



Market Commentary



➔ The PSEi gained 59.65 points or 0.87% last week and ended at 6,881.97. The benchmark index partially offset the losses from the 1.73% drop in the previous week. Central banks' signals of rate cuts as early as June helped boost market sentiment. Financial (+3.34%) and Industrial (+2.04%) had the biggest gains, while Holding Firms (-1.72%) was the lone sector loser. In the PSEi, EMI (+11.38%) and DMC (+10.38%) recovered after big drops in the previous week. LTG (-6.60%) and JGS (-6.18%) contracted the most. Net foreign buying amounted to ₱475.31 million last week. The local currency slightly weakened to ₱56.27 from ₱55.53 against the US dollar. Meanwhile, some notable developments last week were:

- In January, cash remittances from overseas Filipino workers (OFWs) rose by 2.7% year-on-year to \$2.836 billion, the Bangko Sentral ng Pilipinas (BSP) reported. The growth, although positive, marked a slowdown compared to previous periods and was the lowest recorded in two months. Contributions from both land- and sea-based workers increased, with significant inflows from countries including the US, Saudi Arabia, UAE, and Singapore, with nearly half of total remittances originating from OFWs in the US alone.
- The SMC SAP & Co. Consortium is poised to honor its commitment to the government by delivering an upfront payment of ₱30 billion upon signing the ₱170.6-billion Ninoy Aquino International Airport (NAIA) rehabilitation contract at Malacañang Palace. This initial payment is a crucial component of the concession agreement aimed at improving NAIA's operations and generating substantial revenues for the government. The Department of Transportation (DOTr) projects that this public-private partnership project, spearheaded by San Miguel Corporation (SMC), will generate an estimated ₱900 billion for the government over the 25-year concession period, potentially yielding annual revenues of ₱36 billion.

INDICES

Index	Prev	Last	% Chg
PSEi	6,822.32	6,881.97	0.87%
All Shares	3,560.46	3,587.90	0.77%
Financial	1,984.87	2,051.14	3.34%
Industrial	8,842.19	9,022.48	2.04%
Holding Firms	6,543.54	6,430.76	-1.72%
Property	2,753.95	2,790.09	1.31%
Services	1,832.73	1,839.00	0.34%
Mining & Oil	8,197.18	8,238.10	0.50%

PSEi

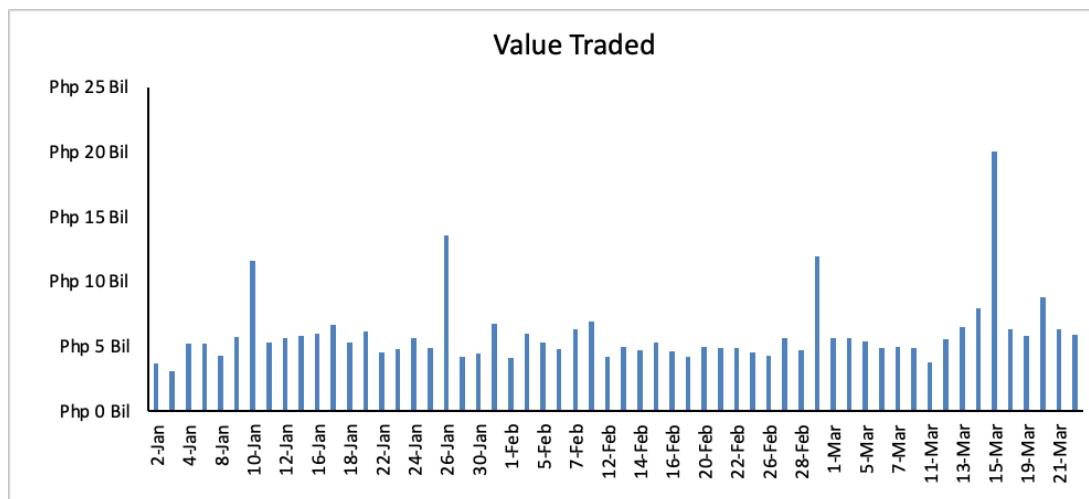
TOP 10		BOTTOM 10	
EMI	11.38%	LTG	-6.60%
DMC	10.38%	JGS	-6.18%
CNVRG	8.72%	BLOOM	-4.50%
MBT	5.70%	AC	-4.46%
SMPH	4.32%	URC	-3.56%
BDO	4.19%	AEV	-3.49%
SCC	3.86%	ALI	-2.47%
MONDE	3.00%	GTCAP	-2.19%
JFC	2.64%	NIKL	-2.17%
BPI	2.62%	TEL	-1.25%

