



Market Commentary



➔ The PSEi gained 80.84 points or 1.26% week-on-week and finished at 6,492.75. The local barometer posted a strong weekly performance overall as most key catalysts pointed to potential rate cuts this year for both the US Federal Reserve (Fed) and the Bangko Sentral ng Pilipinas (BSP). The cooler PH inflation and the soft US jobs data were among the main headlines. Holding Firms (-0.33%) was the lone sector in the red. Financial (+2.18%) and Services (+1.60%) had the biggest gains. In the PSEi, BDO (+8.27%) and MONDE (+5.11%) led the advancers, while AEV (-4.64%) and LTG (-4.62%) were the main laggards. The Philippine Peso appreciated to ₱58.53 from ₱58.61 against the US dollar. Meanwhile, some developments last week were:

- The Regional Tripartite Wages and Productivity Board (RTWPB) has approved a ₱35 minimum wage hike for workers in the National Capital Region (NCR), effective July 17. According to Wage Order No. NCR-25, the minimum daily wage for non-agricultural workers will rise to ₱645, while those in agriculture, service, retail establishments with 15 or fewer workers, and manufacturing establishments with fewer than 10 workers will see their daily wages increase to ₱608 from ₱573. The Department of Labor and Employment (DoLE) noted that the new wage rates, approximately 5.7% higher than the previous rates, remain above the regional poverty threshold for a family of five.
- Electricity spot prices in the Philippines saw a significant decline in June due to reduced demand, according to the Independent Electricity Market Operator of the Philippines (IEMOP). The average power price at the Wholesale Electricity Spot Market (WESM) dropped by 25.2%, settling at ₱6.15 per kilowatt-hour (kWh) from ₱8.22 per kWh in May. The overall supply saw a slight decrease of 0.1% to 19,638 megawatts (MW), while demand fell by 6.2% to 14,710 MW.

INDICES

Index	Prev	Last	% Chg
PSEi	6,411.91	6,492.75	1.26%
All Shares	3,486.66	3,508.99	0.64%
Financial	1,924.59	1,966.58	2.18%
Industrial	8,986.35	9,069.82	0.93%
Holding Firms	5,552.71	5,534.23	-0.33%
Property	2,517.42	2,552.13	1.38%
Services	1,996.29	2,028.26	1.60%
Mining & Oil	8,481.55	8,559.21	0.92%

PSEi

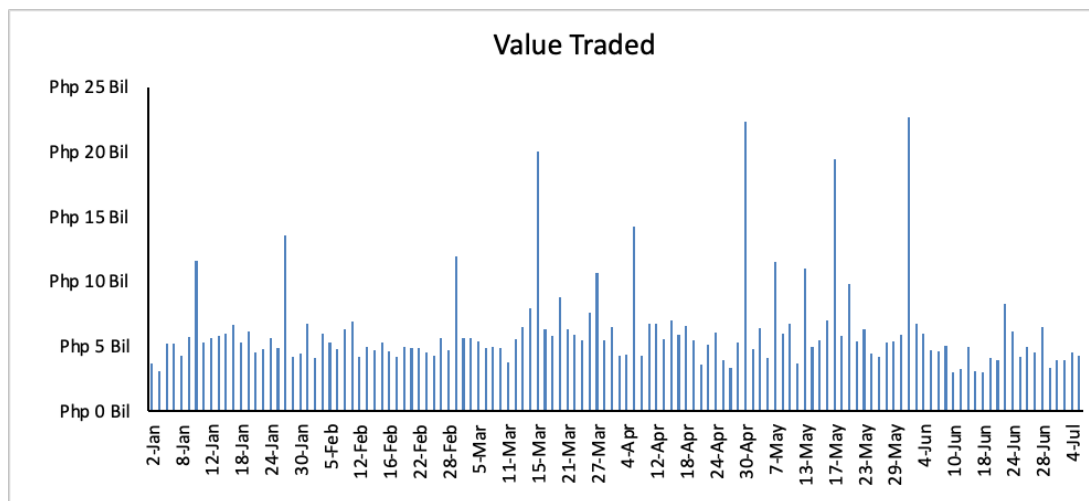
TOP 10		BOTTOM 10	
BDO	8.27%	AEV	-4.64%
MONDE	5.11%	LTG	-4.62%
JFC	3.54%	GTCAP	-4.52%
ICT	2.92%	MBT	-3.77%
ALI	2.63%	ACEN	-2.80%
SM	2.35%	CNVRG	-2.78%
TEL	2.30%	AC	-2.41%
PGOLD	2.27%	URC	-1.98%
MER	2.19%	NIKL	-1.62%
BLOOM	2.00%	JGS	-1.34%

