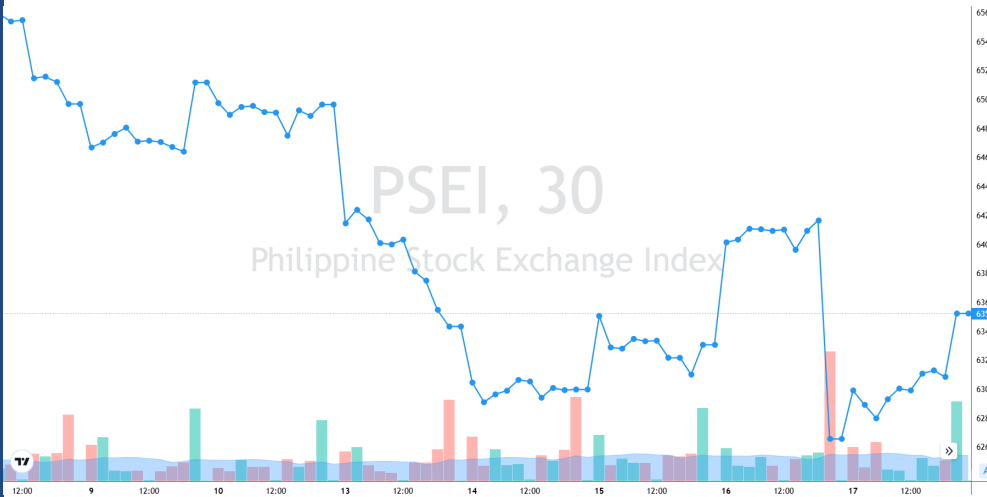




## Market Commentary



## INDICES

Index	Prev	Last	% Chg
PSEi	6,496.32	6,352.12	-2.22%
All Shares	3,754.85	3,703.73	-1.36%
Financial	2,203.07	2,172.38	-1.39%
Industrial	9,217.53	8,935.36	-3.06%
Holding Firms	5,540.02	5,329.67	-3.80%
Property	2,350.24	2,354.60	0.19%
Services	2,117.03	2,102.77	-0.67%
Mining & Oil	7,759.81	7,892.57	1.71%

⇒ **The View.** The PSEi decreased 144.20 points or 2.22% and finished a poor week at 6,352.12. Headline U.S. retail sales came lower-than-expected but core sales remained healthy, suggesting U.S. consumer spending held up during the holiday season, supported by wages outpacing prices. Underlying inflation pressures remain, with Americans continuing to face elevated living costs. Moreover, concerns over potential tariffs on imports under Trump's incoming administration further weakened market sentiment. Most sectors fell across the board led by Holding Firms (-3.80%) and Industrial (-3.06%). In the PSEi, CNVRG (+6.00%) and SCC (+2.73%) were the best performers, while MONDE (-13.38%) and URC (-12.89%) were the main laggards. Net foreign outflows strengthened to ₱3.32 billion, while the local currency strengthened WoW to ₱58.64 from ₱58.7 against the US dollar. Meanwhile, some developments last week were:

- Personal remittances from overseas Filipinos rose by 3.5% in November 2024 to \$3.12 billion, up from \$3.02 billion in November 2023, according to the Bangko Sentral ng Pilipinas (BSP). The increase was attributed to higher remittances from land- and sea-based workers. Cash remittances coursed through banks reached \$2.81 billion, a 3.3% rise from the previous year. From January to November 2024, personal remittances grew by 3% to \$34.61 billion, with cash remittances increasing to \$31.11 billion from \$30.21 billion in 2023. The United States, Saudi Arabia, Singapore, and the UAE were the largest contributors. The BSP projects a 3% growth in cash remittances for the full year.
- The Bangko Sentral ng Pilipinas (BSP) reported that Philippine banks' non-performing loan (NPL) ratio decreased to a two-month low of 3.54% in November 2024, down from 3.60% in October but slightly higher than the 3.41% recorded in November 2023. Gross NPLs totaled ₱520.53 billion, lower than October's ₱524.31 billion but exceeding the ₱454.28 billion recorded in November 2023. Economist Leonardo Lanzona attributed the decline to a market correction following October's high NPL rates, tempered BSP interest rate policies amid inflation concerns, and lower investments in real estate due to declining housing prices.

