



Market Commentary



➔ The PSEi rose by 139.45 points or 4.12% week-on-week and ended at 6,411.91. The benchmark index spent all week in the green as it recovered on bargain hunting from worst weekly performance the week before. Positive catalysts like the BSP's dovish tone and the cool US core PCE data may help sustain the rally. Mining&Oil (-0.74%) was the lone sector to decline while Property (+6.78%) and Services (+6.64%) led the rest. In the PSEi, GTCAP (+11.91%) and ICT (+10.70%) were the biggest winners, while MONDE (-6.00%) and BLOOM (-0.54%) were the worst performers. The Philippine Peso recovered to ₱58.61 from ₱58.80 against the US dollar. Meanwhile, some developments last week were:

- The Philippine peso declined significantly on Wednesday, closing at ₱58.86 per US dollar, marking its lowest level in 20 months since October 2022. This represents a nine-centavo drop from the previous day and a depreciation of ₱3.49 from its end-2023 rate of ₱55.37 against the greenback. The weakening was driven by hawkish comments from US Federal Reserve officials, which bolstered the dollar despite mixed economic data from the US, including stable housing market figures and a slight dip in consumer confidence. Despite some indicators showing resilience in the US economy, such as steady home prices and a marginal decline in consumer confidence, the dollar index edged higher to 105.72 last Wednesday.
- The Philippine government plans to borrow ₱630 billion from the domestic debt market in the third quarter of 2024, anticipating potential monetary policy easing by August. According to the Bureau of the Treasury, the borrowing strategy includes ₱260 billion from short-term Treasury bills (T-bills) and ₱370 billion from long-term Treasury bonds (T-bonds) with maturities ranging from three to twenty years. T-bills will be auctioned every Monday, while T-bonds will be auctioned every Tuesday. This third-quarter borrowing plan represents an 8% increase from the second quarter's ₱585 billion program, of which only 85%, or about ₱498 billion, was raised.

INDICES

Index	Prev	Last	% Chg
PSEi	6,158.48	6,411.91	4.12%
All Shares	3,375.20	3,486.66	3.30%
Financial	1,864.83	1,924.59	3.20%
Industrial	8,775.35	8,986.35	2.40%
Holding Firms	5,511.64	5,552.71	0.75%
Property	2,357.56	2,517.42	6.78%
Services	1,871.98	1,996.29	6.64%
Mining & Oil	8,544.36	8,481.55	-0.74%

PSEi

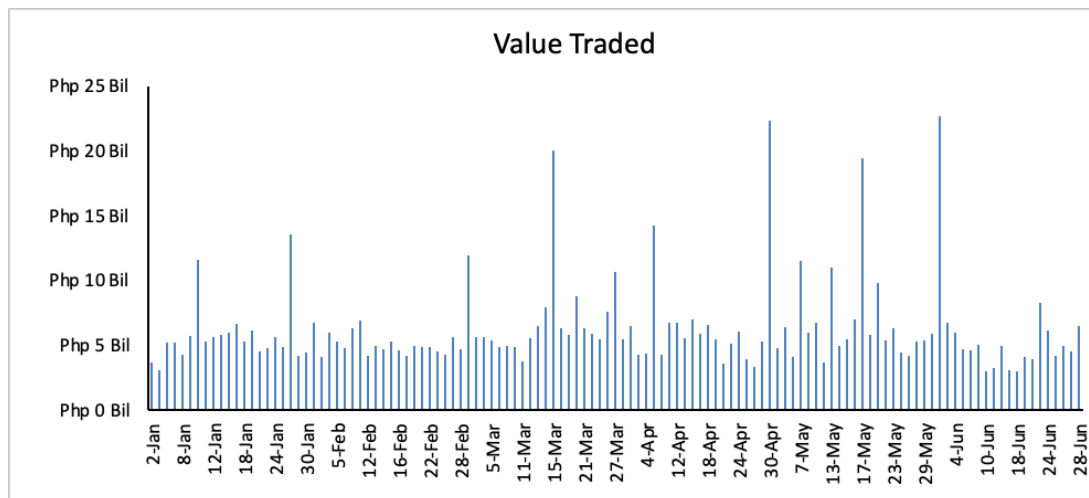
	TOP 10		BOTTOM 10
GTCAP	11.91%	MONDE	-6.00%
ICT	10.70%	BLOOM	-5.84%
SMPH	10.12%	NIKL	-2.88%
GLO	8.92%	AGI	-2.81%
CNVRG	8.49%	PGOLD	-2.62%
BPI	8.47%	LTG	-2.50%
ALI	7.95%	SMC	-1.67%
ACEN	7.53%	EMI	-1.59%
URC	7.44%	SM	-0.66%
JFC	7.11%	DMC	-0.18%

