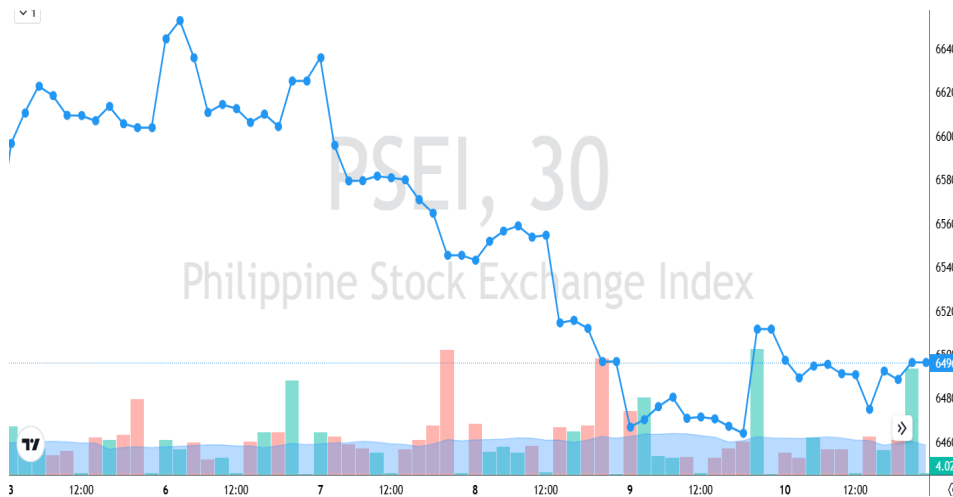




Market Commentary



INDICES

Index	Prev	Last	% Chg
PSEi	6,603.81	6,496.32	-1.63%
All Shares	3,785.48	3,754.85	-0.81%
Financial	2,206.50	2,203.07	-0.16%
Industrial	9,322.98	9,217.53	-1.13%
Holding Firms	5,676.89	5,540.02	-2.41%
Property	2,400.64	2,350.24	-2.10%
Services	2,131.45	2,117.03	-0.68%
Mining & Oil	7,738.14	7,759.81	0.28%

⇒ **The View.** The PSEi decreased 107.49 points or 1.63% and finished a poor week at 6,496.32. U.S. strong job market heightened concerns regarding slowing down rate cuts, suggesting job market is heating which may lead to higher inflation, which weakened markets globally. Inflationary pressures at 2.9% dampened investor confidence, leading to a decline in local equities this week. Sectors fell across the board led by Holding Firms (-2.41%) and Property (-2.10%) with Mining and Oil (+0.28%) being the sole gainer. In the PSEi, GLO (+6.28%) and CNPF (+5.58%) were the best performers, while WLCON (-25.14%) and BLOOM (-13.79%) were the main laggards. Net foreign outflows strengthened to ₱1.50 billion, while the local currency weakened WoW to ₱58.36 from ₱58.27 against the US dollar. Meanwhile, some developments last week were:

- Philippine inflation climbed to 2.9% in December 2024 from 2.5% in November, bringing the year's average to 3.2%. The increase was attributed to rising costs of housing, utilities, and transportation, alongside holiday demand, though food inflation remained steady at 3.5%, lower than 5.5% in December 2023. Core inflation also rose to 2.8%. The Bangko Sentral ng Pilipinas cut interest rates last year to support easing inflation, but further reductions are uncertain due to risks like higher transport fares and electricity costs. Despite improvements in inflation from mid-2024 levels, experts noted signs of accelerating price pressures since September.
- The Philippines' trade deficit in November narrowed to \$4.767 billion, its smallest in three months, reflecting declines in both exports and imports. Exports fell 8.7% year-on-year to \$5.69 billion, marking their third consecutive month of decline and the lowest level since June 2024, while imports dropped 4.9% to \$10.46 billion, ending a four-month growth streak. Electronics, comprising nearly half of exports, slumped 20.8%, driven by a 33.1% decline in semiconductors. On the import side, raw materials, intermediate goods, and mineral fuels dropped, while consumer goods imports rose by 3.7%. The U.S., Japan, and China remained key export destinations, while China led as the top import source.

