



## Market Commentary



## INDICES

Index	Prev	Last	% Chg
<b>PSEi</b>	6,352.12	6,296.20	-0.88%
<b>All Shares</b>	3,703.73	3,681.34	-0.60%
<b>Financial</b>	2,172.38	2,165.78	-0.30%
<b>Industrial</b>	8,935.36	8,862.96	-0.81%
<b>Holding Firms</b>	5,329.67	5,340.92	0.21%
<b>Property</b>	2,354.60	2,307.64	-1.99%
<b>Services</b>	2,102.77	2,060.39	-2.02%
<b>Mining &amp; Oil</b>	7,892.57	7,813.77	-1.00%

⇒ **The View.** The PSEi decreased 55.92 points or 0.88% and finished a poor week at 6,296.20. U.S. existing home sales rose in December 2024, reflecting a solid recovery despite high mortgage rates, while jobless claims remained steady, signaling a resilient labor market. Moreover, concerns over Trump's promised tariffs on imports from Canada and Mexico turned the market sentiment cautious. Most sectors fell across the board led by Services (-2.02%) and Property (-1.99%), with Holding Firm (+0.21%) being the sole gainer. In the PSEi, MONDE (+3.09%) and DMC (+2.72%) were the best performers, while JGS (-6.72%) and BLOOM (-5.91%) were the main laggards. Net foreign outflows weakened to ₱1.97 billion, while the local currency is up marginally WoW to ₱58.31 from ₱58.52 against the US dollar. Meanwhile, some developments last week were:

- The Philippines' trade deficit remained at \$4.8 billion in November 2024, unchanged from the previous year. Exports fell 8.7% year-on-year to \$5.7 billion, driven by sharp declines in electronic products by 20.8% and refined copper cathodes by 43.9%. U.S. accounted for 16.5% of exports, followed by Japan at 14.2% and China at 12.9%. Imports dropped 4.9% to \$10.5 billion due to lower purchases of mineral fuels, down 24.4%, and transport equipment, down 30.1%. China was the largest source of imports at 25.7%, followed by Indonesia at 8.4% and Japan at 7.8%. From January to November, the trade deficit expanded to \$50 billion from \$48.4 billion in the same period last year.
- Starting February 3, 2025, AREIT Inc., the country's first real estate investment trust, will join the Philippine Stock Exchange Index (PSEi), marking the first inclusion of a REIT in the 30-company benchmark. China Banking Corporation will also return to the PSEi after nearly 14 years. The changes stem from the PSE's January to December 2024 review, replacing Nickel Asia Corporation and Wilcon Depot, Inc., which will move to the MidCap index.

## PSEi

## TOP 10

MONDE  
DMC  
BPI  
AEV  
LTG  
SCC  
SM  
EMI  
PGOLD  
TEL

3.09%  
2.72%  
2.47%  
2.37%  
2.00%  
1.96%  
1.20%  
0.55%  
0.53%  
0.46%

## BOTTOM 10

JGS  
BLOOM  
WLCON  
CNPFF  
ICT  
BDO  
SMPH  
URC  
ACEN  
ALI

-6.72%  
-5.91%  
-5.46%  
-4.14%  
-3.46%  
-3.10%  
-3.05%  
-2.48%  
-2.47%  
-2.33%

