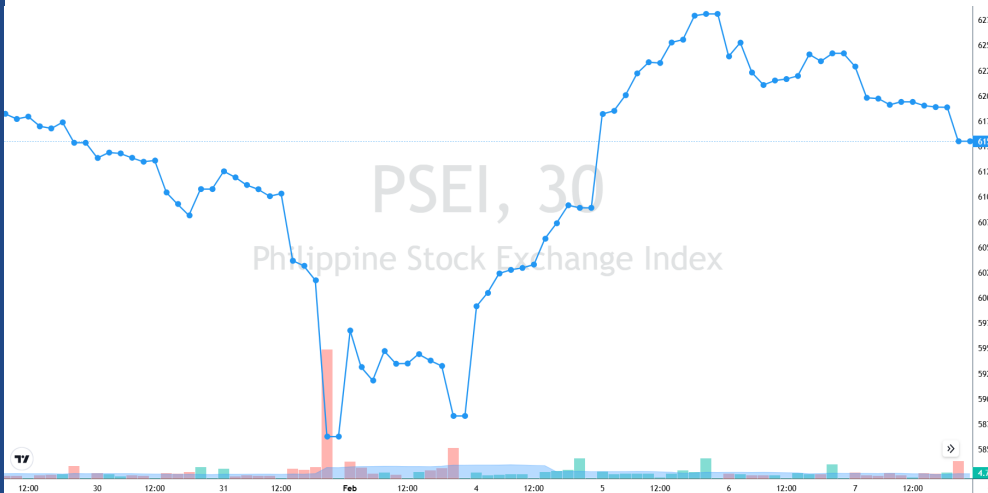




Market Commentary



INDICES

Index	Prev	Last	% Chg
PSEI	5,862.59	6,154.99	4.99%
All Shares	3,520.32	3,663.64	3.65%
Financial	2,173.00	2,270.34	4.11%
Industrial	8,155.98	8,602.87	4.77%
Holding Firms	4,909.81	5,129.32	4.35%
Property	2,203.81	2,365.42	5.44%
Services	1,941.92	2,008.62	4.43%
Mining & Oil	6,892.13	7,364.23	6.41%

⇒ **The View.** The PSEi increased 433.61 points or 4.99% and finished a strong week at 6,154.99. In the U.S., sudden tariff announcements and delays have unsettled global markets, raising fears of a trade war. After imposing tariffs on Canada, Mexico, and China last weekend, he postponed those on Canada and Mexico by a month. The uncertainty has heightened concerns over economic growth, inflation, and global trade stability turned the market sentiment cautious. All sectors were green across the board led by Mining & Oil (+6.41%), Property (+5.44%), and Industrial (+4.77%). In the PSEi, AGI (+22.83%), SMC (+22.70%), and BLOOM (14.58%) were the best performers, while EMI (-10.72%), CBC (-6.13%) and AREIT (-5.83%) were the main laggards. Net foreign inflows strengthened to ₱1.65 billion, while the local currency appreciated WoW to ₱58.03 from ₱58.365 against the US dollar. Meanwhile, some developments last week were:

- The Philippines' annual inflation rate held steady at 2.9% in January 2025, above market expectations of 2.7% and the highest since August. Price increases in food and non-alcoholic beverages (3.6% vs. 3.1% in December) and alcoholic beverages and tobacco (3.6% vs. 3.2%) drove the uptick, while inflation eased for housing utilities, education, and restaurants. Costs for health, information and communication, and recreation remained stable. Meanwhile, core inflation, which excludes certain food and energy items, slowed to 2.6% from 2.8%. On a monthly basis, consumer prices rose 0.5%, following a 0.6% gain in December, reflecting a gradual moderation in price pressures.
- The Philippines' unemployment rate remained at 3.1% in December 2024, unchanged from the previous year and the lowest since June. The number of unemployed individuals edged up to 1.63 million from 1.60 million, while employment declined to 50.19 million from 50.52 million. The services sector remained the largest employer, accounting for 60.5% of total employment. Meanwhile, the labor force participation rate fell to 65.1% from 66.6% a year earlier. On average, employed individuals worked 40.9 hours per week, slightly down from 41.1 hours in December 2023.

