

Market Commentary



➔ The PSEi gained 106.76 points week-on-week and closed at 6,618.69. The market was lifted by additional strong first-quarter corporate results, lower-than-expected April inflation print in the US, and expectations of policy easing cues from the Bangko Sentral ng Pilipinas (BSP). Sectors were green across the board led by Property (+7.13%). In the PSEi, GLO (+11.73%), CNVRG (+10.81%), and SMPH (+9.16%) had the biggest gains. On the other side, AEV (-6.04%), CNPF (-4.79%), and ICT (-3.36%) had the worst weekly performance. The Philippine Peso depreciated by 20 cents to ₱57.62 from ₱57.42 against the US dollar. Meanwhile, some notable developments last week were:

- Meralco residential customers will see higher electricity bills in May due to a rise in the generation charge, pushing the overall rate per kilowatt-hour (kWh) to ₱11.4139 from ₱10.9518 in April. This translates to increases of around ₱92 for those consuming 200 kWh, ₱139 for 300 kWh, ₱185 for 400 kWh, and ₱231 for 500 kWh. The uptick is primarily driven by higher costs from the Wholesale Electricity Spot Market (WESM) and power supply agreements (PSAs), with WESM charges soaring due to tight supply conditions in Luzon. Despite this, Meralco's distribution charge has remained steady since August 2022. Additionally, incidents of power interruptions due to kite-flying have surged, prompting Meralco to caution customers against such activities near power lines to prevent outages and accidents.
- According to the Bangko Sentral ng Pilipinas (BSP), Overseas Filipino worker (OFW) remittances bounced back to \$3.05 billion in March, marking a 2.6% increase from the previous year and an improvement from February's low of \$2.95 billion. Land-based workers with contracts of one year or more, as well as sea- and land-based workers with shorter contracts, contributed to this rise in personal remittances. Cash remittances sent through banks also increased to \$2.74 billion, up 2.5% from last year. However, these growth rates were the slowest so far this year and since mid-2023. Year-to-date, personal remittances rose 2.8% to \$9.15 billion, while cash remittances increased 2.7% to \$8.22 billion, with the United States contributing the largest share at 41.2%.

INDICES

Index	Prev	Last	% Chg
PSEi	6,511.93	6,618.69	1.64%
All Shares	3,477.13	3,524.15	1.35%
Financial	2,006.52	2,016.03	0.47%
Industrial	9,077.48	9,178.06	1.11%
Holding Firms	5,839.05	5,878.99	0.68%
Property	2,415.52	2,587.68	7.13%
Services	1,937.30	1,942.32	0.26%
Mining & Oil	9,095.57	9,260.34	1.81%

PSEi

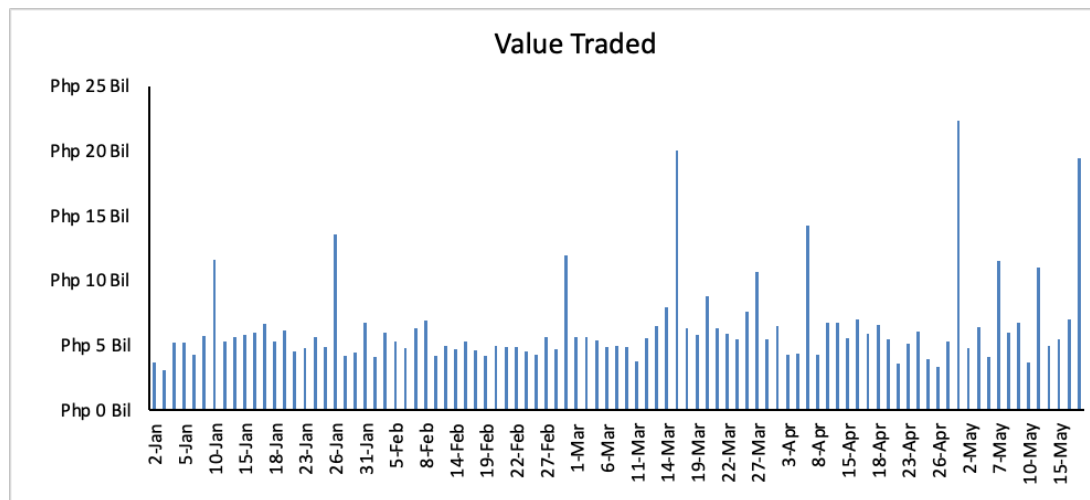
TOP 10		BOTTOM 10	
GLO	11.73%	AEV	-6.04%
CNVRG	10.81%	CNPF	-4.79%
SMPH	9.16%	ICT	-3.36%
ACEN	8.65%	NIKL	-2.64%
ALI	8.09%	SMC	-2.39%
JGS	6.94%	WLCON	-1.41%
AC	5.62%	URC	-0.91%
TEL	3.63%	SM	-0.57%
PGOLD	2.48%	DMC	-0.37%
SCC	2.06%	EMI	-0.33%

