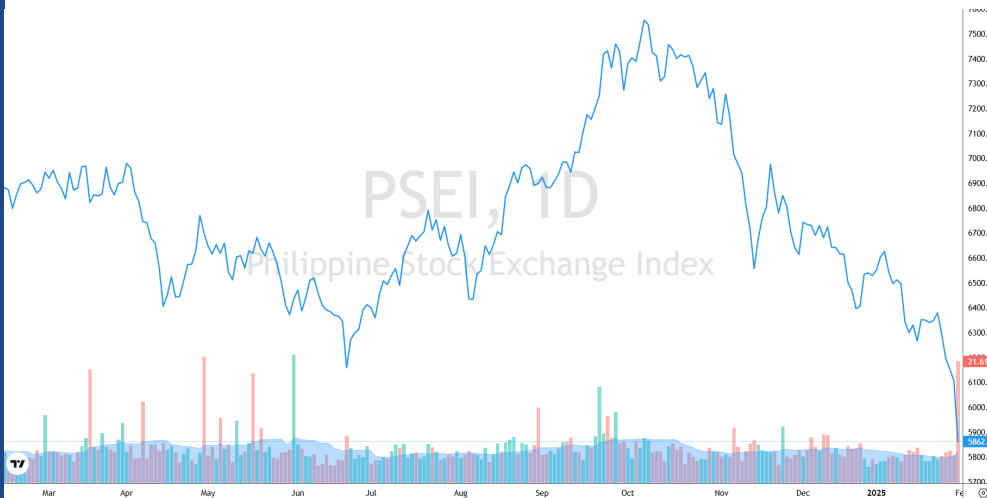




Market Commentary



INDICES

Index	Prev	Last	% Chg
PSEI	6,296.20	5,862.59	-6.89%
All Shares	3,681.34	3,520.32	-4.37%
Financial	2,165.78	2,173.00	0.33%
Industrial	8,862.96	8,155.98	-7.98%
Holding Firms	5,340.92	4,909.81	-8.07%
Property	2,307.64	2,203.81	-4.50%
Services	2,060.39	1,941.92	-5.75%
Mining & Oil	7,813.77	6,892.13	-11.80%

⇒ **The View.** The PSEI decreased 433.61 points or 6.89% and finished a poor week at 5,862.59. U.S. growth slowed in Q4 2024 as investment and trade weakened, leaving consumer spending to drive momentum. Businesses remain cautious amid uncertainty. This suggests a shift toward consumer-driven growth, with firms hesitant to expand amid economic uncertainty. Moreover, concerns over Trump's tariffs on imports from Canada and Mexico turned the market sentiment cautious. Most sectors fell across the board led by Mining & Oil (-11.80%) and Holding Firms (-8.07%), with Financial (+0.33%) being the sole gainer. In the PSEI, only TEL (+3.00%) (+2.72%) were the best performer, while AGI (-30.56%) and NIKL (-30.23%) were the main laggards. Net foreign outflows weakened to ₱209.70 million, while the local currency is up marginally WoW to ₱58.365 from ₱58.435 against the US dollar. Meanwhile, some developments last week were:

- The Philippine economy expanded by 5.2% year-on-year in fourth quarter 2024, maintaining the same pace as the previous quarter but missing the 5.4% forecast. This marks the slowest growth since second quarter 2023, as household spending and fixed investments moderated to 4.7% and 4.8%, respectively. Government spending, however, surged 9.7%, up from 5% in third quarter. Net trade remained stable, with both exports and imports rising 3.2%, reversing the previous quarter's export decline. On the production side, industry growth slowed to 4.4%, while services expanded at a faster 6.7% pace, and agriculture, forestry, and fishing continued to contract at -1.8%. Overall, the economy grew 5.6% in 2024, falling short of the government's 6% to 6.5% target.
- Producer prices in the Philippines is up by 0.2% year-on-year in December 2024, marking a second consecutive month of growth but decelerating from November's revised 0.4% rise. The slowdown was largely driven by weaker price gains in food products (1.7% vs. 2.4%), which accounted for 29.8% of the deceleration. Price growth also eased for transport equipment (1.1% vs. 2.1%), basic metals (1.5% vs. 3.2%), and wearing apparel (0.9% vs. 1.7%). On a monthly basis, producer prices declined by 0.2%, reversing the previous month's 0.6% increase. For the full year, factory costs fell by 0.7%, reflecting broader price pressures in the manufacturing sector.