## PSEi

## TOP 10

CNVRG  
SCC  
LTG  
SMPH  
DMC  
MER  
EMI  
BPI  
ICT  
GLO

6.00%  
2.73%  
2.23%  
1.44%  
1.28%  
1.24%  
0.78%  
0.50%  
0.00%  
-0.43%

## BOTTOM 10

MONDE  
URC  
ACEN  
AC  
WLCON  
JFC  
PGOLD  
GTCAP  
MBT  
SM

-13.38%  
-12.89%  
-7.61%  
-6.20%  
-6.17%  
-5.87%  
-5.22%  
-4.50%  
-4.16%  
-4.02%

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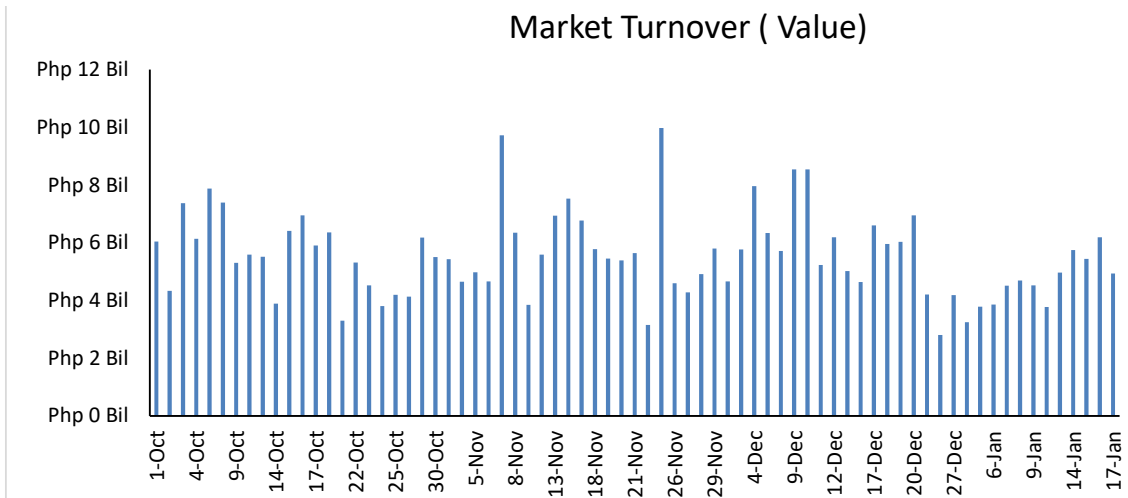
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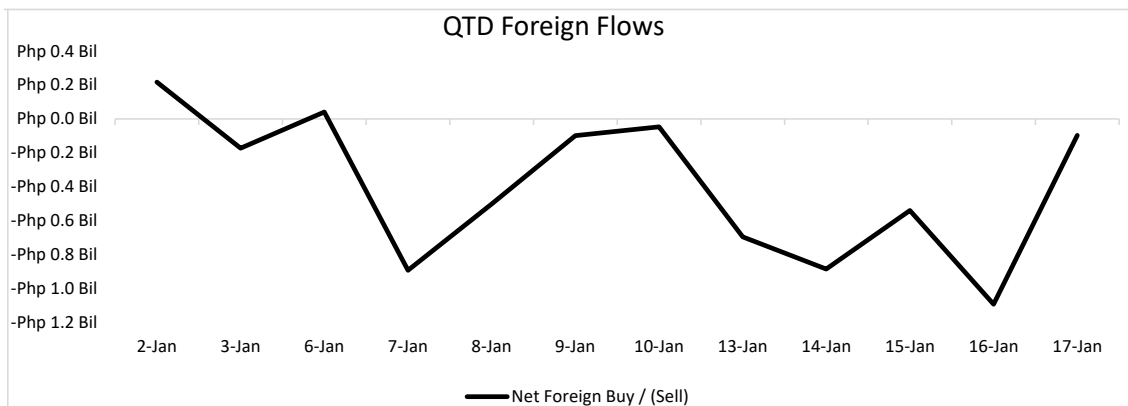
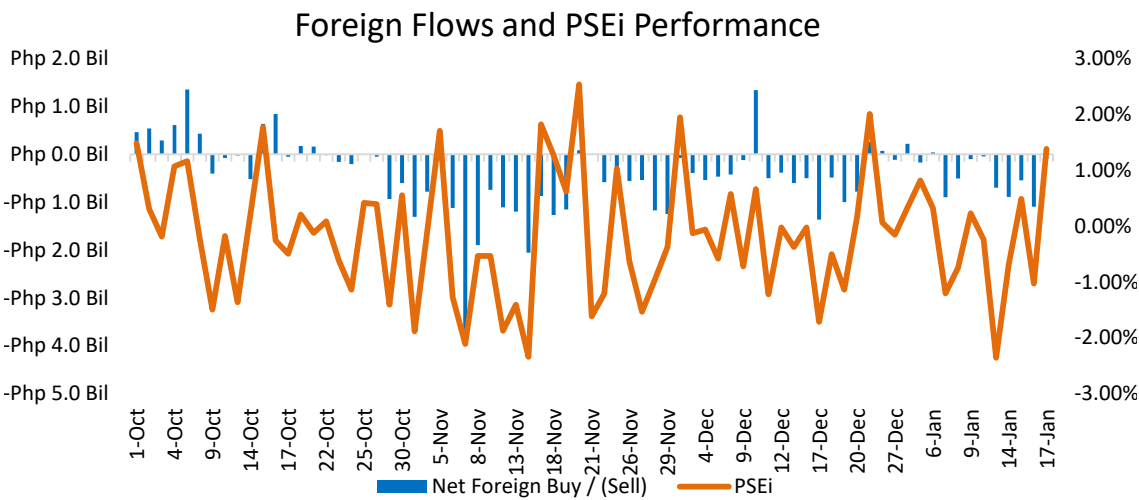
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⇒ Market turnover averaged ₱5.45 billion last week, higher than the ₱4.27 billion recorded in the previous week.



