

## Market Commentary



➔ The PSEi fell by 64.42 points or 0.93% and closed the week and the month at 6,897.54. The local barometer inched below the 6,900-level due to overall profit taking last week after the big run-up in the previous weeks. The volatile movements in Wall Street may have also played a role in the dip. Property (+4.35%) was the top performer among the sectors, while Holding Firms (-2.54%) had the worst week. In the PSEi, ALI (+7.79%) and NIKL (+5.97%) were the biggest gainers, while AEV (-5.68%) and URC (-5.45%) were the main laggards. Foreigners posted a net inflow of ₱2.17 billion. The Philippine Peso strengthened to ₱56.111 from to ₱56.33 against the US dollar. Meanwhile, some developments last week were:

- The Philippines successfully secured \$2.5 billion from the international debt market through a triple-tranche global bond issuance, aimed at meeting the country's budgetary needs. The government raised \$500 million with a 5.5-year bond yielding 4.375%, \$1.1 billion through a 10.5-year bond with a 4.75% coupon, and \$900 million via a 25-year sustainability bond at 5.175%. This issuance, which follows a \$2 billion dollar bond sale in May, benefits from moderating benchmark yields and investor confidence driven by signs of upcoming rate cuts from the US Federal Reserve. The proceeds from the 5.5 and 10.5-year bonds will be used for general budgetary support, while the 25-year green bond will finance assets under the country's sustainable finance framework.
- The Chamber of Automotive Manufacturers of the Philippines, Inc. (CAMPI) anticipates that electric vehicles (EVs) will not surpass 10% of total vehicle sales in the Philippines this year, despite growing demand. Currently, EVs account for 4% of total sales, with internal combustion engine vehicles maintaining strong sales. CAMPI President Rommel R. Gutierrez acknowledged that while EV sales are increasing, they are not expected to achieve a 10% market share this year. However, the volume of EV sales is rising, partly due to the expanded tariff exemptions under Executive Order (EO) No. 12, which now includes hybrid electric vehicles (HEVs) and plug-in hybrid electric vehicles (PHEVs) in addition to pure EVs.

## INDICES

Index	Prev	Last	% Chg
<b>PSEi</b>	6,961.96	6,897.54	-0.93%
<b>All Shares</b>	3,749.73	3,742.81	-0.18%
<b>Financial</b>	2,122.39	2,110.63	-0.55%
<b>Industrial</b>	9,237.94	9,347.38	1.18%
<b>Holding Firms</b>	5,883.84	5,666.02	-3.70%
<b>Property</b>	2,704.59	2,822.22	4.35%
<b>Services</b>	2,238.06	2,181.23	-2.54%
<b>Mining &amp; Oil</b>	8,155.97	8,226.84	0.87%

## PSEi

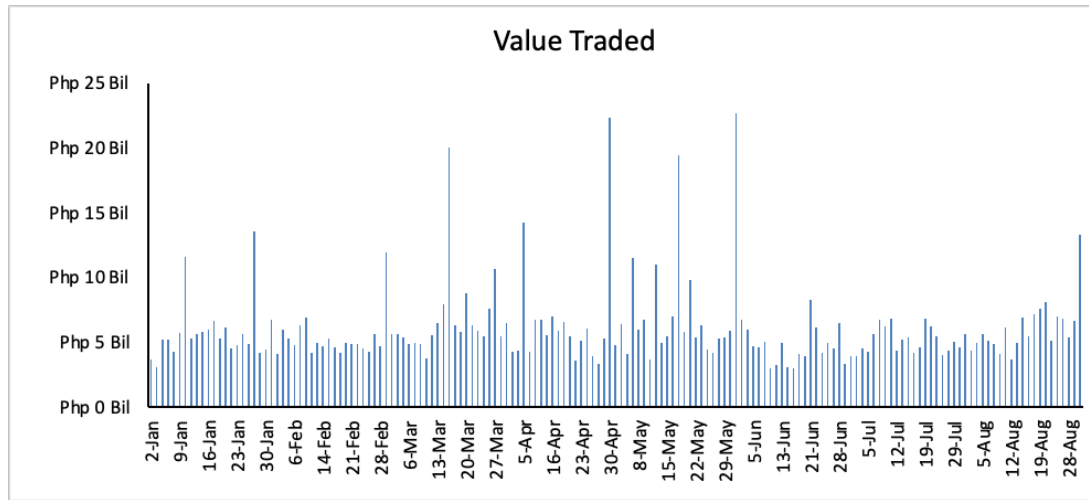
TOP 10		BOTTOM 10	
ALI	7.79%	AEV	-5.68%
NIKL	5.97%	URC	-5.45%
DMC	5.41%	SM	-5.35%
ACEN	4.62%	ICT	-5.03%
WLCON	4.56%	AC	-4.50%
SMPH	4.21%	TEL	-4.46%
SCC	3.67%	JGS	-2.89%
SMC	3.13%	MBT	-1.74%
MONDE	2.61%	GLO	-1.26%
JFC	2.28%	BDO	-0.78%