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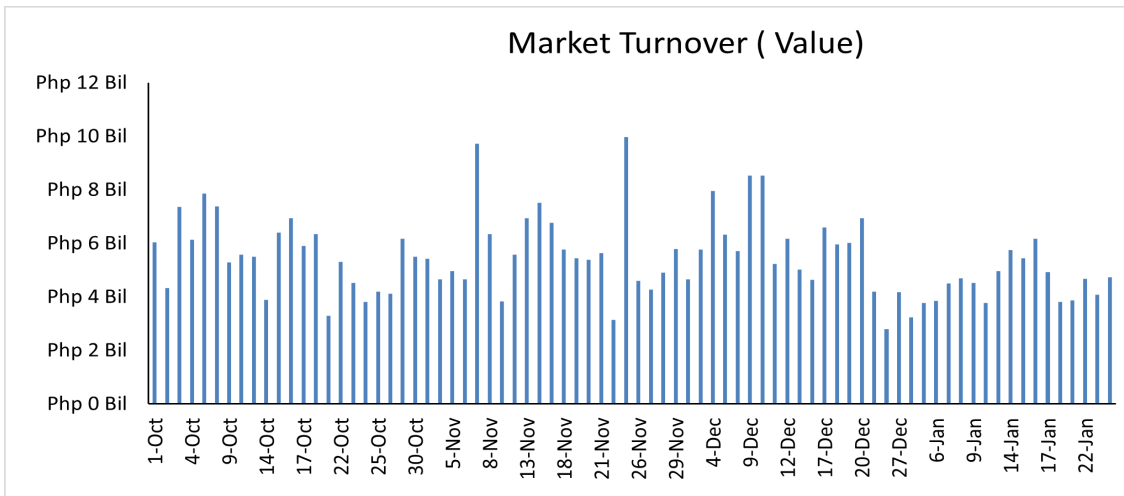
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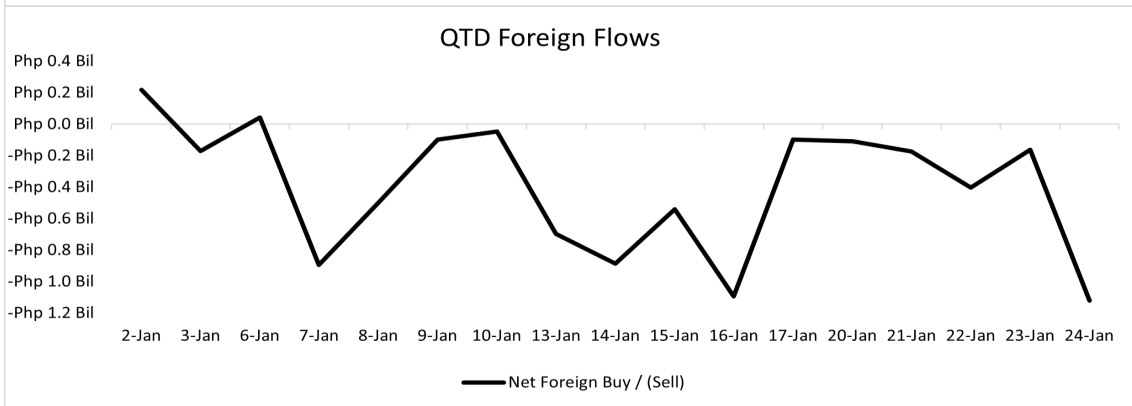
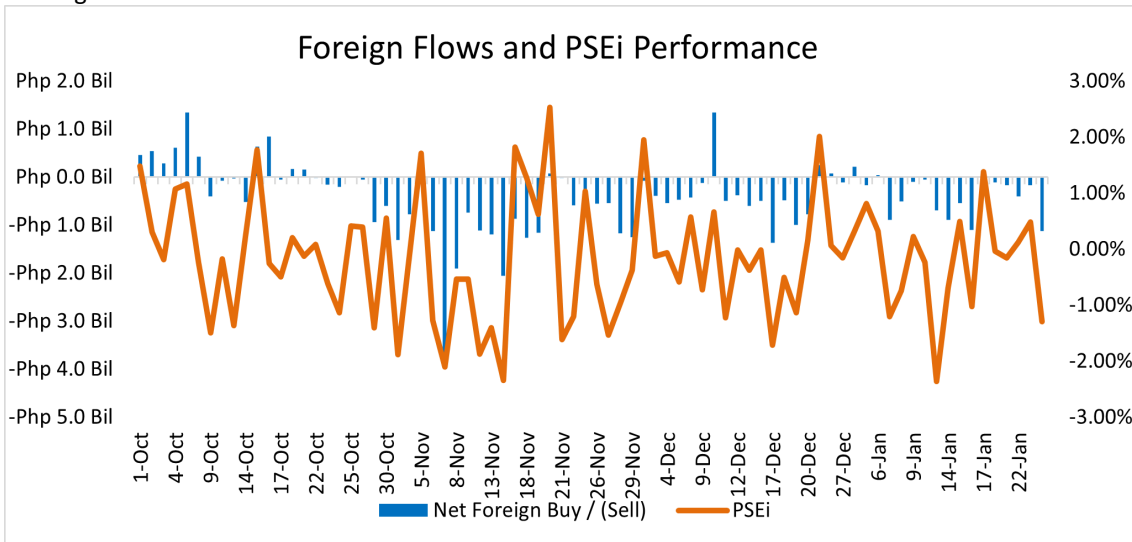
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⇒ Market turnover averaged ₱4.24 billion last week, lower than the ₱5.45 billion recorded in the previous week.