⇒ Foreigners posted a net loss of ₱3.32 billion, stronger than the ₱1.50 billion in the week before. The strong foreign outflows is likely to strengthen further if US monetary policy outlook continue to favor tighter conditions .



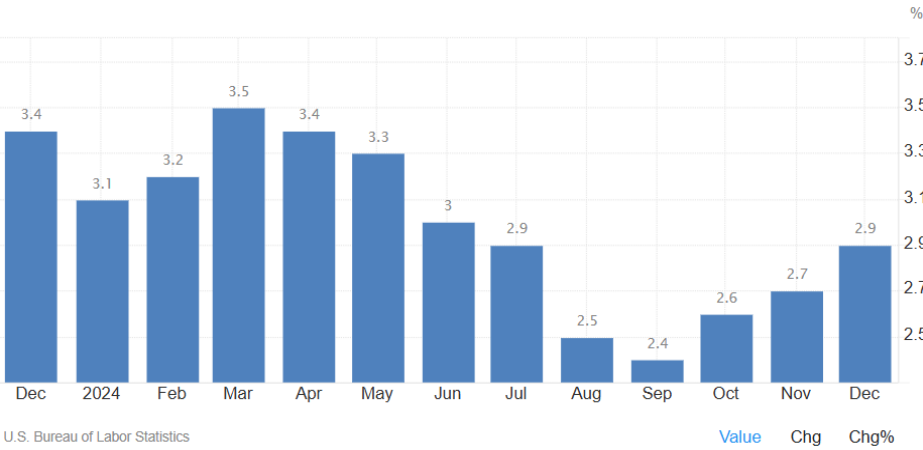
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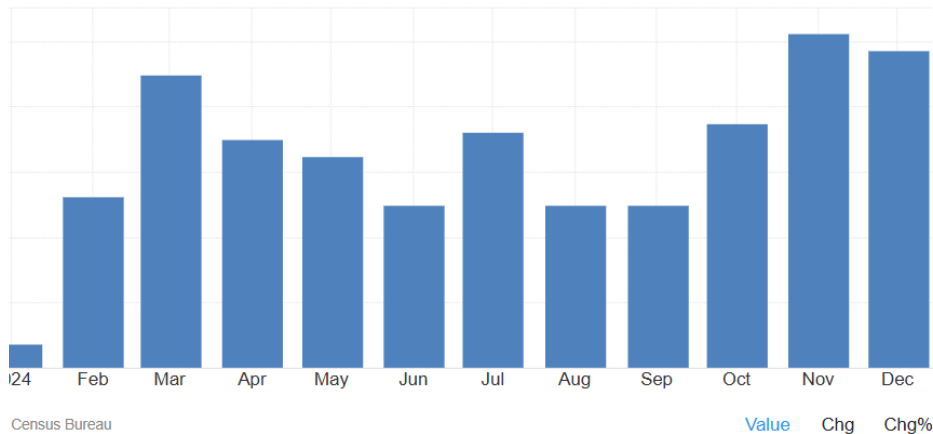
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## Key Economic Figures