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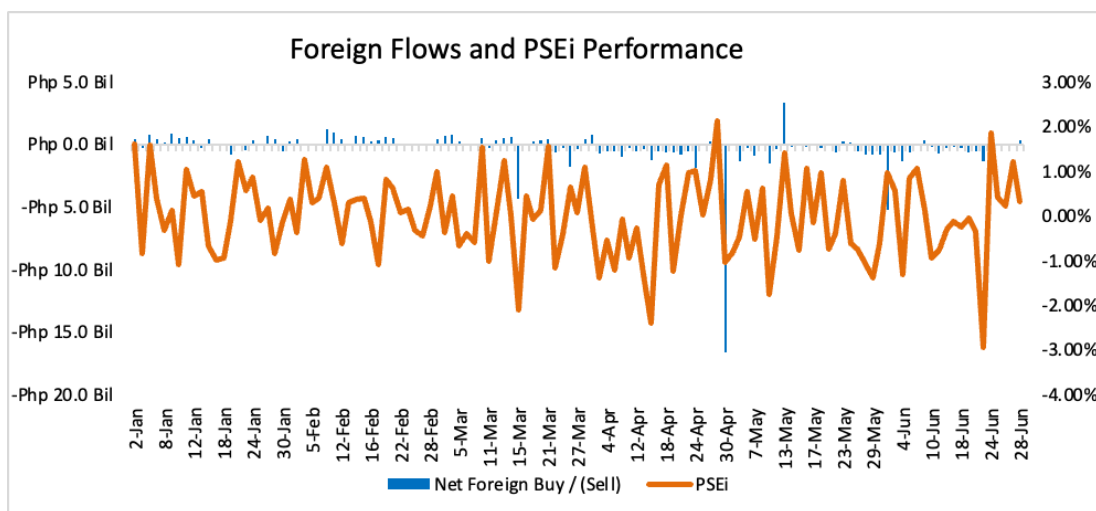
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➔ Market turnover averaged ₱5.27 billion last week, higher than the ₱4.81 billion in the previous week.



➔ Last week logged a net foreign buying of ₱7.53 million, following a net outflow of ₱2.75 billion in the previous week.

