



## Market Commentary



➔ The PSEi plunged by 139.64 points or 2.10% week-on-week and ended at 6,503.18 last Friday. The benchmark index succumbed to profit taking amidst increasing concerns on the implications of the Red Sea situation and a lack of strong positive catalysts. The Philippine Peso weakened further to ₱55.97 from ₱55.911 against the US dollar. Foreigners had a net sell of ₱496.94 million last week. All sectors had losing weeks led by Mining&Oil (-3.14%) and Property (-2.60%). TUGS (+11.69%) and DMW (+8.00%) were the top stock gainers, while IMI (-11.76%) and RRHI (-7.45%) were the main laggards. Some notable developments were the following:

- The Philippine Amusement and Gaming Corp. (PAGCOR) reported a revenue of ₱285.27 billion for 2023, marking a 33.1% increase from the previous year and surpassing the 2023 revenue target of ₱272.74 billion. PAGCOR Chairman and CEO Alejandro H. Tengco noted that the integrated resorts contributed the most to revenue at ₱207.48 billion, followed by the electronic games sector at ₱58.16 billion. Tengco highlighted the exponential growth in electronic gaming revenue and expressed confidence in its continued expansion. For 2024, PAGCOR aims to generate ₱336.38 billion in gross gaming revenue.
- Remittances from Filipinos abroad in November 2023 reached \$3 billion, marking a 6-month low despite the holiday season, according to data from the Bangko Sentral ng Pilipinas (BSP). The figure is 2.9% higher than the same period in 2022 but slower than the 3.1% expansion recorded in October 2023. The BSP attributed the slight increase to a 2.8% improvement in remittances from land-based workers with contracts of one year or more, amounting to \$2.3 billion. Remittances from sea and land-based workers with contracts of less than one year also grew by 3% to \$600 million. From January to November 2023, cash remittances increased by 2.8% to reach \$30.21 billion. The United States, Saudi Arabia, and Singapore contributed mainly to the growth in cash remittances during this period.

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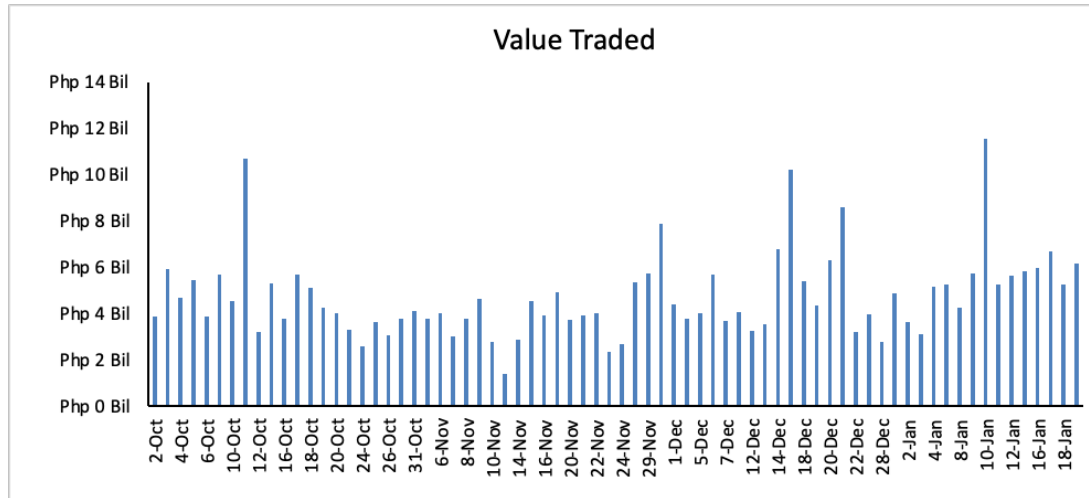
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## INDICES

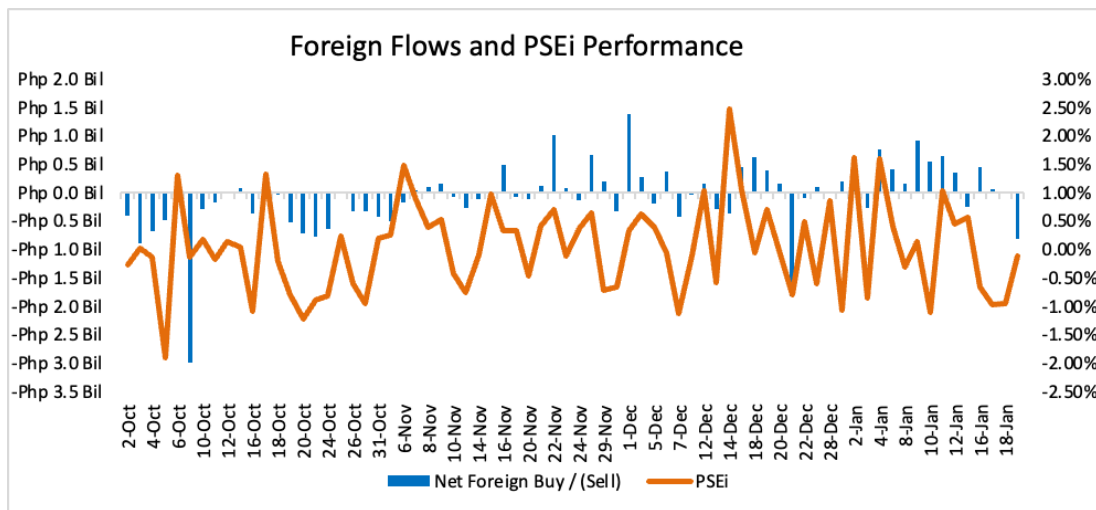
Index	Prev	Last	% Chg
PSEi	6,643.18	6,503.54	-2.10%
All Shares	3,506.61	3,451.78	-1.56%
Financial	1,836.02	1,812.68	-1.27%
Industrial	9,203.58	9,077.94	-1.37%
Holding Firms	6,360.75	6,222.45	-2.17%
Property	2,891.79	2,816.68	-2.60%
Services	1,628.28	1,595.09	-2.04%
Mining & Oil	9,508.89	9,210.20	-3.14%



