



## Market Commentary



➔ The PSEi plunged by 216.39 points or 3.25% week-on-week and closed at 6,443.00. The selloff was mainly due to concerns over escalating geopolitical conflicts between Israel and Iran, along with the continued strengthening of US dollar against other currencies. Property (-5.76%) and Holding Firms (-4.01%) were the biggest losers. In the PSEi, BPI (+4.64%), EMI (+4.40%), SCC (+2.39%), and SMC (+0.98%) were the silver linings, while GTCAP (-14.39%) and DMC (-14.72%) led the 26 laggards. Net foreign selling spiked to ₱3.28 billion from ₱1.72 billion. The Philippine Peso depreciated to ₱57.65 from ₱56.63 against the greenback. Meanwhile, some notable developments last week were:

- In February, Philippine bank lending accelerated to 8.6%, excluding reverse repurchase placements with the BSP, up from January's 7.8%. Money supply growth moderated to 5.0% for domestic liquidity or M3, reaching approximately ₱16.9 trillion. Outstanding loans to residents grew faster at 8.7%, while loans to nonresidents slowed to 6.5%. Production activity loans increased by 6.8%, with consumer loans remaining steady at 25.2%. Despite bank lending acceleration, M3 growth slowed to 9.5% for domestic claims. The BSP aims to maintain liquidity and lending conditions aligned with its stability objectives.
- The BIR has extended the implementation of the one percent withholding tax on online platform providers until mid-July, granting a 90-day extension for taxpayers to adjust. The move aims to give online merchants time to comply and adjust their systems before enforcement. Revenue collection from the tax is expected to begin in July. The tax, set at 1% on half of gross remittances from online platform providers to sellers, exempts merchants with annual gross remittances below ₱500,000. Additionally, cooperatives and online sellers with cumulative gross remittances below ₱500,000 in a taxable year are exempt. The BIR defines e-marketplaces as digital platforms facilitating online transactions between consumers and merchants, including platforms for online shopping, food delivery, accommodation booking, and other services. With approximately two million entities engaged in online selling as of 2023, the BIR aims for compliance while supporting taxpayers during this transition.

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## INDICES

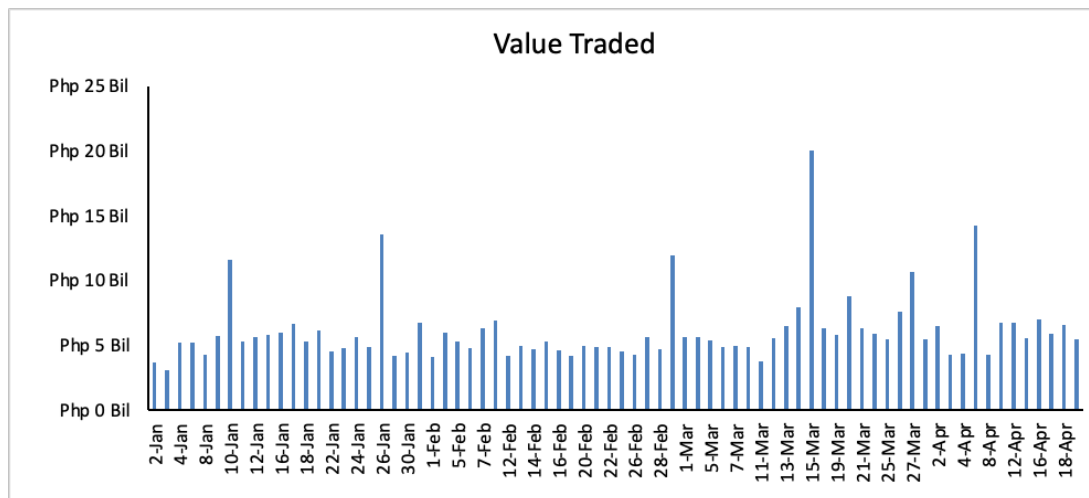
Index	Prev	Last	% Chg
PSEi	6,659.39	6,443.00	-3.25%
All Shares	3,517.40	3,421.55	-2.73%
Financial	2,040.73	2,036.56	-0.20%
Industrial	8,709.54	8,375.57	-3.83%
Holding Firms	6,201.15	5,952.36	-4.01%
Property	2,566.09	2,418.23	-5.76%
Services	1,857.23	1,822.06	-1.89%
Mining & Oil	8,284.15	8,222.62	-0.74%

