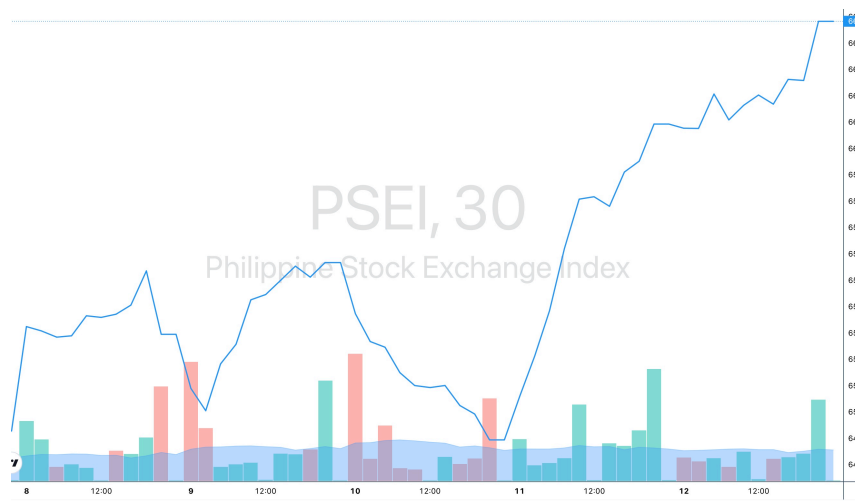




Market Commentary



➔ The PSEi jumped by another 155.48 points or 2.39% week-on-week. The benchmark index surged after the latest US inflation data came in cooler-than-expected which prompted higher rate cut expectations for the US Federal Reserve (Fed)'s meeting in September. The continued strengthening of the Peso also contributed to the upward momentum. Mining&Oil (-0.06%) was the lone sector in the red. Financial (+3.18%) and Holding Firms (+2.75%) had the biggest gains. In the PSEi, JGS (+7.78%) and CNPF (+7.08%) led the advancers, while ACEN (-4.94%) and BLOOM (-4.12%) were the main laggards. The Philippine Peso appreciated to ₱58.38 from ₱58.53 against the US dollar. Meanwhile, some developments last week were:

- In May, the PH unemployment rate rose to a 4-month high of 4.1%, up from 4% in April, as the labor force expanded. This translated to 2.11 million unemployed Filipinos, an increase of 65,000 from April. However, this was still lower than the 4.3% unemployment rate in May 2022. The increase in unemployment was primarily due to the labor force growing by 575,000 to 50.97 million people, with many not finding employment. The labor force participation rate (LFPR) was 64.8%, higher than the previous month but lower than the 65.3% recorded a year ago. Despite the rise in unemployment, job quality improved significantly in May. The underemployment rate dropped to 9.9%, the lowest since the revised series began nearly two decades ago, down from 14.6% in April.
- In June, the Philippines' gross international reserves (GIR) decreased slightly to \$104.70 billion from \$105.02 billion in May. This decline is partly due to the Bangko Sentral ng Pilipinas (BSP) intervening in foreign exchange markets to stabilize the peso's volatility. Net international reserves, which account for liabilities such as short-term foreign debt and IMF loans, also fell by \$290 million to \$104.69 billion. The BSP attributed the drop to government debt repayments and a decrease in global gold prices, with foreign exchange holdings down 17.8% and gold holdings down 1.1%. Despite this, the reserves remain sufficient to cover 7.7 months of imports and 6.1 times the country's short-term external debt based on original maturity.

INDICES

Index	Prev	Last	% Chg
PSEi	6,492.75	6,648.23	2.39%
All Shares	3,508.99	3,576.22	1.92%
Financial	1,966.58	2,029.07	3.18%
Industrial	9,069.82	9,131.23	0.68%
Holding Firms	5,534.23	5,686.47	2.75%
Property	2,552.13	2,601.60	1.94%
Services	2,028.26	2,068.77	2.00%
Mining & Oil	8,559.21	8,554.50	-0.06%