PSEi

TOP 10

AGI	22.83%
SMC	22.70%
BLOOM	14.58%
MONDE	14.29%
BPI	12.99%
ALI	12.11%
ACEN	11.29%
SMPH	10.80%
GTCAP	9.09%
CNPF	8.59%

BOTTOM 10

EMI	-10.72%
CBC	-6.13%
AREIT	-5.83%
JGS	0.12%
BDO	0.80%
TEL	0.90%
DMC	0.92%
ICT	2.34%
AEV	2.48%
URC	2.96%

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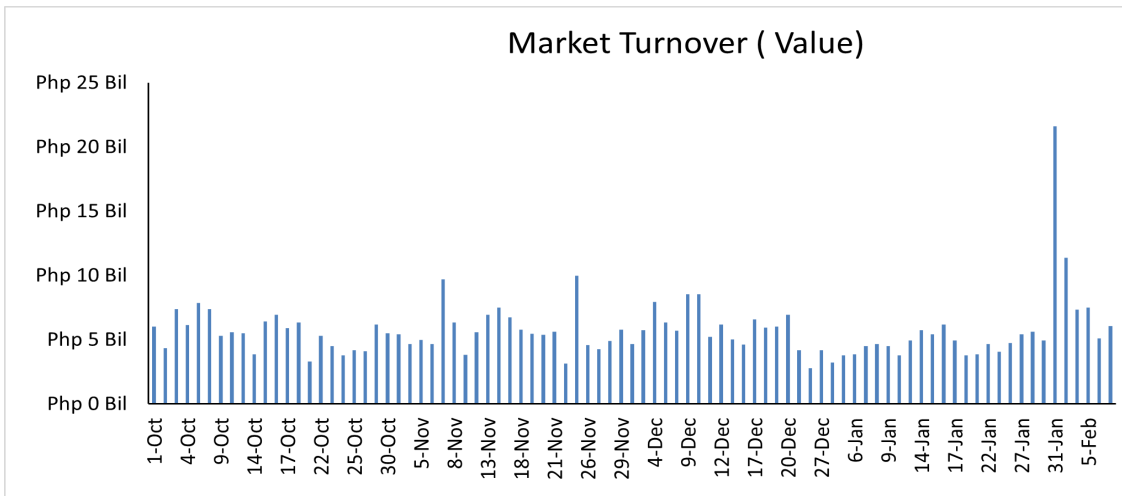
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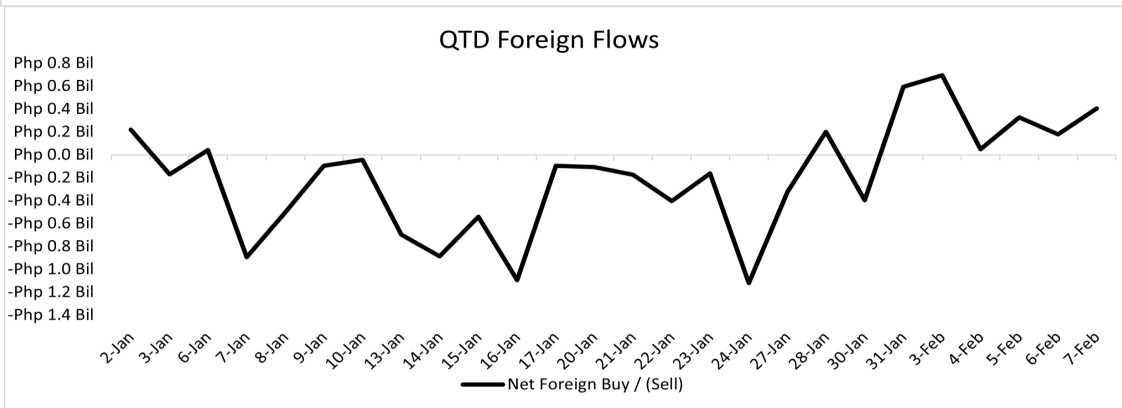
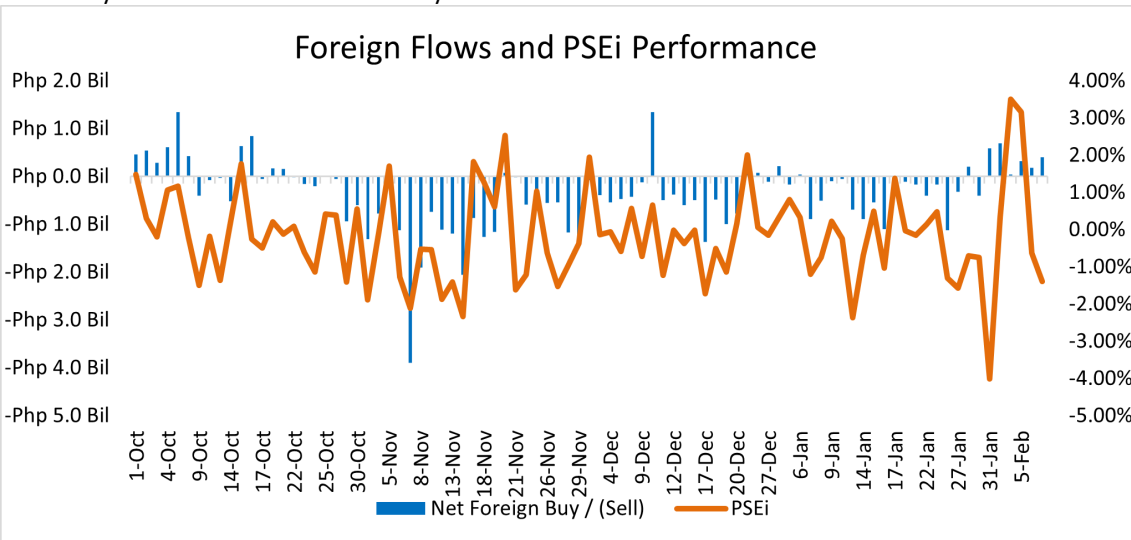
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⇒ Market turnover averaged ₱7.48 billion last week, higher than the ₱9.41 billion recorded in the previous week.



