



## Market Commentary



➔ The PSEi gained 27.28 points or 0.46% week-on-week and closed at 5,989.27 last week. The benchmark index tracked the rallies of other markets in light of the dovish signals from the US Federal Reserve (Fed) following its latest move to hold policy rates steady. The Philippine Peso surged to PHP56.10 from PHP56.955 against the US dollar. Net foreign selling amounted to PHP922.54 million. Services (+1.77%) and Property (+1.32%) advanced the most while Industrial (-0.42%) and Mining&Oil (-0.40%) declined. AB (+15.27%) and LPC (+6.67%) led the stock gainers, while MONDE (-7.17%) and SEVN (-5.00%) had the worst week. Some notable development were the following:

- The Bangko Sentral ng Pilipinas (BSP) anticipates that inflation likely eased to below 6% in October after increasing for two consecutive months, hitting 6.1% in September. The BSP's month-ahead inflation forecast indicated that inflation was expected to fall within a range of 5.1%-5.9% in October. Lower prices of rice, meat, vegetables, and petroleum products contributed to the easing of inflation in the country. However, higher prices of electricity, liquefied petroleum gas, fruits, and fish, along with a recent jeepney fare increase, were sources of upward price pressures in October.
- The Philippine Amusement and Gaming Corp. (PAGCOR) reported a nearly 40% increase in earnings to around PHP5 billion in the first nine months of the year. PAGCOR's net income rose by 39.7% from January to September, reaching PHP4.86 billion, up from PHP3.48 billion in the same period last year. The company's third-quarter income significantly exceeded its target for the nine-month period of PHP766.3 million. Revenues increased by 32% to PHP51.66 billion, outperforming government expectations of at least PHP50.69 billion.
- The Bureau of Customs (BOC) in the Philippines has surpassed its collection targets for both October and the first 10 months of 2023 due to its intensified efforts to combat smuggling. In October 2023, BOC collected a total of PHP78.616 billion, exceeding the monthly target by 1.4% or PHP1.084 billion. Over the January to October period, BOC's revenues amounted to PHP739 billion, surpassing the target by 2.4% or PHP17.287 billion.

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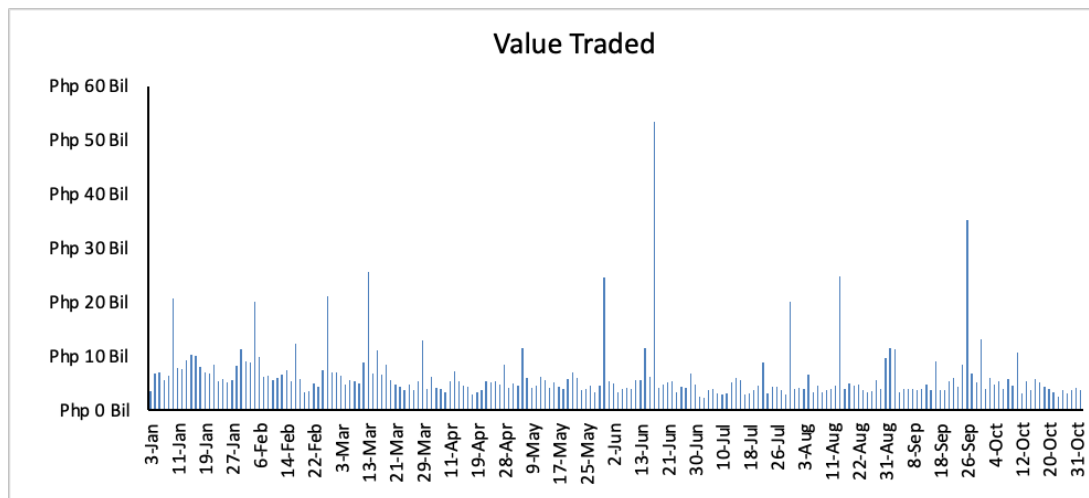
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## INDICES

