



Market Commentary



➔ The PSEi slid by 225.22 points or 2.93% week-on-week and finished at 6,158.48. The local barometer dropped to the 6,100-level amidst a continued selloff due to a lack of positive catalysts and more notions of delays in the US Federal Reserve (Fed)'s as well as the Bangko Sentral ng Pilipinas (BSP)' policy easing. All sectors were down led by Financial (-5.42%) and Property (-4.02%). In the PSEi, SCC (+2.99%) and WLCON (+2.30%) were the top performers, while JGS (-9.09%), BDO (-7.69%) were the main laggards. The Philippine Peso depreciated to ₱58.80 from ₱58.65 against the greenback. Meanwhile, some notable developments last week were:

- In April, Overseas Filipino Worker (OFW) remittances reached \$2.86 billion, marking a 3.1% increase from the previous year according to Bangko Sentral ng Pilipinas (BSP). This growth was driven by remittances from both land-based workers with contracts of one year or more, and sea- and land-based workers with shorter contracts. However, April's remittances were lower than March's total of \$3.05 billion, making it the lowest monthly figure this year. Remittances sent through banks alone amounted to \$2.56 billion, up 3.1% year-on-year but below March's \$2.74 billion. Year-to-date, personal remittances increased by 2.8% to \$12.01 billion, while cash remittances rose similarly by 2.8% to \$10.78 billion, driven by higher inflows from the United States, Saudi Arabia, and Singapore.
- In May 2024, the Board of Investments (BoI) in the Philippines reported a 23% decline in approved investment pledges to ₱27.41 billion, compared to ₱35.7 billion from the previous year. However, the first five months of 2024 marked a record-high of ₱640.22 billion in approved investments, up 14% year-on-year. The renewable energy sector led with ₱607.47 billion, driven by new policies allowing full foreign ownership. Foreign investors, led by Switzerland, contributed significantly, aiming for a total investment target of ₱1.5 trillion for 2024, supported by a 42.1% increase in first-quarter foreign direct investment (FDI) inflows to \$2.97 billion.

INDICES

| Index | Prev | Last | % Chg |
|---------------|----------|----------|--------|
| PSEi | 6,383.70 | 6,158.48 | -3.53% |
| All Shares | 3,447.75 | 3,375.20 | -2.10% |
| Financial | 1,971.70 | 1,864.83 | -5.42% |
| Industrial | 8,972.00 | 8,775.35 | -2.19% |
| Holding Firms | 5,554.53 | 5,511.64 | -0.77% |
| Property | 2,456.40 | 2,357.56 | -4.02% |
| Services | 1,948.97 | 1,871.98 | -3.95% |
| Mining & Oil | 8,685.79 | 8,544.36 | -1.63% |

PSEi

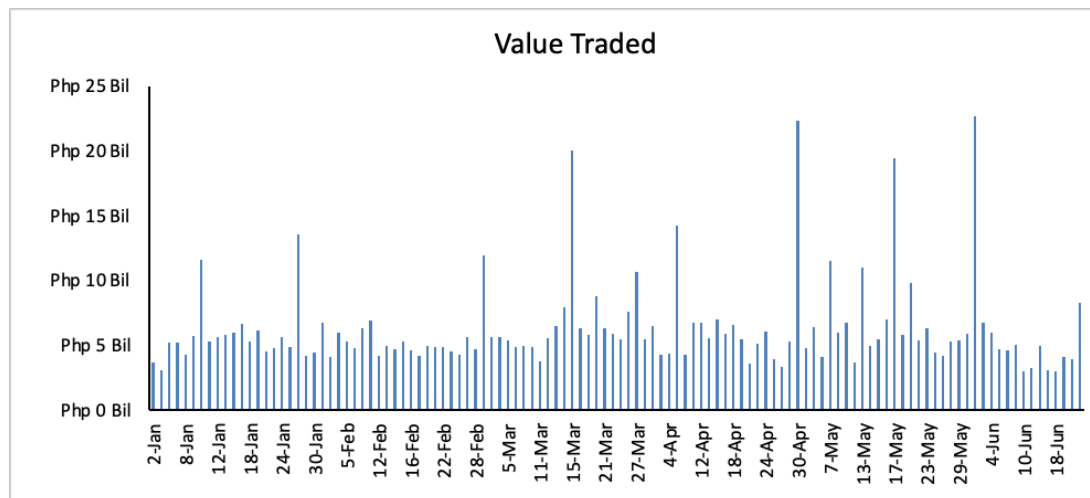
| TOP 10 | | BOTTOM 10 | |
|--------|-------|-----------|--------|
| SCC | 2.99% | JGS | -9.09% |
| WLCON | 2.30% | BDO | -7.69% |
| AGI | 2.30% | ICT | -6.95% |
| SMC | 2.05% | CNPF | -5.46% |
| CNVRG | 1.34% | BPI | -5.34% |
| AEV | 0.91% | SMPH | -5.34% |
| EMI | 0.64% | TEL | -4.93% |
| SM | 0.48% | ALI | -4.86% |
| BLOOM | 0.00% | MER | -4.79% |
| LTG | 0.00% | GTCAP | -4.48% |