PSEi

TOP 10

BOTTOM 10

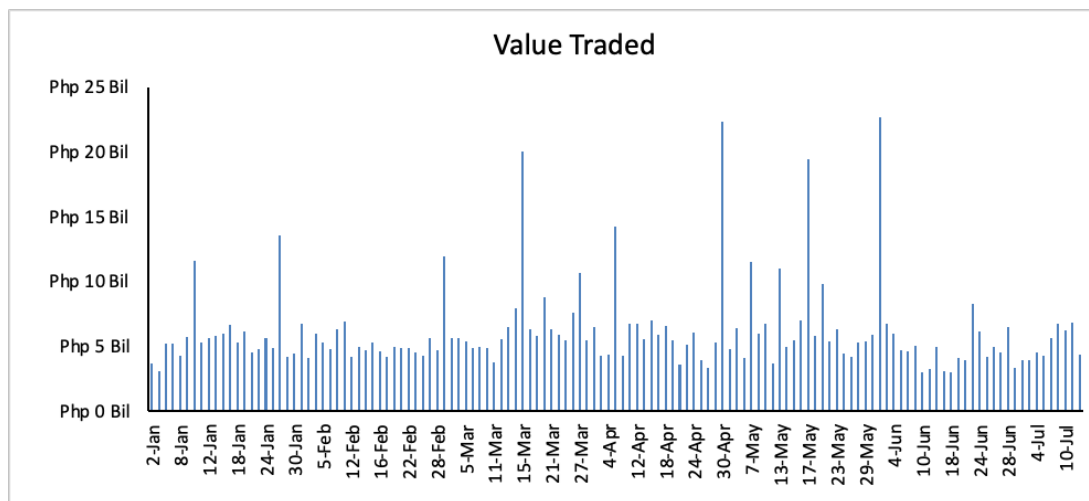
JGS	7.78%	ACEN	-4.94%
CNPF	7.08%	BLOOM	-4.12%
TEL	6.46%	MONDE	-3.34%
URC	6.06%	JFC	-2.82%
MBT	4.46%	AEV	-2.16%
BDO	3.53%	WLCON	-1.32%
SM	3.53%	SMC	0.00%
AGI	3.15%	SCC	0.15%
BPI	3.11%	NIKL	0.27%
MER	2.94%	DMC	0.36%

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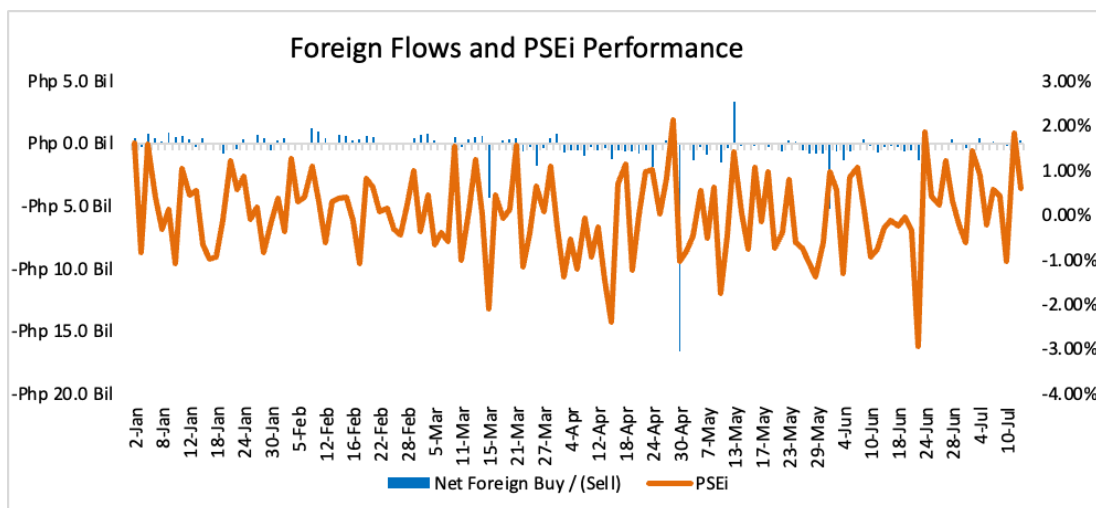
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- ➔ Market turnover averaged ₱5.95 billion last week, higher than the ₱3.99 billion recorded in the previous week. Market activity rose last week as investors digested a big batch of key catalysts like the US inflation data.



- ➔ Last week logged a net foreign buying of ₱249.75 million, slightly lower than the ₱252.85 million in the previous week.