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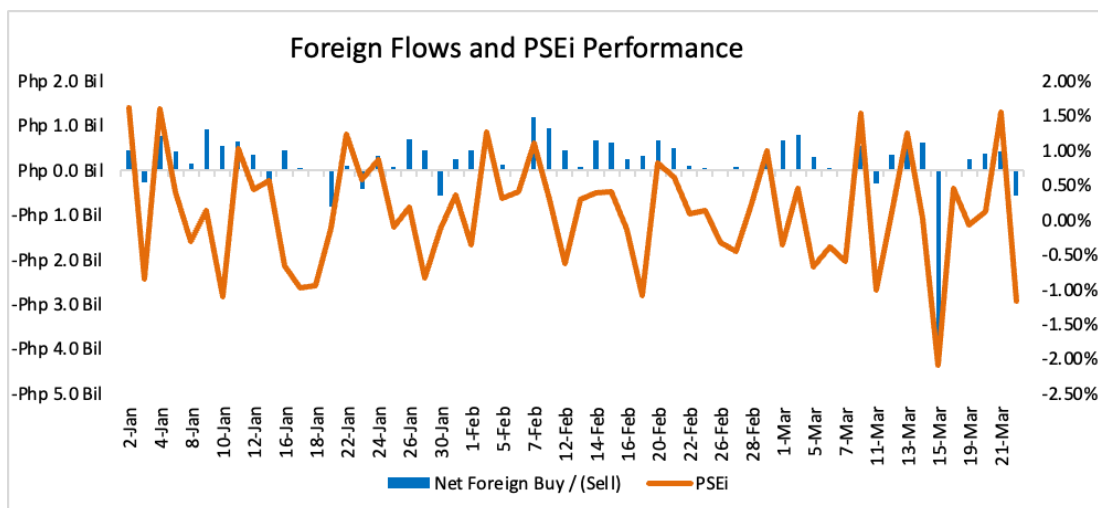
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- ➔ The market's average turnover stood at ₱6.61 billion last week, lower than the ₱8.76 in the week of March 11-15. The main difference was the more active trading during that week due to the latest FTSE rebalancing.



- ➔ Last week logged a net foreign buying of ₱475.31 million, contrary to the net foreign selling of ₱3.09 billion in the previous week.

