



Market Commentary



➔ The PSEi gained 21.56 points or 0.31% last week and ended at 6,903.53. The benchmark index posted modest gains to end the quarter during the holiday-shortened week. Mining&Oil (-1.39%) and Financial (-0.82%) were the sector losers, while the rest had sub-1% additions led by Industrial (+0.85%) and Property (+0.71%). In the PSEi, CNPF (+13.31%) and CNVRG (+6.52%) were the top gainers, while JFC (-4.39%) and DMC (-2.91%) contracted the most. Net foreign selling amounted to ₱2.35 billion last week. The local currency slightly appreciated to ₱56.24 from ₱56.27 against the US dollar. Meanwhile, some notable developments last week were:

- In February 2024, the Philippines experienced a significant surge in portfolio investments, as reported by the Bangko Sentral ng Pilipinas (BSP). The data revealed a remarkable turnaround, with net inflows reaching \$613 million, marking a substantial growth of 137.6% from the previous year's net outflows of \$258 million within the same January to February period. Breaking down the figures for February alone, hot money net inflows soared to \$689 million, a remarkable 179.69% increase compared to the corresponding period in 2023. This surge contributed to a total of \$1.5 billion in gross inflows against \$859 million in gross outflows for the month, demonstrating a notable reversal from the previous month's net outflows of \$76 million.
- The Independent Electricity Market Operator of the Philippines (IEMOP) reported a significant increase in the average electricity spot market prices across Luzon, Visayas, and Mindanao. In Luzon, prices surged by 32.49% to ₱5.26 per kilowatt-hour (kWh), attributed mainly to plant outages, particularly in the first week of March. Plant outages included major facilities such as Ilijan, Masinloc, and Sta. Rita, resulting in supply disruptions and price spikes. Despite stable supply averaging 18,900 megawatts (MW), demand rose notably to 13,185 MW in March, leading to a lower supply margin of 3,860 MW, down by 19% compared to February. The surge in demand was observed across regions, with Luzon, Visayas, and Mindanao experiencing increases of 6.1%, 6.4%, and 8.4%, respectively.

INDICES

| Index | Prev | Last | % Chg |
|-------------------------|----------|----------|--------|
| PSEi | 6,881.97 | 6,903.53 | 0.31% |
| All Shares | 3,587.90 | 3,607.51 | 0.55% |
| Financial | 2,051.14 | 2,034.27 | -0.82% |
| Industrial | 9,022.48 | 9,099.58 | 0.85% |
| Holding Firms | 6,430.76 | 6,461.22 | 0.47% |
| Property | 2,790.09 | 2,809.81 | 0.71% |
| Services | 1,839.00 | 1,851.02 | 0.65% |
| Mining & Oil | 8,238.10 | 8,123.30 | -1.39% |

PSEi

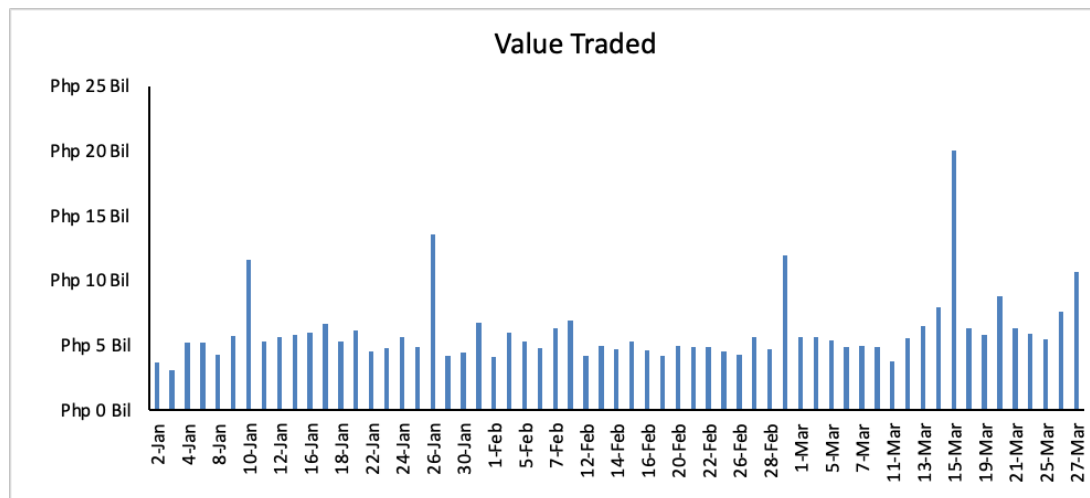
| TOP 10 | | BOTTOM 10 | |
|--------|--------|-----------|--------|
| CNPF | 13.31% | JFC | -4.39% |
| CNVRG | 6.52% | DMC | -2.91% |
| MONDE | 6.02% | BPI | -2.80% |
| GTCAP | 5.07% | MER | -1.92% |
| SMC | 4.67% | NIKL | -1.23% |
| LTG | 3.85% | WLCON | -1.11% |
| PGOLD | 3.28% | MBT | -0.99% |
| TEL | 2.39% | SM | -0.82% |
| URC | 2.23% | AEV | -0.32% |
| EMI | 2.15% | SCC | -0.14% |