⇒ Foreigners posted a net loss of ₱1.97 billion, weaker than the ₱3.32 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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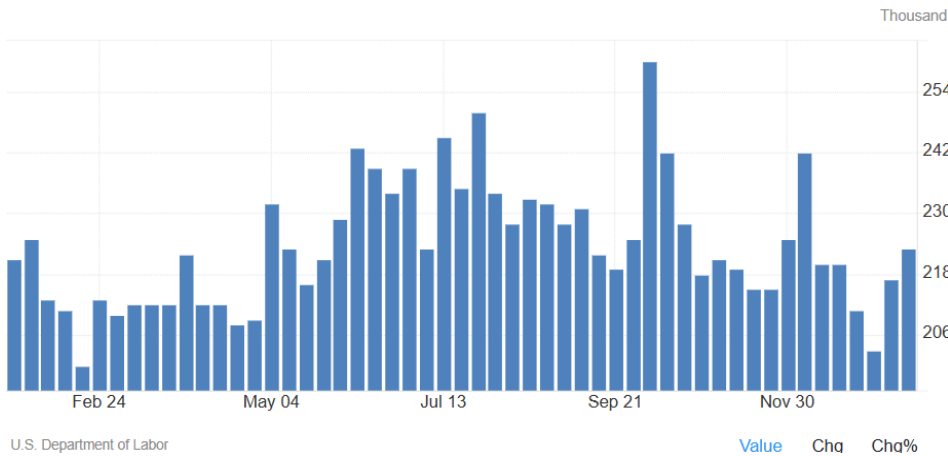
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## Key Economic Figures

