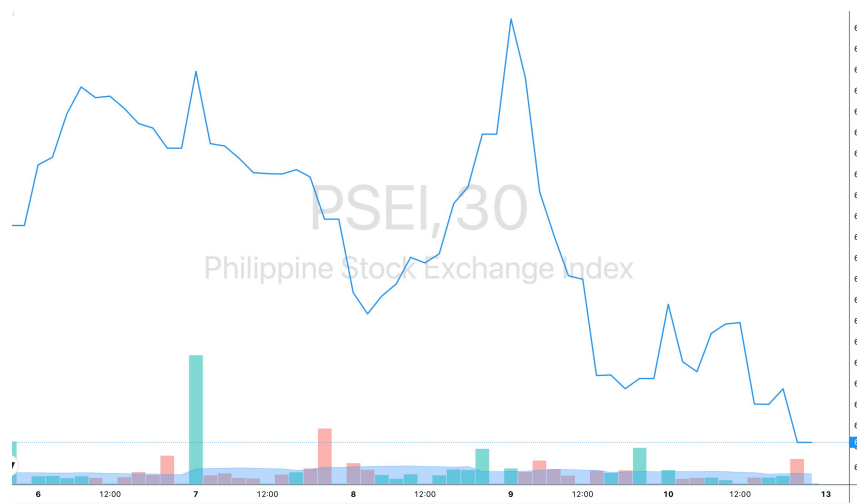




## Market Commentary



➔ The PSEi fell by 103.62 points or 1.57% week-on-week and settled at 6,511.93. The local bourse succumbed to selling pressure after a hot inflation report for April and a disappointing gross domestic product (GDP) growth in Q1. Sectors had mixed results with Mining&Oil (+3.36%) having the biggest gain, while Financial (-3.94%) losing the most. In the PSEi, WLCON (+10.54%), ACEN (+9.73%), and URC (+8.91%) were the top gainers. On the other end, SM (-6.58%), BDO (-6.41%), and CNPF (-4.31%) were the biggest laggards. Net foreign stood at ₱3.05 billion. The Philippine Peso depreciated to ₱57.42 from ₱57.345 against the US dollar. Meanwhile, some notable developments last week were:

- The Energy Regulatory Commission (ERC) is advocating for power distribution utilities (DUs) to implement a gradual increase in generation charges to ease the burden on consumers amid frequent red and yellow alerts in Luzon and the Visayas since April 16. ERC Chairperson Monalisa Dimalanta stressed the importance of proactive measures by DUs to avoid the need for regulatory intervention. With Wholesale Electricity Spot Market (WESM) prices expected to climb during alert periods, Dimalanta cautioned about the potential impact on consumers' electricity bills. She urged both DUs and generation companies (GenCos) to collaborate on flexible payment arrangements to alleviate financial strain on consumers.
- In the first quarter, the value of local agriculture and fisheries output remained relatively stagnant, largely affected by the El Niño phenomenon, with only the poultry subsector showing increased production. According to the Philippine Statistics Authority (PSA), the combined value of agriculture and fisheries production, at constant 2018 prices, reached ₱428.99 billion, slightly surpassing the ₱428.79 billion recorded in the same quarter of 2023. The crops, livestock, and fisheries subsectors experienced declines in production value, while poultry production saw a notable increase of six percent to ₱68.761 billion from ₱64.94 billion in the previous year.

## INDICES

Index	Prev	Last	% Chg
PSEi	6,615.55	6,511.93	-1.57%
All Shares	3,498.17	3,477.13	-0.60%
Financial	2,088.89	2,006.52	-3.94%
Industrial	8,859.96	9,077.48	2.46%
Holding Firms	6,069.30	5,839.05	-3.79%
Property	2,428.18	2,415.52	-0.52%
Services	1,886.79	1,937.30	2.68%
Mining & Oil	8,799.97	9,095.57	3.36%

