



Market Commentary



➔ The PSEi went up by 42.50 points or 0.64% week-on-week and ended at 6,647.80. The benchmark index broke the streak of 2 negative weeks as market sentiment received a boost from the higher-than-expected local GDP growth in Q2 along with easing recession worries in the US. Services (+2.54%) was the top sector performer, while Industrial (-1.67%) retreated the most. In the PSEi, WLCON (+7.19%) and CNVRG (+7.14%) had the biggest gains, while URC (-12.96%) and JGS (-8.20%) were the main laggards. Net foreign outflows rose to ₱1.67 billion. The Philippine Peso surged to ₱57.28 from ₱58.08 against the US dollar. Meanwhile, some developments last week were:

- In June 2024, the Philippines' trade deficit narrowed to \$4.3 billion, down from \$4.7 billion in May but higher than the \$3.9 billion recorded in the same month last year. Total trade in goods decreased to \$15.43 billion from \$17.37 billion in May and \$17.40 billion in June 2023. Imports fell to \$9.87 billion from \$11 billion in May and \$10.67 billion a year earlier, while exports dropped to \$5.57 billion from \$6.3 billion in May and \$6.7 billion in June 2023. Electronics remained the leading export, contributing \$2.99 billion, while China continued as the top supplier of imports, providing \$2.6 billion. The decline in both exports and imports reflects seasonal changes and weak domestic demand.
- Bank lending by universal and commercial banks (U/KBs) in the Philippines maintained its growth momentum in June, with outstanding loans rising by 10.1%, consistent with the growth rate observed in May. This increase brought the total outstanding loans to ₱12.09 trillion, up from ₱12.07 trillion in May and ₱10.9 trillion a year ago. Loans to residents grew at a slightly slower pace of 10.1%, while loans to non-residents accelerated to 9.8%, compared to 8.1% in May. Key industries contributing to the growth in production loans included real estate activities (12.3%), wholesale and growth in production loans included real estate activities (12.3%), wholesale and transportation and storage (26.2%).

INDICES

Index	Prev	Last	% Chg
PSEi	6,605.30	6,647.80	0.64%
All Shares	3,596.90	3,608.24	0.32%
Financial	2,010.95	1,999.88	-0.55%
Industrial	9,173.34	9,020.56	-1.67%
Holding Firms	5,763.08	5,806.57	0.75%
Property	2,579.99	2,618.78	1.50%
Services	2,001.83	2,052.62	2.54%
Mining & Oil	8,389.28	8,335.15	-0.65%

PSEi

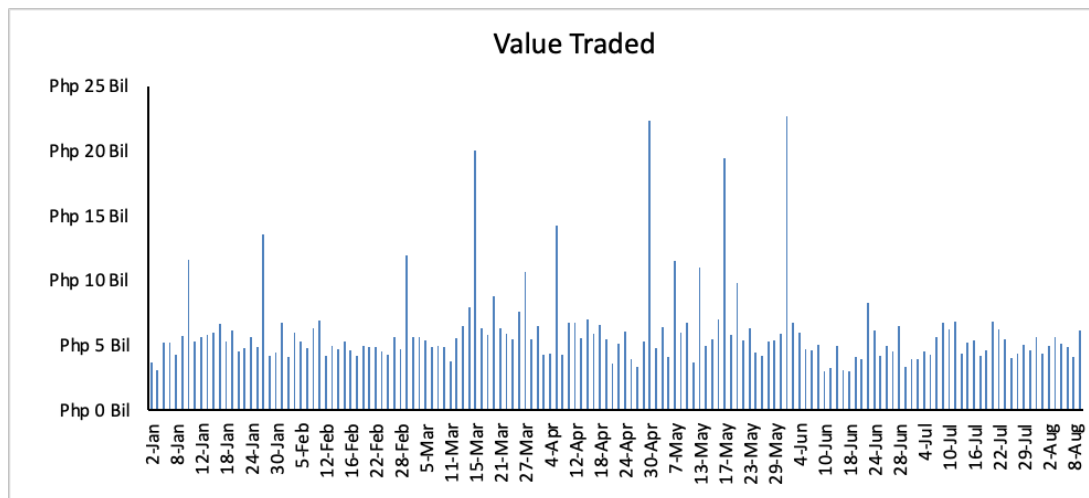
TOP 10		BOTTOM 10	
WLCON	7.19%	URC	-12.96%
CNVRG	7.14%	JGS	-8.20%
ACEN	4.61%	AEV	-8.04%
TEL	3.86%	SCC	-3.61%
ALI	3.81%	BLOOM	-3.07%
GLO	3.52%	BPI	-3.04%
SM	3.22%	DMC	-1.95%
AC	3.05%	MBT	-1.24%
BDO	2.27%	GTCAP	-0.33%
ICT	2.23%	AGI	0.00%