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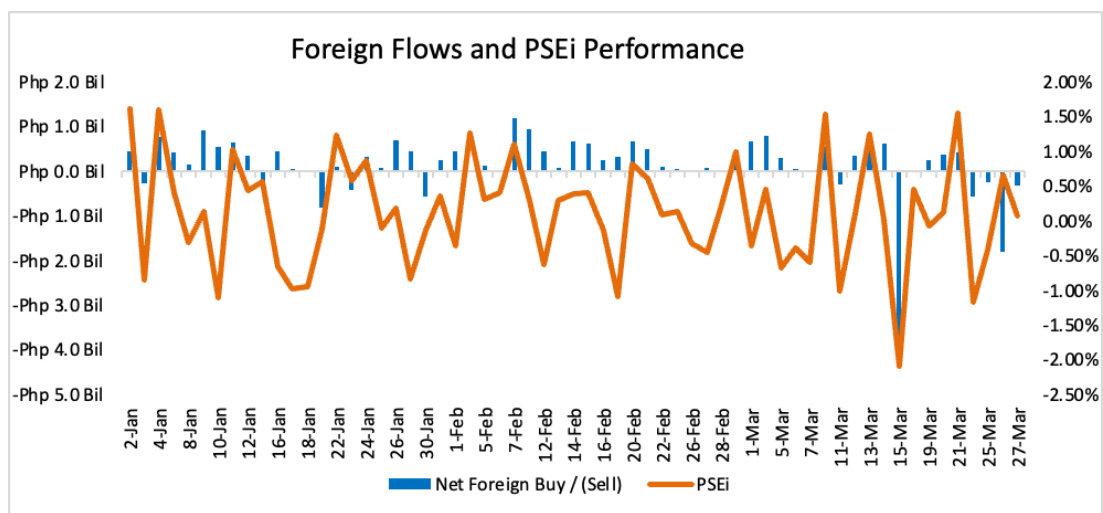
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➔ The market's turnover averaged ₱7.93 billion during the shortened trading week, higher than the ₱6.61 billion in the week of March 18-22.



➔ Last week logged a net foreign selling of ₱2.35 billion, contrary to the net foreign buying of ₱475.31 million in the previous week.

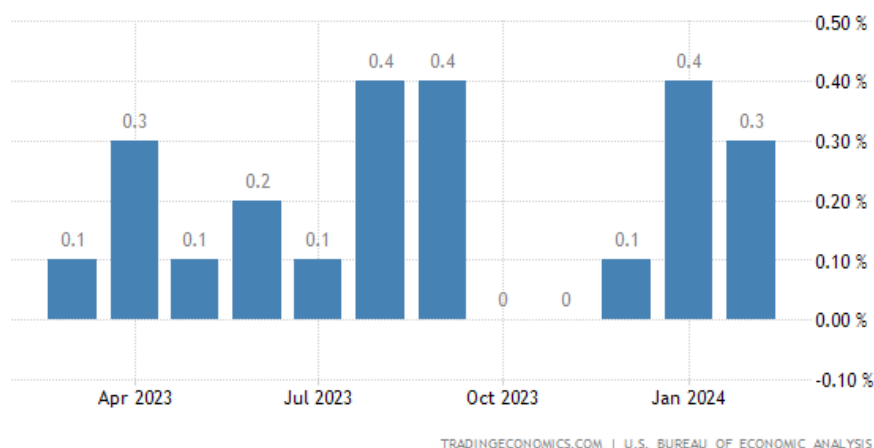


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Key Economic Figures



➔ **US PCE price index MoM.** In February 2024, the US personal consumption expenditure (PCE) Price Index rose by 0.3% compared to an upwardly revised 0.4% in January, slightly below the forecasted 0.4%. Prices for services increased by 0.3%, while goods rose by 0.5%. The annual rate reached 2.5%, meeting expectations, up from the lowest since February 2021. Core PCE inflation, excluding food and energy, slowed to 0.3% from an upwardly revised 0.5% in January, aligning with expectations. Food prices rose by 0.1%, and energy prices surged by 2.3%. Notably, the annual core inflation rate decelerated to 2.8%, the lowest in about three years, down from 2.9%. (US Bureau of Labor Statistics)