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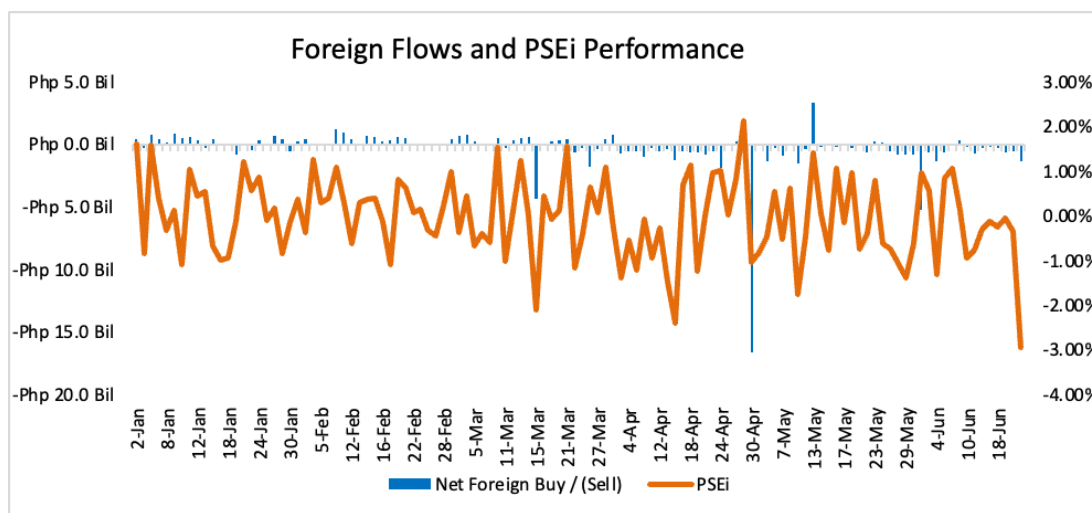
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➔ Market turnover averaged ₱4.81 billion last week, higher than the ₱3.59 billion in the previous week. It recorded an ₱8.26 billion turnover last Friday.



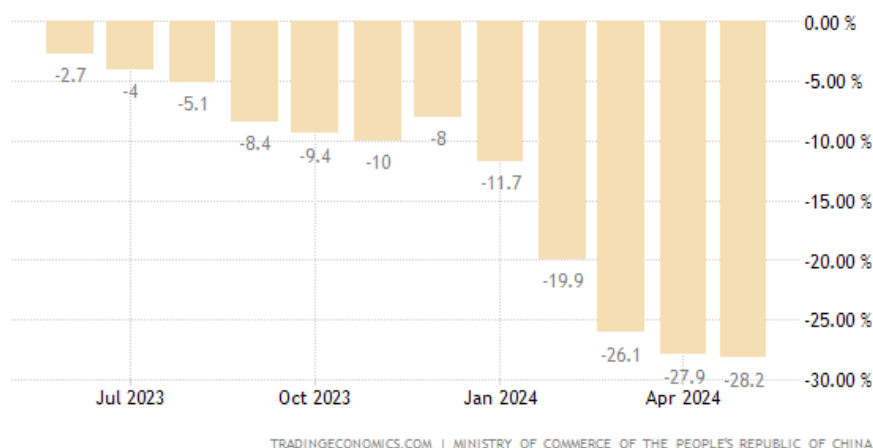
➔ Last week logged a net foreign selling of ₱2.75 billion, an increase from the ₱1.29 billion in the previous week.