## For the Week

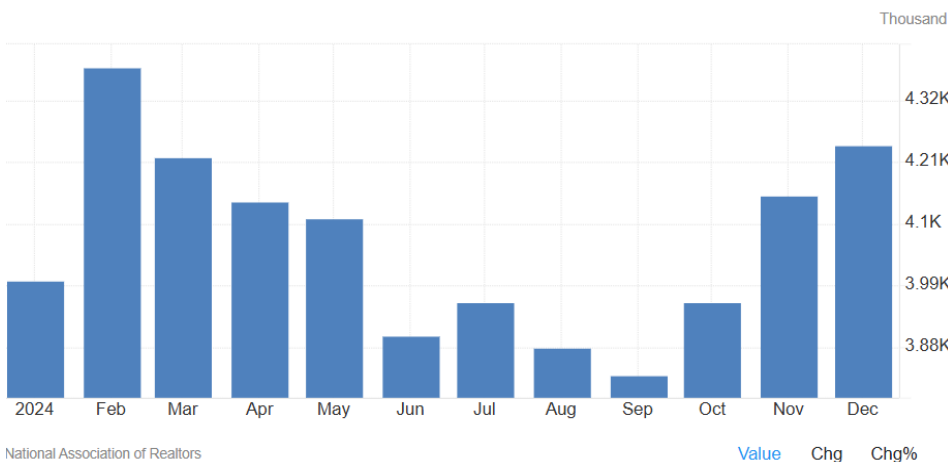


⇒ **U.S. Initial Jobless Claims.** Initial jobless claims in the US increased by 6,000 to 223,000 in the week ending January 18th, exceeding market expectations of 220,000. This marks the sharpest rise in six weeks. Continuing claims climbed by 46,000 to 1,899,000, the highest since November 2021, suggesting that unemployed individuals are taking longer to secure new jobs. The trend underscores the impact of restrictive Federal Reserve interest rates on the labor market. The four-week moving average for initial claims, which smooths out weekly fluctuations, edged up by 750 to 213,500. Meanwhile, non-seasonally adjusted claims fell sharply by 68,135 to 284,222. (U.S. Department of Labor)

## TOP GAINERS

## TOP LOSERS

APX	4.95%	CHP	-15.64%
PAL	4.43%	FLI	-7.89%
HOME	3.57%	MWIDE	-7.69%
AB	3.57%	SGP	-6.98%
ABS	3.45%	JGS	-6.72%
RCB	3.10%	BLOOM	-5.91%
MONDE	3.09%	WLCON	-5.46%
DMC	2.72%	EEL	-5.11%
HOUSE	2.62%	IMI	-5.06%
BPI	2.47%	FNI	-4.67%
AEV	2.37%	GMA7	-4.62%
LR	2.26%	CNPF	-4.14%
LTG	2.00%	PCOR	-4.05%
SCC	1.96%	PIZZA	-3.50%
STR	1.87%	ICT	-3.46%
MWC	1.84%	DMW	-3.41%
EW	1.72%	BDO	-3.10%
FB	1.49%	SMPH	-3.05%
AP	1.39%	SHLPH	-2.78%
SM	1.20%	SEVN	-2.64%



⇒ **U.S. Existing Home Sales.** Existing home sales in the US increased by 2.2% in December 2024 to an annualized rate of 4.38 million units, the highest since February 2024, signaling a solid recovery despite elevated mortgage rates. This marks the third consecutive month of year-over-year growth, driven by consumer confidence in the long-term benefits of homeownership, supported by job and wage gains and increased inventory. However, total housing inventory dropped 13.5% from November to 1.15 million units, representing 3.3 months of supply at the current sales pace. (U.S. Census Bureau)

