

## Market Commentary



➔ The PSEi fell by 135.06 points or 2.07% week-on-week and ended at 6,383.70. The benchmark index succumbed to selling pressure after the US Federal Reserve (Fed)'s much-awaited interest rate cut appears to have been put off again. Sectors were negative for last week led by Mining&Oil (-5.45%) and Services (-3.16%). In the PSEi, MER (+3.58%) and AGI (+0.11%) were the only gainers, while WLCON (-9.84%) and JGS (-6.50%) were the worst performers. The local currency depreciated week-on-week from ₱58.52 to ₱58.65 against the US dollar. Meanwhile, some notable developments last week were:

- The International Monetary Fund (IMF) has revised its growth forecast for the Philippines for this year to 6%, down from the previous 6.2% forecast in its April World Economic Outlook. This adjustment follows slower-than-expected growth in the first quarter, which saw the economy expand by 5.5%. The lower growth was attributed to weaker household consumption and investments, partly due to rising inflation. Despite this, the revised forecast still falls within the government's target range of 6-7% for 2024. Looking ahead, the IMF maintains its growth projection for the Philippines at 6.2% for 2025, which is below the government's 6.5-7.5% target.
- Philippine automotive sales increased by 5.5% year-on-year in May, reaching 40,271 units, up from 38,177 units in the same month last year. This growth was driven by strong consumer demand and improvements in supply, alongside an increase in automotive financial schemes and sales activities, according to the Chamber of Automotive Manufacturers of the Philippines, Inc. (CAMPI) and the Truck Manufacturers Association (TMA). Commercial vehicle sales, which comprised 72.8% of the total, rose by 3.2% to 29,304 units, while passenger car sales saw a 12% increase to 10,967 units. Month-on-month, overall sales jumped by 7.9% from April's 37,314 units. For the first five months of the year, vehicle sales surged by 12.7% to 187,191 units, with passenger cars increasing by 17.6% and commercial vehicles by 11%. CAMPI set a sales target of 468,300 units for the year, compared to last year's 429,807 units.

## INDICES

Index	Prev	Last	% Chg
<b>PSEi</b>	6,518.76	6,383.70	-2.07%
<b>All Shares</b>	3,491.93	3,447.75	-1.27%
<b>Financial</b>	2,006.42	1,971.70	-1.73%
<b>Industrial</b>	9,116.09	8,972.00	-1.58%
<b>Holding Firms</b>	5,661.14	5,554.53	-1.88%
<b>Property</b>	2,474.75	2,456.40	-0.74%
<b>Services</b>	2,012.61	1,948.97	-3.16%
<b>Mining &amp; Oil</b>	9,186.38	8,685.79	-5.45%

## PSEi

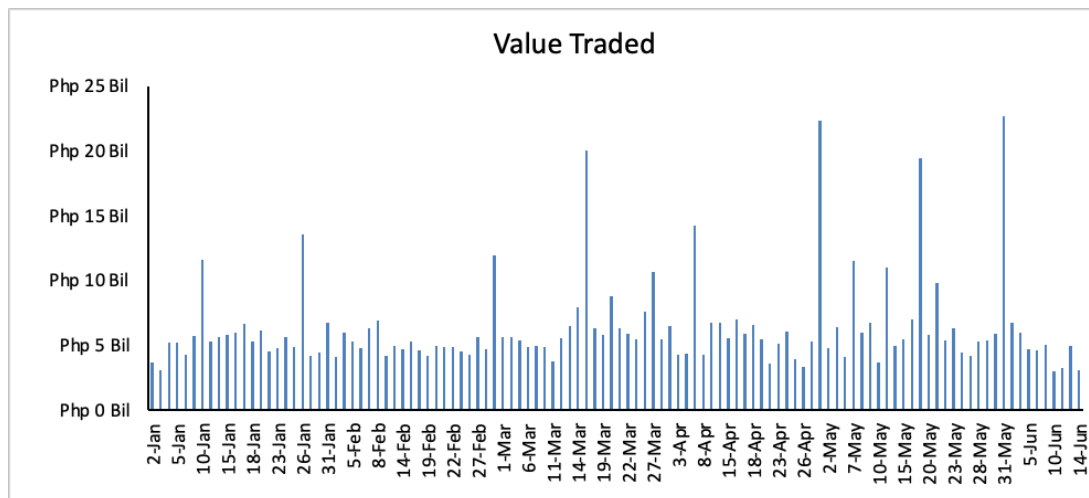
	TOP 10		BOTTOM 10
MER	3.58%	WLCON	-9.84%
AGI	0.11%	JGS	-6.50%
LTG	0.00%	JFC	-4.78%
AEV	-0.13%	CNPF	-4.37%
MBT	-0.14%	ICT	-4.18%
ALI	-0.18%	BLOOM	-4.17%
PGOLD	-0.20%	AC	-3.86%
SMC	-0.25%	MONDE	-3.54%
EMI	-0.42%	GTCAP	-3.33%
ACEN	-0.62%	URC	-3.26%