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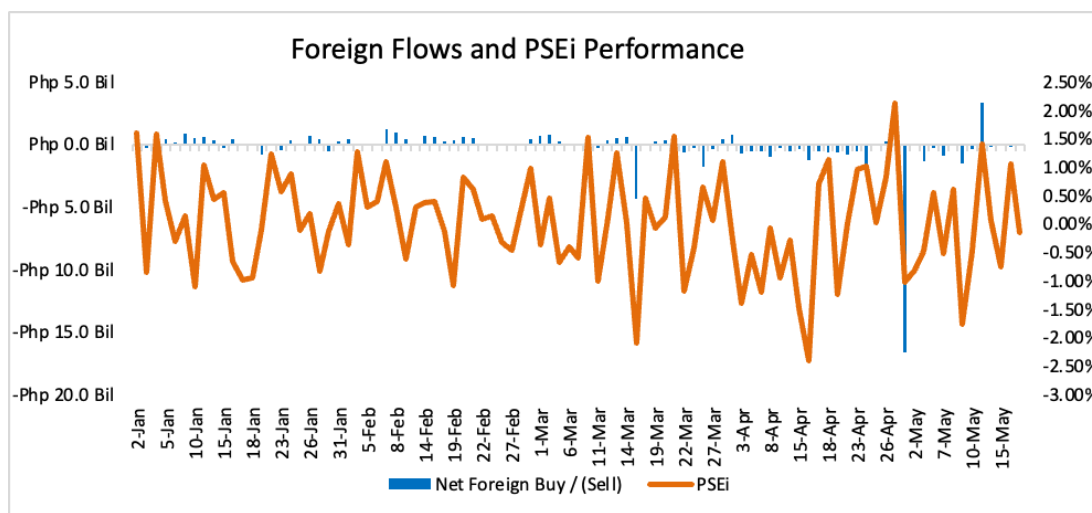
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➔ Market turnover averaged ₱9.59 billion last week, pulled by the ₱12.9 billion block sale transaction of MWC shares last Friday.



➔ Last week logged a net foreign buying of ₱2.92 billion, opposite the net foreign selling of ₱3.05 billion in the previous week.

