



Market Commentary



➔ The PSEi surged by 185.75 points or 2.88% week-on-week and ended at 6,628.75. The benchmark index snapped 3 consecutive losing weeks which began in April. Market sentiment was lifted by the apparent easing of Middle East tensions, however, local and US data indicating continued inflationary pressures could temper the current rally. All sectors were positive for the week led by Mining&Oil (+7.93%) and Industrial (+6.07%). In the PSEi, JGS (+21.53%) and ACEN (+13.17%) were the top gainers while PGOLD (-1.87%) and BDO (-1.03%) had the worst week among only 4 laggards. Net foreign selling cooled to ₱2.80 billion from the previous week. The Philippine Peso weakened to ₱57.71 from ₱56.65 against the US dollar. Meanwhile, some notable developments last week were:

- The Chamber of Automotive Manufacturers of the Philippines, Inc. (CAMPI) and Truck Manufacturer Association (TMA) reported a significant 12.7% increase in local vehicle sales for 1Q 2024 compared to the same period in 2023, with sales rising from 97,284 units to 109,606 units. Both passenger cars and commercial vehicles saw double-digit growth in 1Q, with passenger car sales increasing by 14% and commercial vehicle sales improving by 12.2%.
- The Philippine government's budget deficit widened in March to ₱195.9 billion, up from ₱164.7 billion in February, as expenditures continued to surpass revenues. Despite the increase, the deficit was lower compared to the ₱210.3 billion recorded in March of the previous year. Year-to-date, the budget deficit expanded slightly to ₱272.6 billion, up from ₱270.9 billion in the first quarter of the previous year.
- The National Grid Corporation of the Philippines (NGCP) raised red and yellow alert statuses over the Visayas power grids, while the Luzon and Mindanao grids were placed under a yellow alert status. These alerts were attributed to forced outages at certain power plants and reduced capacity operations at others. As of the latest report, the Luzon grid had an available capacity of 14,249 MW against a peak demand of 13,475 MW, while the Visayas grid had 2,462 MW available against a peak demand of 2,525 MW. Similarly, the Mindanao grid reported 2,761 MW available against a peak demand of 2,614 MW.

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INDICES

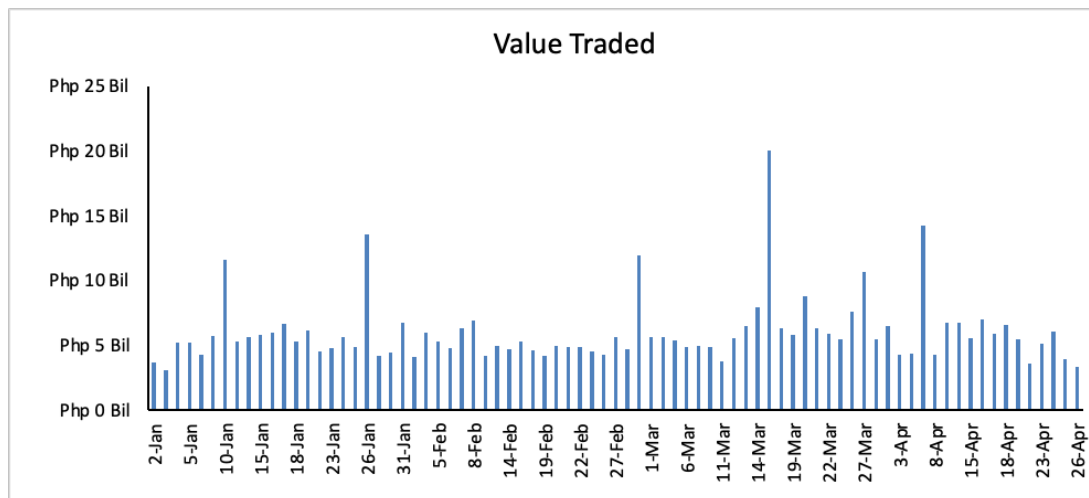
Index	Prev	Last	% Chg
PSEi	6,443.00	6,628.75	2.88%
All Shares	3,421.55	3,492.75	2.08%
Financial	2,036.56	2,050.70	0.69%
Industrial	8,375.57	8,883.76	6.07%
Holding Firms	5,952.36	6,136.57	3.09%
Property	2,418.23	2,511.72	3.87%
Services	1,822.06	1,836.25	0.78%
Mining & Oil	8,222.62	8,874.76	7.93%