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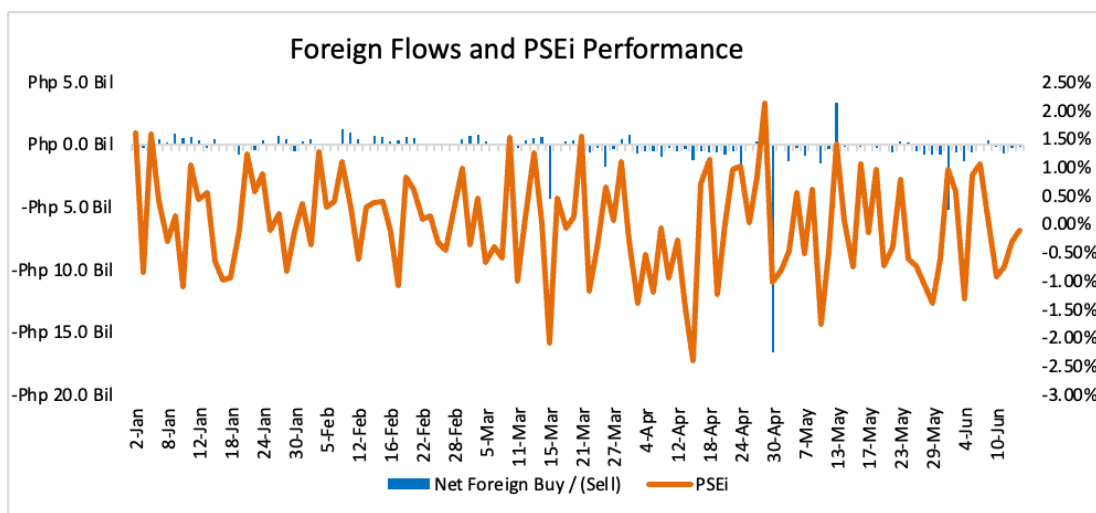
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➔ Market turnover averaged ₱3.59 billion last week, lower than the ₱5.44 billion in the previous week.



➔ Last week logged a net foreign selling of ₱1.29 billion, a decline compared to the ₱2.09 billion in the previous week.