⇒ Foreigners posted a net inflow of ₱1.65 billion, stronger than the net inflow of ₱72.82 million in the week before. The strong foreign outflows is likely to strengthen further as investors as BSP said its likely to cut interest rates in February 13.



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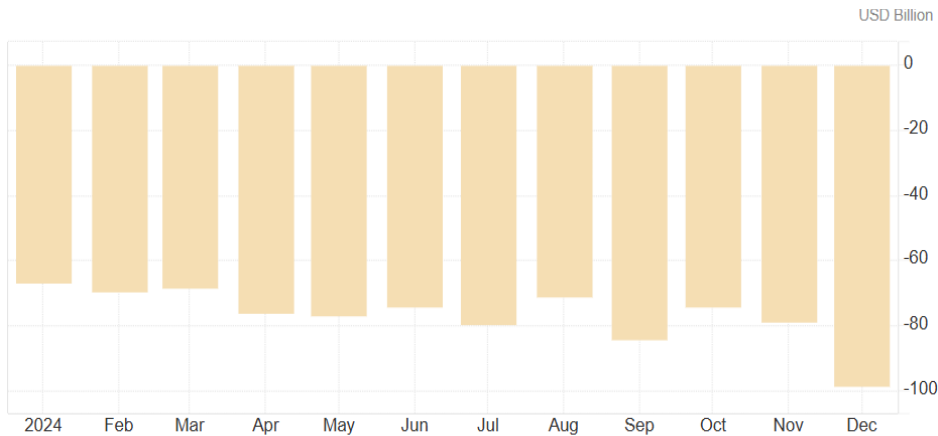
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Key Economic Figures