PSEi

TOP 10

GLO
CNPF
LTG
AEV
SMC
BDO
TEL
AC
DMC
ICT

6.28%
5.58%
2.68%
2.64%
2.41%
1.72%
0.91%
0.16%
0.00%
-0.10%

BOTTOM 10

WLCON
BLOOM
JGS
MONDE
GTCAP
SM
ACEN
SMPH
CNVRG
BPI

-25.14%
-13.79%
-6.76%
-6.55%
-6.25%
-4.19%
-3.90%
-3.77%
-3.15%
-2.89%

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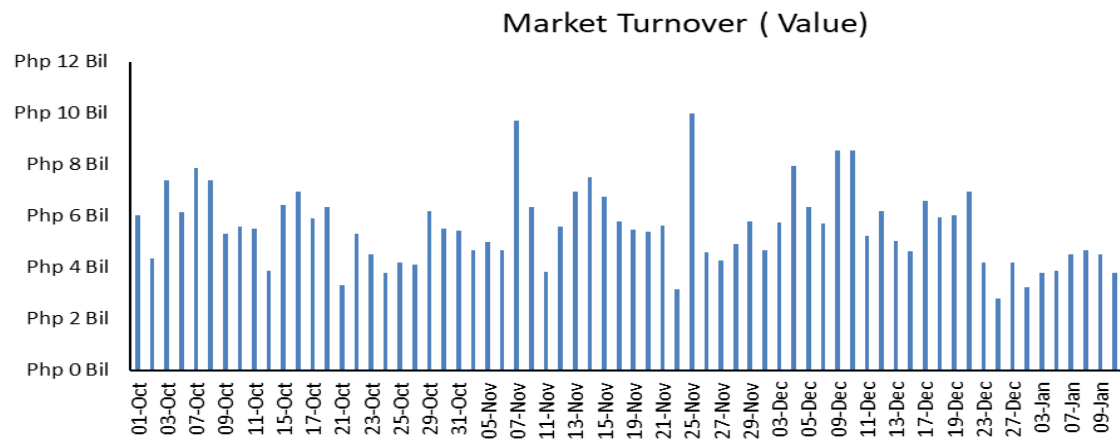
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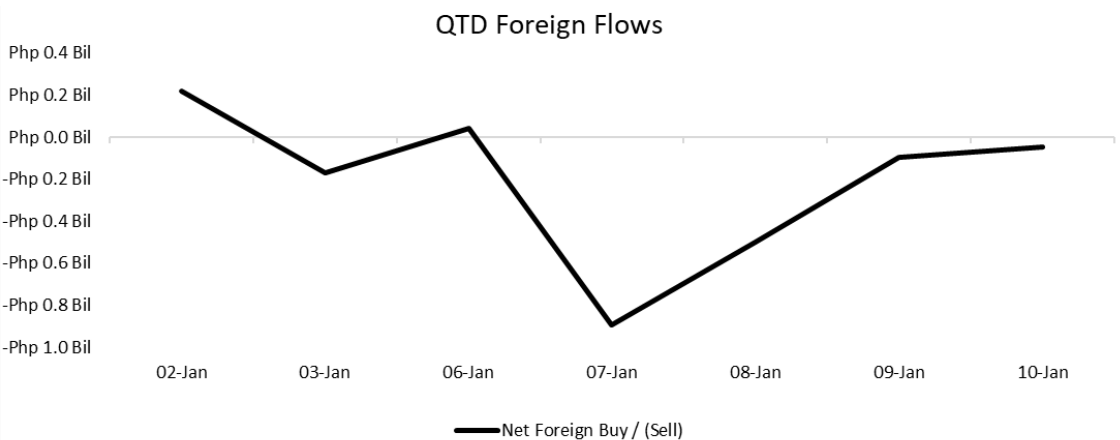
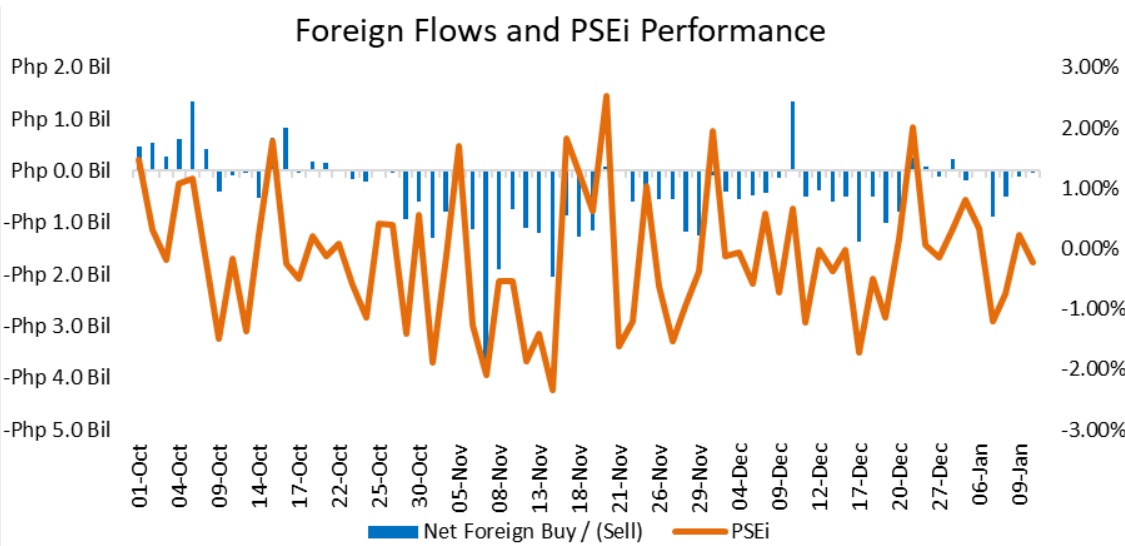
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⇒ Market turnover averaged ₱4.27 billion last week.