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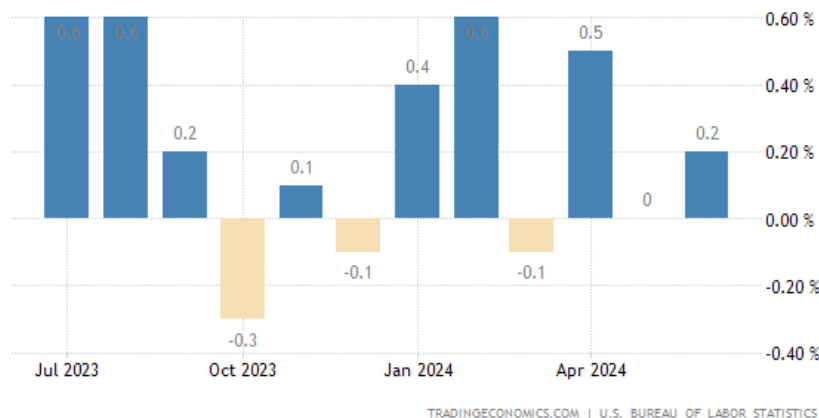
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Key Economic Figures



➔ **US CPI YoY.** In June 2024, US annual inflation fell for the third consecutive month to 3%, the lowest since June 2023, down from 3.3% in May and below expectations of 3.1%. Energy costs rose slower, driven by declines in gasoline and fuel oil prices, while utility gas services accelerated. Inflation eased for shelter and transportation, and prices continued to decline for new vehicles and used cars and trucks. Food inflation edged up slightly. The monthly Consumer Price Index unexpectedly fell by 0.1%, the first decline since May 2020, against expectations of a 0.1% rise. Core inflation also slowed to 3.3% annually, the lowest since April 2021, with a monthly decrease of 0.1%, below expectations of 0.2%. *(US Bureau of Labor Statistics)*



➔ **US PPI MoM.** In June 2024, US factory gate prices increased by 0.2% month-over-month, surpassing expectations of 0.1%. Service prices rose by 0.6%, led by higher margins in machinery and vehicle wholesaling (3.7%) and gains in autos and auto parts retailing. However, goods prices fell by 0.5%, driven by a significant 5.8% decline in gasoline prices and reductions in processed poultry and residential electric power costs. Year-on-year, producer inflation accelerated to 2.6%, marking the highest rate since March 2023, up from a revised 2.4% in May. The core inflation rate, excluding food and energy, increased by 0.4% month-over-month and 3% year-on-year, surpassing expectations and reflecting broader price pressures in the economy. *(US Bureau of Labor Statistics)*

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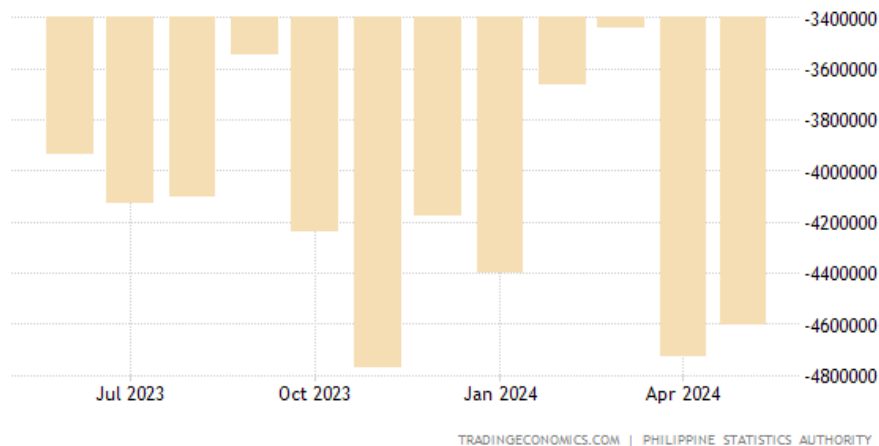
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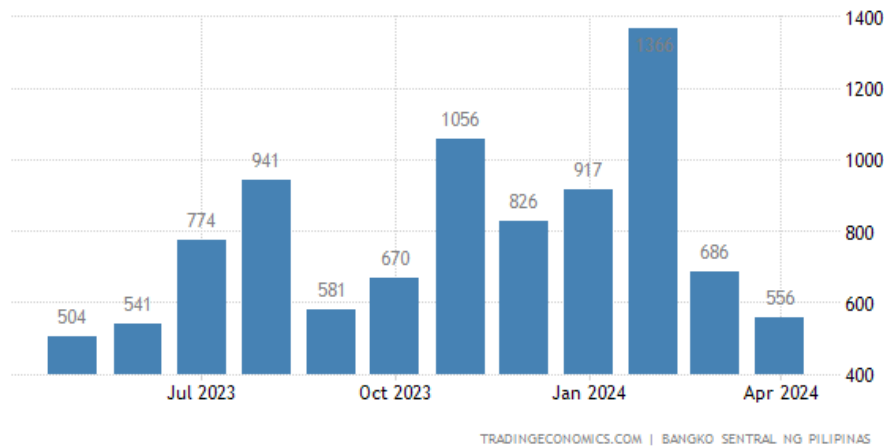
For the Week