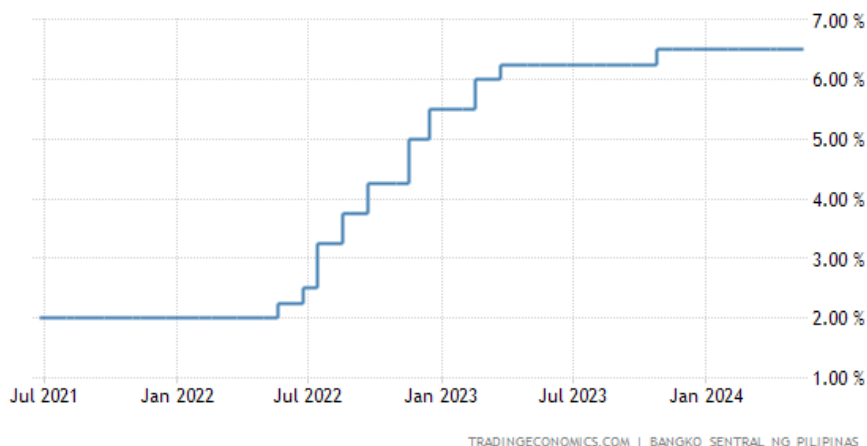


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Key Economic Figures



- ➔ **PH benchmark interest rate.** The Bangko Sentral ng Pilipinas kept its benchmark interest rate steady at 6.50% for the fifth consecutive meeting, aligning with market expectations and maintaining its highest level since 2007. While risks to the inflation outlook persist, BSP Governor Eli Remolona hinted at a potential shift to a less hawkish stance, suggesting the possibility of interest rate cuts as early as August. The BSP revised its inflation forecasts for the current year downward to 3.8% from 4%, while slightly raising next year's projection to 3.7% from 3.5%, in line with its target range of 2% to 4% for both years. (*Bangko Sentral ng Pilipinas*)



- ➔ **Eurozone inflation.** In April 2024, the eurozone's annual inflation rate held steady at 2.4%, matching the level from March and maintaining a multi-year high. However, it marked a notable deceleration from the 7% rate recorded a year earlier. This stability was attributed to a slowdown in the cost of services and non-energy industrial goods, while energy prices continued their decline. Conversely, prices for food, alcohol, and tobacco saw a slight uptick. The core inflation rate, continued its downward trend for the ninth consecutive month, reaching 2.7%, the lowest level since February 2022. Month-on-month, the Consumer Price Index (CPI) in the Eurozone rose by 0.6%, a slight slowdown from the 0.8% increase in March. The European Commission's Spring 2024 Economic Forecast anticipates a faster decline in inflation, projecting it to reach 2.1% in 2025, lower than previous estimates. (*EuroStat*)

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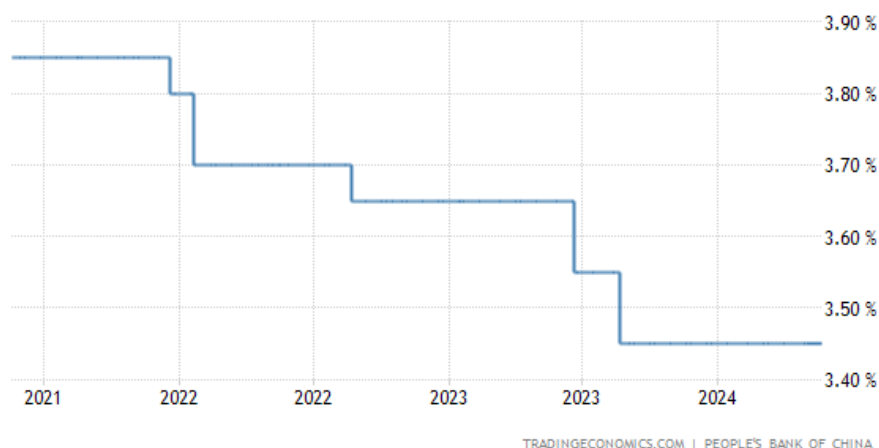
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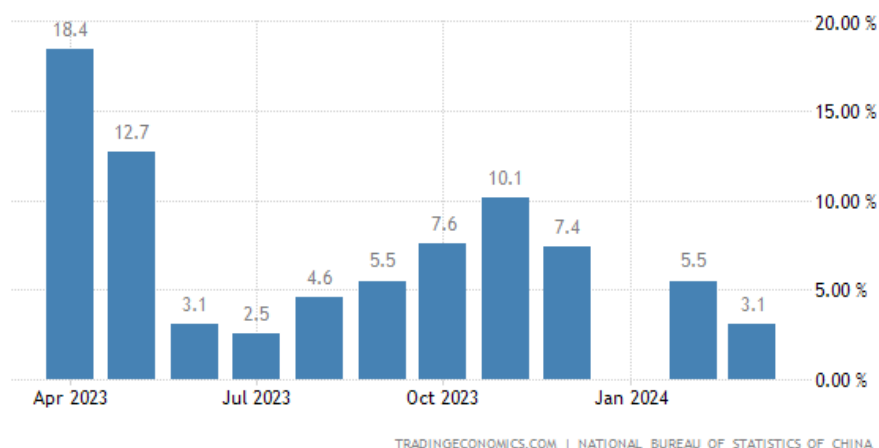
For the Week