PSEi

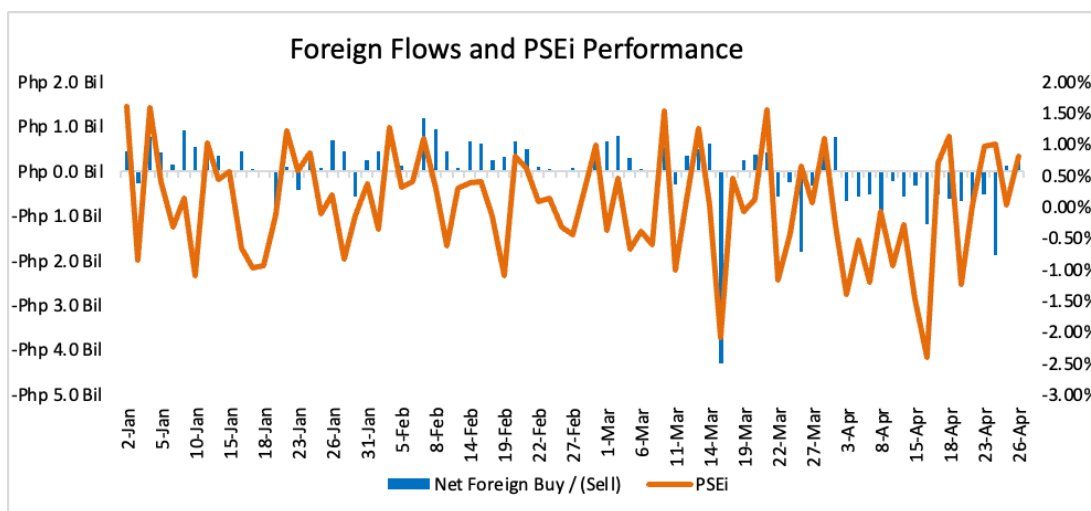
	TOP 10		BOTTOM 10
JGS	21.53%	PGOLD	-1.87%
ACEN	13.17%	BDO	-1.03%
MONDE	9.00%	WLCON	-0.88%
JFC	8.54%	ICT	-0.61%
SCC	8.33%	AC	0.17%
DMC	7.74%	EMI	0.53%
URC	7.22%	SM	0.69%
GTCAP	6.84%	BPI	0.81%
ALI	5.74%	BLOOM	1.00%
CNVRG	5.61%	GLO	1.63%



➔ The market's turnover averaged ₱4.41 billion, lower than the ₱6.09 billion in the trading week of April 15-19.



➔ Last week logged a net foreign selling of ₱2.80 billion, lower than the ₱3.28 billion in the previous week.