PSEI

TOP 10

TEL
MBT
BDO
SMPH
GLO
DMC
AC
LTG
SCC
MONDE

3.00%
-1.77%
-2.06%
-2.94%
-2.99%
-3.88%
-4.23%
-4.82%
-4.95%
-5.14%

BOTTOM 10

AGI
NIKL
SMC
PGOLD
ACEN
CNPFF
GTCAP
EMI
ALI
JFC

-30.56%
-30.23%
-21.63%
-12.72%
-12.68%
-12.11%
-12.08%
-11.58%
-11.51%
-10.34%

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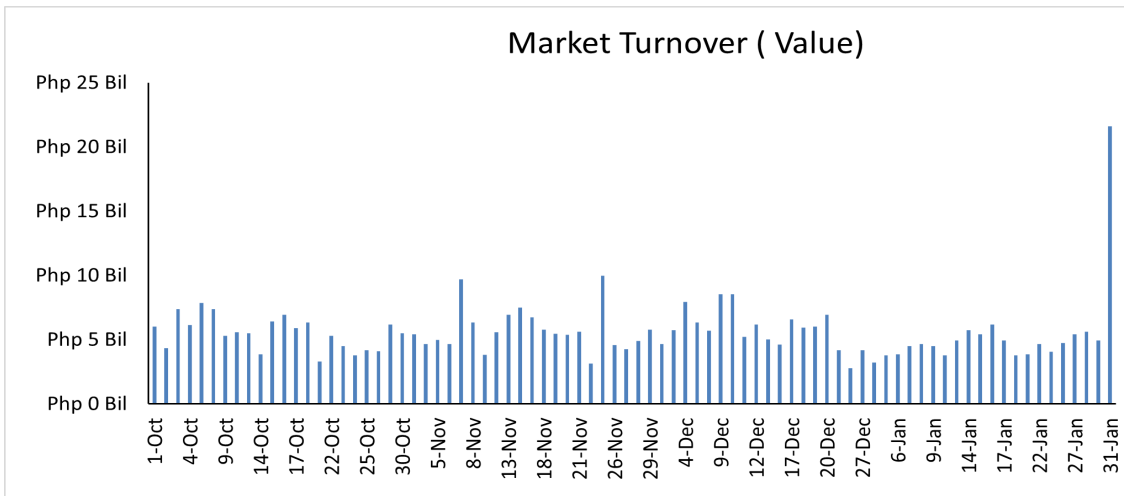
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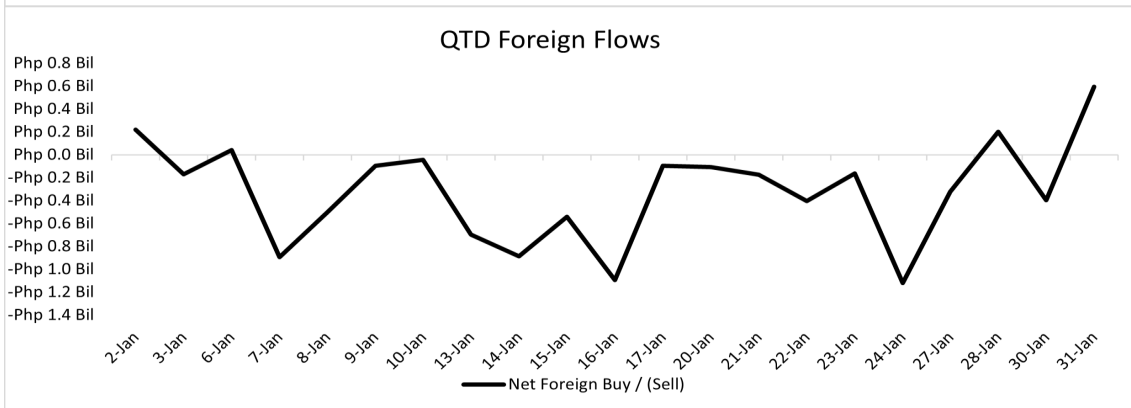
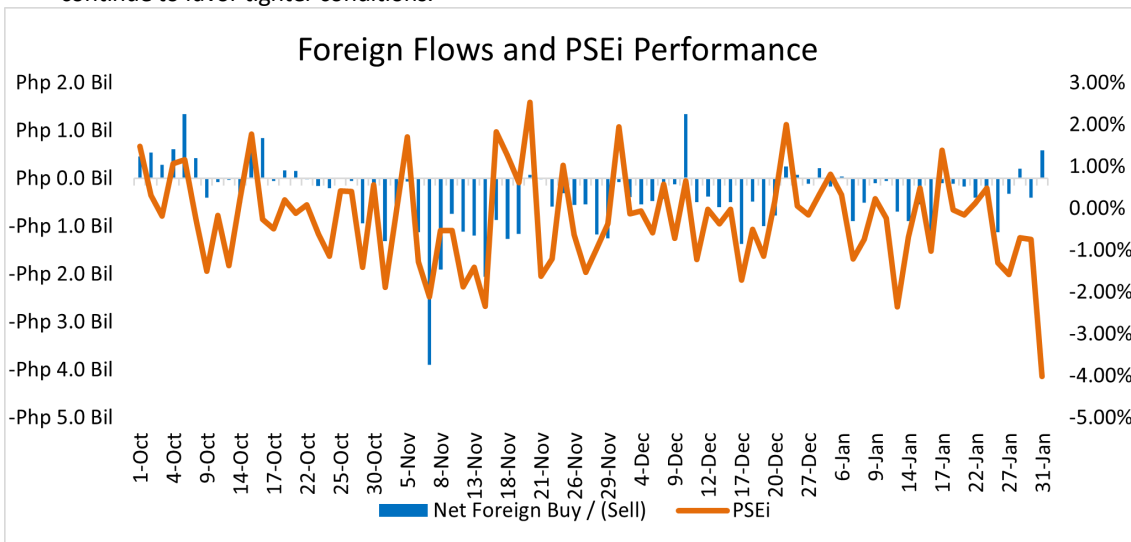
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⇒ Market turnover averaged ₱9.41 billion last week, higher than the ₱4.24 billion recorded in the previous week.



