	-3.40%
AP	2.99%	LPZ	-3.33%
EEI	2.77%	MBT	-3.33%
PX	2.66%	SSP	-3.11%
TEL	2.30%	SLI	-3.08%
BLOOM	1.98%	BPI	-2.68%
PAL	1.76%	RLC	-2.64%
LR	1.45%	SGP	-2.59%
SMPH	1.32%	RRHI	-2.57%
MWIDE	1.24%	TECH	-2.44%

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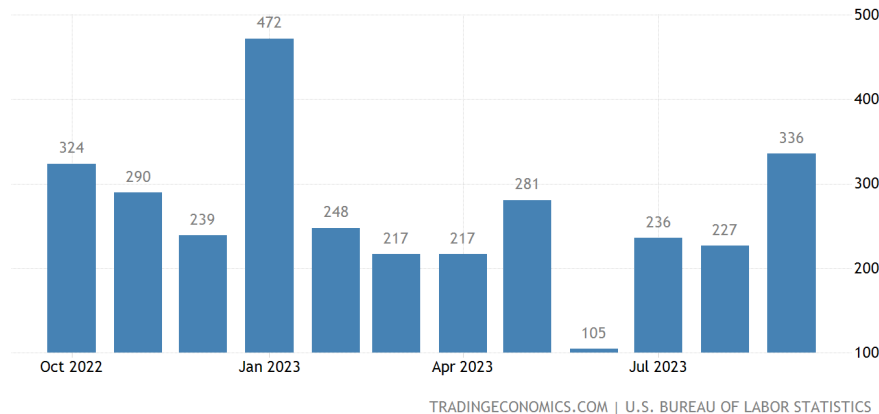
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Key Economic Figures



- ➔ **PH inflation rate.** The annual inflation rate in the Philippines climbed to 6.1% in September 2023, marking the second consecutive monthly increase and surpassing both August's figure and market expectations of 5.3%. This reading, the highest since May, was primarily driven by elevated prices in the food and non-alcoholic beverages category, with a notable surge in rice costs. Prices also rose at a faster pace in transportation, health, recreation, sports, culture, and education services. However, core inflation, which excludes food and fuel, moderated to 5.9% from the previous 6.1%, reaching its lowest level since October 2022. In monthly terms, the consumer price index (CPI) increased by 1.1%, matching the pace seen in the prior month. *(Philippine Statistics Authority)*



- ➔ **US nonfarm payrolls.** US nonfarm payrolls surged by 336K in September 2023, marking the strongest job growth in 8 months, surpassing expectations of 170K. The labor market continues to demonstrate resilience despite the Federal Reserve's tightening measures, with gains seen in sectors like leisure and hospitality (96K), government (73K), health care (41K), professional services (29K), and social assistance (25K). Other major industries, including mining, construction, manufacturing, and financial activities, showed little change in employment. This robust job growth suggests the labor market is gradually improving while accommodating population growth. *(US Bureau of Labor Statistics)*

For the Week

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EEI	2.77%	MBT	-3.33%
PX	2.66%	SSP	-3.11%
TEL	2.30%	SLI	-3.08%
BLOOM	1.98%	BPI	-2.68%
PAL	1.76%	RLC	-2.64%
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Market Outlook

What You Need to Know

- ➔ The PSEi snapped its 2-week winning streak after posting a 0.97% decline last week. The benchmark index took a nosedive of almost 2% last Thursday following the release of the country's latest consumer price index (CPI) report. Headline inflation accelerated to 6.1% in September, picking up from the 5.3% figure last August. The increasing price of rice was one of the main drivers. On a positive note, core inflation eased to 5.9% from 6.1%. The market eventually had some recovery last Friday as investors quickly picked up bargains from the steep drop the day before and local unemployment data showed some improvement in the labor market.
- ➔ The number of coronavirus cases in the Philippines increased to 4,115,714 as of October 5 from 4,114,680 last week. Active cases slightly rose to 3,055 from 3,018. There were 6 new deaths from COVID-19 last week, and the total went up to 66,702. Number of recoveries increased to 4,045,957 from 4,044,966.
- ➔ In the United States, the upcoming focus is on the inflation report for September, with expectations of a 0.3% increase in CPI. Additionally, the release of FOMC minutes, speeches by US Federal Reserve (Fed) officials, and corporate earnings reports from major companies will be key. In Europe, the ECB's monetary policy meeting accounts will be released, along with CPI reports from Germany and France, industrial production data for the eurozone, and various economic indicators from the UK. Asia will see the reopening of financial and commodity markets in China, with a spotlight on foreign trade data and CPI. Japan will release the Reuters Tankan index and current account data, while India will unveil its inflation rate, industrial production, and trade balance figures. The latest use of force in the Israel-Palestine conflict which erupted over the weekend could also affect markets globally. While oil experts have stated that this may not have significant repercussions on the already tight oil supply, initial reactions could pull markets down.
- ➔ The Philippine stock market is expected to be in a defensive mood due to faster September inflation, which may lead to potential interest rate hikes by the Bangko Sentral ng Pilipinas (BSP). Weak macroeconomic indicators could impact company profitability. While the market may experience gains early in the week, there could be reactive moves following the release of the September US jobs report. The PSEi could keep trading between the 6,100-6,300 range while waiting for stronger catalysts.

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