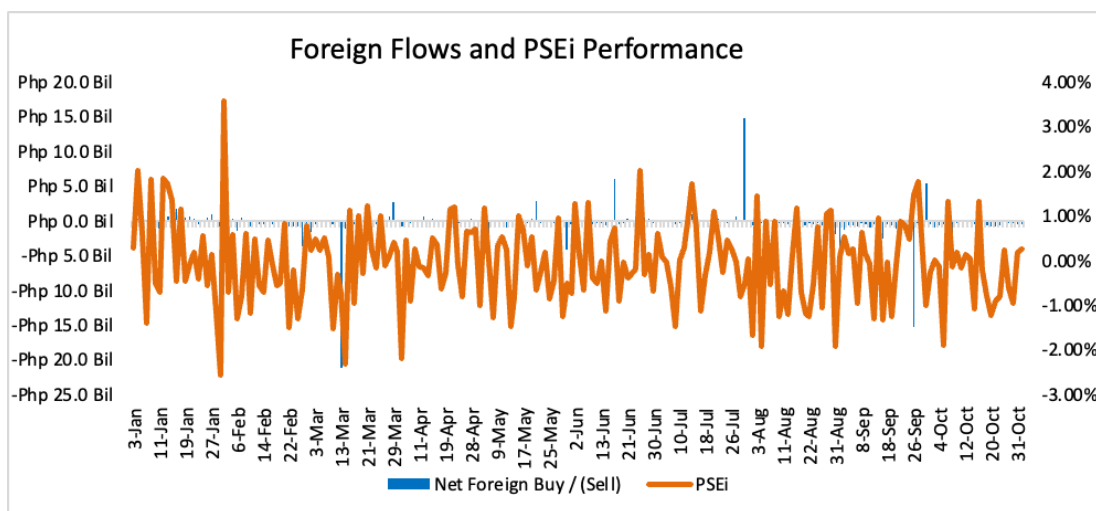
Index	Prev	Last	% Chg
PSEi	5,961.99	5,989.27	0.46%
All Shares	3,246.47	3,263.05	0.51%
Financial	1,705.71	1,704.16	-0.09%
Industrial	8,533.89	8,498.28	-0.42%
Holding Firms	5,722.15	5,727.48	0.09%
Property	2,513.41	2,546.63	1.32%
Services	1,451.32	1,476.94	1.77%
Mining & Oil	9,846.12	9,807.15	-0.40%



➔ Market turnover averaged PHP3.93 billion last week, higher than the PHP3.27 billion in the previous week.



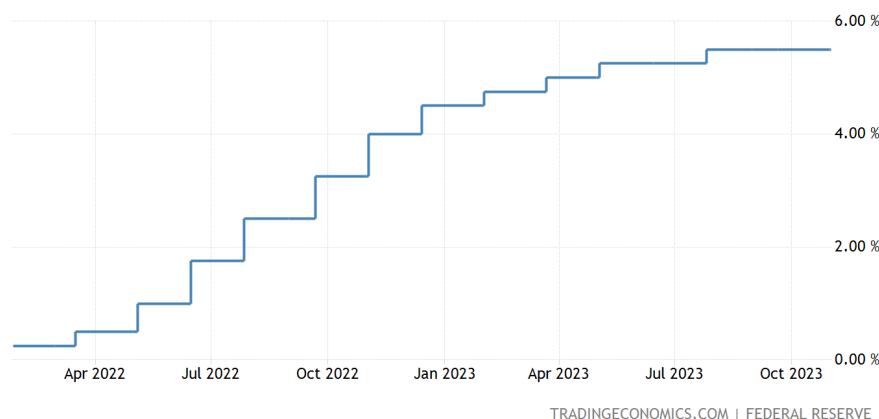
➔ Last week logged a net foreign selling of PHP922.54 million, lower than the PHP2.04 billion in the previous week.