➔ **US personal spending.** In February 2024, US personal spending surged by 0.8%, marking the largest increase since January 2023 and exceeding both the previous month's 0.2% rise and expectations of 0.5%. This growth reflected a \$111.8 billion rise in service spending, predominantly in financial services and insurance, transportation services, and housing and utilities, with a notable increase in financial service fees and air transportation. Goods consumption also increased by \$33.7 billion, primarily in motor vehicles and parts, especially new light trucks. When adjusted for inflation, consumer spending grew by 0.4%. (US Bureau of Labor Statistics)

For the Week

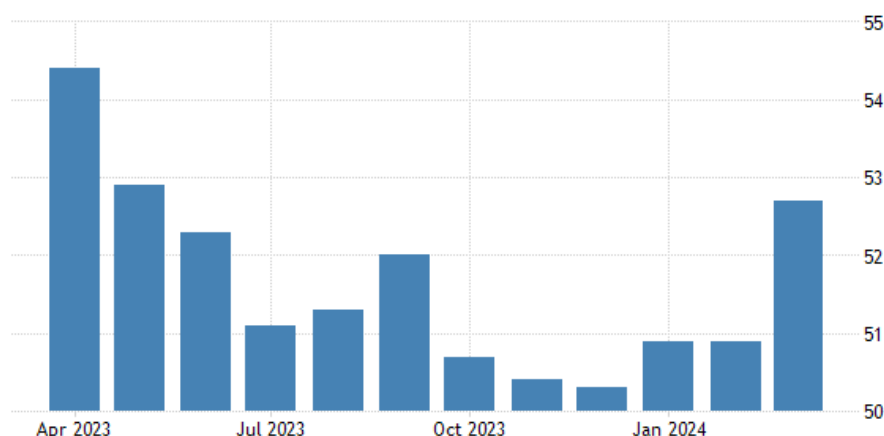
| TOP GAINERS | | TOP LOSERS | |
|-------------|--------|------------|--------|
| AB | 22.00% | JFC | -4.39% |
| CNPF | 13.31% | PX | -3.96% |
| LPC | 9.43% | EEI | -3.41% |
| CNVRG | 6.52% | DMC | -2.91% |
| MONDE | 6.02% | BPI | -2.80% |
| CHP | 5.79% | AP | -2.74% |
| GTCAP | 5.07% | SGP | -2.60% |
| SMC | 4.67% | ABS | -2.56% |
| UBP | 4.65% | DDPR | -2.50% |
| MAXS | 4.50% | PRF3A | -1.94% |
| CEB | 3.90% | MER | -1.92% |
| LTG | 3.85% | GSMI | -1.78% |
| STR | 3.45% | CLI | -1.75% |
| PGOLD | 3.28% | TECH | -1.74% |
| CHIB | 3.25% | SSI | -1.55% |
| SPC | 3.13% | APX | -1.54% |
| PAL | 2.75% | SHLPH | -1.45% |
| RCB | 2.63% | PNX4 | -1.38% |
| SLI | 2.59% | NIKL | -1.23% |
| TEL | 2.39% | SEVN | -1.20% |

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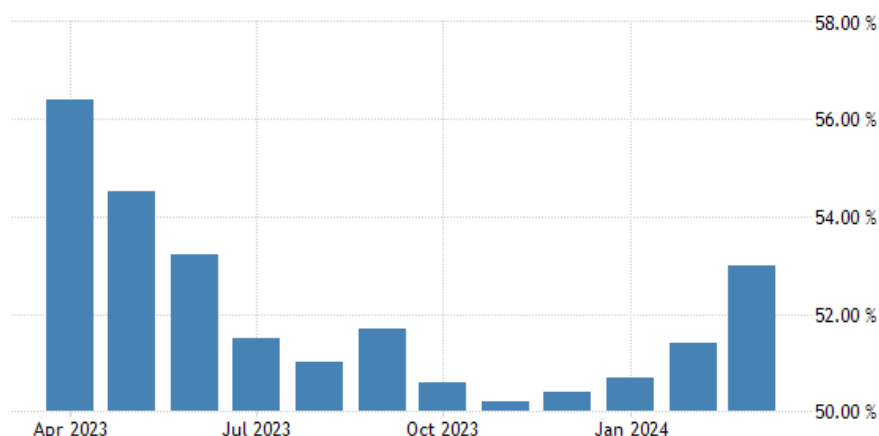
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Key Economic Figures