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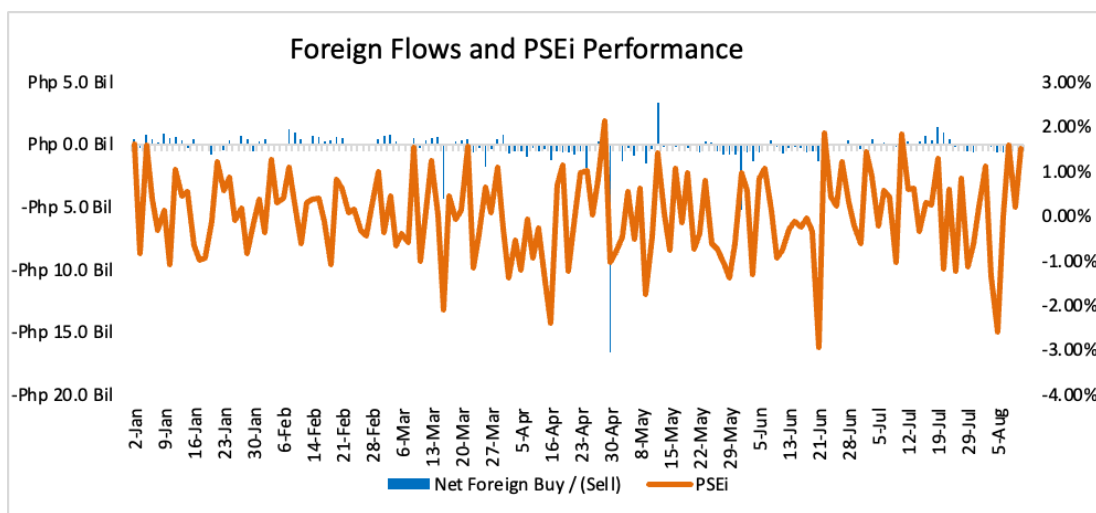
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➔ Market turnover averaged ₱5.18 billion last week, slightly higher than the ₱4.94 billion recorded in the previous week. Activity rose to ₱6.13 billion last Friday.



➔ A net foreign outflow of ₱1.67 billion was recorded last week, an increase from the ₱1.36 billion net foreign selling in the week of July 29-August 2.



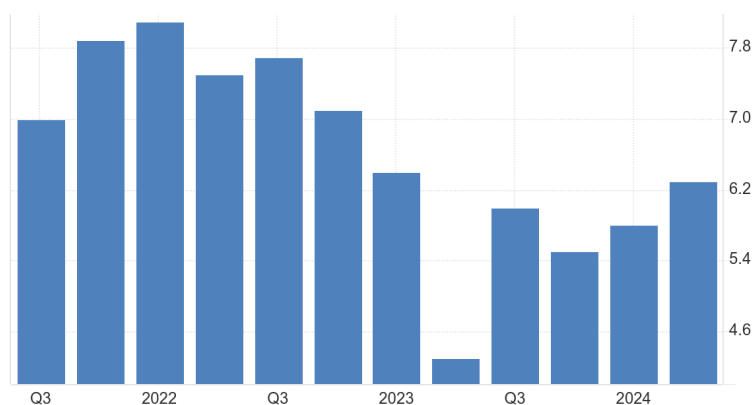
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Key Economic Figures