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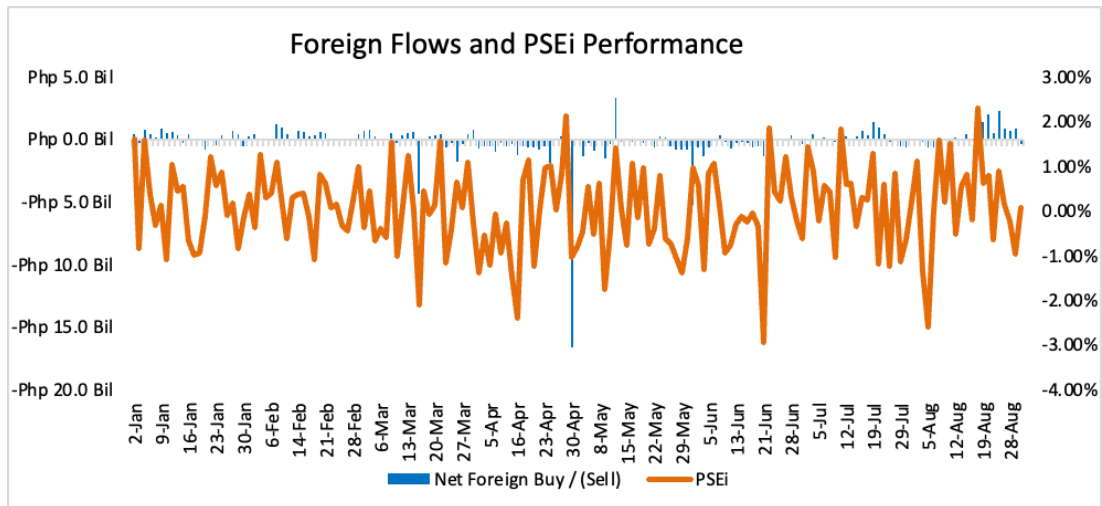
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➔ Market turnover averaged ₱8.02 billion last week, higher than the ₱6.96 billion recorded in the previous week. Market activity rose in the last 2 sessions as investors hunted for bargains and funds looked to have actively participated as well for month-end window dressing.



➔ Net foreign buying stood at ₱2.17 billion, lower than the ₱6.36 billion in the week before. The local bourse's 14-day streak of net foreign inflows was finally snapped last Friday.