## PSEi

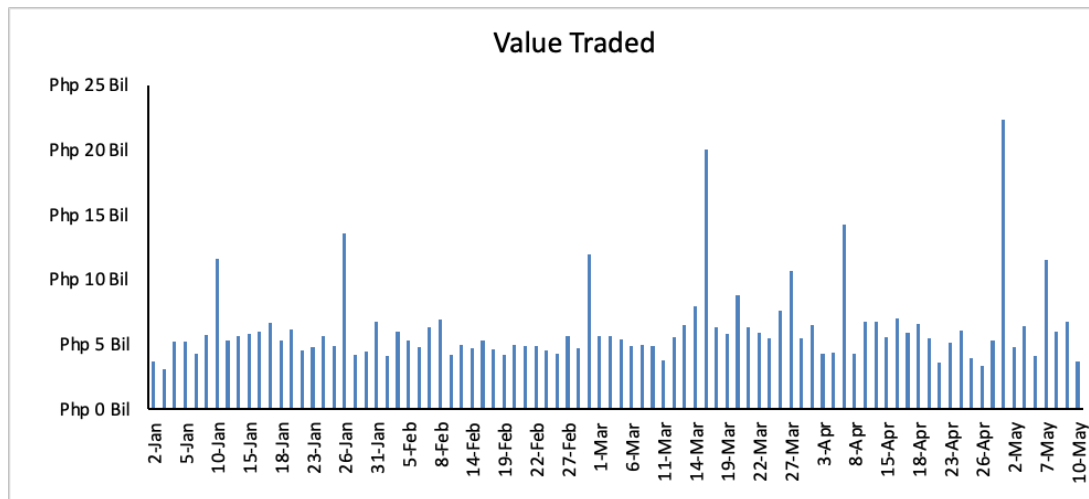
TOP 10		BOTTOM 10	
WLCON	10.54%	SM	-6.58%
ACEN	9.73%	BDO	-6.41%
URC	8.91%	CNPF	-4.31%
PGOLD	6.14%	MBT	-4.05%
TEL	4.85%	SCC	-3.66%
NIKL	4.25%	BPI	-3.09%
MONDE	3.10%	EMI	-2.54%
MER	2.47%	SMPH	-2.37%
GLO	1.70%	DMC	-2.37%
SMC	1.65%	GTCAP	-2.29%

## Disclaimer:

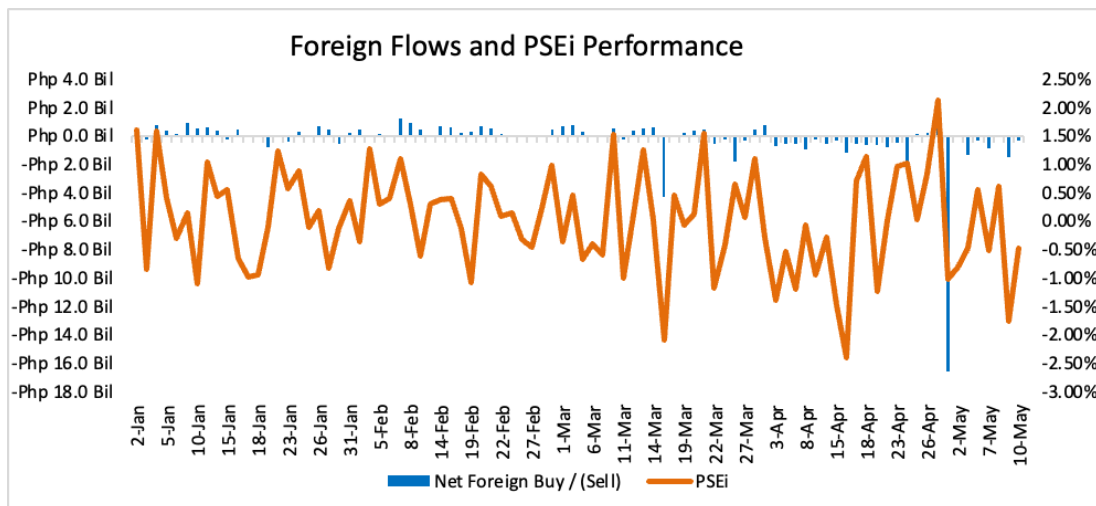
Information and opinions presented represent the judgment of the author and securities offered and sold by Mandarin Securities Corp. are subject to price movements and possible loss of amount invested. The information is based upon sources we believe to be reliable and has been obtained from public sources. Opinions and estimates are subject to change without notice. Mandarin Securities, and/or its employees may act or take a view in a different and inconsistent way contained in this report. This report is for informational purposes only, and is not an offer or solicitation to buy or sell any financial instrument or product or financial security.



