

Market Commentary



➔ The PSEi lost 13.20 points or 0.20% week-on-week and settled at 6,615.55. The local bourse declined in the last 3 sessions as investors opted to take profits amidst a lack of positive catalysts, along with continued inflation concerns. Services (+2.75%) and Financial (+1.86%) sectors went up, while the rest fell led by Property (-3.33%) and Holding Firms (-1.10%). In the PSEi, ACEN (+8.73%), WLCON (+5.30%), and ICT (+4.78%) had the biggest gains. On the other hand, JGS (-8.71%), JFC (-8.37%), and ALI (-5.95%) were the big laggards. Net foreign selling spiked to ₱16.77 billion. The Philippine Peso appreciated to ₱57.345 from ₱57.71 against the US dollar. Meanwhile, some notable developments last week were:

- In March, short-term foreign investments in the Philippines turned negative, with the Bangko Sentral ng Pilipinas (BSP) reporting a net outflow of \$236 million, a reversal from February's net inflow of \$689 million. This shift was driven by a decrease in overall inflows to \$1.4 billion, down 9.1% from February, coupled with a significant increase in gross outflows to \$1.6 billion, up 91.4% from the previous month.
- The Bankers Association of the Philippines (BAP) is open to selling its stake in the Philippine Dealing System Holdings Corp. (PDS) to the Philippine Stock Exchange Inc. (PSE) under favorable conditions. BAP President Jose Teodoro Limcaoco stated that while there is no set price for the sale yet, they are engaging advisors to determine the value of the stake. Negotiations between the parties are expected to conclude by the second quarter of the year, with the PSE aiming to acquire up to 100% of the PDS Group, which operates the Philippine Dealing and Exchange Corp. (PDEX), the country's only fixed-income exchange.

INDICES

Index	Prev	Last	% Chg
PSEi	6,628.75	6,615.55	-0.20%
All Shares	3,492.75	3,498.17	0.16%
Financial	2,050.70	2,088.89	1.86%
Industrial	8,883.76	8,859.96	-0.27%
Holding Firms	6,136.57	6,069.30	-1.10%
Property	2,511.72	2,428.18	-3.33%
Services	1,836.25	1,886.79	2.75%
Mining & Oil	8,874.76	8,799.97	-0.84%

PSEi

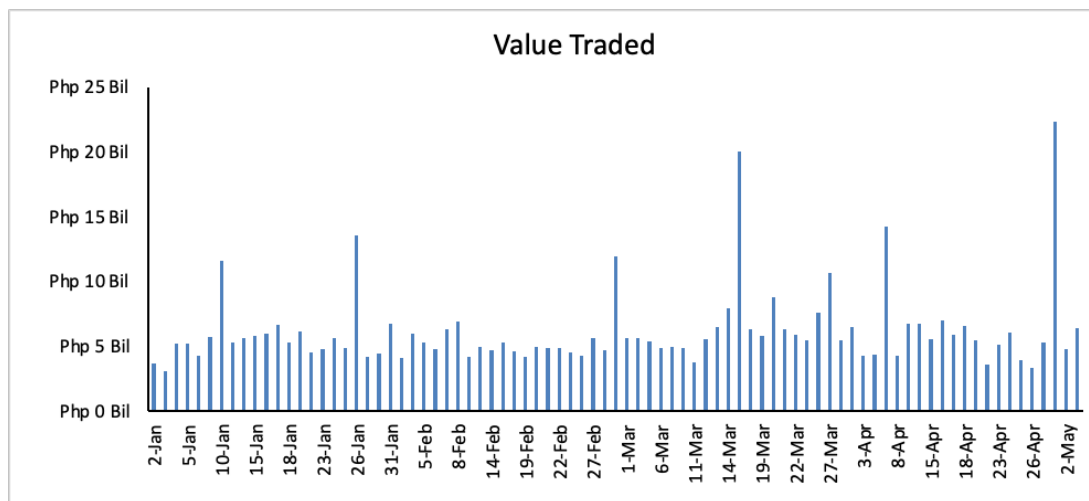
TOP 10		BOTTOM 10	
ACEN	8.73%	JGS	-8.71%
WLCON	5.30%	JFC	-8.37%
ICT	4.78%	ALI	-5.95%
URC	4.66%	SMPH	-3.35%
GTCAP	4.19%	PGOLD	-3.18%
MBT	3.02%	CNVRG	-3.10%
BDO	2.99%	SMC	-2.83%
LTG	1.41%	TEL	-1.90%
DMC	1.10%	AGI	-1.41%
BPI	0.88%	SM	-1.36%