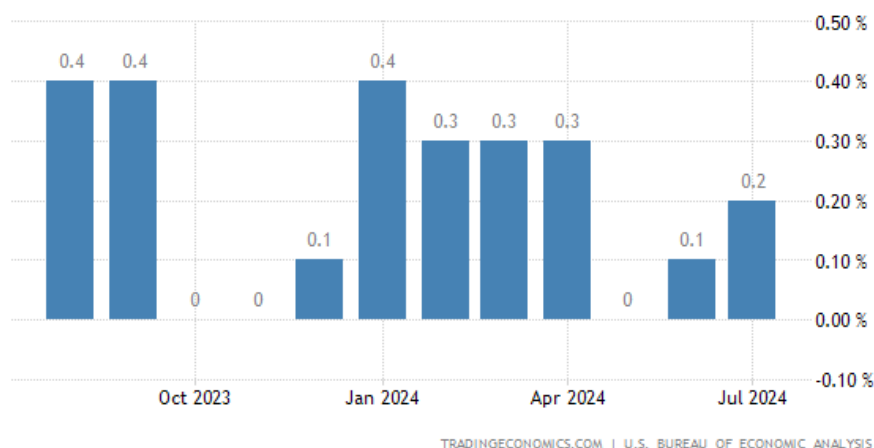


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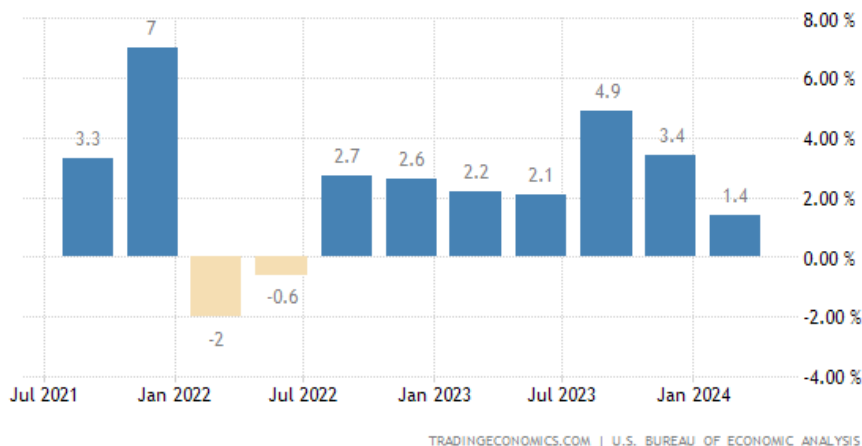
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## Key Economic Figures



➔ **US PCE MoM.** In July 2024, the US personal consumption expenditure (PCE) price index saw a modest increase of 0.2% month-over-month, up from 0.1% in June, aligning with market expectations. Service prices contributed to this rise with a 0.2% increase, while goods prices remained unchanged. The core PCE index, which excludes food and energy, also rose by 0.2%, maintaining the same pace as in June and meeting forecasts. Food prices edged up by 0.2%, and energy prices stayed flat. On an annual basis, the PCE inflation rate remained steady at 2.5%, slightly below the anticipated 2.6%. Similarly, the core PCE inflation rate held at 2.6%, falling just short of the expected 2.7%. *(US Bureau of Economic Analysis)*



➔ **US GDP.** In Q2 2024, US real GDP grew at an annualized rate of 3.0%, revised up from 2.8% and significantly higher than Q1's 1.4%. This increase was driven by stronger consumer spending (2.9% vs. 2.3% previously reported), higher private inventory investment (7.5% vs. 4.4%), and nonresidential fixed investment (4.6% vs. 4.4%). However, imports grew more than initially reported (7% vs. 6.1%), which detracted from GDP. The revisions also included downward adjustments to nonresidential fixed investment, exports, private inventory investment, government spending, and residential fixed investment, while imports were slightly higher than initially estimated. *(US Bureau of Economic Analysis)*

## For the Week

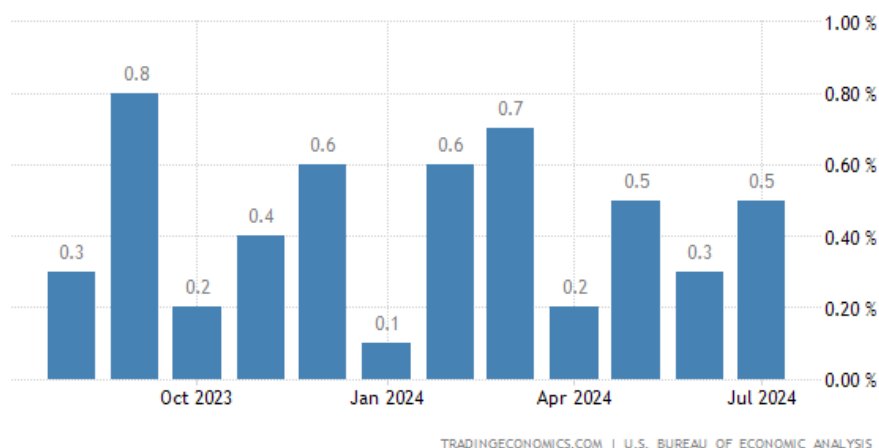
TOP GAINERS		TOP LOSERS	
SSP	40.00%	LPC	-17.91%
CHP	20.69%	ION	-5.75%
SSI	8.17%	AEV	-5.68%
ALI	7.79%	URC	-5.45%
LR	7.40%	SM	-5.35%
NIKL	5.97%	ICT	-5.03%
LPZ	5.42%	DD	-4.80%
DMC	5.41%	ABS	-4.76%
SEVN	5.02%	CLI	-4.74%
MWC	5.02%	ROCK	-4.67%
ACEN	4.62%	AC	-4.50%
WLCON	4.56%	TEL	-4.46%
EEI	4.44%	FNI	-4.23%
GSMI	4.29%	PAL	-4.15%
SMPH	4.21%	UBP	-4.01%
RLC	3.74%	RCB	-3.36%
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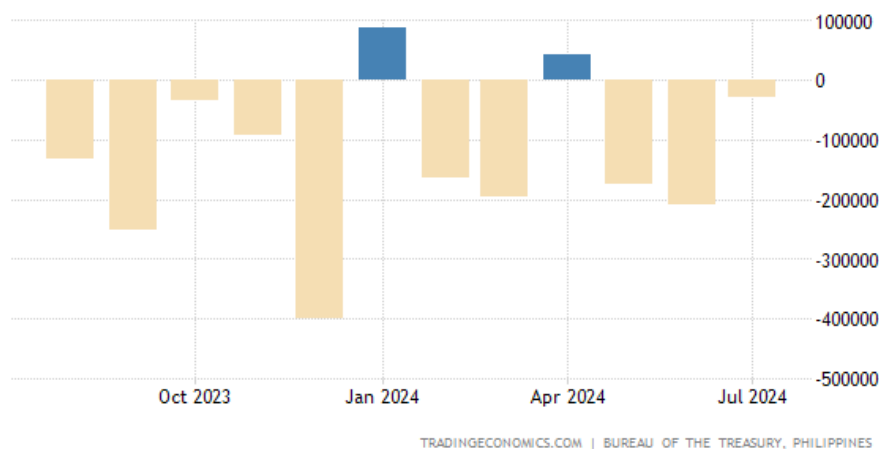
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## Key Economic Figures