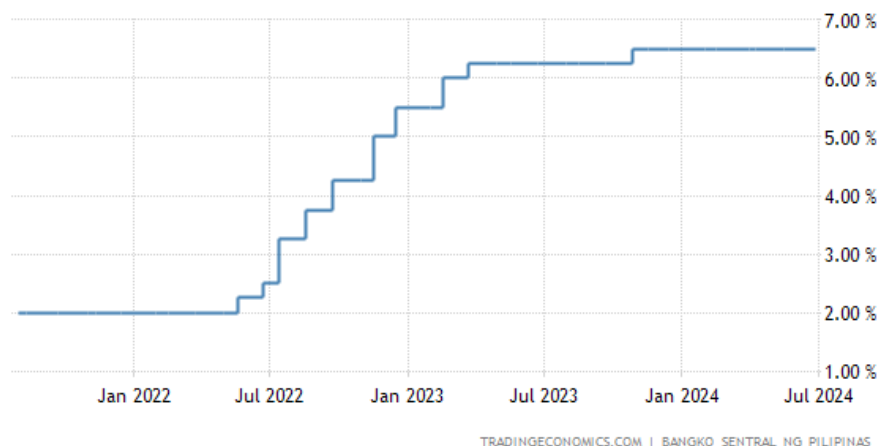


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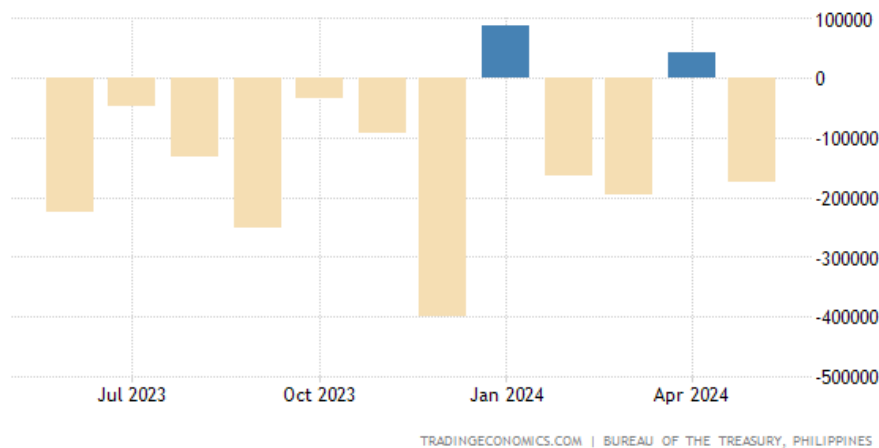
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Key Economic Figures



➔ **PH benchmark interest rate.** In June 2024, the Bangko Sentral ng Pilipinas (BSP) kept its benchmark interest rate at 6.5% for the sixth consecutive meeting, as expected. The decision comes as inflation nears the midpoint of the 2% to 4% target range. In May 2024, headline inflation reached 3.9%, the highest of the year, up from 3.8% in April. Despite this, Governor Eli Remolona is confident that inflation will ease later in the year. The BSP revised its inflation forecasts downward to 3.1% for both 2024 and 2025, aligning with its target range. Expectations for domestic output growth remain strong, supported by favorable labor market conditions and robust net exports. *(BSP)*



➔ **PH budget deficit.** The Philippines' government budget deficit increased to ₱174.9 billion in May 2024, up from ₱122.2 billion in May 2023. Government expenditures surged 22.24% year-on-year to ₱557 billion, driven by capital outlay projects and social and health programs. In contrast, government revenues rose by a softer 14.59% to ₱382.1 billion, boosted by higher non-tax collections. From January to May 2024, the budget deficit expanded to ₱404.8 billion, compared to ₱326.3 billion in the same period in 2023. *(Bureau of the Treasury, Philippines)*

For the Week

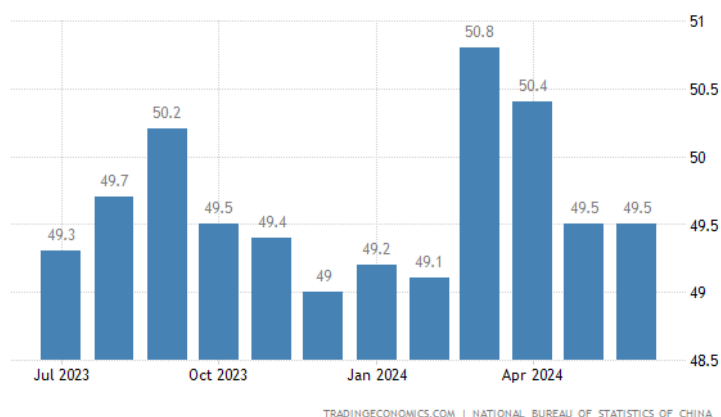
TOP GAINERS		TOP LOSERS	
SEVN	6.28%	FNI	-12.43%
PAL	3.67%	WLCON	-9.84%
MER	3.58%	LPC	-8.05%
RCB	3.45%	ABS	-7.64%
GTPPB	2.50%	DD	-7.53%
PRF3A	2.32%	SSP	-7.10%
CEB	1.82%	STR	-7.08%
COSCO	1.77%	APX	-6.85%
MRSGI	1.57%	ION	-6.52%
FLI	1.47%	JGS	-6.50%
GSMI	0.98%	SSI	-5.63%
CHIB	0.87%	JFC	-4.78%
ROCK	0.65%	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%
PIZZA	0.00%	SECB	-3.43%