TOP GAINERS		TOP LOSERS	
SLI	19.05%	LPC	-14.29%
SSP	14.29%	ABS	-7.90%
STR	11.71%	SGP	-5.10%
JGS	7.78%	ACEN	-4.94%
CNPF	7.08%	LPZ	-4.90%
TEL	6.46%	RFM	-4.88%
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SECB	3.17%	AEV	-2.16%
AGI	3.15%	MAXS	-1.94%
BPI	3.11%	SMC2F	-1.71%
MER	2.94%	MWIDE	-1.69%
AP	2.88%	MWC	-1.50%
RRHI	2.86%	WLCON	-1.32%

Key Economic Figures



➔ **PH trade deficit.** In May 2024, the trade deficit in the Philippines widened to \$4.6 billion from USD 4.4 billion a year earlier. Exports declined by 3.1% year-on-year to \$6.3 billion, driven by lower sales of electronic products (-5.1%), other mineral products (-12.6%), and various goods including travel goods and handbags. The USA, Hong Kong, and Japan were the top export destinations, collectively accounting for a significant portion of exports. Meanwhile, imports decreased slightly by 0.03% to \$10.9 billion, with reduced purchases of electronic products, transport equipment, and chemicals. China, South Korea, and Indonesia were the largest sources of imports, highlighting the trade dynamics with key regional partners. *(Philippine Statistics Authority)*



➔ **PH FDI.** In April 2024, net foreign direct investment (FDI) in the Philippines plummeted by 36.9% year-on-year to \$0.56 billion. This decline was driven by decreases in net inflows across equity capital (-48.1% to \$0.07 billion), debt instruments (-38.8% to \$0.41 billion), and reinvestment of earnings (-4.2% to \$0.08 billion). Equity capital placements primarily originated from Japan, the US, Malaysia, and Singapore, focusing on sectors such as manufacturing, real estate, wholesale and retail trade, and financial and insurance industries. Despite the monthly decline, FDIs for January to April 2024 totaled \$3.53 billion, marking an 18.7% increase compared to the same period the previous year. *(Bangko Sentral ng Pilipinas)*

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Market Outlook

What You Need to Know

- ➔ For the US, the focus shifts on the Q2 earnings season with major reports from Goldman Sachs, BlackRock, UnitedHealth, BoA, Morgan Stanley, Charles Schwab, J&J, Netflix, and Amex due this week. More speeches from Fed Chairman Jerome Powell and other Fed officials are also scheduled for this week which could shine further light to the Fed's stance on interest rate cuts in the coming meetings. The CME FedWatch tool is already showing an almost 90% chance that the Fed will cut policy rates by 25-bps in September, which will follow a widely-expected pause in August. US retail sales and trade data are also scheduled to come out this week. Aside from corporate and economic catalysts, investors will also be monitoring developments with respect to the US elections like speeches from Republican bet Donald Trump and incumbent Democrat Joe Biden. In the European front, trade, consumer confidence and sentiment, and retail sales data will take front seat along with Q2 corporate results. In Asia, attention will be on China's Third Plenum along with economic indicators like GDP growth, industrial production, retail sales, unemployment rate, and fixed asset investments.
- ➔ For this week, the upward momentum fueled by rate cut optimisms are likely to continue. Dovish remarks from both the Fed and the Bangko Sentral ng Pilipinas (BSP) have also added to investors' confidence for an improved interest rate environment. Cyclical stocks like property and consumer could gain some ground after being hampered by high interest rates for around 2 years now. The PSEi could attempt to scale the 6,700-level for the first time since April 30. Still, some level of caution is advised since central banks are viewed to remain data dependent. July and August catalysts like inflation and labor reports will be crucial for central banks to affirm confidence on beginning to loosen monetary policy.

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