- ➔ Market turnover averaged ₱6.41 billion last week, lower than the ₱9.69 billion recorded the week before, which was propped up by a block sale transaction of BLOOM amounting to around ₱16 billion.



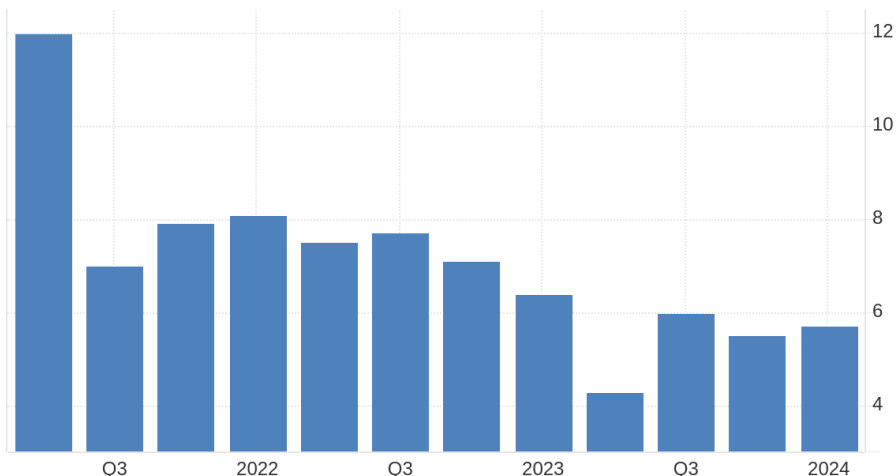
- ➔ Last week logged a net foreign selling of ₱3.05 billion, lower than the ₱16.77 billion in the previous week.



Disclaimer:

Information and opinions presented represent the judgment of the author and securities offered and sold by Mandarin Securities Corp. are subject to price movements and possible loss of amount invested. The information is based upon sources we believe to be reliable and has been obtained from public sources. Opinions and estimates are subject to change without notice. Mandarin Securities, and/or its employees may act or take a view in a different and inconsistent way contained in this report. This report is for informational purposes only, and is not an offer or solicitation to buy or sell any financial instrument or product or financial security.

## Key Economic Figures



➔ **PH GDP growth rate.** The Philippines GDP expanded by 5.7% year-on-year in Q1 2024, slightly below market expectations of 5.9%. The growth was supported by a rebound in government spending (1.7%) and positive contributions from net trade, with exports rising by 7.5% and imports softening by 2.3%. However, household consumption (4.6%) and fixed investments (2.3%) grew at a slower pace. Industry (5.1%) and services (6.9%) sectors saw accelerated growth, while agriculture (0.4%) moderated due to dry weather conditions. The government expects the economy to grow between 6% to 7% for the year. *(Philippine Statistics Authority)*



TRADINGECONOMICS.COM | PHILIPPINE STATISTICS AUTHORITY

➔ **PH inflation.** In April 2024, the Philippines' annual inflation rate rose to 3.8%, slightly up from the previous month's 3.7%, but below market expectations of 4.1%. This increase, the highest since December 2023, was primarily propelled by surging prices in food and non-alcoholic beverages, particularly vegetables, tubers, plantains, and pulses. Conversely, inflation moderated for housing and utilities, recreation, sport, and culture, as well as restaurants and accommodation services. Transport costs also saw a slight uptick. Core inflation decreased to 3.2%, the lowest since May 2022. Moreover, the consumer price index (CPI) experienced a 0.1% decline from the previous month, marking the first monthly drop in six periods. *(Philippine Statistics Authority)*

## For the Week

TOP GAINERS		TOP LOSERS	
AB	27.39%	FLI	-6.76%
ABS	27.27%	FNI	-6.74%
APX	13.37%	SM	-6.58%
RFM	11.38%	BDO	-6.41%
WLCON	10.54%	HOME	-6.12%
ACEN	9.73%	DMW	-5.36%
URC	8.91%	UBP	-4.91%
GSMI	6.84%	EEI	-4.76%
LPC	6.78%	FGEN	-4.69%
MRSGI	6.50%	SSP	-4.44%
CEB	6.43%	CNPF	-4.31%
PNB	6.33%	LPZ	-4.11%
PGOLD	6.14%	MBT	-4.05%
RRHI	5.85%	SCC	-3.66%
MWC	5.48%	AP	-3.63%
TEL	4.85%	SGP	-3.29%
TUGS	4.84%	BPI	-3.09%
SHNG	4.34%	PLC	-2.74%
NIKL	4.25%	EMP	-2.54%
RCB	4.09%	SMPH	-2.37%