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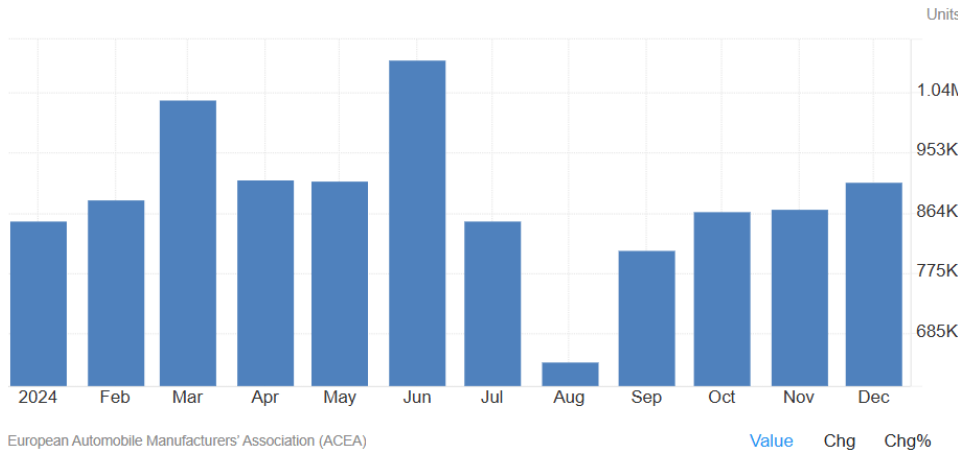
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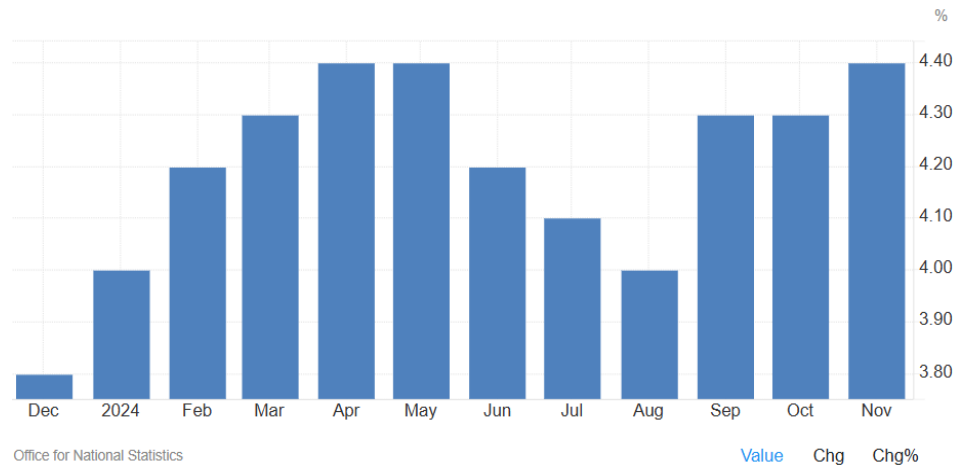
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## Key Economic Figures



⇒ **Euro Area New Car Registration YoY.** EU passenger car registrations rose 5.1% year-on-year in December 2024 to 910,505 units, led by Spain's 28.8% growth, while Germany and Italy saw declines. BEV registrations dropped 10.2%, with market share at 15.9%, driven by steep declines in Germany (-38.6%) and France (-20.7%). For 2024, total car registrations grew 0.8% to 10.6 million units, but BEV registrations fell 5.9%, reducing their market share to 13.6%. (European Automobile Manufacturer's Association)



⇒ **United Kingdom Unemployment Rate.** The UK unemployment rate rose to 4.4% from September to November 2024, the highest since May, driven by an increase in short-term and long-term unemployment. Employment rose by 35,000 to 33.78 million, with gains in full-time and self-employed workers, while those with second jobs declined to 3.7% of all employed. The economic activity rate edged down to 21.6% from 21.7%. (Office for National Statistics)