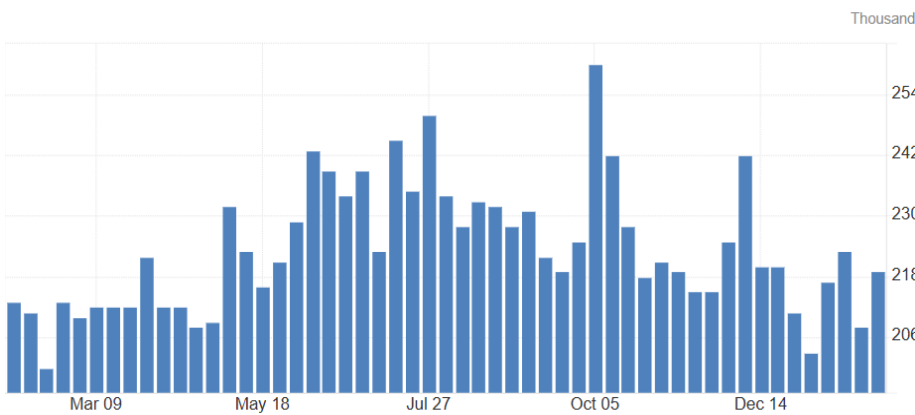
For the Week



Bureau of Economic Analysis (BEA)

Value Chg Chg%

⇒ **U.S. Balance of Trade.** The US trade deficit widened to \$98.4 billion in December 2024, up from \$78.9 billion in November and exceeding forecasts of \$96.6 billion. It was the highest since March 2022, driven by a rush to secure goods ahead of Trump administration tariffs. The goods deficit rose to \$123 billion, while the services surplus fell to \$24.5 billion. Imports climbed 3.5% to \$364.9 billion, led by metals, computers, and gold, while exports dropped 2.6% to \$266.5 billion due to lower pharmaceutical, crude oil, and computer shipments. In 2024, the total deficit grew 17% to \$918.4 billion, with trade gaps highest with China, the EU, Mexico, and Vietnam. . (Bureau of Economic Analysis)



U.S. Department of Labor

Value Cha Cha%

⇒ **U.S. Initial Jobless Claims.** US initial jobless claims rose by 11,000 to 219,000 in the last week of January 2025, surpassing expectations of 213,000. Continuing claims increased by 26,000 to 1.89 million, above the forecasted 1.87 million. While still strong by historical standards, the data aligns with expectations of a slight labor market softening in 2025. The four-week moving average rose by 4,000 to 216,750. Meanwhile, non-seasonally adjusted claims climbed by 11,370 to 239,690, driven by sharp increases in New York and California. (U.S. Department of Labor)

TOP GAINERS

TOP LOSERS

AGI	22.83%	EMP	-10.72%
SMC	22.70%	LPC	-10.42%
LR	22.68%	AB	-7.97%
NIKL	19.82%	ION	-7.95%
BLOOM	14.58%	CBC	-6.13%
MONDE	14.29%	AREIT	-5.83%
MWC	13.84%	HOUSE	-5.03%
BPI	12.99%	SHLPH	-4.80%
ABS	12.32%	MAXS	-2.92%
ALI	12.11%	RCB	-2.72%
AP	11.53%	SEVN	-2.44%
ACEN	11.29%	CEB	-2.07%
PAL	11.09%	PX	-1.83%
SMPH	10.80%	TUGS	-1.69%
GTCAP	9.09%	MRSGI	-1.64%
SGP	8.88%	RLC	-1.59%
CNPF	8.59%	GTPPB	-1.53%
SLI	7.87%	FLI	-1.41%
WLCON	7.62%	COSCO	-1.12%
MER	7.28%	TECH	-0.80%