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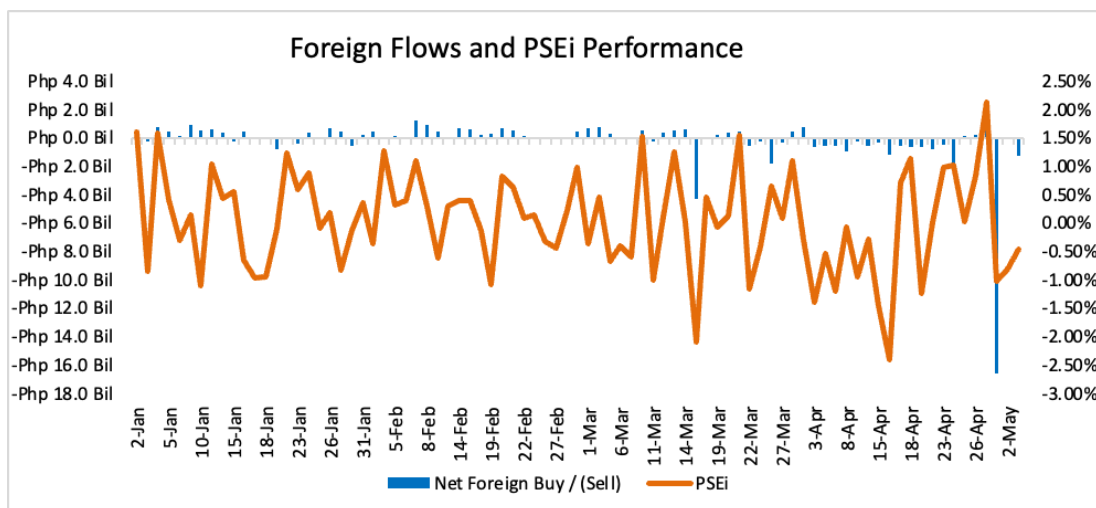
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➔ The market's turnover averaged ₱9.69 billion, much higher than the ₱4.41 billion in the trading week of April 22-26. This was mainly due to a block sale transaction ₱16.78 billion involving BLOOM last Tuesday.



➔ Last week logged a net foreign selling of ₱16.77 billion, higher than the ₱2.80 billion in the previous week.