⇒ **U.S. Inflation Rate.** U.S. inflation climbed to 2.9% in December 2024, up from 2.7% in November but in line with expectations. The increase was partly due to smaller declines in energy costs (-0.5% vs -3.2% in November) such as gasoline (-3.4% vs -8.1%) and natural gas (+4.9% vs +1.8%). Inflation also rose for food (+2.5% vs +2.4%) and transportation (+7.3% vs +7.1%), while slowing for shelter (4.6%) and used vehicles (-3.3%). On a monthly basis, CPI rose 0.4%, led by energy prices surging 2.6% and accounting for 40% of the increase, alongside rises in food (0.3%) and shelter (0.3%). (U.S. Bureau of Labor Statistics)



⇒ **U.S. Retail Sales YoY.** United States' retail sales climbed by 3.9% year-on-year in December 2024, weaker than November's upwardly revise rise of 4.1%. On the other hand, retail sales decelerated by 0.4% in December 2024 after an upwardly revise of 0.8% in November 2024. The increase was driven by motor vehicles bought, suggesting a still strong economy. Retailers of miscellaneous stores rose by 4.3% followed by sporting goods, hobby, and music instruments climbing by 2.6% and furniture stores by 2.3%. (U.S. Census Bureau)

## For the Week

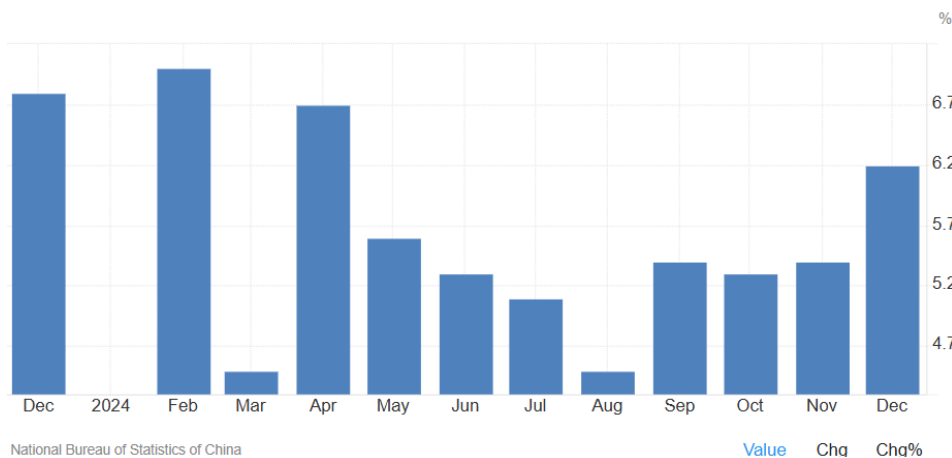
TOP GAINERS		TOP LOSERS	
SGP	19.44%	MONDE	-13.38%
PX	9.86%	URC	-12.89%
FNI	7.00%	ABS	-12.56%
STR	6.67%	SECB	-9.20%
PCOR	6.47%	HOME	-8.20%
CNVRG	6.00%	LPZ	-8.07%
IMI	5.33%	ACEN	-7.61%
PAL	3.54%	HOUSE	-6.46%
AB	3.01%	AC	-6.20%
MWIDE	2.77%	WLCON	-6.17%
SCC	2.73%	JFC	-5.87%
ROCK	2.70%	PGOLD	-5.22%
DD	2.43%	CHP	-4.79%
LTG	2.23%	CEB	-4.78%
RLC	2.02%	EEL	-4.58%
SSI	1.64%	GTAP	-4.50%
CLI	1.52%	UBP	-4.34%
SMPH	1.44%	FB	-4.29%
GTPPB	1.43%	MBT	-4.16%
DMC	1.28%	ION	-4.12%