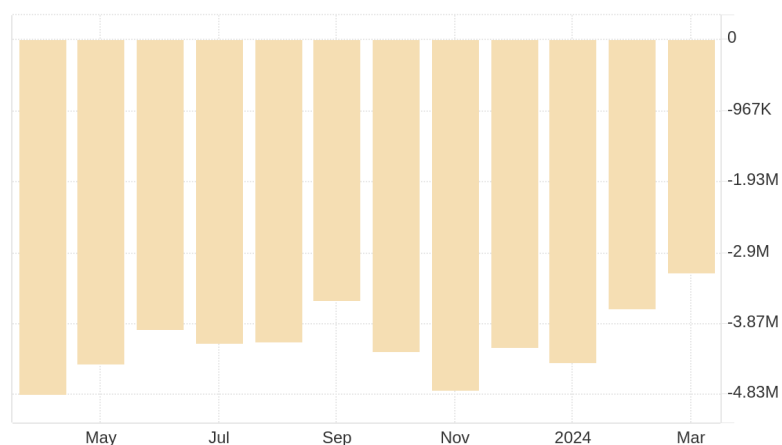
## Disclaimer:

Information and opinions presented represent the judgment of the author and securities offered and sold by Mandarin Securities Corp. are subject to price movements and possible loss of amount invested. The information is based upon sources we believe to be reliable and has been obtained from public sources. Opinions and estimates are subject to change without notice. Mandarin Securities, and/or its employees may act or take a view in a different and inconsistent way contained in this report. This report is for informational purposes only, and is not an offer or solicitation to buy or sell any financial instrument or product or financial security.



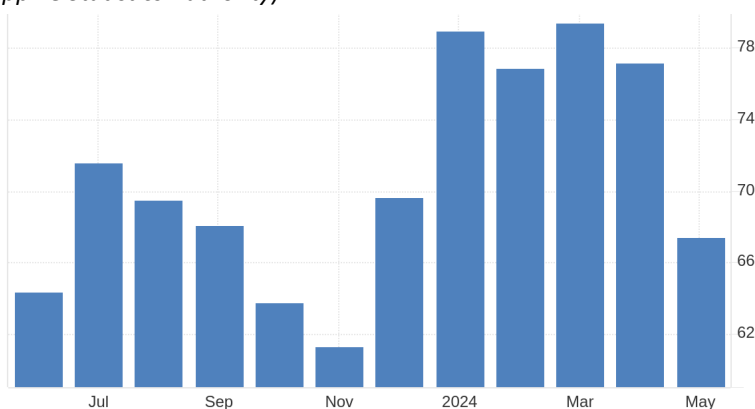
## Key Economic Figures

PH Balance of Trade - USD Thousand



Source: tradingeconomics.com | Philippine Statistics Authority

- ➔ **PH trade balance.** In March 2024, the Philippines saw a significant reduction in its trade deficit, which shrank to \$3.18 billion from \$5.02 billion a year earlier, marking the smallest gap since May 2021. This decrease was primarily driven by a larger decline in imports compared to exports. Inbound shipments plummeted by 20.0% year-on-year to \$9.31 billion, reaching a 13-month low due to weakened domestic demand amid heightened cost pressures and borrowing costs. Meanwhile, outbound sales decreased by 7.3% to \$6.13 billion, attributed to reduced demand from key trading partners such as China, Japan, ASEAN countries, and the EU. Over the first three months of the year, the trade deficit narrowed further to \$11.24 billion compared to \$14.45 billion in the same period of 2023. *(Philippine Statistics Authority)*



- ➔ **US consumer sentiment.** In May 2024, the University of Michigan's consumer sentiment index for the US dipped to 67.4 from April's 77.2, marking a six-month low and falling below market projections of 76, according to preliminary estimates. Expectations for inflation over the next year rose to 3.5%, the highest in six months, up from April's 3.2%. Similarly, the five-year inflation outlook increased to 3.1%, also the highest in six months, from 3.0%. Both current conditions (68.8 vs 79 in April) and expectations (66.5 vs 76) declined, reflecting concerns among consumers about the direction of inflation, unemployment, and interest rates in the coming year. *(University of Michigan)*

Disclaimer:

Information and opinions presented represent the judgment of the author and securities offered and sold by Mandarin Securities Corp. are subject to price movements and possible loss of amount invested. The information is based upon sources we believe to be reliable and has been obtained from public sources. Opinions and estimates are subject to change without notice. Mandarin Securities, and/or its employees may act or take a view in a different and inconsistent way contained in this report. This report is for informational purposes only, and is not an offer or solicitation to buy or sell any financial instrument or product or financial security.