## For the Week

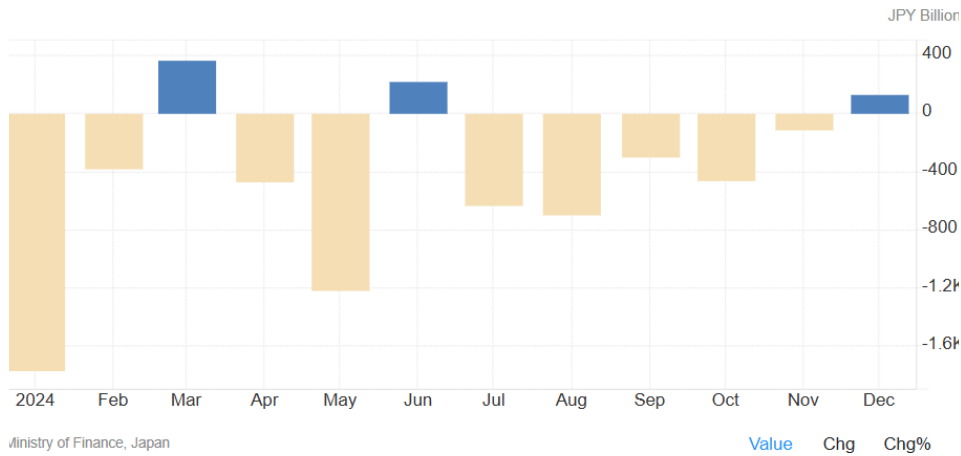
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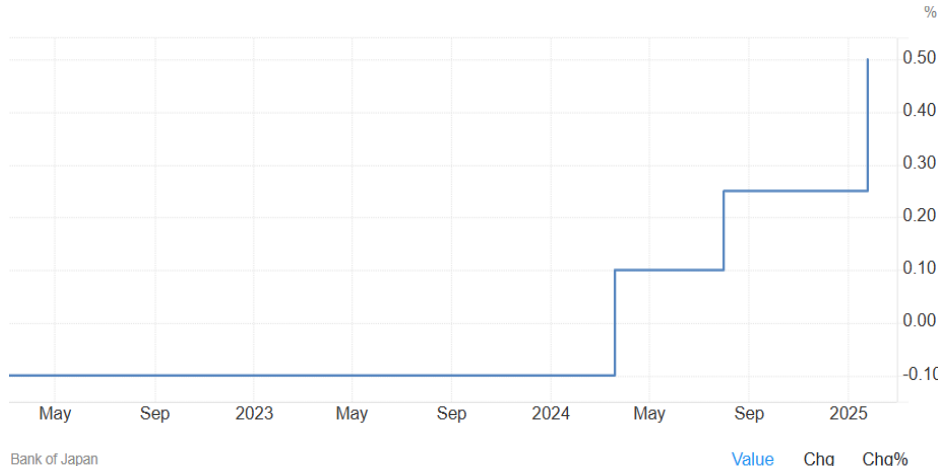
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## Key Economic Figures



⇒ **Japan Balance of Trade.** Japan's trade surplus surged to ¥130.94 billion in December 2024, significantly outperforming market expectations of a ¥55 billion deficit and marking the first trade gain since June. Exports rose 2.8% year-on-year to a record ¥9,910.60 billion, exceeding the forecasted 2.3% growth and marking the third consecutive monthly increase. Imports increased by 1.8% to ¥9,779.67 billion, rebounding from November's 3.8% decline but falling short of the expected 2.3% growth. For 2024, Japan recorded a trade deficit of ¥5,332.56 billion, a substantial improvement from the ¥9,522.07 billion shortfall in 2023. (Ministry of Finance)



⇒ **Japan Interest Rate.** The Bank of Japan raised its key short-term interest rate by 25 basis points to 0.5%, the highest in 17 years, citing steady inflation progress and wage hike momentum. This marks the third rate increase since ending negative interest rates in March 2024, with the central bank signaling further hikes and reduced monetary support if economic conditions align with forecasts. (The Bank of Japan)

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## Market Outlook

### What you need to know

- ⇒ The coming week will focus on U.S. new home sales, building permits, durable goods orders, consumer confidence, and GDP growth rate will provide insights into housing demand, business investments, consumer sentiment, and overall economic performance. In Asia, China's Manufacturing PMI will offer a snapshot of the manufacturing sector, while Japan's consumer confidence, Tokyo Core CPI, and unemployment rate will highlight domestic economic sentiment, inflation, and labor market health. In Europe, the Eurozone GDP growth rate and unemployment rate will track the region's economic performance and labor market conditions, with Germany's inflation data reflecting price pressures in Europe's largest economy, and Great Britain's car production figures offering a look into the UK's manufacturing sector. These indicators are expected to shape expectations for economic growth, inflation, and central bank policies.
- ⇒ The PSEi is expected to experience volatility around the 6,300 levels this week with fluctuations pushing it above and below this threshold. Market participants may remain cautious after National Economic and Development Authority Secretary Arsenio M. Balisacan expressed concerns that the country may struggle to achieve even the lower end of its 6% to 6.5% GDP growth target due to the impact of last year's typhoons. Additionally, concerns over recent pronouncements by the US administration regarding tariffs on Canada and Mexico, OPEC+ developments, and interest rate policies may further weigh on investor sentiment.

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