## PSEi

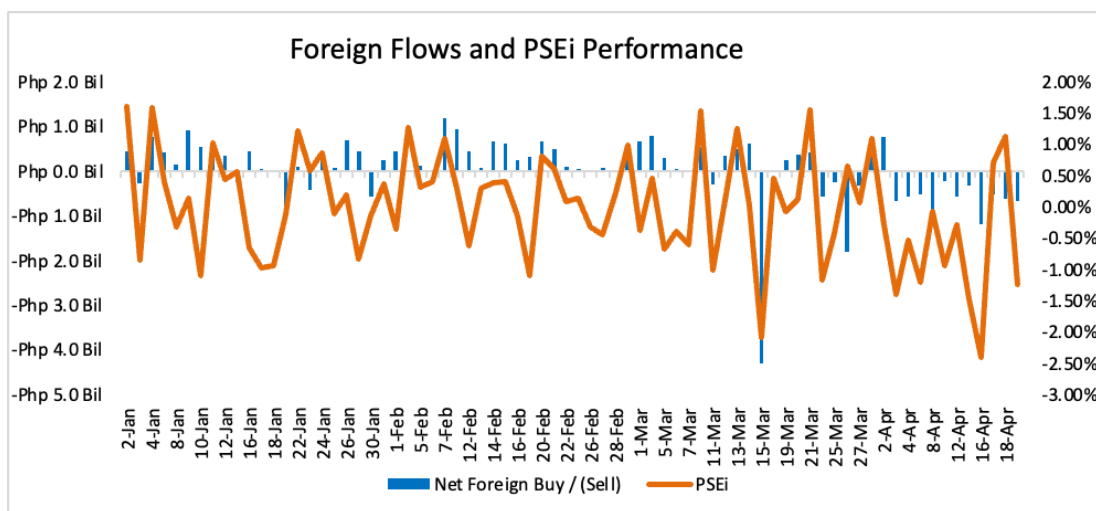
TOP 10		BOTTOM 10	
BPI	4.64%	GTCAP	-14.93%
EMI	4.40%	DMC	-14.72%
SCC	2.39%	URC	-9.91%
SMC	0.98%	SMPH	-9.00%
CNPF	-0.28%	CNVRG	-8.55%
ICT	-0.48%	JGS	-7.10%
GLO	-0.92%	ACEN	-6.70%
PGOLD	-1.03%	MONDE	-6.54%
AC	-1.83%	JFC	-6.54%
AEV	-1.89%	BLOOM	-6.02%



➔ The market's turnover averaged ₱6.09 billion, higher than the ₱5.92 billion in the shortened trading week of April 8, 11-12.



➔ Last week logged a net foreign selling of ₱3.28 billion, higher than the ₱1.72 billion in the previous week.