28/F LKG TOWER, 6801 AYALA AVENUE, MAKATI CITY : OFFICE: +63 (02) 8884-1271 : FAX +63 (02) 8884-1384

## For the Week

TOP GAINERS		TOP LOSERS	
AB	27.39%	FLI	-6.76%
ABS	27.27%	FNI	-6.74%
APX	13.37%	SM	-6.58%
RFM	11.38%	BDO	-6.41%
WLCON	10.54%	HOME	-6.12%
ACEN	9.73%	DMW	-5.36%
URC	8.91%	UBP	-4.91%
GSMI	6.84%	EEI	-4.76%
LPC	6.78%	FGEN	-4.69%
MRSGI	6.50%	SSP	-4.44%
CEB	6.43%	CNPF	-4.31%
PNB	6.33%	LPZ	-4.11%
PGOLD	6.14%	MBT	-4.05%
RRHI	5.85%	SCC	-3.66%
MWC	5.48%	AP	-3.63%
TEL	4.85%	SGP	-3.29%
TUGS	4.84%	BPI	-3.09%
SHNG	4.34%	PLC	-2.74%
NIKL	4.25%	EMP	-2.54%
RCB	4.09%	SMPH	-2.37%



## Market Outlook

### What You Need to Know

- ➔ The PSEi experienced a 1.57% decline last week, marking its second consecutive week of losses. The index closed at the 6,500-level, reflecting investor concerns stemming from April's inflation rate of 3.8%, which exceeded March's figure but remained below the previous year's level. Additionally, the country's first-quarter GDP growth of 5.7% was announced, surpassing the previous quarter but falling short of the growth rate recorded a year earlier.
- ➔ This week, investors will closely monitor the US April consumer price index (CPI) report for insights into ongoing price pressures, with expectations of a 0.3% increase compared to March. Alongside this, PPI data and key economic indicators like retail sales, industrial production, and housing will also be released. Statements from US Federal Reserve (Fed) officials, particularly Chairman Jerome Powell's remarks, will be scrutinized for clues on potential interest rate cuts. The earnings season will continue with Home Depot, Cisco Systems, and Walmart headlining this week's batch. In Europe, focus will be pointed towards economic sentiment in Germany and consumer confidence in Switzerland, alongside gross domestic product (GDP) estimates for the eurozone. Final inflation figures for major economies like Germany, France, and Italy will also be closely watched. In the UK, attention centers on the jobs report, with forecasts indicating a rise in the unemployment rate and a slowdown in wage growth. Meanwhile, in China, releases on industrial production, retail sales, and housing prices will provide further insights into the country's economic health, following mixed signals in the first quarter.
- ➔ The PSEi is expected to bargain-hunting activities as the index continues to trade at attractive levels, more so after last week's drop. However, investors are still likely to maintain a cautious approach ahead of the outcome of the Bangko Sentral ng Pilipinas (BSP) meeting on Thursday. The central bank is expected to maintain interest rates unchanged. Investors will be keenly observing the post-meeting remarks to discern cues about the BSP's monetary policy outlook, especially as initial expectations of a rate cut by June dwindle amid the Fed's reluctance to initiate policy loosening in light of inflation concerns. Additionally, investors will closely monitor corporate results as the first-quarter earnings season draws to a close this week.

#### Disclaimer:

Information and opinions presented represent the judgment of the author and securities offered and sold by Mandarin Securities Corp. are subject to price movements and possible loss of amount invested. The information is based upon sources we believe to be reliable and has been obtained from public sources. Opinions and estimates are subject to change without notice. Mandarin Securities, and/or its employees may act or take a view in a different and inconsistent way contained in this report. This report is for informational purposes only, and is not an offer or solicitation to buy or sell any financial instrument or product or financial security.