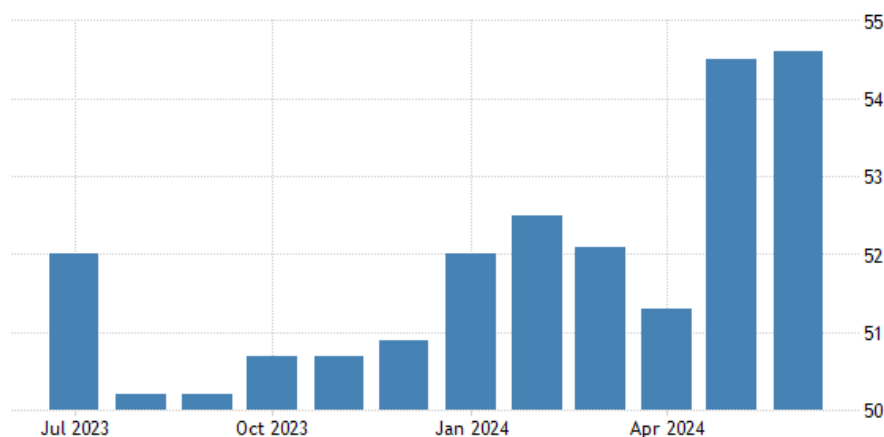
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Key Economic Figures



- ➔ **China FDI.** Foreign direct investment (FDI) into China fell by 28.2% year-on-year to CNY 412.5 billion during January-May 2024, marking a record decline for the first five months of the year. High-tech manufacturing attracted CNY 50.41 billion, or 12.2% of the total, up 2.7 percentage points from the previous year. Foreign investment in smart consumer equipment manufacturing and professional and technical services surged by 332.9% and 103.1%, respectively. FDI from Germany and Singapore increased by 24.2% and 16.2%, respectively. In May alone, China received CNY 52.3 billion in FDI, down from CNY 58.5 billion in April. (*Ministry of Commerce of the People's Republic of China*)



- ➔ **US composite PMI.** In June, the S&P Global US Composite PMI rose to 54.6, its highest since April 2022, up from 54.5 in May, according to preliminary data. The service sector led this improvement with a PMI of 55.1, while the manufacturing sector also contributed with a PMI of 51.7, despite a slight slowdown in its growth. Increased business confidence, especially in services, and rising demand prompted companies to expand their workforce for the first time in three months. The survey also noted a decrease in selling price inflation, driven by slower growth in input costs, indicating a moderation in inflationary pressures. (*S&P Global*)

For the Week

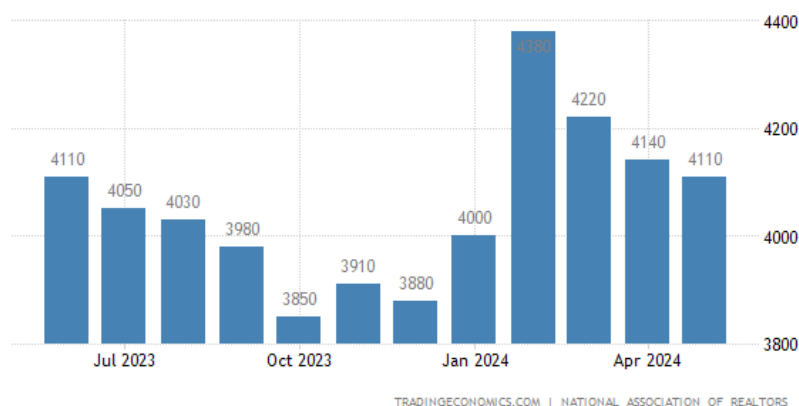
| TOP GAINERS | | TOP LOSERS | |
|-------------|-------|------------|---------|
| SEVN | 6.28% | FNI | -12.43% |
| PAL | 3.67% | WLCON | -9.84% |
| MER | 3.58% | LPC | -8.05% |
| RCB | 3.45% | ABS | -7.64% |
| GTPPB | 2.50% | DD | -7.53% |
| PRF3A | 2.32% | SSP | -7.10% |
| CEB | 1.82% | STR | -7.08% |
| 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% |
| MWC | 0.00% | MONDE | -3.54% |
| PCOR | 0.00% | AB | -3.51% |
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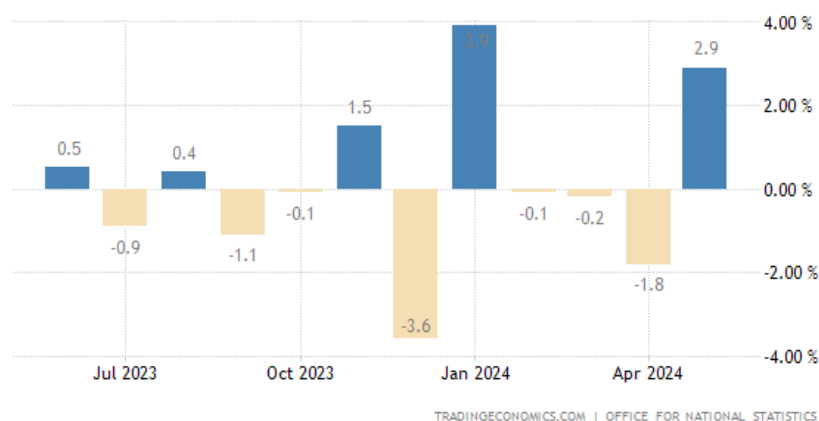
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Key Economic Figures