➔ **US personal spending.** In July 2024, US personal spending rose 0.5% month-over-month, matching expectations and following a 0.3% increase in June. The \$103.8 billion rise in current-dollar PCE was driven by a \$59.3 billion increase in services and a \$44.5 billion increase in goods. Key contributors to the services increase were housing and utilities, while motor vehicles, parts, and food and beverages led the gains in goods. Real consumption expenditure grew by 0.4% from the previous month. *(US Bureau of Economic Analysis)*



➔ **PH budget deficit.** In July 2024, the Philippine government budget deficit decreased to ₱28.8 billion from ₱47.8 billion a year earlier, as revenue growth outpaced expenditure increases. Government revenues rose 11.1% year-on-year to ₱457.4 billion, primarily due to higher tax collections, while expenditures grew 5.8% to ₱486.2 billion, partly due to increased National Tax Allotment (NTA) for LGUs. For January to July, the deficit widened to ₱642.8 billion from ₱599.5 billion in the same period last year. *(Bureau of Treasury, PH)*

## For the Week

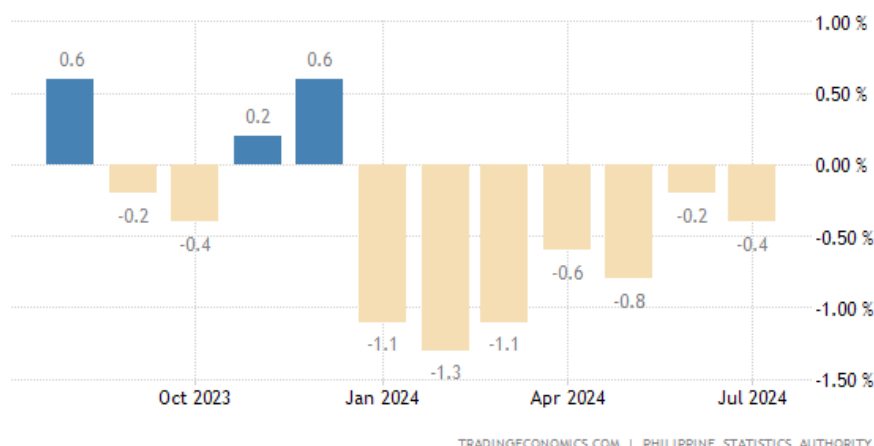
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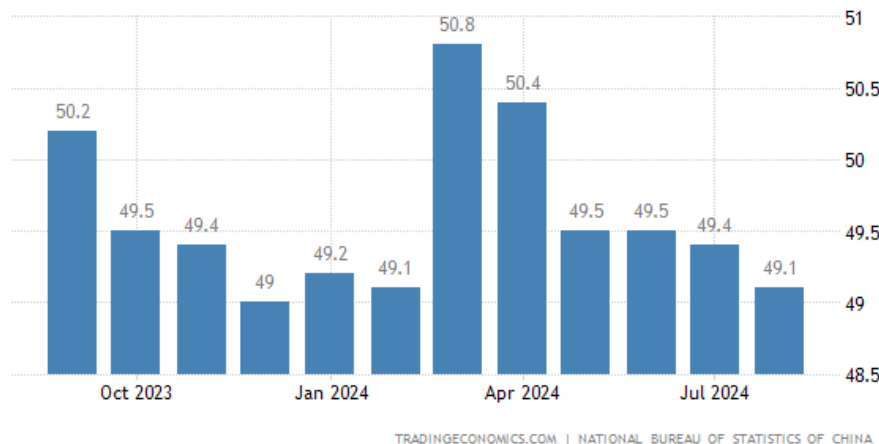
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## Key Economic Figures