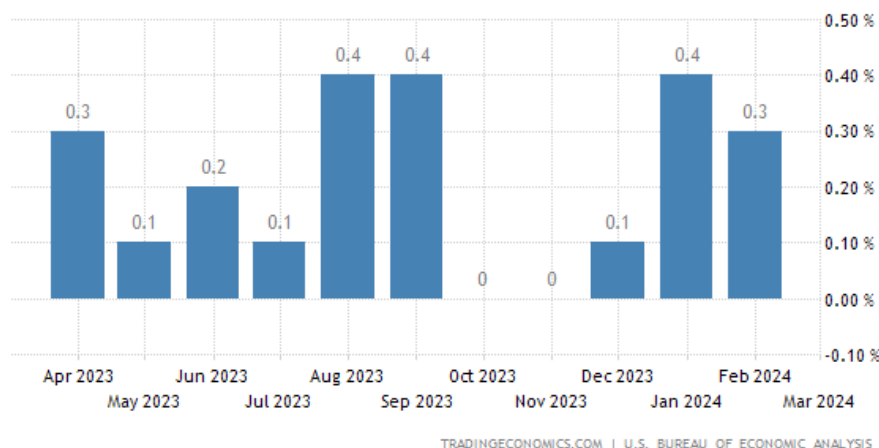


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Key Economic Figures



- ➔ **US PCE price index.** In March 2024, the US personal consumption expenditure (PCE) price index rose by 0.3%, consistent with February and market predictions. Service prices increased by 0.4%, while goods rose by 0.1%. The annual rate reached 2.7%, surpassing forecasts of 2.6%. Core PCE inflation remained at 0.3%, aligning with expectations. Food prices decreased slightly, while energy prices rose by 1.2%. Annual core inflation held steady at 2.8%, contrary to expectations of a decline to 2.6%. *(US Bureau of Economic Analysis)*



- ➔ **US personal spending.** In March 2024, personal spending in the United States rose by 0.8% from the previous month, matching February's growth rate and exceeding market expectations of 0.6%. The increase was driven by a 1.3% surge in spending on goods, including energy products like gasoline and motor vehicle fuels, as well as nondurable goods such as recreational items and food and beverages. Spending on services also rose by 0.6%, with higher allocations towards healthcare services and housing-related expenses. *(US Bureau of Economic Analysis)*

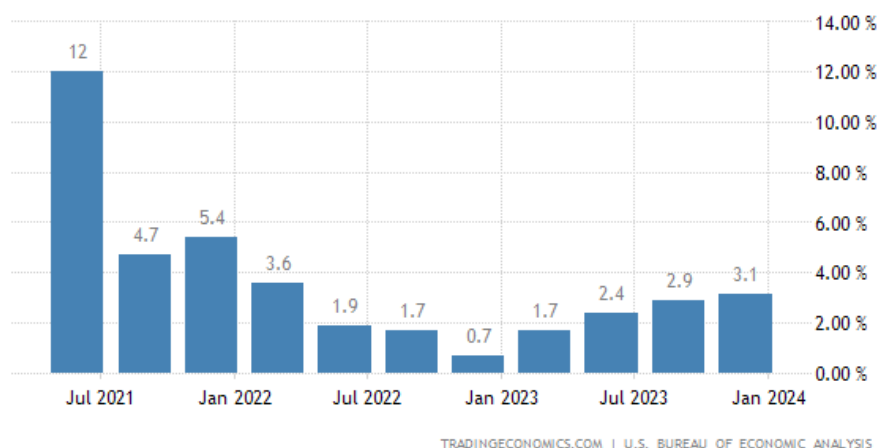
For the Week

TOP GAINERS		TOP LOSERS	
ABS	41.50%	CHP	-37.04%
FNI	21.94%	PLC	-15.66%
JGS	21.53%	LPZ	-7.41%
ACEN	13.17%	GMA7	-6.67%
HOME	12.50%	FB	-5.96%
DMW	12.43%	SPC	-5.68%
MWC	11.95%	TECH	-4.91%
APX	9.71%	PAL	-3.69%
LR	9.38%	SHNG	-3.53%
FLI	9.09%	MWIDE	-3.29%
MONDE	9.00%	SHLPH	-2.73%
JFC	8.54%	SLI	-2.21%
TUGS	8.33%	PCOR	-1.94%
SCC	8.33%	COSCO	-1.89%
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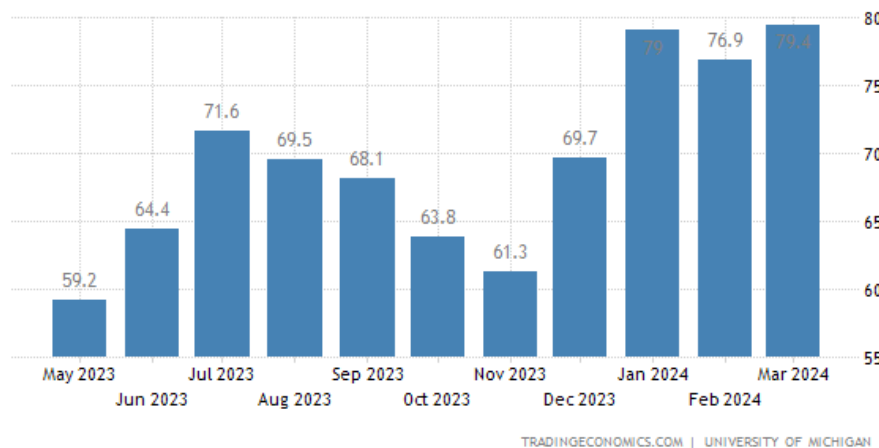
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Key Economic Figures