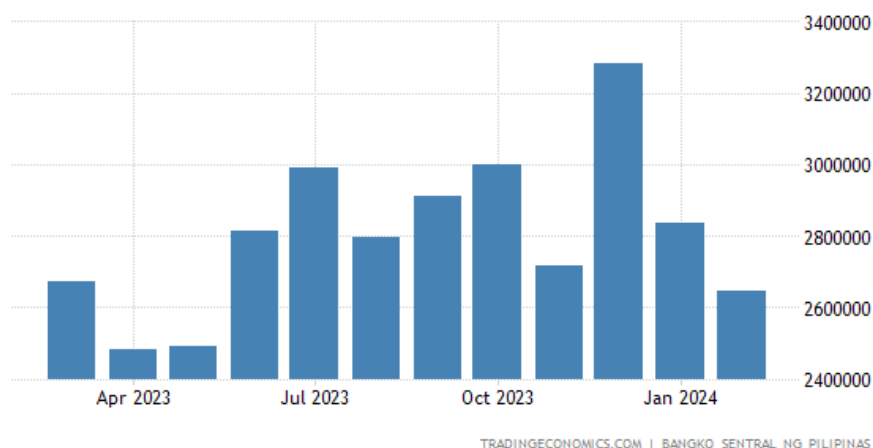


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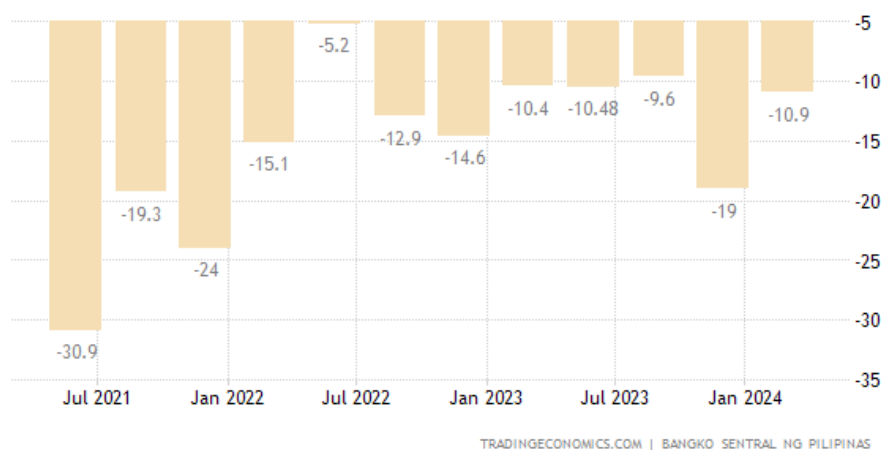
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## Key Economic Figures



➔ **PH cash remittances.** In February 2024, cash remittances through banks in the Philippines increased by 3% year-on-year, reaching \$2.65 billion, following a 2.7% uptick the previous month. Over the first two months of 2024, cash remittances showed a 2.8% rise from the same period a year earlier, totaling \$5.48 billion. This growth was primarily driven by higher receipts from both land-based (3.2%) and sea-based (1.2%) sources. Remittances surged from various countries including the US (2.4%), Singapore (2.9%), the EU (1.5%), Saudi Arabia (4.9%), Japan (1.9%), and the UK (4.1%). (*Bangko Sentral ng Pilipinas*)



➔ **PH consumer sentiment.** In the first quarter of 2024, the consumer confidence indicator in the Philippines rose to -10.9 from -19 in the previous three-month period. This improvement was driven by increased expectations regarding additional and higher income, the availability of more jobs and permanent employment, and additional working family members. Views were less pessimistic for the country's economic condition (-22.9 vs -36 in Q4), family financial situations (-6.5 vs -16.9), and family income (-3.2 vs -4.1). However, weaker confidence was seen for the next quarter (2.7 vs 5.6) and the upcoming 12 months (13.4 vs 15.0). (*Bangko Sentral ng Pilipinas*)

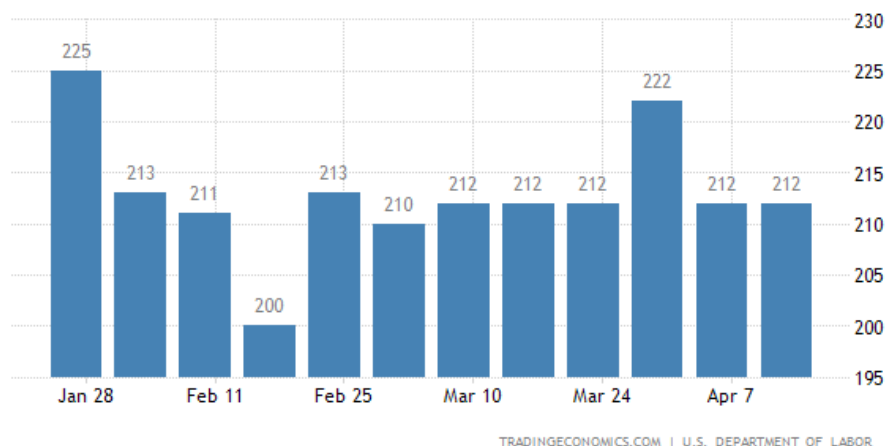
## For the Week

TOP GAINERS		TOP LOSERS	
AB	19.39%	ABS	-24.44%
SSI	13.42%	IMI	-17.10%
SPC	7.67%	LR	-16.08%
SHNG	6.67%	MRSGI	-14.97%
APX	6.55%	GTCAP	-14.93%
SLI	5.67%	DMC	-14.72%
BPI	4.64%	ION	-13.27%
EMP	4.40%	DMW	-11.83%
CHP	3.85%	URC	-9.91%
LPC	3.51%	CEB	-9.60%
SCC	2.39%	SMPH	-9.00%
FNI	1.97%	CNVRG	-8.55%
SEVN	1.23%	MAXS	-8.33%
SMC	0.98%	CLI	-7.85%
MWC	0.93%	GMA7	-7.30%
SHLPH	0.92%	JGS	-7.10%
GTTPB	0.53%	ACEN	-6.70%
CHIB	0.53%	MONDE	-6.54%
SMC2F	0.41%	JFC	-6.54%
EEI	0.40%	HOME	-6.38%