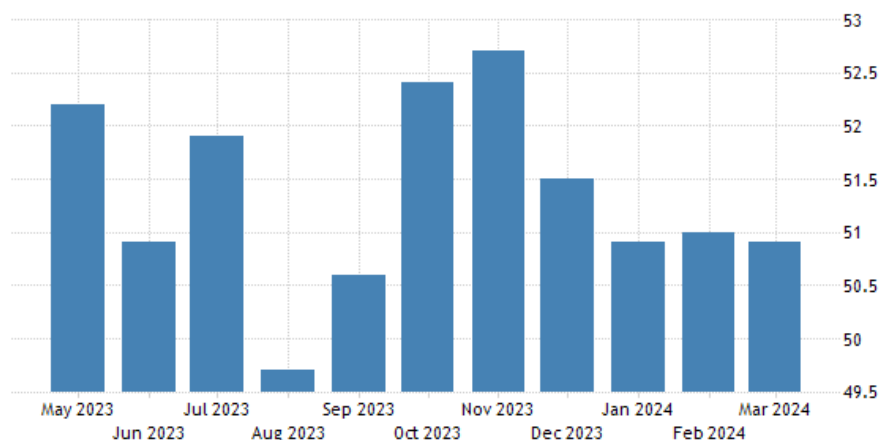


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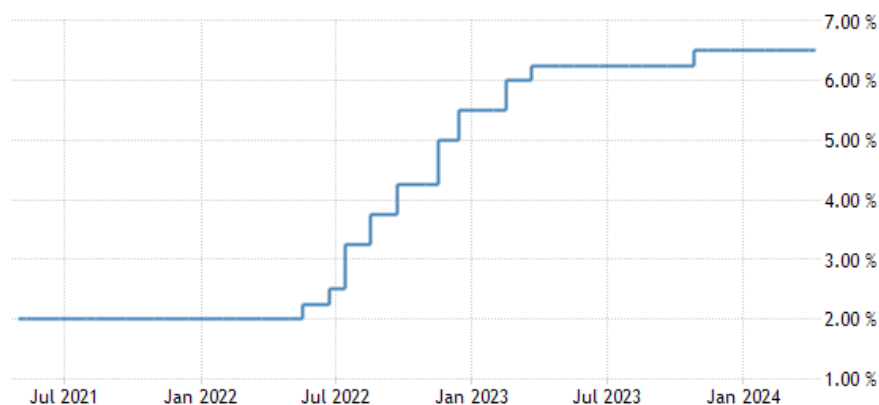
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Key Economic Figures



➔ **PH manufacturing PMI.** The S&P Global Philippines Manufacturing PMI surged to 52.2 in April 2024 from 50.9 in March, marking the sector's 8th consecutive month of improvement and hitting a 5-month high. This was driven by increased output and stronger new orders. Rising demand and expanded production led to higher purchasing activity and inventory buildup. Employment also rose slightly. Inflationary pressures remained subdued, with cost burdens increasing at a weaker rate, allowing firms to maintain stable charges. Business sentiment for the manufacturing sector was largely positive, with nearly a quarter of surveyed companies anticipating production growth. *(S&P Global)*



TRADINGECONOMICS.COM | BANGKO SENTRAL NG PILIPINAS

➔ **BSP benchmark rate.** The Bangko Sentral ng Pilipinas (BSP) maintained its benchmark interest rate at 6.50% for the fourth consecutive meeting in April 2024, aligning with market expectations. This rate remains the highest since 2007, reflecting concerns over accelerating inflationary pressures. In March, headline inflation increased to 3.7%, up from 3.4% in February but still within the central bank's target range of 2% to 4%. Risks to the inflation outlook remain tilted towards the upside, driven by rising costs of rice, which saw its fastest inflation rate in 15 years in March. The central bank revised its consumer price forecast upward to 4% for 2024, while maintaining it at 3.5% for the following year. *(Bangko Sentral ng Pilipinas)*

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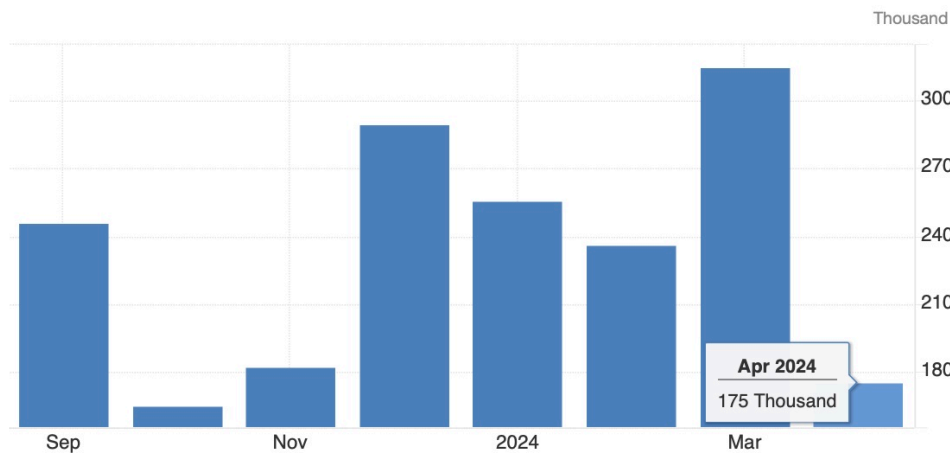
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For the Week