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## Key Economic Figures



➔ **Fed benchmark rate.** The US Federal Reserve opted to maintain the target range for the federal funds rate at its elevated level of 5.25% to 5.5% for the second consecutive time. This decision underscored the Fed's dual objectives of addressing inflation and avoiding over-tightening of monetary policy. The central bank's policymakers emphasized their cautious approach, taking into account the cumulative impact of previous interest rate increases, the time it takes for monetary policy to affect economic activity and inflation, and the ongoing developments in the broader economy and financial markets. Fed Chairman Powell suggested that the September dot-plot, which showed a majority of participants expecting one more rate hike in the year, might no longer be accurate. He also made it clear that the Fed had not yet discussed the possibility of rate cuts; instead, the primary focus remained on assessing whether further rate hikes would be necessary in response to evolving economic and market conditions. *(Fed)*



➔ **US 10-year Treasury bond yield.** The yield on the US 10-year Treasury note dropped by 16 basis points to 4.5% after a weaker jobs report suggested a cooling labor market. This reinforced the belief that the Fed has halted its rate hikes. The 10-year yield fell by around 30 basis points for the week, reaching levels not seen since late September, and well below recent highs of 5%. The Fed's decision to keep rates unchanged and its concern about the impact of rising yields on financial conditions, along with the Treasury Department's announcement of selling \$112 billion in longer-term bonds (less than expected), contributed to the yield decline. *(TradingEconomics)*

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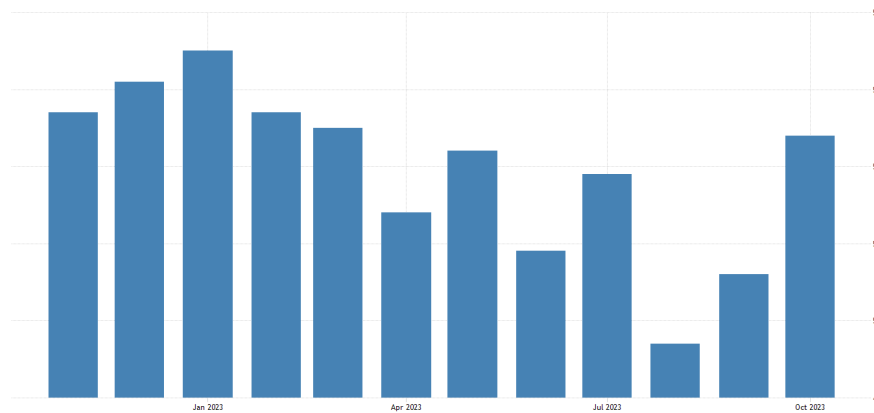
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## For the Week

TOP GAINERS		TOP LOSERS	
AB	15.27%	MONDE	-7.17%
LPC	6.67%	SEVN	-5.00%
PNX4	6.46%	GTCAP	-4.35%
AGI	6.11%	GTTPB	-3.68%
ION	5.98%	SCC	-3.49%
LR	5.27%	COSCO	-2.95%
TUGS	4.05%	DMC	-2.86%
APX	4.02%	IMI	-2.01%
AP	3.85%	MWC	-1.86%
LTG	3.41%	CEB	-1.66%
SSP	3.27%	GSMI	-1.53%
WLCON	3.03%	AEV	-1.51%
TECH	2.79%	ROCK	-1.49%
ICT	2.76%	RCB	-1.47%
PGOLD	2.60%	RFM	-1.32%
SSI	2.59%	CHP	-1.23%
ACEN	2.48%	MAXS	-1.23%
NIKL	2.43%	VLL	-1.23%
SPC	2.31%	FNI	-1.15%
AC	2.16%	HOUSE	-1.09%



