



Market Commentary



➔ The PSEi plunged by 158.07 points or 2.29% last week and closed at 6,745.46. The local bourse succumbed to selling pressure after inflation heated up in March, pushing back on the mounting belief of rate cuts to start in June. All sectors posted weekly losses led by Property (-5.12%) and Industrial (-3.25%). In the PSEi, top gainers were DMC (+7.04%) and MBT (+4.37%), while WLCON (-10.01%) and PGOLD (-9.33%) had the biggest drops. Net foreign selling amounted to ₱512.97 million last week. The Philippine Peso depreciated to ₱56.50 from ₱56.24 against the US dollar. Meanwhile, some notable developments last week were:

- In February 2024, the Philippines experienced a significant surge in portfolio investments. The data revealed a 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. These investments encompassed various financial instruments such as PSE-listed securities, Peso-denominated government securities, time deposits, and other debt instruments, reflecting renewed investor confidence in the country's market stability. Breaking down the figures for February alone, hot money net inflows soared to \$689 million, a 179.69% increase year-on-year. 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.
- Vehicle sales surged by 23% in February compared to the same period last year, reaching 38,072 units, as reported by the Chamber of Automotive Manufacturers of the Philippines Inc. (CAMPI) and the Truck Manufacturers Association (TMA). This growth was predominantly driven by a 19.9% increase in commercial vehicle sales, totaling 28,434 units, and a notable 34.1% rise in passenger car sales, amounting to 9,638 units. January to February sales figures also exhibited a robust increase of 19.4%, totaling 72,132 units, with commercial vehicle sales rising by 18.2% and passenger car sales by 23% compared to the same period last year. Toyota Motor Philippines Corp. maintained its lead in market share at 45.9%, followed by Mitsubishi Motors Philippines Corp., Ford Motor Co. Philippines Inc., Nissan Philippines Inc., and Suzuki Philippines Inc.

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INDICES

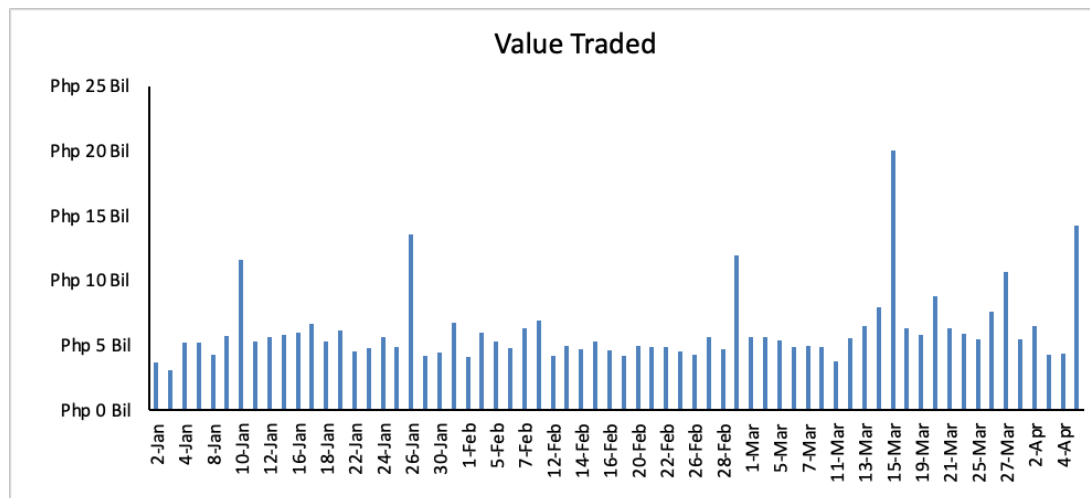
Index	Prev	Last	% Chg
PSEi	6,903.53	6,745.46	-2.29%
All Shares	3,607.51	3,555.18	-1.45%
Financial	2,034.27	2,025.91	-0.41%
Industrial	9,099.58	8,803.59	-3.25%
Holding Firms	6,461.22	6,324.46	-2.12%
Property	2,809.81	2,665.85	-5.12%
Services	1,851.02	1,846.98	-0.22%
Mining & Oil	8,123.30	8,050.17	-0.90%