➔ Market turnover averaged ₱5.99 billion last week, lower than the ₱6.50 billion average in the week of January 8-12.



➔ Last week logged a net foreign selling ₱496.94 million, a turnaround from the ₱2.64 billion net buy in the previous week.

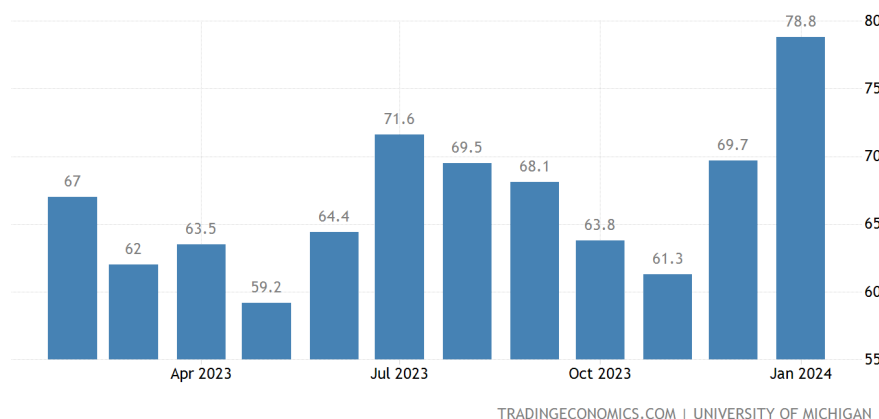


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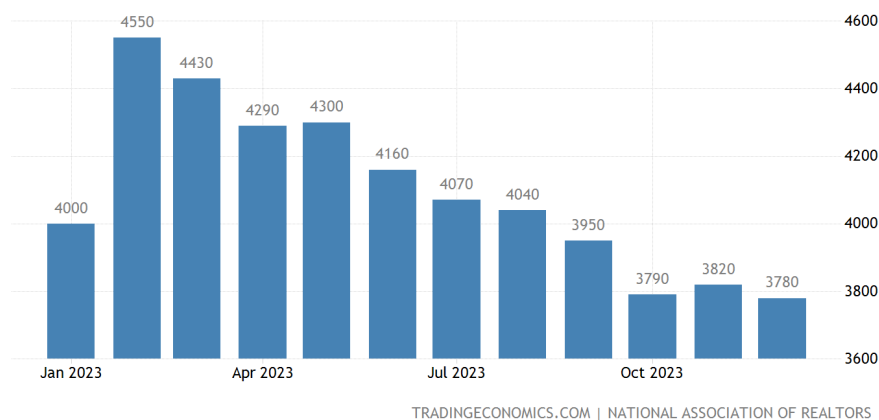
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## Key Economic Figures



➔ **US Michigan consumer sentiment.** The University of Michigan's consumer sentiment in the US experienced a substantial increase, reaching 78.8 in January 2024, the highest level since July 2021 and a notable rise from December's 69.7 and expectations of 70. This surge is attributed to increased confidence in the belief that inflation has taken a positive turn and optimistic income expectations. Notably, inflation expectations for the coming year decreased to 2.9%, the lowest since December 2020, and the five-year outlook also saw a slight decline to 2.8%. The rise in consumer sentiment is reflected in increased expectations for both short-term business conditions and current personal finances, contributing to the largest two-month increase since 1991. *(University of Michigan)*



➔ **US existing home sales.** Existing-home sales in the United States experienced a 1.0% month-on-month decline in December 2023, reaching a seasonally adjusted annualized rate of 3.78 million units. This figure is the lowest since August 2010 and falls below the market's expected 3.82 million units. Sales of single-family homes decreased by 0.3%, reaching 3.40 million units, while sales of condominiums and co-ops dropped by 7.3% to 0.38 million units. On a year-on-year basis, sales saw a 6.2% decline. The full-year data for 2023 indicates that existing-home sales reached their lowest level in nearly 30 years. Despite this, Lawrence Yun, Chief Economist at NAR, expressed optimism, suggesting that the latest month's sales might represent the bottom before a potential upturn in the new year, fueled by lower mortgage rates and anticipated increases in inventory. *(National Association of Realtors)*