⇒ Foreigners posted a net inflow of ₱72.82 million, stronger than the net outflow of ₱1.97 billion in the week before. The strong foreign outflows is likely to strengthen further if US monetary policy outlook continue to favor tighter conditions.



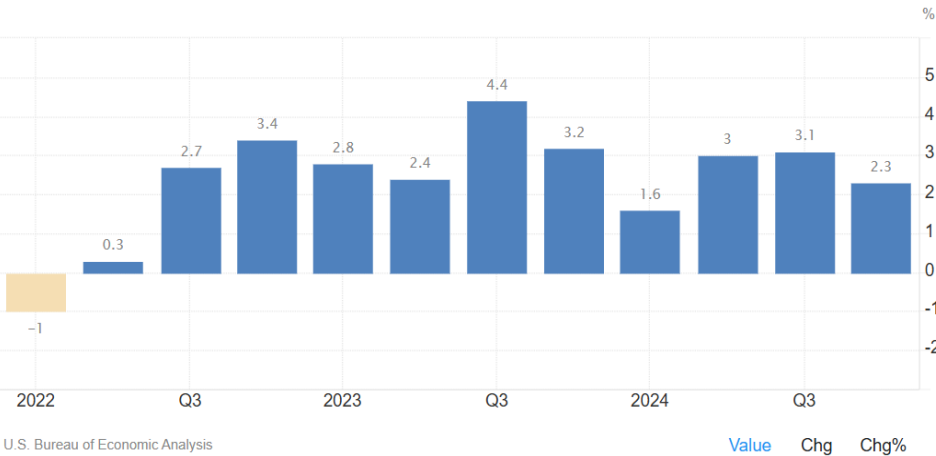
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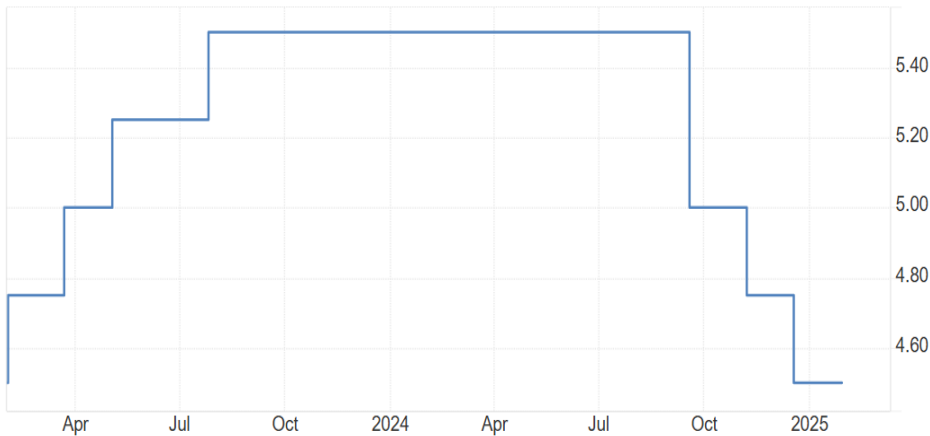
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Key Economic Figures