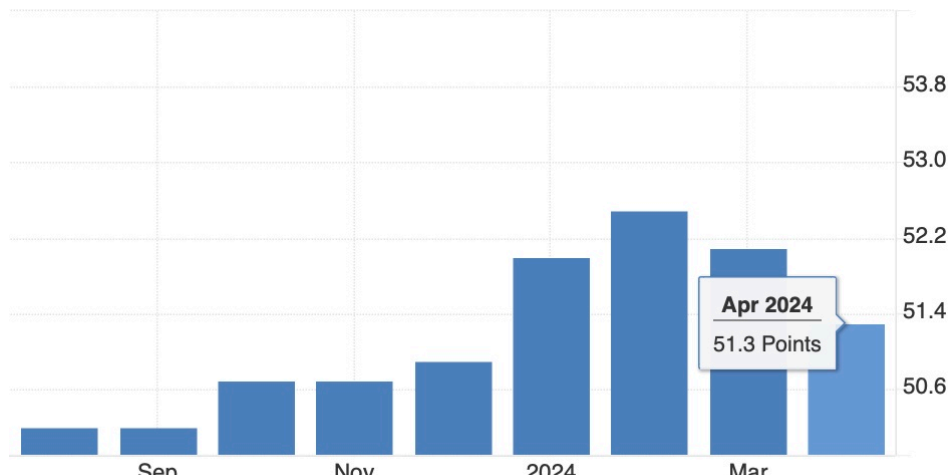
TOP GAINERS		TOP LOSERS	
PLUS	28.38%	JGS	-8.71%
SEVN	23.56%	JFC	-8.37%
ABS	19.40%	GMA7	-7.27%
PNB	12.18%	UBP	-6.41%
SGP	11.66%	ALI	-5.95%
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BDO	2.99%	STR	-2.13%
FLI	2.78%	TEL	-1.90%
SLI	2.26%	DMW	-1.75%



Key Economic Figures



➔ **US nonfarm payrolls.** In April 2024, the US economy added 175,000 jobs, marking a slowdown from the previous month's upwardly revised 315,000 additions and falling short of the expected 243,000 increase. This deceleration reflects a notable slowdown from the brisk pace observed earlier in the year and trails behind the average monthly gain of 242,000 jobs over the past year. The healthcare sector saw significant gains, adding 56,000 jobs, with notable increases in ambulatory health care services, hospitals, and social assistance. Additionally, the transportation and warehousing sector added 22,000 jobs, driven by gains in couriers, messengers, and warehousing. (US Bureau of Labor Statistics)



➔ **US composite PMI.** In April 2024, the S&P Global US Composite PMI eased to 51.3 from 52.1 in March, indicating a softer expansion in the private sector, though slightly higher than the initial estimate. This was driven by slower growth in services (51.3) and a manufacturing sector contraction (50). New business declined for the first time in six months, while employment decreased, ending a 45-month streak of job creation. Despite softer business confidence, expectations for the next 12 months remained positive. Input costs and output charges also moderated during the period. (S&P Global)

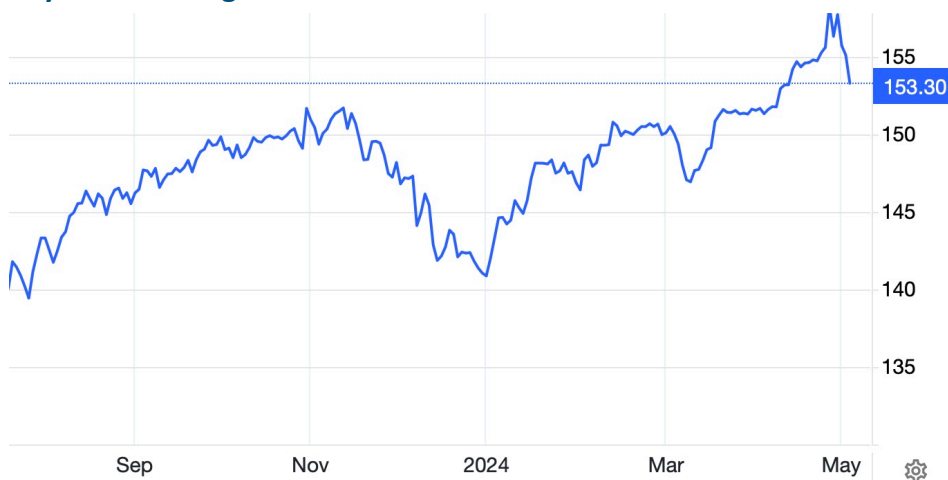
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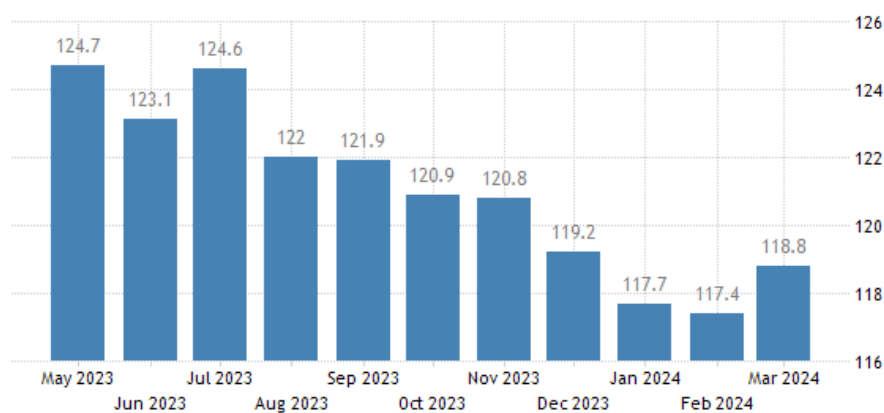
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Key Economic Figures