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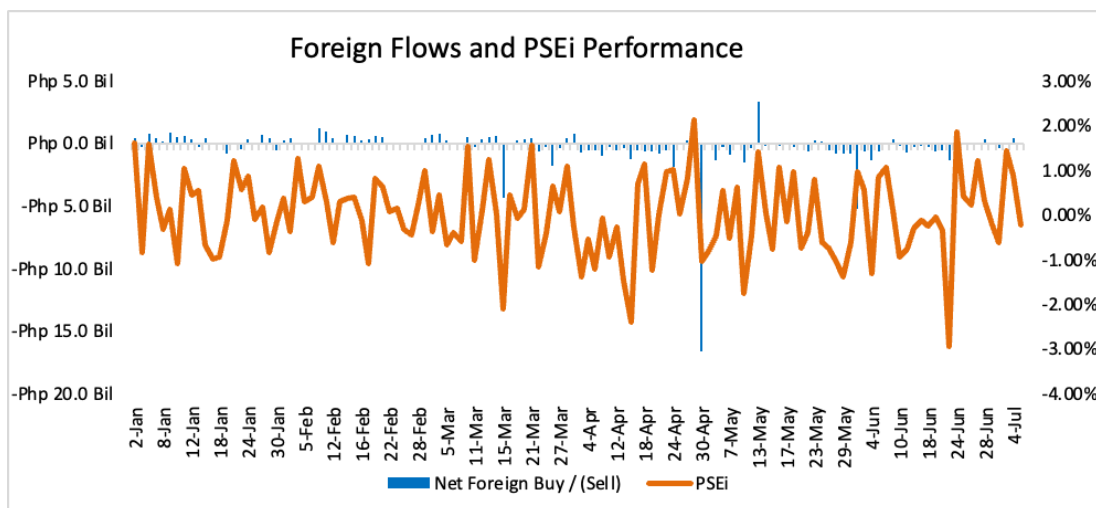
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- ➔ Market turnover averaged ₱3.99 billion last week, lower than the ₱5.27 billion recorded in the previous week. Market participation grew tepid as many investors kept to the sidelines while waiting for key catalysts during the course of last week.



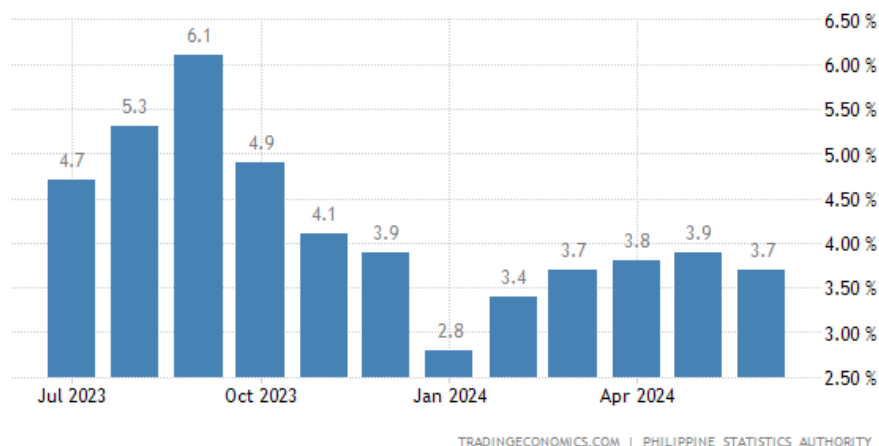
- ➔ Last week logged a net foreign buying of ₱252.85 million, higher than the ₱7.53 million in the previous week.