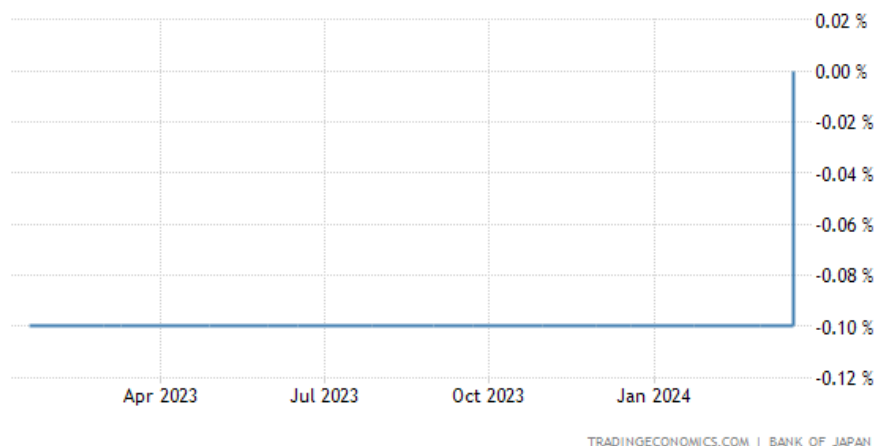


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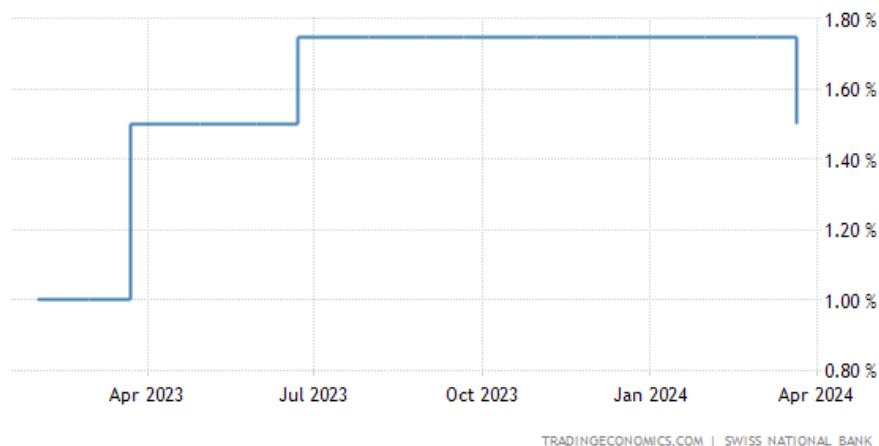
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Key Economic Figures



➔ **Japan key short-term rate.** In March 2024, the Bank of Japan (BoJ) increased its key short-term interest rate to approximately 0% to 0.1% from -0.1%, aligning with market forecasts and ending an eight-year period of negative interest rates. This move, the first rate hike since 2007, was prompted by sustained inflation surpassing the central bank's 2% target and a significant wage hike agreement among Japan's largest companies. However, two BoJ board members dissented from the decision. Additionally, the BoJ discontinued yield curve control for 10-year government bonds and halted purchases of ETFs and Japan real estate investment trusts (J-REITs), while gradually reducing corporate bond purchases with plans to cease them entirely within a year. *(Bank of Japan)*



➔ **Switzerland benchmark rate.** In March 2024, the Swiss National Bank (SNB) surprised markets by lowering its key policy rate by 25 basis points to 1.5%, marking its first rate cut in nine years and becoming the first major central bank to ease monetary policy. The decision followed a decline in Swiss inflation to 1.2% in February, within the SNB's target range of 0-2% for the ninth consecutive month, signaling price stability. Citing reduced inflationary pressures and the appreciation of the Swiss franc, the SNB aims to ensure inflation remains within the target range in the coming years. The central bank projects average annual inflation of 1.4% for 2024, 1.2% for 2025, and 1.1% for 2026, with modest economic growth expected around 1% this year. *(Swiss National Bank)*

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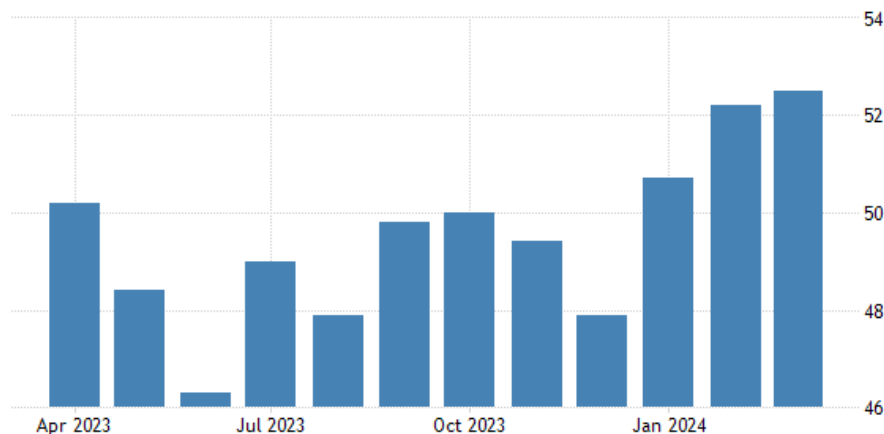
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For the Week