➔ **USD-JPY exchange rate.** The Japanese yen (¥) strengthened to around ¥153 per dollar on Friday, marking a more than 3% gain for the week, potentially due to suspected interventions by Japanese authorities starting Monday. While the government did not confirm its involvement, Bank of Japan data suggested Tokyo spent approximately \$60 billion to support the yen. There are reports of potential incentives for companies to convert profits into yen through tax breaks. The currency had declined nearly 14% against the dollar this year, hitting as low as ¥160 per dollar on April 29, partly due to the Bank of Japan's ultra-low interest rates prompting traders to borrow yen for higher-yielding currencies. Additionally, a weakened dollar, as Fed Chairman Powell ruled out another rate hike, contributed to the yen's rise. (*TradingEconomics*)



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➔ **World food price index.** The FAO Food Price Index, tracking global food commodity prices, rose by 0.3% to 119.1 points in April 2024 from an upwardly revised 118.8 in March. This increase was led by higher meat prices, up by 1.6%, particularly poultry, bovine, and ovine meat. Vegetable oil and cereal prices also saw modest upticks, while sugar and dairy prices declined. Vegetable prices hit a 13-month high, driven by sunflower and rapeseed oil, while cereals rose due to stabilized wheat export prices and increased maize export prices. Despite the monthly increase, the index was down 9.6% year-on-year. (*Food and Agriculture Organization of the United Nations*)

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Market Outlook

What You Need to Know

- ➔ Last week, the PSEi experienced a downward trend, extending its losing streak for three consecutive days due to concerns surrounding inflation. Investors remained cautious amidst expectations of higher inflation rates in April and awaited the BSP's outlook on interest rates. The market saw continued losses as traders reacted to worries over potential spikes in inflation, driven by persistent increases in food prices.
- ➔ In the US, attention will be paid to policymakers' remarks for insights into the US Federal Reserve (Fed)'s stance, alongside key indicators like the preliminary Michigan Consumer Sentiment and weekly jobless claims. Forecasts suggest a slight decline in consumer morale for May. In the UK, the Bank of England (BoE) is likely to maintain policy amidst a drop in inflation. In Europe, investors await European Central Bank (ECB) meeting accounts. Data includes UK's preliminary GDP, business investment, and Eurozone retail sales. In Asia, China's April trade figures are key, while Japan's balance of payments will also be released.
- ➔ This week, local investors are anticipating the release of April's inflation data on Tuesday and the first-quarter 2024 gross domestic product (GDP) report on Thursday. The weaker-than-expected US jobs report for April may uplift local market sentiment at the week's start, potentially halting the PSEi's 3-day losing streak. Although hopes for multiple rate cuts by the Fed this year have been reinforced, uncertainty surrounding the timing could persist, dampening equities and hindering significant and consistent upswings until the rate cuts materialize. The CME FedWatch tool indicates the highest likelihood for the first cut in the Fed's September meeting. The BSP is anticipated to mirror the Fed's actions, suggesting prolonged higher rates. Despite this, the local bourse remains at attractive valuations compared to its regional counterparts, presenting opportunities for entry, or adding to existing positions. A surge to the 6,800-level or beyond is conceivable this week, contingent on key local catalysts.

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