PSEi

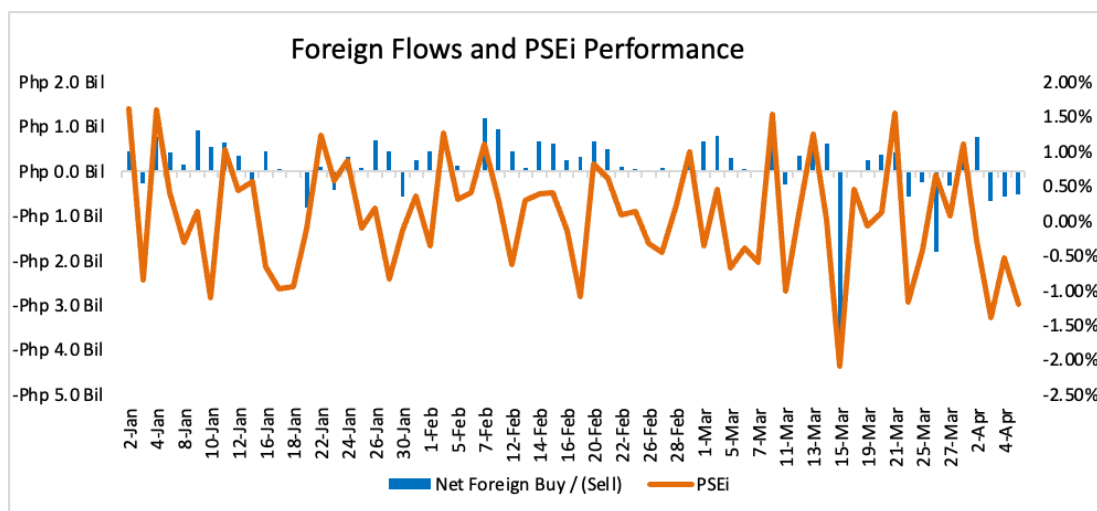
TOP 10		BOTTOM 10	
DMC	7.04%	WLCON	-10.01%
MBT	4.37%	PGOLD	-9.33%
ICT	2.52%	AEV	-8.96%
MONDE	0.73%	JFC	-8.95%
SM	0.31%	CNPF	-8.00%
BDO	-0.32%	JGS	-7.42%
BLOOM	-0.54%	CNVRG	-7.33%
MER	-0.84%	SMPH	-6.42%
LTG	-1.00%	SMC	-6.28%
GLO	-1.07%	ALI	-5.12%



➔ The market's turnover averaged ₱6.99 billion, lower than the ₱7.93 billion in the shortened trading week of March 25-27.



➔ Last week logged a net foreign selling of ₱512.97 million, lower than the ₱2.35 billion in the previous week.



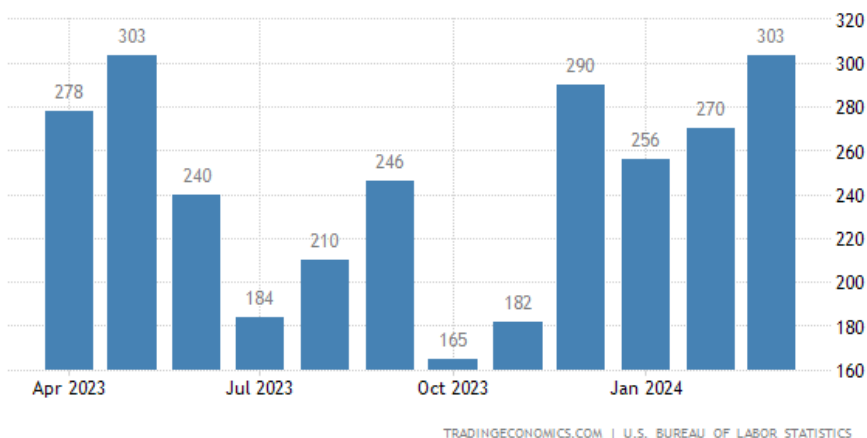
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Key Economic Figures



- ➔ **PH inflation rate.** In March 2024, the annual inflation rate in the Philippines surged to 3.7%, up from 3.4% in the previous month but slightly below market expectations of 3.8%. This increase, the highest in three periods, was primarily driven by higher prices for food and non-alcoholic beverages, particularly meat and other parts of slaughtered land animals. Additionally, inflation accelerated in categories such as transport, recreation, sport, culture, and restaurants and accommodation services. However, core inflation decreased to 3.4%, the lowest since June 2022. Monthly, the consumer price index (CPI) grew by 0.1%, moderating from a 0.6% rise in February. (*Philippine Statistics Authority*)



- ➔ **US nonfarm payrolls.** In March 2024, the US economy added 303,000 jobs, the highest increase in ten months, surpassing February's revised figure of 270,000 and expectations of 200,000. January's data was also revised upward, resulting in a combined 22,000 more jobs than previously reported for January and February. Job gains were notable in healthcare (72,000), particularly in ambulatory health care services (28,000) and hospitals (27,000), government (71,000), mainly in local government (49,000), and construction (39,000). Additionally, employment in leisure and hospitality rose by 49,000, returning to pre-pandemic levels. Most other major industries, including mining, manufacturing, wholesale trade, transportation, information, financial activities, and professional and business services, showed little to no change in employment levels. (*US Bureau of Labor Statistics*)