➔ **China manufacturing PMI.** China's NBS Manufacturing PMI rose to 50.8 in March 2024 from 49.1 in February, indicating the first expansion in factory activity in six months and the fastest growth in a year. This improvement, surpassing expectations of 49.9, is part of Beijing's efforts to boost economic growth. Key highlights include an increase in output to 52.2, a significant rise in new orders to 53.0 for the first time since September, and a recovery in foreign sales to 51.3 after 11 months of decline. Additionally, buying levels improved to 52.7, reversing a five-month downtrend, though employment continued to decline at a softer rate of 48.1. Delivery times shortened, input cost inflation rose, but output prices fell faster. Business sentiment reached a three-month high at 55.6. *(National Bureau of Statistics of China)*



➔ **China services PMI.** In March 2024, China's official services PMI rose to 53.0 from 51.4, marking the 15th straight month of expansion in services activity, the fastest pace since last June. However, new orders saw a softer decline (47.4 vs 46.8 in February), while foreign sales contracted for the third consecutive month (47.3 vs 47.3), and employment remained weak (46.6 vs 47.0). Delivery times slightly shortened (51.1 vs 50.3). Input costs dropped after the prior month's increase (49.5 vs 50.6), while selling prices decreased for the sixth straight month (48.6 vs 48.4). Sentiment strengthened after weakening in the previous two months (58.4 vs 57.7). *(National Bureau of Statistics of China)*

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For the Week

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Market Outlook

What You Need to Know

- ➔ The PSEi finished with modest gains during the shortened week and ended 1Q 2024 strong. The PSEi went up by 7.03% in the first quarter while the overall local bourse rose by 5.34%. The notable sectors to outperform during the period were Financials (+16.99%) and Services (+15.33%) while the biggest loser was Mining&Oil (-18.77%). The benchmark index continued to face a hard resistance at the 7,000-level as big risks remain and investors continue to exercise cautious optimism while waiting for stronger indications of projected rate cuts to begin materializing this year.
- ➔ This week promises to be a pivotal one for global financial markets, with the spotlight shining brightly on the US as investors await the next labor market report, which includes key metrics such as non-farm payrolls, expected to see a rise of 198,000 in March, the unemployment rate forecasted to remain at 3.9%, and an anticipated uptick in monthly wage growth to 0.3%. In addition to this, other important releases will include JOLTS job openings, ISM Manufacturing and Services PMI, factory orders, and foreign trade data, alongside several speeches from US Federal Reserve (Fed) officials which will provide insights into the current economic climate and future policy directions. Meanwhile, Europe is set to publish key inflation reports for the Eurozone, projected to hold steady at 2.6%, and other major economies, while also focusing on retail sales, factory orders, and industrial production figures to gauge the recovery's strength. Investors will also parse through the European Central Bank (ECB)'s monetary policy meeting minutes for hints on the timing of future interest rate cuts. Meanwhile, PMI readings from various countries will offer a snapshot of the manufacturing and services sectors' health. In Asia, investors will digest China's March PMI figures, which are expected to send mixed signals about the economic recovery. Inflation prints from South Korea and Indonesia will further highlight regional economic trends. The Reserve Bank of Australia (RBA) is also set to release the minutes of its latest policy meeting. This week's comprehensive economic data and monetary policy signals from central banks are set to offer crucial insights, potentially guiding market sentiment and investment decisions following the overall strong first quarter of 2024.
- ➔ In the local bourse this week, the PSEi could continue trading at the narrow range between 6,800 and 7,000 while investors await strong catalysts. The market may be expected to react to US data, especially the personal consumption expenditures (PCE) last week and the upcoming labor market reports. The local consumer price index (CPI) report will also be released this week. The Bangko Sentral ng Pilipinas (BSP) already project a quickening close to 4% in March, after a 3.4% print in February. The central bank is also set to meet on April 4 for the next monetary policy review. The PSEi could be set to test the 7,000-level again and strong positive catalysts could help propel it on the other side and build a higher and stronger base support for future rallies. The market continues to trade at relatively cheap valuations so buying opportunities for investors, particularly long-term players, remain abundant.

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