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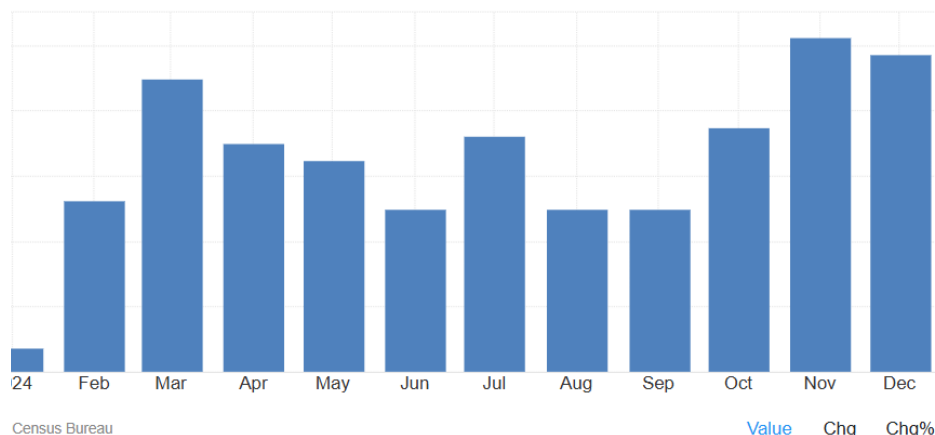
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## Key Economic Figures



⇒ **China Industrial Production.** China's industrial production grew 6.2% year-on-year in December 2024, up from 5.4% in November, marking its fastest growth since April. Manufacturing led the increase at 7.4%, driven by automotive production (17.7%), non-ferrous metal smelting (9.7%), and chemical products (9.4%), amid stimulus measures introduced in September. Mining slowed to 2.4%, and utilities grew 1.1%. For the full year, industrial output expanded 5.8%, but the uneven recovery, with retail sales lagging and domestic demand weak, underscores the economy's reliance on exports. Monthly growth also picked up, with output rising 0.64% in December, compared to 0.46% in November. (National Bureau of Statistics of China)



⇒ **China Retail Sales YoY.** China's retail sales grew 3.7% year-on-year in December 2024, up from 3.0% in November and slightly above forecasts of 3.5%. That said, it is slower than industrial production, suggesting subdued demand. Gains were led by household appliances (39.3%), sports and entertainment products (16.7%), and personal care (6.3%), while declines continued in beverages (-8.5%), jewelry (-1.0%), and petroleum products (-2.8%). Annual retail turnover rose 3.5%, with online sales up 7.2%, driven by food, clothing, and personal care, comprising 26.8% of total retail trade. (U.S. Census Bureau)