TOP GAINERS		TOP LOSERS	
DD	35.14%	SSI	-10.63%
IMI	33.72%	PNX4	-10.06%
GLO	11.73%	AB	-10.00%
CNVRG	10.81%	ION	-8.74%
RFM	9.39%	UBP	-8.56%
SMPH	9.16%	AEV	-6.04%
ACEN	8.65%	SLI	-5.36%
GMA7	8.56%	LPZ	-4.86%
ALI	8.09%	CNPF	-4.79%
GSMI	8.00%	RCB	-4.37%
FNI	7.22%	SEVN	-3.74%
JGS	6.94%	EW	-3.52%
SHLPH	6.26%	ICT	-3.36%
AC	5.62%	CHP	-2.80%
APX	5.13%	ABS	-2.74%
MAXS	5.10%	NIKL	-2.64%
SGP	5.00%	SMC	-2.39%
SHNG	3.90%	DNL	-2.22%
RLC	3.79%	STR	-2.17%
TEL	3.63%	FGEN	-2.14%

Key Economic Figures



- ➔ **China loan prime rate.** The People's Bank of China (PBOC) opted to maintain key lending rates at the existing levels, consistent with market forecasts. The 1-year loan prime rate (LPR), which serves as a benchmark for the majority of corporate and household loans, remained unchanged at 3.45%. Similarly, the 5-year rate, which influences property mortgages, was retained at 3.95%, maintaining the level set after a notable 25-bps reduction in February. *(People's Bank of China)*



- ➔ **China retail sales.** In April 2024, China's retail sales saw a year-on-year increase of 2.3%, falling short of market expectations of 3.8% and marking a slowdown from the 3.1% growth observed in the previous period. This marked the 15th consecutive month of retail trade growth but represented the weakest gain in this sequence, underscoring the challenges faced by the central government in stimulating consumer spending despite implementing various stimulus measures. Sales growth decelerated across various sectors, including grain and food oil, home appliances, and clothing, while turnover declined for items like gold, silver, and jewelry, as well as office supplies. However, some sectors saw accelerated sales, such as personal care, furniture, and communications equipment. Over the first four months of the year, retail turnover expanded by 4.1%. *(National Bureau of Statistics of China)*

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Market Outlook

What You Need to Know

- ➔ The PSEi recovered from a losing week as investors picked up bargains. Market sentiment also received a boost from positive news, both local and in the US. The benchmark index recovered to the 6,600-level anew as the market continues to consolidate within the 6,400-6,700 range.
- ➔ In the US, investors will focus on speeches by various Fed officials, the release of the Federal Open Market Committee (FOMC)'s meeting minutes, and key economic indicators like the S&P manufacturing and services PMI. As the earnings season nears its end, attention will be on reports from major corporations including Nvidia and Target. Various central banks' decisions on interest rates like in China and South Korea will be closely watched as well. Consumer confidence figures are expected for Australia, the UK, and the eurozone, alongside retail sales data for the UK and Canada, and trade balance updates for the eurozone and Japan.
- ➔ The PSEi looks poised to make another run at the 6,700-level on the back of positive developments like the softer-than-expected US April inflation print and the less hawkish tone of the Bangko Sentral ng Pilipinas (BSP) in the conclusion of their recent meeting. The BSP has revised its risk-adjusted inflation forecast downward for this year and the next as it believes price to cool sooner despite the continued concerns over the effects of the El Niño phenomenon and the upcoming La Niña. Cautious sentiment among investors is still likely to cap any sustainable rally beyond the 6,700-level for now. However, the growing signs of cooling inflation, both here and in the US, could spark further interest in the market, given that it still trades at an attractive valuation. Some profit-taking after an estimated run-up may occur and the PSEi may consolidate in the 6,500-6,700 level this week until strong catalysts emerge.

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