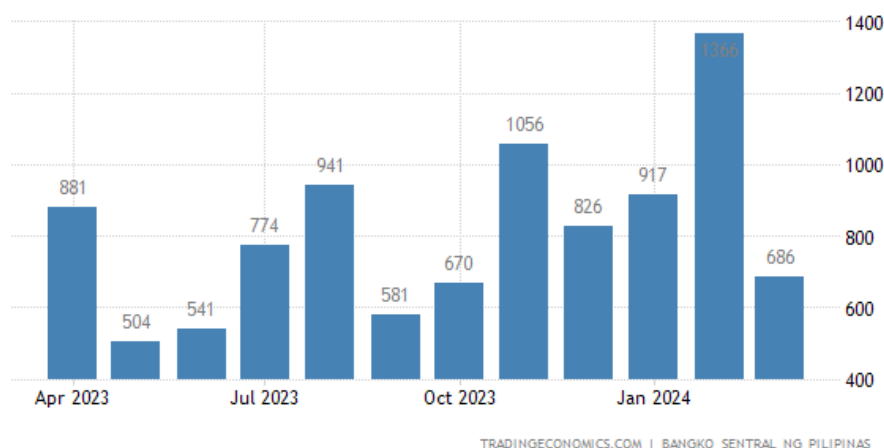


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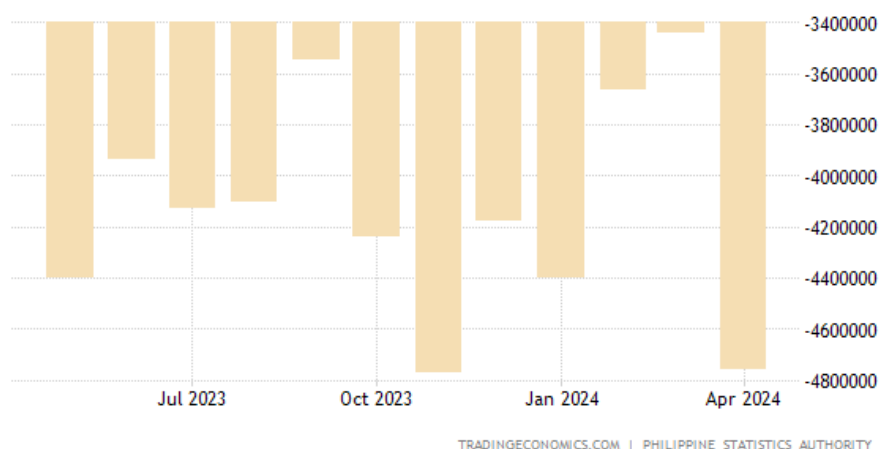
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## Key Economic Figures



➔ **PH FDI.** In March 2024, net foreign direct investment (FDI) in the Philippines rose by 23.1% year-on-year to \$686 million. This increase was driven by higher inflows in equity capital (up 67.1% to \$160 million) and debt instruments (up 19% to \$470 million), although reinvestment of earnings decreased by 11.3% to \$640 million. The main sources of equity capital were Japan, Singapore, and the United States, focusing on sectors such as manufacturing, financial services, insurance, and real estate. For the first quarter of the year (January to March), total FD net inflows reached \$2.97 billion, marking a 42.1% increase compared to the same period the previous year. *(Bangko Sentral ng Pilipinas)*



➔ **PH balance of trade.** In April 2024, the Philippines' trade deficit decreased to \$4.76 billion, narrowing from \$4.83 billion a year earlier. Exports surged by 26.4% to \$6.22 billion, driven by increased sales of electronic products, coconut oil, and other mineral products. Hong Kong, the US, and Japan were the top destinations for Philippine exports. Meanwhile, imports grew by 12.6% to \$10.98 billion, driven by higher purchases of electronic products, mineral fuels, lubricants, iron, and steel. China, Indonesia, and Japan were the leading sources of imports. For January to April 2024, the trade deficit shrank to \$16.27 billion from \$19.29 billion in the same period in 2023. *(Philippine Statistics Authority)*