⇒ Foreigners posted a net loss of ₱1.50 billion. The strong foreign outflows is likely to strengthen further due to inflation speeding up.



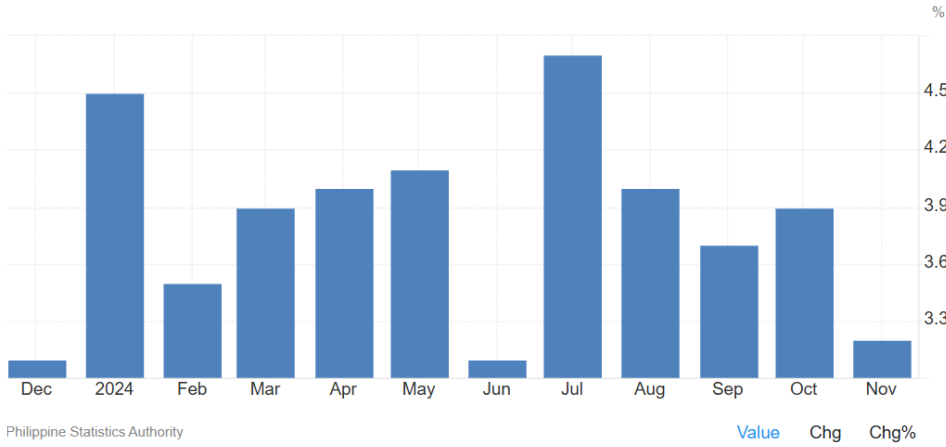
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Key Economic Figures



⇒ **Philippines Unemployment Rate.** The unemployment rate in the Philippines dropped to 3.2% in November 2024, the lowest since June, as unemployed individuals fell to 1.67 million from 1.83 million a year ago, despite a slight decline in employment to 49.54 million. The services sector remained the top employer at 62.1%, followed by agriculture at 20% and industry at 17.9%. The labor force participation rate declined to 64.6% from 65.9%, while average weekly working hours increased to 41.1 from 40.2 hours in November 2023. month (Philippine Statistics Authority)

For the Week

TOP GAINERS		TOP LOSERS	
ABS	46.32%	WLCON	-25.14%
AB	15.41%	BLOOM	-13.79%
LPZ	13.38%	IMI	-9.09%
ION	11.49%	JGS	-6.76%
GMA7	7.93%	MONDE	-6.55%
GLO	6.28%	MEG	-6.47%
FGEN	5.82%	GTCAP	-6.25%
CNPF	5.58%	STR	-6.25%
PNB	5.47%	SGP	-6.09%
PX	5.00%	LR	-5.18%
UBP	4.68%	HOME	-4.69%
APX	4.49%	SM	-4.19%
EEI	4.18%	ACEN	-3.90%
CHIB	3.55%	SMPH	-3.77%
TECH	3.05%	SSI	-3.49%
FLI	2.70%	DMW	-3.46%
LTG	2.68%	MAXS	-3.45%
AEV	2.64%	TUGS	-3.23%
SMC	2.41%	CNVRG	-3.15%
MWIDE	2.02%	PCOR	-2.93%