➔ **US GDP growth.** US economic growth fell short of expectations in the first quarter of the year, with gross domestic product (GDP) expanding at a 1.6% annualized pace after adjusting for seasonality and inflation. Economists surveyed by Dow Jones had anticipated a 2.4% increase, following a 3.4% gain in the fourth quarter of 2023 and 4.9% in the preceding period. *(US Bureau of Economic Analysis)*



➔ **US consumer sentiment.** In April 2024, the University of Michigan consumer sentiment for the US was revised down to 77.2 from a preliminary estimate of 77.9, marking a decline from March's level of 79.4, the highest since July 2021. Both current conditions and expectations declined more than initially anticipated, reflecting ongoing uncertainty about the economy amid the upcoming election. Surveys of Consumers Director Joanne Hsu noted that geopolitical factors aren't currently at the forefront of consumers' concerns. However, inflation expectations for the year ahead were revised higher to 3.2%, while the five-year outlook remained at 3%. *(University of Michigan)*

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Key Economic Figures



➔ **Copper price.** Copper prices surged, approaching \$4.6 per pound and briefly surpassing \$10,000 per tonne in London for the first time in two years. Concerns over supply shortages and optimistic long-term demand prospects drove speculative buying. Issues in copper ore mining, including disruptions at major mines like Cobre Panama and in Zambia due to power shortages, along with political protests in South America, heightened supply worries. To address lower margins, Chinese smelters, the world's largest producers, plan a 10% output reduction this year. High costs of new mine development led to increased M&A activity among industry players, highlighted by BHP's bid for Anglo American. Additionally, the metal's role in global electrification initiatives continued to attract investment. *Trading Economics*)

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Market Outlook

What You Need to Know

- ➔ The PSEi finished positive throughout last week, reaching its highest close in 10 days last Friday. It also posted its first positive week of the second quarter after a weak start following its stellar 1Q performance. The benchmark index continued its upward trajectory driven by bargain hunting, despite negative signals from Wall Street. The local bourse's winning streak extended as anticipation of first-quarter earnings fueled optimism. However, weak value turnover in the past 2 sessions indicated that many investors remained cautious, possibly influenced by US economic data revealing a slowdown in growth and ongoing concerns about inflation.
- ➔ In the upcoming week, focus will be mainly on the US Federal Open Market Committee (FOMC) meeting, with policymakers anticipated to maintain record-level borrowing costs. Investors will closely watch Fed Chairman Jerome Powell's remarks for insights into potential interest rate cuts amid persistent inflation. Meanwhile, corporate earnings from major players like Apple, Amazon, and Pfizer will also be looked at. In Europe, flash data on 1Q 2024 GDP, inflation, and unemployment levels will be released, with similar economic indicators in focus across Asia, including Chinese PMIs, Japan's consumer confidence, and South Korea's inflation rate.
- ➔ Given the recent momentum of the PSEi, which saw 5 consecutive days of gains, there is a sense of optimism in the market. However, caution may prevail as investors are mindful of negative cues from Wall Street and the cautious stance observed in light of US economic data pointing to a slowdown in growth and persistent inflation concerns. Should bargain hunting continue, we may see further upward movement in the PSEi. However, the extent of this upward trend may be tempered by ongoing geopolitical concerns and strongly hawkish comments from the Fed in their upcoming meeting this week. Overall, the market outlook for the PSEi this week remains cautiously optimistic. Should investors opt to secure profits from the 5-day rally, a pullback to as low as the 6,400-level could ensue. Otherwise, further upward momentum may see the PSEi make an attempt to break through to the 6,700-level again.

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