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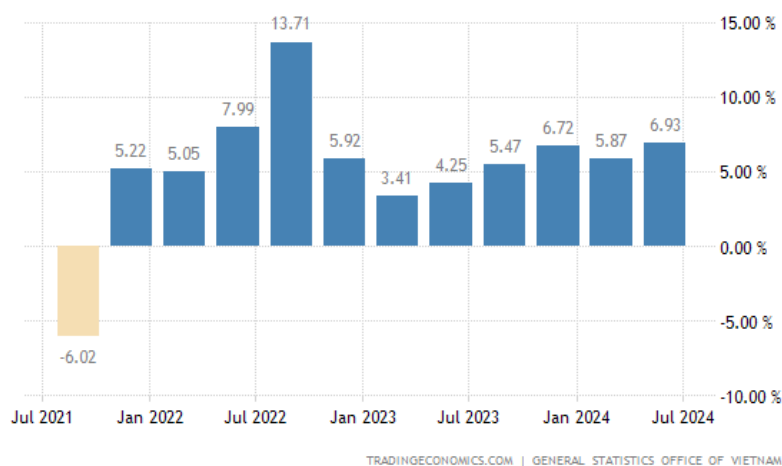
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Key Economic Figures



- ➔ **China NBS manufacturing PMI.** In June 2024, China's official NBS Manufacturing PMI remained at 49.5 for the second consecutive month, matching market expectations. This indicates the fourth contraction in factory activity this year due to weak demand, deflation risks, and ongoing property market issues. New orders, foreign sales, and buying levels all declined for the second month, while employment continued to fall. Output increased for the fourth month, albeit at a slower pace. Delivery times shortened for the third month. Input cost inflation slowed significantly to a three-month low, and output prices fell after rising in May. However, business sentiment improved to its highest level since March. *(NBS of China)*



- ➔ **Vietnam GDP growth rate.** Vietnam's GDP grew 6.93% year-on-year in Q2 2024, up from an upwardly revised 5.87% in Q1, marking the strongest yearly growth since Q3 2022, driven by robust exports (12.5%). The services sector grew 7.06%, industry and construction surged 8.29%, while agriculture continued to rise by 3.34%. In the first half of 2024, the economy expanded by 6.42%, the second highest for the period since 2020. The government aims for 6-6.5% growth in 2024, despite acknowledging external risks. The IMF projects a 5.8% growth, highlighting strong overseas demand and foreign investment. PM Pham Minh Chinh announced flexible policies to meet GDP targets, including reducing lending rates, lowering fees, and increasing public investment. In 2023, the economy grew 5.05%, missing the 6.5% target. *(General Statistics Office of Vietnam)*

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For the Week

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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%
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Market Outlook

What You Need to Know

- ➔ In the US, attention will center on nonfarm payrolls, with the economy expected to add 180,000 jobs in June, down from 272,000 in May, indicating a cooling labor market. The unemployment rate is projected to remain steady at 4%, and wage growth is anticipated to slow to 0.3% from 0.4%. Key labor indicators such as the JOLTS report, and ADP employment will also be released. The Federal Open Market Committee (FOMC) minutes will be scrutinized for insights into the US Federal Reserve (Fed)'s plans for the year. The ISM Manufacturing PMI is likely to show continued contraction, while the ISM Services PMI may reveal a slowdown in the services sector. In Europe, political developments will take center stage with the first round of France's parliamentary election on Sunday, where Le Pen's party is expected to lead. Key economic data includes CPI reports for the eurozone and Germany, with expectations of slight easing in inflation. In China, the official PMI is expected to show a second month of contraction in the manufacturing sector, with the Caixin gauge indicating a slowdown, suggesting further stimulus from Beijing. Non-manufacturing PMIs are also expected to slow, reflecting weak consumer and construction sentiment. Furthermore, in Asia, inflation rates from South Korea, Indonesia, and Taiwan, along with South Korea's trade balance, will be key.
- ➔ The PSEi has been experiencing a notable upturn, currently on a 5-day winning streak after closing at 6,411.91 last Friday, marking a 4.12% increase for the week. This surge follows its largest weekly loss earlier in the year, signaling a swift recovery in market sentiment driven by bargain hunting. The index surpassed both its 10-day exponential moving average and the key resistance level of 6,400, indicating positive momentum. Despite a slight decline of 0.3% in June and 1.35% for the quarter, the PSEi remains down 0.59% year-to-date. Expectations of monetary easing could keep bolstering market confidence, potentially supporting economic and corporate sectors. Looking ahead, market stability above 6,400 could reaffirm it as a support level, with the next resistance anticipated at 6,700.

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