⇒ **U.S. GDP Growth Rate.** The US economy grew 2.3% in Q4 2024, its slowest pace in three quarters, down from 3.1% in Q3 and below the 2.6% forecast. Growth was driven by a 4.2% rise in personal consumption, while fixed investment declined for the first time since early 2023. Private inventories dragged on growth, and both exports and imports contracted. Government spending also slowed. For the full year, the economy expanded 2.8%. The slowdown in Q4 reflects weaker trade and investment, despite strong consumer spending. (U.S. Bureau of Economic Analysis)



⇒ **U.S. Existing Home Sales.** The Federal Reserve kept the fed funds rate unchanged at 4.25% to 4.5% during its January 2025 meeting, as expected. After three rate cuts in 2024, Chair Powell emphasized that the Fed is not rushing to lower rates, preferring to assess further inflation progress. Policymakers noted solid economic expansion, stable low unemployment, and a strong labor market. However, inflation remains elevated, and the Fed removed its previous reference to progress toward the 2% target. The central bank also acknowledged the uncertain economic outlook and is focused on risks to both sides of its dual mandate. (Federal Reserve)

For the Week

TOP GAINERS

CHIB	33.81%
AB	7.98%
DMW	3.92%
HOUSE	3.83%
CEB	3.57%
ROCK	3.29%
RCB	3.21%
SMC2C	3.18%
TEL	3.00%
PX	2.83%
PIZZA	2.33%
MRSGI	1.67%
FLI	1.43%
RFM	1.02%
COSCO	0.38%
EEI	0.32%
DDPR	0.10%
DNL	0.00%
TUGS	0.00%
RRHI	0.00%

TOP LOSERS

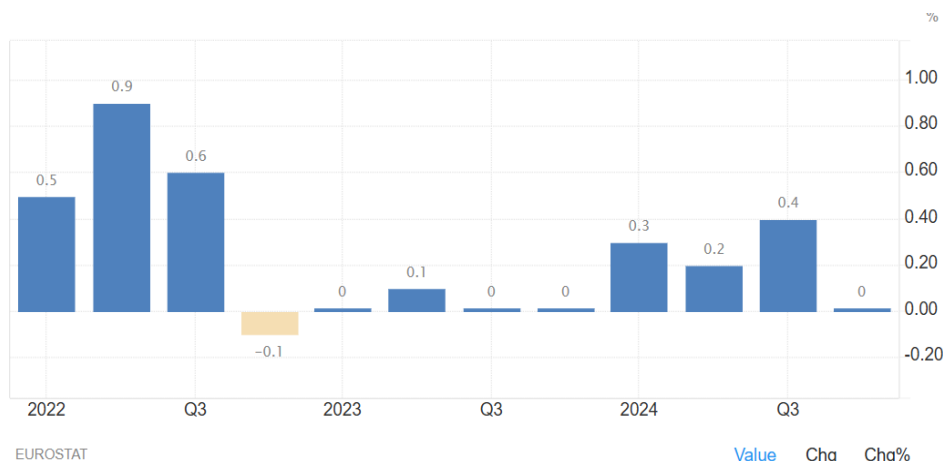
AGI	-30.56%
NIKL	-30.23%
SMC	-21.63%
PAL	-13.10%
PGOLD	-12.72%
ACEN	-12.68%
CNPF	-12.11%
GTCAP	-12.08%
SGP	-11.83%
EMI	-11.58%
ALI	-11.51%
ABS	-11.30%
JFC	-10.34%
BLOOM	-10.21%
WLCON	-10.16%
ICT	-9.14%
URC	-9.12%
JGS	-9.11%
MER	-7.82%
SM	-7.69%