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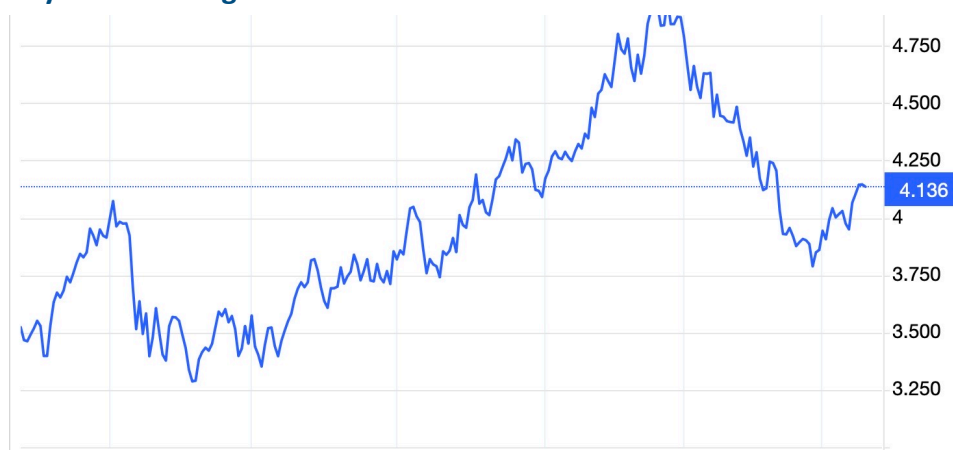
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## For the Week

TOP GAINERS		TOP LOSERS	
TUGS	11.69%	IMI	-11.76%
DMW	8.00%	RRHI	-7.45%
PNX4	6.03%	CNVRG	-6.09%
TECH	5.46%	NIKL	-6.00%
LPC	5.26%	HOME	-5.74%
PIZZA	4.99%	WLCON	-5.59%
SGP	4.18%	JGS	-5.47%
CLI	3.53%	URC	-5.35%
MWIDE	3.47%	SSP	-5.35%
MRSGI	3.17%	FNI	-5.05%
EW	3.17%	ALI	-4.99%
HOUSE	2.28%	ACEN	-4.39%
ROCK	2.14%	PAL	-3.93%
BLOOM	1.81%	SM	-3.55%
LTG	1.55%	CHP	-3.12%
PLC	1.49%	ABS	-3.10%
GSMI	1.23%	MONDE	-3.09%
AGI	1.22%	RFM	-3.01%
DMC	1.19%	STR	-2.94%
GLO	1.11%	MWC	-2.84%



## Key Economic Figures



➔ **US 10-year Treasury yield.** The yield on the 10-year US Treasury note surged to 4.15%, marking its highest level in over a month. This increase was propelled by robust economic data, including a surprisingly low jobless claims figure of 187K last week, beating forecasts of 207K and indicating a tight labor market. Additionally, December's retail activity expanded by 0.6%, surpassing expectations of 0.4%, underscoring the resilience of US consumers in the face of higher interest rates. The strong economic indicators have led FOMC member Waller to push back against the need for immediate rate cuts, citing a robust labor market and economic activity. This stance is reflected in futures markets, where approximately 60% of traders have positioned for a rate cut by March, a notable decrease from levels at the beginning of the year. (*TradingEconomics*)

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## Market Outlook

### What You Need to Know

- ➔ The PSEi briefly touched the 6,400-level last Friday amidst strong selling prior to the release of some consumer data (consumer sentiment, existing home sales) in the US. The local bourse faced downward pressure for most of last week due to a lack of positive catalysts paired with rising concerns regarding the military situation in the Red Sea. Investors worry that a prolonged escalation may eventually have strong effects on oil prices and in turn, other commodities.
- ➔ In the US, focus centers on key economic indicators, including the advance estimate of 4Q2023 GDP growth, personal outlays, income, and durable goods orders. The anticipated slowdown in 4Q2023 GDP growth to 1.8% from the previous quarter's 4.9% is a significant highlight. Additionally, the market will be watching core personal consumption expenditures (PCE) prices, personal spending, and income data. The continuation of the 4Q2023 earnings season will feature major companies and are likely to contribute to market volatility. In Europe, the European Central Bank (ECB)'s interest rate decision and accompanying statement, along with macroeconomic data like Flash PMI, consumer morale, and business sentiment in Germany and France, will shape investor sentiment. In Asia, attention is on the People's Bank of China's expected unchanged rates, Bank of Japan's policy decision, and economic indicators in South Korea, Malaysia, and Australia.
- ➔ The latest University of Michigan consumer sentiment showed a 2.5 year high which indicates quick rising optimism about the US economy, particularly in regards with inflation and interest rates. This could help boost local market sentiment and allow it to recover back to the 6,600-level, despite some leaning towards a continued correction. The PSEi could overturn some of the previous week's losses early this week. However, it could still go sideways ahead of the much awaited GDP figures from the US and PH on Thursday along with the US PCE data on Friday.

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