➔ **PH producer prices.** In July 2024, producer prices in the Philippines fell by 0.4% year-on-year, a deeper decline compared to the revised 0.2% drop in June. This marked the seventh consecutive month of deflation, driven by slower price increases in sectors such as computer, electronic, and optical products (1.7% vs 3.6% in June), transport equipment (2.5% vs 2.9%), and basic pharmaceutical products (1.8% vs 2%). Deflation persisted in coke and refined petroleum products (-1.3% vs -1.1%). Conversely, prices rose faster in other manufacturing sectors, including repair and installation of machinery (3.1% vs 0.8%), non-electrical machinery (1.9% vs 1.5%), and wearing apparel (1.8% vs 1.4%). Monthly, producer prices decreased by 0.1% in July, reversing from a 0.2% increase in June. (*Philippine Statistics Authority*)



➔ **China manufacturing PMI.** In August 2024, China's official NBS Manufacturing PMI dropped to 49.1 from 49.4 in July, falling short of the 49.5 forecast and marking the 4th consecutive month of contraction, with the sharpest decline since February. Output fell to 49.8 from 50.1, reversing a 5-month increase. New orders decreased to 48.9 from 49.3, while foreign sales and buying levels also declined, to 48.7 and 47.8, respectively. Employment continued to weaken at 48.1, and delivery times lengthened slightly to 49.6. Input prices fell sharply to 43.2 from 49.9, and output prices contracted at their steepest rate yet, dropping to 42.0 from 46.3. Sentiment also softened, slipping to 52.0 from 53.1. (*National Bureau of Statistics of China*)

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## Market Outlook

### What You Need to Know

- ➔ In the coming week, global economic data releases will be pivotal. The August PMI reports, encompassing manufacturing, services, and composite indices, will provide comprehensive insights into regional economic performance. In the US, key releases include the US jobs report, which will feature August non-farm payrolls, the unemployment rate, and wage growth. This data is crucial ahead of the US Federal Reserve (Fed)'s September meeting, where a rate cut is anticipated. Additionally, the ISM PMI data and final S&P Global US PMI figures will be released. In Canada, the focus will be on the Bank of Canada's meeting, with a potential rate cut on the table, as well as trade and employment data. Meanwhile in Europe, attention will turn to the eurozone's third estimate of Q2 GDP, retail sales, and Germany's trade figures. The August HCOB Flash Eurozone PMI suggests the economy is avoiding a downturn, though trade conditions, particularly in Germany, remain subdued. In the Asia-Pacific region, detailed PMI data will offer early insights into regional growth. Noteworthy releases include GDP figures from Australia and South Korea. Additionally, trade data from China will be released after the Caixin PMI, and inflation figures will be updated for South Korea and Indonesia.
- ➔ This week, the local bourse appears set for a potential upturn, having recently plateaued after a strong rally. The market has struggled to break through the 7,000-resistance level, a reflection of investor caution as they await critical economic data. The upcoming August inflation report, due on September 5, is anticipated to reveal a moderation in inflation, aligning with the Bangko Sentral ng Pilipinas' (BSP) 2%-4% annual target. This could bolster market confidence and facilitate a break through the current resistance. Additionally, investors will be attentive to other key economic indicators, including the peso's performance against the US dollar, the S&P Global Philippines Manufacturing Purchasing Managers' Index (PMI) for August, and July's labor force data. These metrics will offer further insights and shape market direction ahead of the Fed's meeting on September 18-19, where a rate cut is widely anticipated following previous hikes that have impacted global markets. The PSEi's support is currently seen at 6,700-6,800, with a decisive break above 7,000 potentially leading to resistance levels at 7,100-7,200.

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