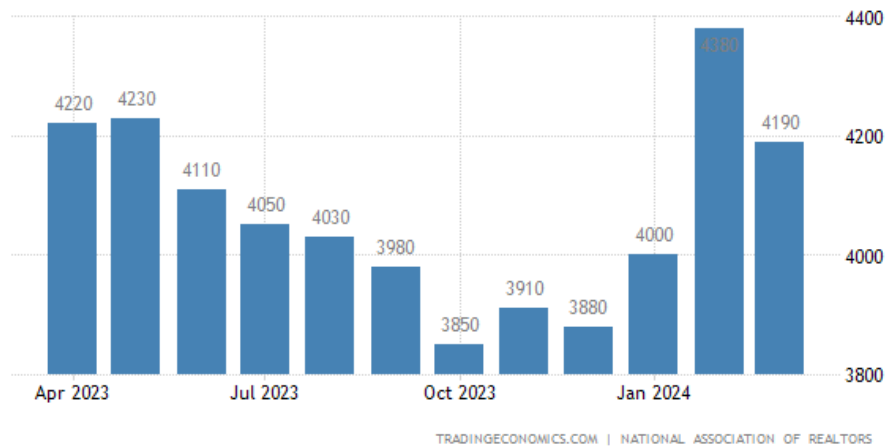
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## Key Economic Figures



➔ **US weekly initial jobless claims.** In the US, the number of people claiming unemployment benefits remained unchanged at 212,000 for the week ending April 18th, below market expectations of 215,000. Continuing claims were also largely unchanged at 1,812,000, below market expectations of 1,818,000, indicating a healthy pace of job finding among the unemployed. These figures align with recent data indicating a tight labor market, giving the US Federal Reserve (Fed) room to delay interest rate cuts to address persistent inflation concerns. The 4-week-moving average, which smooths out week-to-week fluctuations, held steady at 214,500. Non-seasonally adjusted claims fell by 6,576 to 208,509. *(US Department of Labor)*



➔ **US existing home sales.** In March 2024, existing-home sales in the US decreased by 4.3% to 4.19 million units, partially reversing February's 9.5% increase. Sales declined in the Midwest, South, and West but rose in the Northeast. Total housing inventory increased by 4.7% from February to 1.11 million units, representing a 3.2-month supply at the current sales pace. The median existing-home price was \$393,500, up 4.8% from the previous year. *(National Association of Realtors)*

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## Market Outlook

### What You Need to Know

- ➔ The PSEi recorded its 3rd consecutive weekly decline, dropping by 3.25% amidst escalating Middle East tensions, leading to a possible breach of the 6,400 support level. This marked the local barometer's most significant sell-off of the year and its lengthiest losing streak since October 2016.
- ➔ In the US, investors are bracing for a busy earnings week, focusing on major tech giants like Alphabet, Microsoft, and Meta, along with other key players such as Verizon, Visa, and Tesla. Economic attention centers on 1Q2024 gross domestic product (GDP) growth expected to slow to 2.1%, alongside personal consumption expenditure (PCE) inflation and personal income data. Other highlights include durable goods orders, home sales, and the Michigan consumer sentiment index. In Europe, market focus shifts to flash PMI figures for key economies, including Germany, France, and the UK. In China, the People's Bank of China (PBOC) is likely to maintain loan prime rates amid efforts to stabilize financial conditions. Japan's Bank of Japan (BOJ) is expected to keep rates steady, with attention on future tightening.
- ➔ This week, Philippine stocks are poised for continued volatility amid Middle East conflicts and domestic inflation worries, hindering hopes for a robust market rebound. The primary focus remains on Middle East tensions and potential Iranian responses to Israeli actions, which could further dampen market sentiment. Additionally, inflation concerns persist due to rising oil prices, energy supply constraints, El Niño's impact on agriculture, and a weakening peso, further weighing on market stability. Investors are monitoring for catalysts that could spur bullish sentiment, with potential for an upward correction if geopolitical risks are already factored into market prices. Bargain hunters may capitalize on discounts if geopolitical tensions ease, yet the market remains cautious, adopting a wait-and-see approach amidst evolving geopolitical risks.

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