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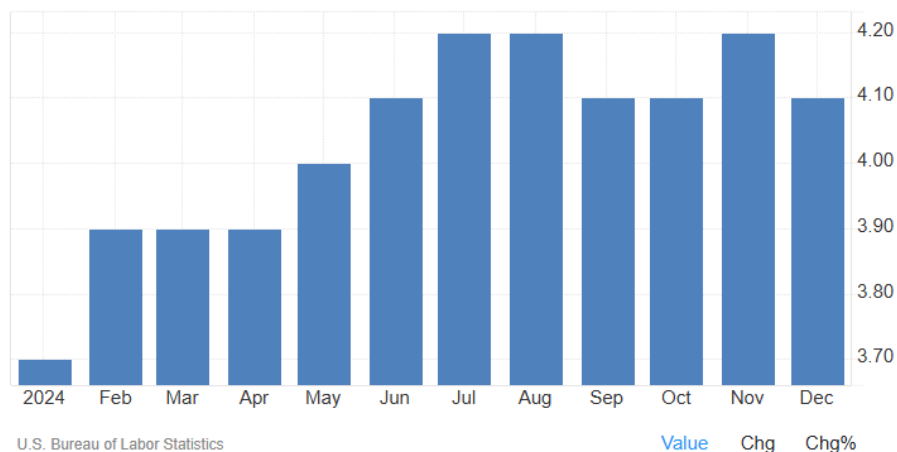
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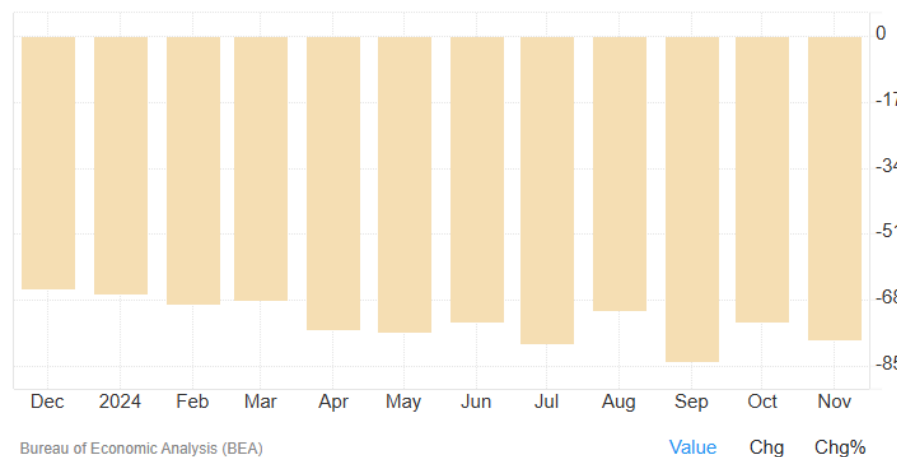
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Key Economic Figures



⇒ **U.S. Unemployment Rate.** The U.S. unemployment rate fell to 4.1% in December 2024 from 4.2% in November, beating market expectations. The number of unemployed individuals dropped by 235,000 to 6.886 million, while employment rose by 478,000 to 161.661 million. The labor force participation rate remained steady at 62.5%, and the employment-population ratio increased to 60% from 59.8%. (U.S. Bureau of Labor Statistics)



⇒ **U.S. Balance of Trade.** The U.S. trade deficit widened to \$78.2 billion in November 2024 from \$73.6 billion in October, meeting forecasts. Imports rose 3.4% to \$351.6 billion, driven by foods, semiconductors, passenger cars, and crude oil, while exports increased 2.7% to a record \$273.4 billion, led by petroleum products, cars, and aircraft engines. Deficits widened with the EU (\$20.5 billion from \$17.1 billion), Germany (\$6.9 billion), France (\$2.2 billion), and Vietnam (\$11.3 billion). (Bureau of Economic Analysis)