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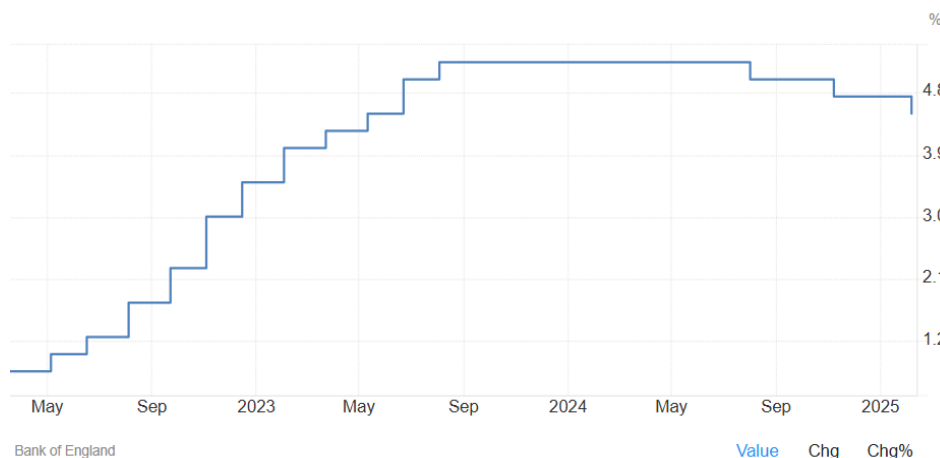
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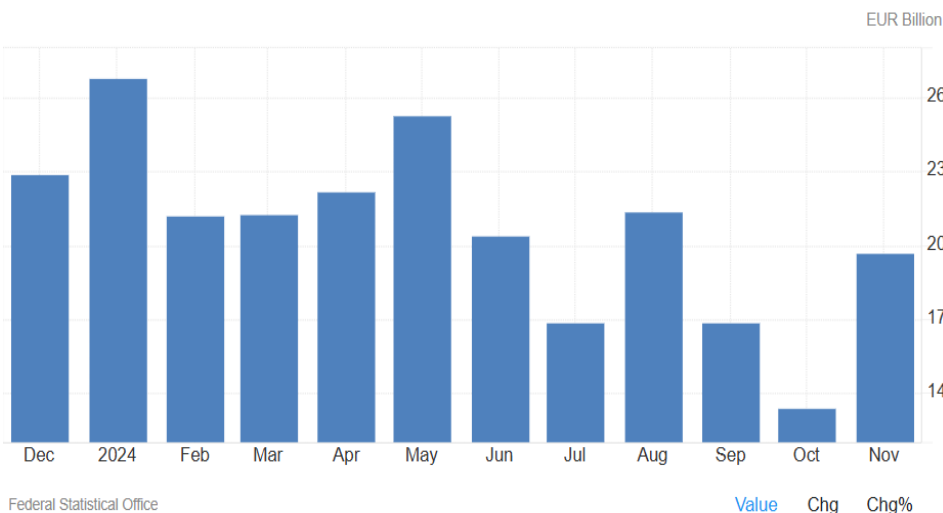
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Key Economic Figures



⇒ **U.K. Interest Rate.** The Bank of England lowered its Bank Rate by 25bps to 4.5% in February 2025, marking its third cut since August and aligning with expectations. All nine Monetary Policy Committee members backed the cut, contrary to forecasts of an 8-to-1 vote, while two pushed for a steeper 50bps reduction, including hawkish Catherine Mann. The Bank signaled a gradual easing approach amid persistent services inflation and slowing growth. It also downgraded its growth forecast for the year, reflecting weaker-than-expected economic activity and a dovish shift in its risk outlook. (Bank of England)



⇒ **Germany Balance of Trade.** Germany's trade surplus widened to €19.7 billion in November 2024, up from €13.4 billion in October and exceeding forecasts of €14.8 billion, the highest since August. Exports rose 2.1% to €127.3 billion, driven by higher sales to the US, Russia, and the UK, though exports to China declined. Meanwhile, imports unexpectedly fell 3.3% to €107.6 billion, with declines from China, the US, the UK, and Russia. For the first eleven months of 2024, Germany recorded a €220 billion trade surplus. (Federal Statistical Office)