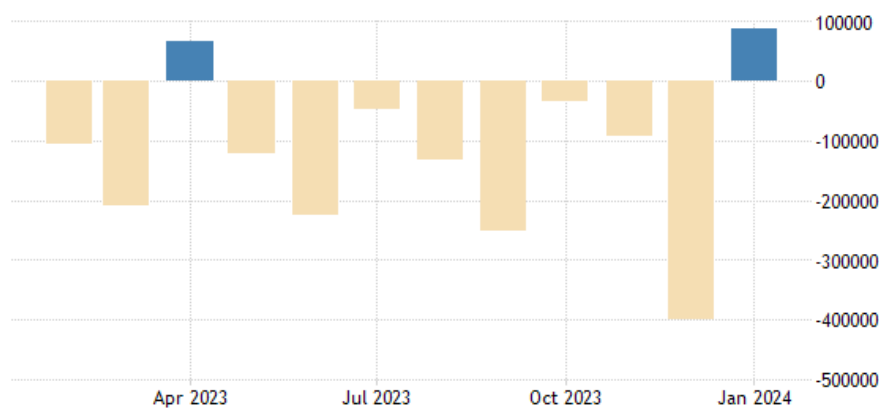
TOP GAINERS		TOP LOSERS	
PLUS	17.23%	AB	-21.26%
EMP	11.38%	PLC	-7.87%
DMC	10.38%	SLI	-7.76%
CNVRG	8.72%	AP	-7.12%
RFM	7.92%	ROCK	-7.10%
MWC	6.94%	LTG	-6.60%
PX	6.69%	JGS	-6.18%
LPC	6.00%	IMI	-6.09%
MBT	5.70%	LPZ	-5.50%
DMW	5.27%	SGP	-5.41%
SMPH	4.32%	CEB	-5.08%
BDO	4.19%	BLOOM	-4.50%
SCC	3.86%	AC	-4.46%
RCB	3.40%	MAXS	-4.03%
EEI	3.33%	URC	-3.56%
GSMI	3.05%	SSP	-3.50%
MONDE	3.00%	AEV	-3.49%
SPC	2.98%	STR	-2.93%
MWIDE	2.91%	SHNG	-2.90%
JFC	2.64%	COSCO	-2.55%



Key Economic Figures



➔ **US manufacturing PMI.** The S&P Global US Manufacturing PMI climbed to a 21-month peak of 52.5 in March 2024, surpassing expectations and signaling robust growth in the sector. The improvement was fueled by stronger expansions in output and employment, with suppliers' delivery times also improving for the second consecutive month. Despite the uptick in production, purchasing activity was scaled back as firms sought to draw down inventories built up in previous months, resulting in reductions in stocks of both purchases and finished goods, the latter experiencing the sharpest decline since November. *(S&P Global)*



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➔ **PH government budget.** The government budget surplus of the PH government expanded to ₱88.0 billion in January 2024, compared to ₱45.7 billion in the same period the previous year. This increase was propelled by a 21.2% rise in government expenditures to ₱421.8 billion, supported by a 25% surge in tax collections. Meanwhile, government revenues rose by 10.4% to ₱333.9 billion, attributed to higher primary expenditures (1.6%) and increased interest payments (58%). *(Bureau of the Treasury)*

For the Week

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Market Outlook

What You Need to Know

- ➔ The PSEi returned to its winning ways as market sentiment turned more positive after the US Federal Reserve (Fed) reaffirmed its plans of 3 interest rate cuts this year, projected to start in June. This alleviated earlier worries that the Fed's monetary loosening plan could get delayed again after some small quickening in inflation and a strong labor market indicators in the past month. Some profit taking last Friday, as the PSEi approached the 7,000-level again, tempered weekly gains, but overall market outlook continues to be positive.
- ➔ This week, attention in key US data will be centered on the PCE prices report, along with updates on personal income and spending. Speeches by several Fed officials, including Fed Chairman Jerome Powell, are anticipated to provide more insights into monetary policy direction. Additionally, key data points like the final Q4 GDP growth figures and housing market indicators will be closely watched. Preliminary March inflation readings from European countries like Spain, France, Italy, and Poland will be monitored, alongside more monetary policy decisions from various central banks.
- ➔ This week, the Philippine stock market could experience limited activity due to the Holy Week break, leading to sideways movement with potential for lower trading volumes as investors engage in month-end and quarter-end window dressing. Despite cautious sentiment, the market remains attractive with a PE ratio of 14.1x, below the 2019-2023 historical average of 18x, offering opportunities for further accumulation. Looking ahead next week, investors will closely monitor upcoming economic data, including the Bangko Sentral ng Pilipinas (BSP)'s monetary policy meeting on April 8, which may align with the Fed's recent rate pause decision.

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