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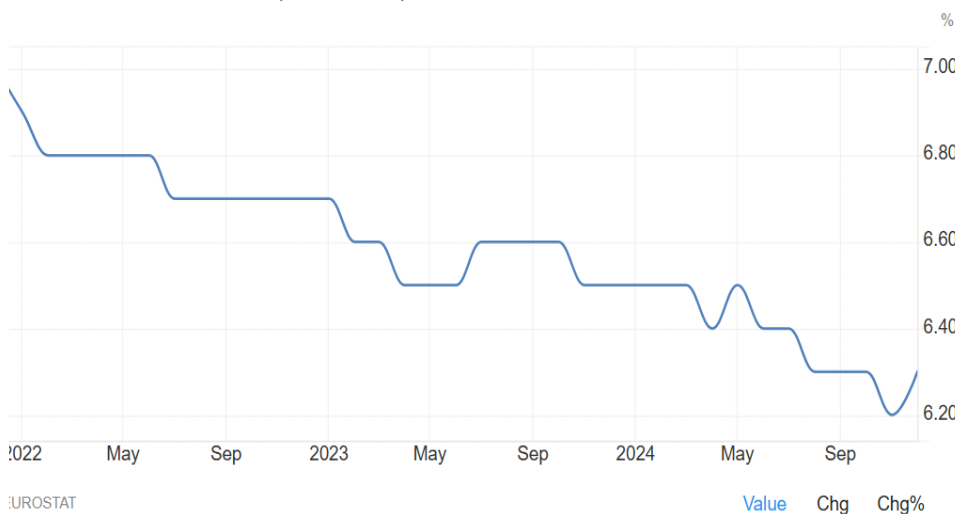
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Key Economic Figures



⇒ **Euro Area GDP Growth Rate.** The Eurozone economy unexpectedly stalled in Q4 2024, showing no growth after a 0.4% rise in Q3 and an expected 0.1% expansion. The largest economies, Germany and France, contracted by 0.2% and 0.1%, respectively, while Italy stagnated for the second quarter in a row. Ireland's GDP dropped by 1.3%, and Austria's economy remained flat. However, Spain, Portugal, and Lithuania recorded strong growth, while Belgium and Estonia saw modest gains. Year-on-year, the Eurozone GDP grew 0.9%, slightly missing the 1% forecast. For the full year, the economy expanded by 0.7%, up from 0.4% in 2023. (EUROSTAT)



⇒ **Euro Area Unemployment Rate.** The Euro Area's unemployment rate rose to 6.3% in December 2024, up from a revised low of 6.2% in November, in line with expectations. Unemployment increased by 96,000 to a three-month high of 10.83 million. The youth unemployment rate eased to 14.8%. Spain had the highest unemployment at 10.6%, while Germany had the lowest at 3.4%. The rate was 6.5% a year earlier. (EUROSTAT)

For the Week

TOP GAINERS		TOP LOSERS	
CHIB	33.81%	AGI	-30.56%
AB	7.98%	NIKL	-30.23%
DMW	3.92%	SMC	-21.63%
HOUSE	3.83%	PAL	-13.10%
CEB	3.57%	PGOLD	-12.72%
ROCK	3.29%	ACEN	-12.68%
RCB	3.21%	CNPF	-12.11%
SMC2C	3.18%	GTCAP	-12.08%
TEL	3.00%	SGP	-11.83%
PX	2.83%	EMI	-11.58%
PIZZA	2.33%	ALI	-11.51%
MRSGI	1.67%	ABS	-11.30%
FLI	1.43%	JFC	-10.34%
RFM	1.02%	BLOOM	-10.21%
COSCO	0.38%	WLCON	-10.16%
EEI	0.32%	ICT	-9.14%
DDPR	0.10%	URC	-9.12%
DNL	0.00%	JGS	-9.11%
TUGS	0.00%	MER	-7.82%
RRHI	0.00%	SM	-7.69%