## Key Economic Figures



➔ **PH manufacturing PMI.** In October 2023, the S&P Global Philippines Manufacturing PMI increased to 52.4, up from 50.6 in September. This marks the second consecutive month of improving operating conditions and the fastest upturn in seven months. The improvement was driven by faster expansions in factory orders and output, which encouraged companies to increase their workforce and purchasing activity. Additionally, inflationary pressures eased during the survey period, with both input costs and output charges rising at rates slower than their historical averages. Manufacturers also maintained optimism about the year-ahead outlook, although they remained cautious about global headwinds and the potential effects of recent monetary policy tightening on the sector. *(S&P Global)*



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➔ **PH producer price index.** In September 2023, producer prices in the Philippines declined by 0.2% year-on-year, marking the first instance of producer deflation since September 2021. This was primarily due to a slowdown in the annual rate of manufacture of computer, electronic, and optical products (0% compared to 2.8% in August). Additionally, prices decreased across various industry divisions, with notable declines in the manufacture of chemical and chemical products (-7.0% compared to -6.4%), coke and refined petroleum products (-6.5% compared to -5.6%), transport equipment (-4.3% compared to -4.2%), and basic metals (-4.0% compared to -4.1%). On a monthly basis, the Producer Price Index (PPI) declined by 0.03%, following a 0.4% increase in August. *(PSA)*

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ION	5.98%	SCC	-3.49%
LR	5.27%	COSCO	-2.95%
TUGS	4.05%	DMC	-2.86%
APX	4.02%	IMI	-2.01%
AP	3.85%	MWC	-1.86%
LTG	3.41%	CEB	-1.66%
SSP	3.27%	GSMI	-1.53%
WLCON	3.03%	AEV	-1.51%
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## Market Outlook

### What You Need to Know

- ➔ The PSEi kicked off the month of November slightly higher as market sentiment received a boost from easing inflation projections by the BSP for October and the dovish signals from the Fed with respect to its monetary tightening cycle. Still, investors looked to have exercised cautious optimism while waiting for other key local economic data like the latest inflation and gross domestic product (GDP) numbers.
- ➔ The number of coronavirus cases in the Philippines increased to 4,120,411 as of November 3 from 4,119,478 in the previous week. Active cases decreased to 2,792 from 2,929. There were no new deaths from COVID-19 recorded last week, and the total figure remained at 66,736. Number of recoveries increased to 4,050,883 from 4,049,813.
- ➔ This coming week, investors in the US markets will focus on earnings reports from major companies like Berkshire Hathaway, Activision Blizzard, Gilead Sciences, and more. Remarks from US policymakers, including Fed Chairman Jerome Powell, will also be closely monitored for insights into future monetary policy. The economic calendar features the preliminary estimate of Michigan consumer sentiment and trade data in the US. Additionally, economic data from Canada, Mexico, and Brazil will be watched. The UK is set to release its preliminary estimate of third-quarter GDP, with expectations of a contraction after three quarters of growth. In Europe, retail sales in the eurozone are anticipated to decline, and Germany's factory orders are expected to decrease. China will provide trade data and inflation figures to gauge the impact of government stimulus. Japan will release the Tankan index, and the Reserve Bank of Australia is expected to resume raising interest rates. Other countries, including Indonesia, Malaysia, and India, will also release economic data, providing insights into their respective economic conditions.
- ➔ Investors are likely to remain cautious in the upcoming week despite the string of strong positive catalysts from the US. Increased volatility could be expected as trading returns to its regular 5-day week. The October inflation report which is due to be released on Tuesday will be key in the local bourse's next direction. An unexpected quickening beyond the BSP's estimated range of 5.1%-5.9% may send the market reeling to fresh lows once again, while a print on the lower end of the projected range may solidify the foundation for a stronger rally than the previous week. The BSP will be closely watching the inflation figures ahead of their own policy meeting in mid-November. The strengthening of the Philippine Peso to almost an even PHP56.00 against the US dollar may also spur further interest in local equities. If the Fed's rate hikes are indeed over, interest on emerging market stocks will likely pick up shortly, which may cause more notable rallies in equity markets from current levels given their bigger upsides compared to developed markets like the US.

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