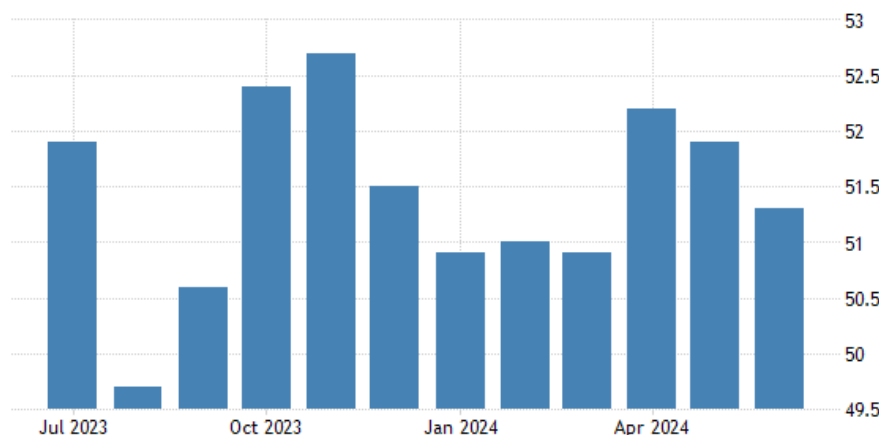
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Key Economic Figures



➔ **PH inflation rate.** In June 2024, the Philippines' annual inflation rate decreased to 3.7%, down from May's five-month high and below market expectations of 3.9%. This represents the lowest rate since March, with slower price increases observed in housing and utilities (0.1% compared to 0.9% in May) and transport (3.1% compared to 3.5%). Price growth also moderated for alcoholic beverages and tobacco, clothing and footwear, household furnishings and maintenance, and personal care and miscellaneous services. Conversely, food and non-alcoholic beverage prices rose more quickly (6.1% compared to 5.8%), mainly due to higher vegetable costs. Meanwhile, core inflation remained at a two-year low of 3.1%. *(Philippine Statistics Authority)*



➔ **PH manufacturing PMI.** The S&P Global Philippines Manufacturing PMI declined to 51.3 in June 2024 from 51.9 in May, reaching its lowest point since March but still marking the tenth consecutive month of sector improvement. Output and purchasing activity increased at faster rates, though new orders grew more slowly. Manufacturers continued to reduce backlogs and cut staffing levels. Despite a rise in cost burdens, input price inflation remained lower than historical levels, and charges increased at a slower pace. Looking ahead, manufacturers remained optimistic about production growth in the coming year, anticipating that better demand conditions would support further output expansion. *(S&P Global)*

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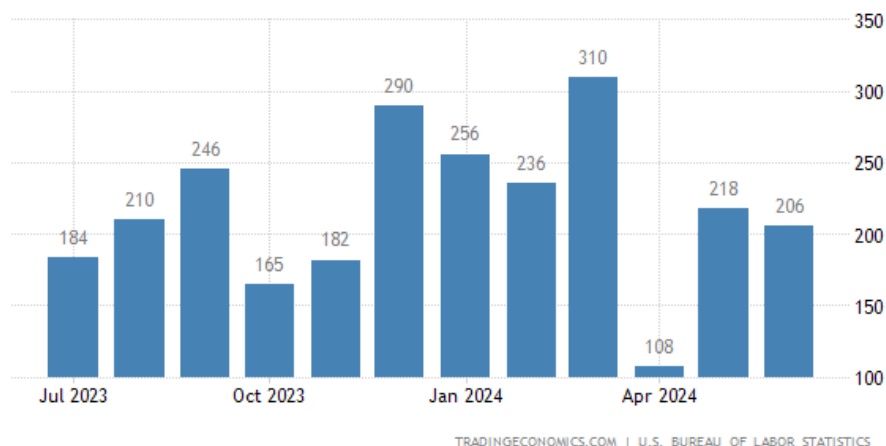
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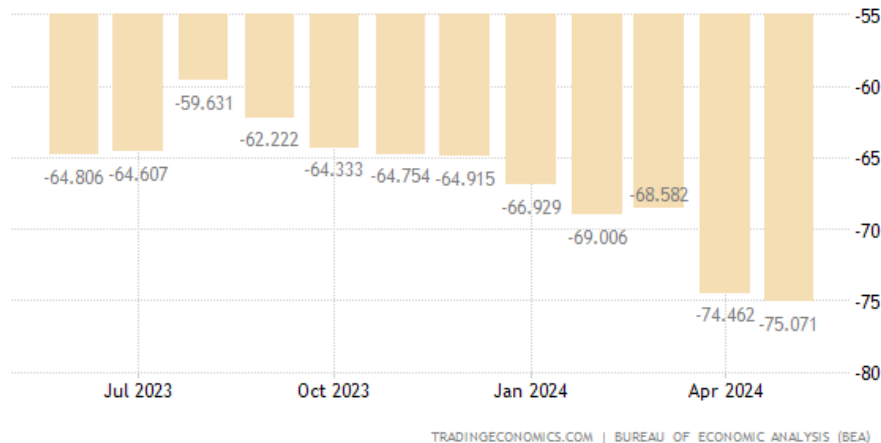
For the Week