## For the Week

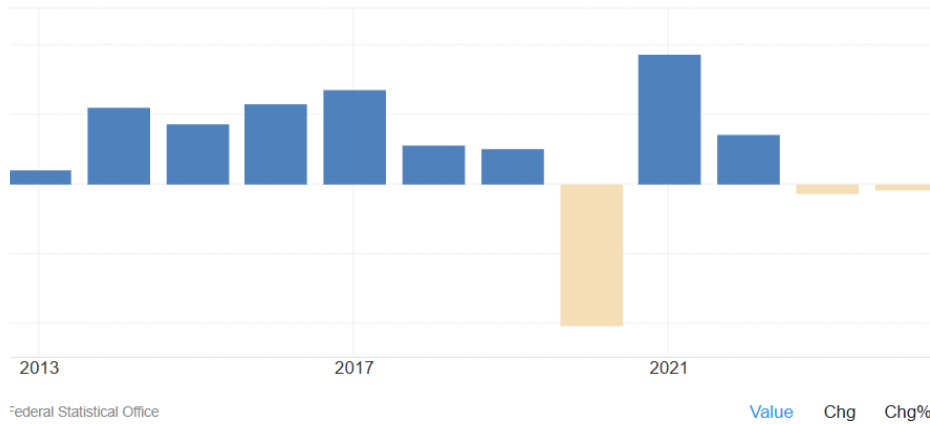
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LTG	2.23%	CEB	-4.78%
RLC	2.02%	EEL	-4.58%
SSI	1.64%	GTCAP	-4.50%
CLI	1.52%	UBP	-4.34%
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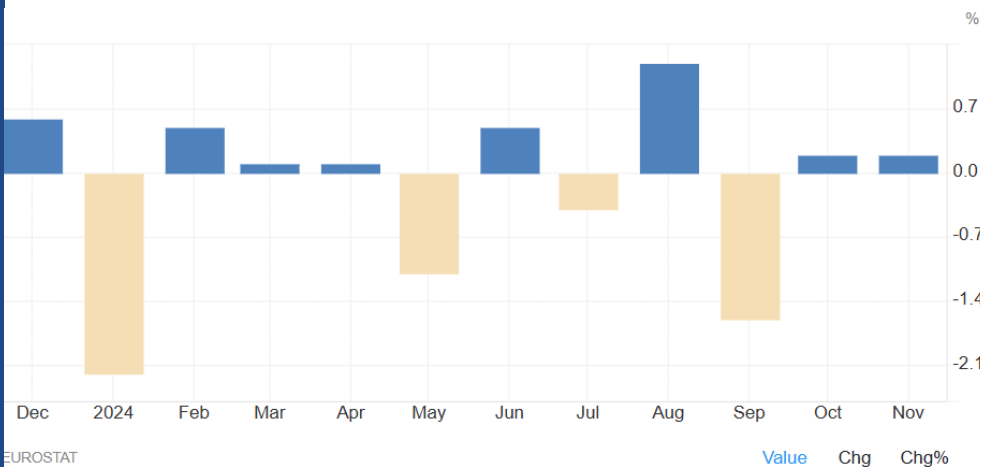
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## Key Economic Figures



⇒ **Germany Full Year GDP Growth.** Germany's GDP contracted by 0.2% in 2024, following a 0.3% decline in 2023. Manufacturing experienced a decrease in output at 3%, with notable drops in machinery and automotive, while construction decreased 3.8%. Services grew 0.8%, driven by a 2.5% rise in information and communication, though trade and transport stagnated. Household consumption rose 0.3%, government spending increased 2.6%, and exports declined 0.8% as imports edged up 0.2%. (Federal Statistical Office)



⇒ **Euro Area Industrial Production MoM.** In November 2024, seasonally adjusted industrial production increased by 0.2% in the euro area and 0.1% in the EU compared to October, following respective growth rates of 0.2% and 0.4% in October. However, year-over-year figures show a decline of 1.9% in the euro area and 1.7% in the EU. (Eurostat)

## For the Week

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## Market Outlook

### What you need to know

- ⇒ The coming week will focus on U.S. net capital outflows, mortgage rate trends, weekly jobless claims, and home sales data, offering key insights into financial flows, housing market conditions, and labor market resilience. In Japan, industrial production and inflation rates will be closely monitored to evaluate manufacturing strength and price pressures amid global challenges. In Britain, the unemployment rate will be a focal point for assessing labor market stability alongside inflationary trends. For the European Union, construction output and the consumer confidence flash will provide a broader view of economic sentiment and activity in the region. Meanwhile, Canada's inflation rate will be crucial for gauging price stability and shaping expectations for monetary policy adjustments. These developments, coupled with inflationary pressures and signs of economic vulnerabilities globally, are likely to reinforce expectations for central banks to carefully balance inflation control with efforts to sustain growth.
- ⇒ The PSEi is poised to maintain its momentum below the 6,500 level this week but market participants may look for bargain opportunities amid economic uncertainties. Adding to the cautious sentiment, former US President Donald Trump's renewed tariff protectionism stance poses risks to global trade, particularly for export-driven economies like the Philippines. Moreover, while the peso's appreciated this week, there's still concerns for potential depreciation to ₱60:\$1, fueled by rising global interest rates and a widening trade deficit. Investors are eyeing PSA's balance of trade, exports, and imports growth data for further economic cues.

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