For the Week

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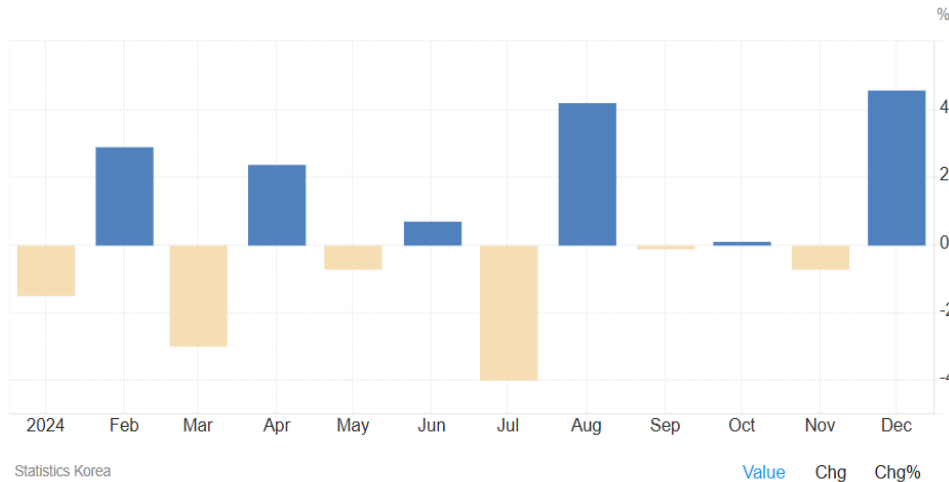
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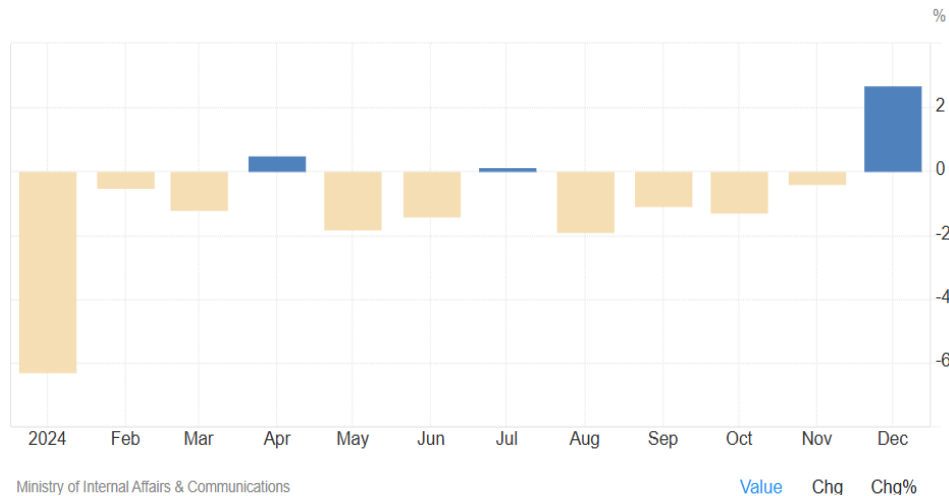
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Key Economic Figures



⇒ **South Korea Industrial Production.** South Korea's industrial production jumped 4.6% month-on-month in December 2024, far exceeding the 0.4% forecast and marking its first increase in four months. Manufacturing output rose 4.4%, driven by strong semiconductor and automobile performance. Despite a brief emergency martial law incident, the industrial sector remained largely unaffected. On an annual basis, production grew 5.3%, accelerating from 0.1% in November. (National Bureau of Statistics of China)



⇒ **Japan Household Spending.** Japan's household spending rose 2.7% year-on-year in December 2024, surpassing the 0.2% forecast and marking the first growth in five months. This was the strongest increase since August 2022, driven by a winter bonus. Spending rebounded for clothing, transport, recreation, and miscellaneous items, while housing and medical care continued to grow. Meanwhile, education spending slowed, and declines persisted in food, utilities, and household goods. On a monthly basis, spending climbed 2.3%, marking a third consecutive month of growth. (Ministry of Internal Affairs & Communications)

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Market Outlook

What you need to know

- ⇒ The coming week will focus on U.S. housing starts, building permits, and mortgage rates, offering insights into the housing market and borrowing costs. Canada's inflation rate and producer prices will highlight pricing pressures. In Europe, euro area construction output, along with the UK's unemployment rate, retail price index, PPI, and manufacturing PMI, will provide updates on labor conditions and business sentiment. Germany's PPI and manufacturing PMI will gauge inflation and industrial trends. In Asia-Pacific, Japan's GDP growth, inflation, and capacity utilization will reflect economic momentum, while China's house price index and FDI will offer insights into the property market and investment flows. South Korea's consumer confidence will round out the regional outlook. These indicators are expected to shape expectations for economic growth, inflation, and central bank policies.
- ⇒ The PSEi is expected to be fluctuate around 6,200 levels, supported by forecasted increase of FDI and cash remittances, and expectations of a BSP rate cut. These positive local indicators could help push the index back above 6,200. However, Trump's reciprocal tariffs introduce uncertainty in global markets, which could offset these gains and limit the index's upside. If external pressures trigger risk-off sentiment, foreign investors may remain cautious, keeping the PSEi within a tight range.

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