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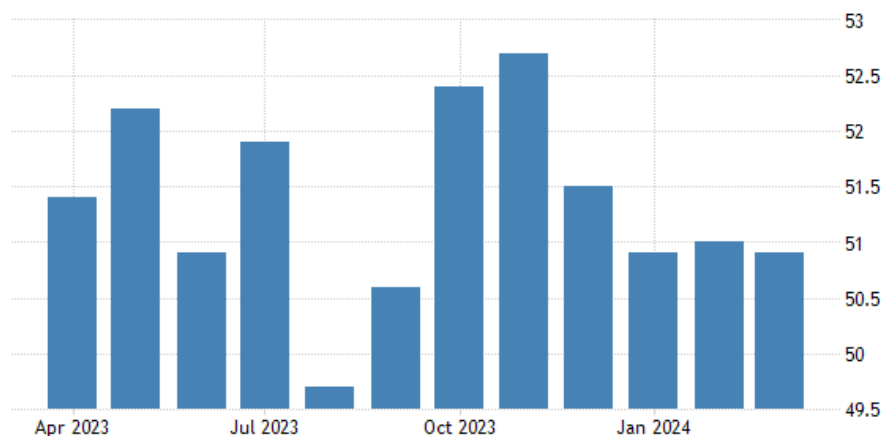
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For the Week

TOP GAINERS		TOP LOSERS	
PLUS	20.18%	AB	-18.03%
MRSGI	11.54%	ION	-15.38%
PAL	9.82%	FNI	-13.33%
APX	8.20%	WLCON	-10.01%
DMC	7.04%	PGOLD	-9.33%
SSI	6.02%	AEV	-8.96%
CHP	5.97%	JFC	-8.95%
TECH	4.73%	TUGS	-8.70%
LPZ	4.65%	CNPF	-8.00%
MBT	4.37%	IMI	-7.48%
CLI	4.29%	JGS	-7.42%
ROCK	4.20%	CNVRG	-7.33%
AP	2.82%	PNX4	-6.54%
CHIB	2.74%	SMPH	-6.42%
ICT	2.52%	SMC	-6.28%
PRF3A	1.87%	DD	-5.86%
GTPPB	1.47%	MAXS	-5.46%
COSCO	1.22%	SSP	-5.13%
SPC	1.12%	ALI	-5.12%
SECB	1.02%	SHNG	-5.11%



Key Economic Figures



➔ **PH manufacturing PMI.** In March 2024, the S&P Global Philippines Manufacturing PMI dipped slightly to 50.9 from 51 in February, signaling the seventh consecutive month of growth in the manufacturing sector, albeit at a modest pace. While operating conditions were generally sustained, growth in new orders remained historically subdued, and production contracted for the first time since July 2022 due to material shortages. Despite challenges, companies increased employment and buying activity, while also focusing on replenishing inventories. Although raw material prices continued to rise, some suppliers moderated price hikes to boost sales. However, confidence in future output dropped to a near four-year low. *(S&P Global)*



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➔ **US unemployment rate.** In March 2024, the unemployment rate in the US unexpectedly declined to 3.8% from the previous month's two-year high of 3.9%, defying market expectations of no change. The decrease was accompanied by a significant surge in employment levels, with 498,000 individuals finding jobs, bringing the total number of unemployed individuals to 6.4 million. Moreover, both the labor force participation rate and the employment-population ratio saw improvements, indicating a resilient labor market despite recent Federal Reserve policy tightening measures. *(US Bureau of Labor Statistics)*

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Market Outlook

What You Need to Know

- ➔ Philippine shares continued to decline for the fourth consecutive day as investors absorbed the March local inflation data last Friday morning. The PSEi had a strong start to the week, surpassing the 7,000 mark, but sentiment quickly turned negative following comments from US Federal Reserve (Fed) officials which lean on waiting for more support that inflation is under control before finally applying the much awaited rate cut. Consequently, the market recorded its worst weekly performance since October 2023, with a 2.95% loss, breaching the minor support level at 6,800.
- ➔ For the US markets this week, investors will be waiting on the minutes of the US Federal Reserve (Fed)'s last meeting, along with the March inflation data. These will provide more insights into the possible timeline and magnitude of the Fed's rate cuts this year. Headline inflation is expected to accelerate to 3.4% and the core rate to dip to 3.7%. In the European front, focus will be on the European Central Bank (ECB)'s monetary policy meeting. The ECB is projected to keep rates unchanged for now despite continued signs of cooling inflation. Economic data from Germany, Italy, France, Russia, and Switzerland will also provide further insights into the region's economic health. Key releases include Germany's exports and industrial production, France's balance of trade, Italy's retail sales, and Switzerland's unemployment rate. Meanwhile, Chinese economic releases will focus on March's inflation rate and trade figures, offering insights into Beijing's economic support measures, while Japan will monitor potential moves from the Bank of Japan and release consumer confidence and current account data.
- ➔ This week, the PSEi is likely to be influenced by the outcome of the Bangko Sentral ng Pilipinas (BSP)' policy where interest rates are expected to remain unchanged. However, investors will closely watch for any indications regarding the central bank's future policy direction. Signals suggesting prolonged monetary tightening could dampen sentiment, while hints of potential rate cuts may bolster market confidence. Despite last week's decline, opportunities for bargain hunting may arise, although without a significant positive catalyst, a strong market rally may not materialize immediately. Further downside for the bourse remains a possibility amid bearish factors. Technical levels indicate immediate support for the PSEi this week at 6,700 to 6,800, with the hard resistance still seen at the 7,000 mark.

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