➔ **PH inflation.** In July 2024, the Philippines' annual inflation rate increased to 4.4%, up from June's three-month low of 3.7% and exceeding forecasts of 4%. This marks the highest rate since October 2023, driven by higher prices in housing and utilities (2.3% vs 0.1% in June), food and non-alcoholic beverages (6.4% vs 6.1%), transport (3.6% vs 3.1%), and education (5.8% vs 3.8%). Conversely, inflation rates for alcoholic beverages and tobacco, clothing and footwear, health, recreation, and restaurants and accommodation services all showed slight declines. Core inflation, excluding certain food and energy items, eased to 2.9%, the lowest since May 2022. Monthly consumer prices rose by 0.7% in July, following no change in June. *(Philippine Statistics Authority)*



➔ **PH GDP.** In Q2, the Philippines' GDP grew by 6.3% year-on-year, surpassing both the upwardly revised 5.8% growth in Q1 and the forecast of 6.2%. This was the strongest expansion since early 2023, fueled by a significant rise in government spending (10.7% vs 1.7% in Q1) and fixed investments (9.5% vs 2.1%). Household consumption growth remained steady at 4.6%. However, net trade negatively impacted GDP, with imports increasing by 5.2% (vs 2.2%) and exports growing more slowly at 4.2% (vs 8.4%). On the production front, industry growth accelerated to 7.7% (vs 5.1%), while services slightly slowed to 6.8% (vs 6.9%), and agriculture, forestry, and fishing saw a decline (-2.3% vs 0.5%). The government forecasts GDP growth to remain between 6% and 7% for the year. *(Philippine Statistics Authority)*

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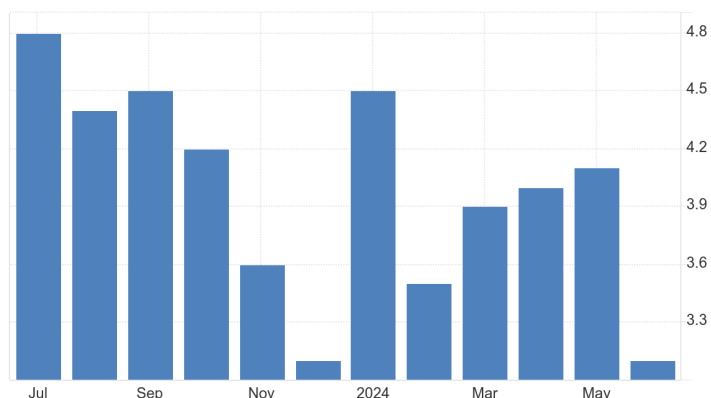
For the Week

TOP GAINERS		TOP LOSERS	
SEVN	8.15%	LPC	-14.08%
WLCON	7.19%	URC	-12.96%
CNVRG	7.14%	JGS	-8.20%
ACEN	4.61%	AEV	-8.04%
TEL	3.86%	ION	-6.41%
ALI	3.81%	TUGS	-6.06%
GLO	3.52%	EEI	-6.04%
SSP	3.50%	LPZ	-5.94%
SM	3.22%	HOME	-5.63%
AC	3.05%	CEB	-5.32%
PX	2.64%	PNB	-5.00%
FB	2.46%	UBP	-4.76%
BDO	2.27%	SSI	-4.70%
ICT	2.23%	TECH	-4.52%
PGOLD	2.11%	MWIDE	-3.89%
MONDE	1.91%	FGEN	-3.83%
LR	1.78%	DMW	-3.64%
CNPF	1.49%	SGP	-3.62%
SMPH	1.03%	SCC	-3.61%
LTG	1.00%	BLOOM	-3.07%