For the Week

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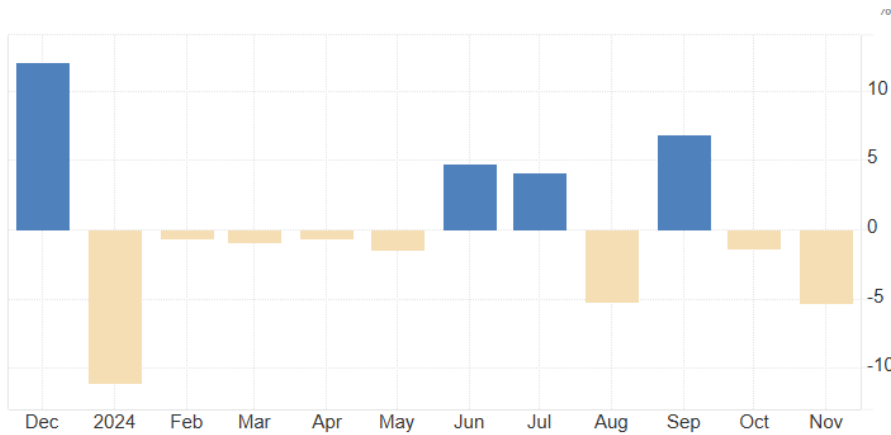
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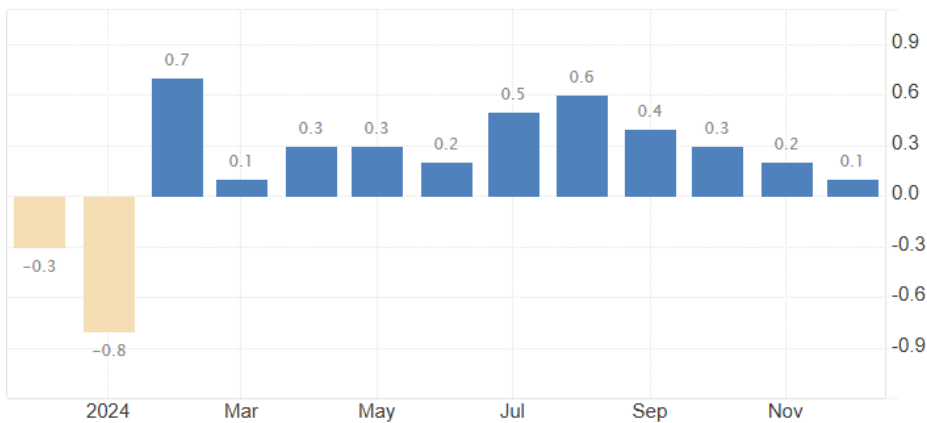
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Key Economic Figures



⇒ **Germany Factor Orders.** Germany's factory orders fell 5.4% month-on-month in November 2024, the steepest drop since August, missing expectations of no change. The decline was driven by a 58.4% plunge in orders for aircraft, ships, and trains, along with weaker demand for pharmaceuticals (-7.2%) and basic metals (-1.2%). Capital goods (-9.4%) and consumer goods (-7.1%) orders also fell, while intermediate goods rose 1.8%. Foreign orders dropped 10.8%, with sharp declines from both the Eurozone (-3.8%) and beyond (-14.8%), though domestic orders increased by 3.8%. Excluding large orders, new orders edged up 0.2% month-on-month (Federal Statistical Office)



⇒ **China Inflation Rate.** China's consumer prices rose just 0.1% year-on-year in December, matching analyst forecasts and marking the slowest pace in nine months. This followed 0.2% growth in November, highlighting persistent deflationary pressures despite policymakers' efforts to boost demand. In December, China announced plans to adopt a "moderately loose" monetary policy for the first time in 14 years to stimulate consumption and economic growth. (Bureau of Economic Analysis)

For the Week

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Market Outlook

What you need to know

- ⇒ The coming week will focus on will focus on U.S. CPI and PPI figures, providing insights into inflationary trends and potential Fed actions. Investors will also closely watch the retail sales data, which could indicate consumer sentiment and economic health. The upcoming mortgage rate data will offer further clues on housing market trends. In Europe, ECB Chief Economist Philip Lane's speech and industrial production data will be pivotal, as markets assess whether the ECB's easing policies are supporting growth. In APAC, China's trade balance and house price index will be in focus, as both could signal economic strength or weakness. These developments, particularly with core inflation trends in the US and Europe, may reinforce expectations for central banks to maintain a cautious stance, with inflationary pressures requiring continued focus while economic vulnerabilities persist.

- ⇒ The PSEi is poised to maintain its momentum below the 6,500 level this week due to pessimism around US Federal Reserve's tightening their monetary policy as job markets came in stronger-than-expected. This reignited fears of inflationary pressure for key sectors like holding firms, property, and industrial which stand to be in disadvantage from higher borrowing costs. However, valuations look attractive for some which may stimulate bargain hunting further. The peso's depreciation, if sustained, will likely extend the market's losses. Investors are eyeing the BSP's cash remittances figures and PSA's balance of trade data for further economic cues.

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