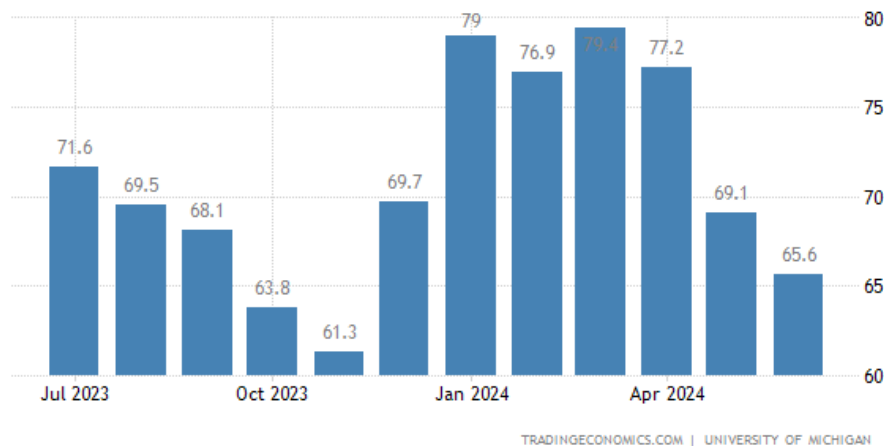
## For the Week

TOP GAINERS		TOP LOSERS	
SEVN	6.28%	FNI	-12.43%
PAL	3.67%	WLCON	-9.84%
MER	3.58%	LPC	-8.05%
RCB	3.45%	ABS	-7.64%
GTPPB	2.50%	DD	-7.53%
PRF3A	2.32%	SSP	-7.10%
CEB	1.82%	STR	-7.08%
COSCO	1.77%	APX	-6.85%
MRSGI	1.57%	ION	-6.52%
FLI	1.47%	JGS	-6.50%
GSMI	0.98%	SSI	-5.63%
CHIB	0.87%	JFC	-4.78%
ROCK	0.65%	CNPF	-4.37%
MAXS	0.63%	ICT	-4.18%
DDPR	0.21%	BLOOM	-4.17%
AGI	0.11%	LPZ	-3.90%
PNB	0.00%	AC	-3.86%
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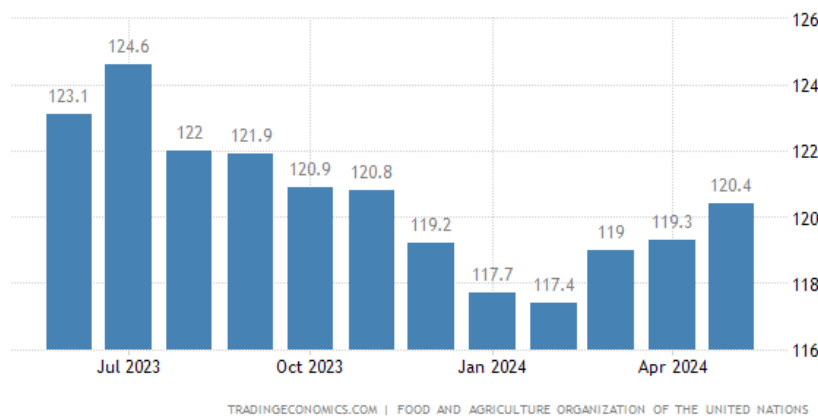
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## Key Economic Figures



- ➔ **US consumer sentiment.** In June 2024, the University of Michigan consumer sentiment index for the US dropped for the third consecutive month to 65.6, marking its lowest level since November. This decline from 69.1 in May was well below the expected 72. Consumers expressed growing concerns about personal finances, driven by worries over high prices and weakening incomes. Perceptions of current economic conditions fell to 62.5 from 69.6, while expectations for the future also decreased to 67.6 from 68.8. Year-ahead inflation expectations held steady at 3.3%, but expectations for inflation over the next five years edged up to 3.1% from 3%. *(University of Michigan)*



- ➔ **China retail sales.** In May 2024, China's retail sales grew by 3.7% year-on-year, accelerating from a 15-month low of 2.3% in the previous month and surpassing expectations of a 3% gain. This marked the 16th consecutive month of growth, with notable increases in sales of grain, oils & food, home appliances, oil products, personal care items, furniture, and communications equipment. Sales rebounded for clothing and office supplies, while the decline in car sales moderated. However, sales slowed for tobacco & alcohol and Chinese & Western medicine. On a monthly basis, retail trade increased by 0.51%, the highest since October 2023. For the first five months of the year, retail turnover grew by 4.1%. *(National Bureau of Statistics of China)*

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## Market Outlook

### What You Need to Know

- ➔ This week, investors will look toward comments from various US Federal Reserve (Fed) officials to gauge the likelihood of multiple rate cuts this year, despite the Fed signaling only one cut recently. S&P Global's flash purchasing managers' index (PMI) will offer initial insights into June's economic health, with expectations of slowdowns in manufacturing and services growth. In Europe, the Bank of England (BoE) is likely to maintain its interest rate at 5.25% during its upcoming meeting, following a decision to hold rates unchanged in early May, although some members BoE committee may lean towards a rate cut. UK inflation is expected to have reached the BoE's target of 2% in May. Central banks across Europe, including the Swiss National Bank and Norges Bank, will also announce their monetary policy decisions. Economic data will include flash PMIs for June, indicating continued growth in the services sector for both the eurozone and the UK. In the Asia-Pacific, investors will monitor economic data releases from China for expectations for additional stimulus measures. Minutes of the Bank of Japan's latest meeting will also be parsed through by market watchers.
- ➔ The PSEi may continue trading sideways in this another holiday-shortened week due to a lack of strong catalysts compared to the first two weeks of June. The Fed's statement with regard to cutting interest rates only once this year could also continue taking its toll on equity markets, especially emerging ones like the Philippines. The Fed's reluctance may push the BSP to postpone its own monetary loosening plans. The local central bank stated earlier in the month that it will consider cutting interest rates ahead of the Fed. However, the ramifications of that decision against the already weakened Philippine Peso could keep the BSP at bay as well and just follow when the Fed finally cuts. Further consolidation at the 6,300-6,400 could happen but the PSEi may trade sideways within the 6,300-6,600 as the market revolves around bargain hunting and profit taking amidst a lack of strong catalysts.

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