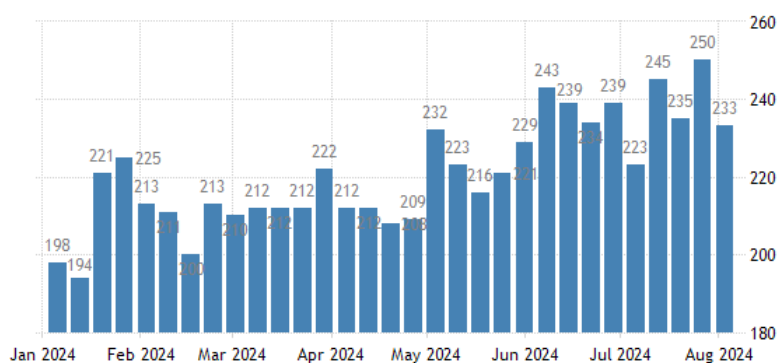
Key Economic Figures

PH Unemployment Rate - percent



Source: tradingeconomics.com | Philippine Statistics Authority

- ➔ **PH unemployment rate.** In June 2024, the unemployment rate in the Philippines fell to 3.1%, the lowest since December, down from 4.5% a year earlier. The number of unemployed decreased to 1.62 million from 2.33 million in June 2023 and 2.11 million in May 2024. Employment rose to 50.28 million from 48.84 million a year ago and 48.87 million in May. Notable job gains were seen in construction (938,000), wholesale and retail trade (527,000), and accommodation and food services (396,000). However, declines were observed in agriculture and forestry (-916,000), public administration and defense (-340,000), and fishing and aquaculture (-81,000). (*Philippine Statistics Authority*)



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- ➔ **US weekly initial jobless claims.** In the week ending August 3rd, the number of people filing for unemployment benefits in the US decreased by 17,000 to 230,000, falling short of the expected 240,000. This drop follows a revised increase to 250,000 the previous week, the highest level in a year. Despite this recent decline, the current claim count remains notably above the year's average, indicating a softer labor market. Additionally, the number of ongoing claims rose by 6,000 to 1,875,000, the highest since November 2021. The 4-week moving average for initial claims, which smooths out weekly fluctuations, increased by 2,500 to 240,750, its highest in about a year. On a non-seasonally adjusted basis, claims fell by 13,589 to 203,054, with notable decreases in Michigan and Texas. (*US Department of Labor*)

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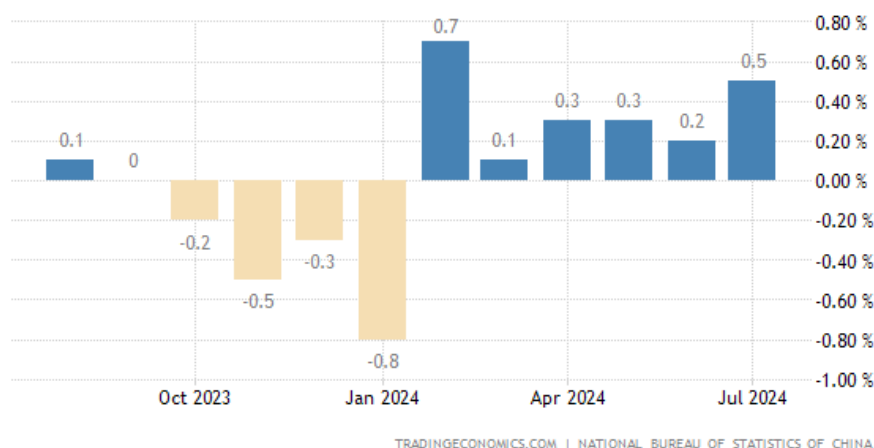
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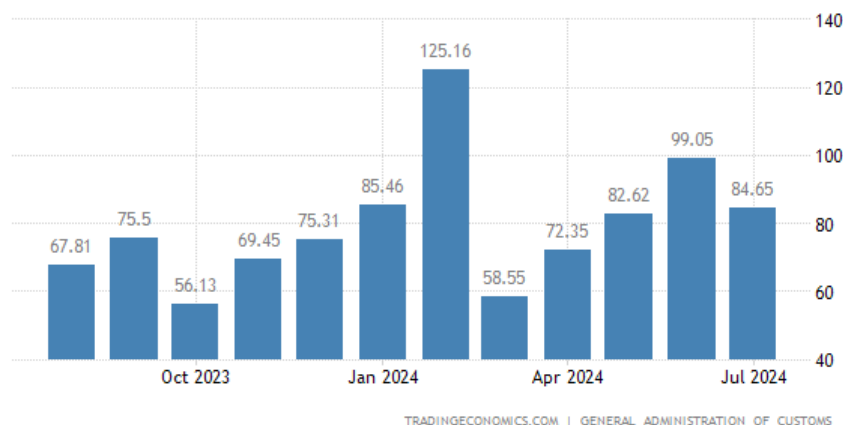
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Key Economic Figures