TOP GAINERS		TOP LOSERS	
IMI	12.64%	ABS	-12.63%
BDO	8.27%	SLI	-9.68%
MONDE	5.11%	TUGS	-9.68%
GSMI	4.42%	SSP	-9.09%
FNI	4.27%	HOUSE	-6.86%
SHLPH	4.17%	SEVN	-6.61%
MEG	4.00%	RCB	-4.97%
LR	3.77%	AEV	-4.64%
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APX	2.84%	MBT	-3.77%
PNB	2.73%	STR	-3.76%
ALI	2.63%	RLC	-3.62%
RFM	2.37%	AP	-2.80%
SM	2.35%	ACEN	-2.80%
TEL	2.30%	CNVRG	-2.78%
PGOLD	2.27%	MAXS	-2.52%
MER	2.19%	AC	-2.41%
CEB	2.02%	HOME	-2.30%
BLOOM	2.00%	MWC	-2.20%

Key Economic Figures



- ➔ **US nonfarm payrolls.** In June 2024, the US economy gained 206,000 jobs, which is slightly below the revised figure of 218,000 for May but higher than the forecast of 190,000. Revisions to previous data showed a decrease of 111,000 jobs for April and May combined. Significant job gains were seen in government sectors (70,000), healthcare (49,000), social assistance (34,000), and construction (27,000). However, there were job losses in retail trade (-9,000), manufacturing (-8,000), and professional and business services (-17,000). The labor market remains strong but is cooling, with average monthly job growth in 2024 at 222,000, down from 251,000 in 2023 and 377,000 in 2022. (*US Bureau of Labor Statistics*)



- ➔ **US balance of trade.** US balance of trade. In May 2024, the US trade deficit increased to \$75.1 billion, the largest since October 2022, up from a revised \$74.5 billion in April and below the forecasted \$76.2 billion gap. Exports declined by 0.7% to \$261.7 billion, particularly in industrial supplies, materials, and automotive vehicles. However, travel services exports saw an increase. Imports fell by 0.3% to \$336.7 billion, with reduced purchases of pharmaceutical preparations and automotive vehicles being partially offset by higher imports of cell phones, household goods, crude oil, nuclear fuel materials, and transport and travel services. The trade gap with Mexico widened to \$14.8 billion from \$13.7 billion in April, and with China to \$24 billion from \$20.1 billion, while the gap with Europe narrowed to \$22.7 billion from \$25.9 billion (*Bureau of Economic Analysis*)

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Market Outlook

What You Need to Know

- ➔ For catalysts next week, the focus will be on US' June consumer price index (CPI) and producer price index (PPI) data, followed by US Federal Reserve (Fed) Chairman Jerome Powell's semiannual testimony on monetary policy at the Senate Banking Committee, and the Michigan consumer confidence report. In Europe, attention will be on the results of France's second round of parliamentary elections. Germany's trade balance will also be closely watched. Elsewhere, interest rate decisions will be announced in New Zealand, South Korea, and Malaysia, along with inflation data from China, India, and Russia. In the UK, key data releases include May's gross domestic product (GDP), goods trade balance, and industrial production. China will also release its CPI, PPI, and trade balance data. Australia will report on NAB business confidence and Westpac consumer confidence, while India will release industrial production figures.
- ➔ The local bourse is expected to see gains this week, driven by a recent slowdown in June's headline inflation, which raised hopes for a potential rate cut by the Bangko Sentral ng Pilipinas (BSP) before the year ends. Despite instances of profit-taking early and late last week, the market closed higher, maintaining its position above the 6,400 mark and indicating a growing upward momentum. The slower-than-anticipated inflation figures for June are likely to boost investors' confidence, as they support expectations of lower borrowing costs and increased consumer spending. Investors will closely watch the BSP's policy stance, anticipating measures to bolster economic growth considering favorable inflation trends. Recent remarks from the Fed, while suggesting no immediate rate cut in July, have acknowledged disinflation concerns and signaled potential adjustments by September. With a week-on-week gain of 1.26%, the PSEi looks to maintain its position at least at the 6,400-level amidst some potential profit taking.

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