➔ **US existing home sales.** In May 2024, existing home sales in the US declined by 0.7% month-on-month to a seasonally adjusted annual rate of 4.11 million units, the lowest in four months, down from 4.14 million in April and slightly above forecasts of 4.1 million. The decline occurred despite the median sales price reaching a record high of \$419,300. Total housing inventory increased to 1.28 million units, up 6.7% from April and 18.5% from a year ago. Unsold inventory represented a 3.7-month supply at the current sales pace, up from 3.5 months in April and 3.1 months in May 2023. NAR Chief Economist Lawrence Yun noted that rising home prices are widening the gap between current homeowners and prospective first-time buyers, with current mortgage payments more than double those of pre-2020 purchases. *(National Association of Realtors)*



➔ **UK retail sales.** In May 2024, UK retail sales surged by 2.9% month-over-month, rebounding from a 1.8% decline in April and exceeding forecasts of a 1.5% increase. This marked the largest rise in four months, driven by a 3.5% increase in non-food store sales, the highest since April 2021, following a 3% drop in April. The growth was led by clothing and footwear retailers, furniture stores, and sports equipment, games, and toys stores, supported by better weather, improved footfall, and promotions. Non-store retailers, mainly online, saw a 5.9% rise, the biggest monthly gain since April 2022. Year-on-year, retail sales increased by 1.3%. Over the three months to May 2024, sales rose by 1% compared to the previous three months but fell by 0.2% compared to the same period in 2023. *(Office for National Statistics)*

For the Week

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Market Outlook

What You Need to Know

- ➔ This week in the US, attention will be on May's PCE inflation to gauge inflationary pressures, with CPI and PPI recently below expectations. Consumer spending and income are expected to increase slightly faster, and key economic data such as the final Q1 GDP growth, the goods trade balance, durable goods orders, and the Michigan consumer sentiment figures will be closely watched. Speeches from Fed officials and the results of the Fed's annual bank stress tests will also be monitored. In Europe, Germany's jobless rate is projected to hold steady at 5.9%. Preliminary inflation reports from France, Italy, and Spain, and the Euro Area's business survey will be monitored, along with the UK's final Q1 GDP figures and current account, and France's unemployment numbers. In Japan, the focus will be on May's retail sales, industrial production, and housing starts, as well as Tokyo's June inflation print. South Korea will also release the results of its consumer confidence surveys.
- ➔ The PSEi may see some support from bargain hunting this week after the index closed at a seven-month low last Friday. However, the stock market is anticipated to remain under pressure as investors await potential rate cut signals from the BSP during its policy meeting on Thursday. Concerns over the weakening peso, attributed to the BSP's supposed willingness to cut rates ahead of the Fed, continue to weigh on sentiment. More attractive valuations after the drop to the 6,100-level may not be enough to put up a significant rally this week still, until investors receive clear indications on the timing of the BSP's monetary policy loosening. Investors will closely monitor the BSP's monetary policy outlook on Thursday, as any hints of imminent rate cuts could potentially reverse the market's current downward trend. However, in the absence of such cues, the market is likely to continue with its bearish bias heading into July until other strong positive catalysts emerge.

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