➔ **China inflation.** In July 2024, China's annual inflation rate rose to 0.5%, up from 0.2% in June and surpassing expectations of 0.3%. This marks the highest inflation rate since February and the sixth consecutive month of consumer price increases, driven by Beijing's efforts to boost consumption through increased stimulus. Food prices stabilized after a year of declines due to adverse weather, while non-food prices continued to rise, albeit at a slower pace. Transport costs declined further, offsetting some of the inflationary pressures. Core consumer prices, excluding food and energy, increased by 0.4% year-on-year, the smallest rise in six months. Monthly, the Consumer Price Index (CPI) climbed 0.5%, the first increase since April and above the 0.3% forecast. *(National Bureau of Statistics of China)*



➔ **China balance of trade.** In July 2024, China's trade surplus widened to \$84.65 billion from \$80.22 billion a year earlier, though it fell short of the \$99 billion forecast. Exports increased by 7.0% year-on-year, missing expectations of a 9.7% rise and slowing from June's 8.6% growth. Imports, however, grew by 7.2%, rebounding from a 2.3% decline the previous month and surpassing the anticipated 3.5% increase, reflecting government efforts to boost domestic demand. The surplus with the United States narrowed to \$30.84 billion from \$31.78 billion in June. For the first seven months of 2024, China's trade surplus reached \$518 billion, with exports up 4.0% to \$2.07 trillion and imports up 2.8% to \$1.49 trillion. The surplus with the US during this period was \$190.64 billion. *(General Administration of Customs)*

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Market Outlook

What You Need to Know

- ➔ The upcoming week in the US will center around the consumer price index (CPI), producer price index (PPI), and speeches by Federal Reserve officials. Other important data releases include retail sales figures, Michigan consumer confidence, export and import prices, housing starts, building permits, and industrial production data. In the UK, a busy week is expected with releases of unemployment data, inflation rates, GDP growth, industrial production, and retail sales. In the eurozone, Germany will update its ZEW Economic Sentiment Index. Second estimates are anticipated to reaffirm that the eurozone's GDP expanded by 0.3% in Q2, mirroring the growth rate of Q1. In APAC, China is set to announce new yuan loans, the house price index, retail sales, and the unemployment rate. Japan, the Netherlands, Poland, and Thailand will disclose their Q2 gross domestic product (GDP) growth rates. Interest rate decisions are anticipated from New Zealand and Norway. In Australia, both the NAB Business Confidence and Westpac Consumer Confidence reports will be released.
- ➔ For this week, the PSEi is poised to continue its positive trajectory this week as investors closely watch the Bangko Sentral ng Pilipinas (BSP) for insights on monetary policy. Encouragingly, the market has climbed back above its 10-day, 50-day, and 200-day exponential moving averages, signaling potential strength. However, the previous week's trading sessions were marked by thin value turnovers, indicating a cautious market sentiment. This week, the BSP's policy decision will be a key focal point for the local market. An alleviation of recession fears could buoy market sentiment, while any worsening could have a dampening effect. Investors will also be attuned to forthcoming data on foreign direct investment and OFW remittances, as well as second-quarter corporate earnings. The benchmark index could trade sideways within the 6,400-6,700 level this week.

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