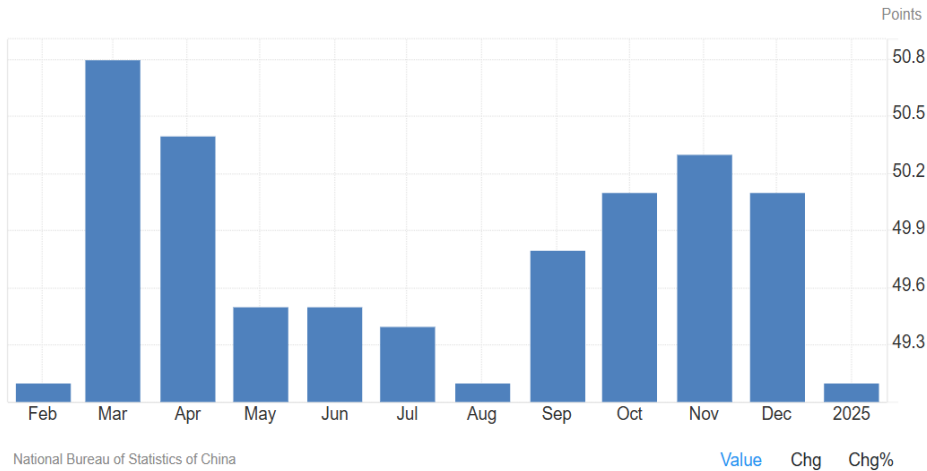
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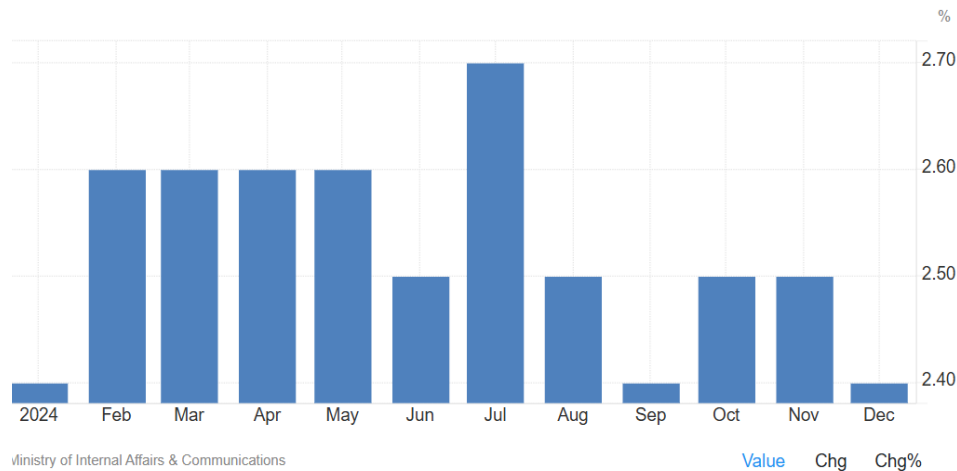


Key Economic Figures

For the Week



⇒ **China NBS Manufacturing PMI.** China's official NBS Manufacturing PMI fell to 49.1 in January 2025, below expectations and December's 50.1, signaling the first contraction in the sector since September and the sharpest decline in five months. Output shrank for the first time in five months, while new orders and buying activity also dropped. Foreign orders and employment remained weak, though delivery times slightly shortened. Input and selling prices fell, but at a softer pace. Despite these challenges, confidence improved to a ten-month high. (National Bureau of Statistics of China)



⇒ **Japan Unemployment Rate.** Japan's unemployment rate fell to 2.4% in December 2024, down from 2.5% in November and beating market expectations. The number of unemployed increased by 20,000 to 1.70 million, while employment rose by 140,000 to a record 68.22 million. The labor force grew by 140,000 to 69.94 million, and those detached from the labor force decreased by 200,000 to 39.84 million. The labor force participation rate increased to 63.4%, and the jobs-to-applications ratio held steady at 1.25, its highest level in six months. (Ministry of Internal Affairs & Communications)

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%

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Market Outlook

What you need to know

- ⇒ The coming week will focus on U.S. manufacturing PMI, construction spending, factory orders, balance of trade, initial jobless claims, and the unemployment rate, offering insights into production trends, business investments, trade flows, and labor market conditions. In Asia, South Korea's industrial production and PMI, China's Caixin manufacturing PMI, and Japan's household spending will provide a snapshot of industrial performance and consumer activity. In Europe, reports on the euro area's inflation rate and retail sales, France's industrial production, Germany's PMI, and the UK's PMI will highlight price pressures, economic output, and business conditions. These indicators are expected to shape expectations for economic growth, inflation, and central bank policies.
- ⇒ The PSEi is expected to remain below the 6,000 level this week as negative sentiment continues following the Philippine economy's slower-than-expected growth in the fourth quarter of 2024. Climate related disruptions led to weaker farm output and subdued domestic demand, causing the country to miss its growth targets and prompting the government to revise its future forecasts amidst global uncertainties. Additionally, U.S. President Donald Trump's steep tariffs on imports from Canada, Mexico, and China may weigh on the Philippine market, as concerns over economic growth and inflation mount.

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