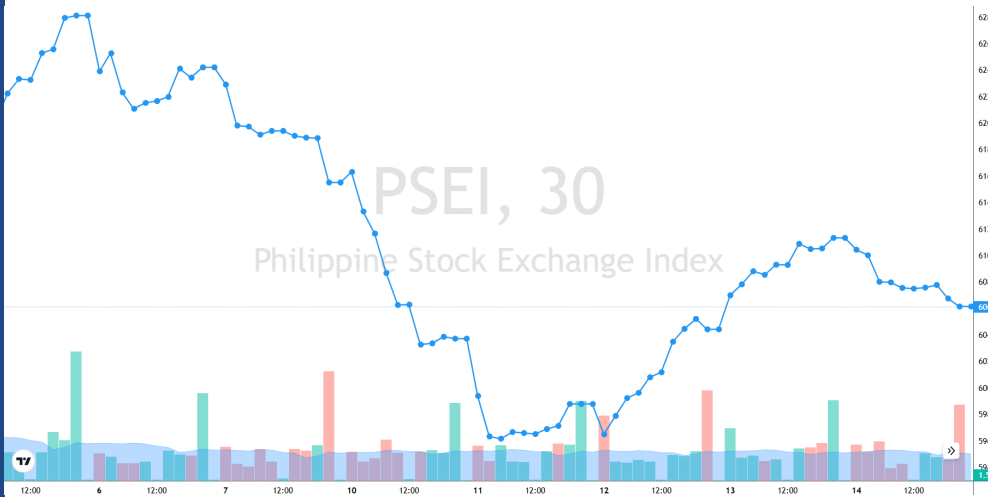




## Market Commentary



## INDICES

Index	Prev	Last	% Chg
PSEi	6,154.99	6,061.33	-1.52%
All Shares	3,663.64	3,629.28	0.33%
Financial	2,270.34	2,252.82	1.69%
Industrial	8,602.87	8,656.14	1.03%
Holding Firms	5,129.32	5,138.73	1.77%
Property	2,365.42	2,213.23	-4.11%
Services	2,008.62	1,975.49	-0.04%
Mining & Oil	7,364.23	7,744.70	4.23%

⇒ **The View.** The PSEi decreased 93.66 points or 1.52% and finished a weak week at 6,061.33. In the U.S., stocks remain resilient despite a hotter-than-expected consumer price index. CPI jumped 0.5% last month, higher than December's 0.4%, prompting investors to delay expectations for further interest rate cuts this year. Most sectors were positive led by Mining & Oil (+4.23%), Holding Firms (+1.77%), and Financial (+1.69%). In the PSEi, JFC (+9.74%), SMC (+5.00%), and CNVRG (4.47%) were the best performers, while EMI (-14.94%), SMPH (-10.33%) and ACEN (-9.28%) were the main laggards. Foreign investors turned net sellers to ₱2.50 billion, while the local currency appreciated WoW to ₱57.83 from ₱58.095 against the US dollar. Meanwhile, some developments last week were:

- The Bangko Sentral ng Pilipinas (BSP) kept its benchmark interest rate at 5.75% in February 2025, defying market expectations of a cut to 5.5% after three consecutive reductions. Inflation held steady at 2.9% in January, exceeding the 2.7% forecast. The 2025 inflation outlook was raised to 3.5% from 3.4%, while the 2026 forecast remained at 3.7%. Despite strong domestic growth, the Board flagged rising global uncertainties that could affect the economy. The overnight deposit and lending rates were also maintained at 5.25% and 6.25%, respectively.
- The net foreign direct investment (FDI) in the Philippines fell 19.8% year-on-year to \$0.9 billion in November 2024, as equity capital dropped 58.9% and debt instruments declined 17.9%, while reinvestment of earnings edged up 1.1%. Japan (49%), the U.S. (24%), and Singapore (17%) were the top equity investors, with funds directed toward manufacturing, real estate, finance, insurance, and administrative services. From January to November, net FDI inflows totaled \$8.6 billion, up 4.4% from the same period in 2023.

## PSEi

## TOP 10

JFC	9.74%
SMC	5.00%
CNVRG	4.47%
MONDE	3.95%
SM	2.05%
LTG	1.96%
MER	1.62%
SCC	1.39%
AGI	1.36%
AREIT	0.63%

## BOTTOM 10

EMI	-14.94%
SMPH	-10.33%
ACEN	-9.28%
BLOOM	-8.65%
ALI	-7.00%
JGS	-5.32%
GTCAP	-4.26%
ICT	-3.74%
AEV	-3.03%
CNPF	-2.51%

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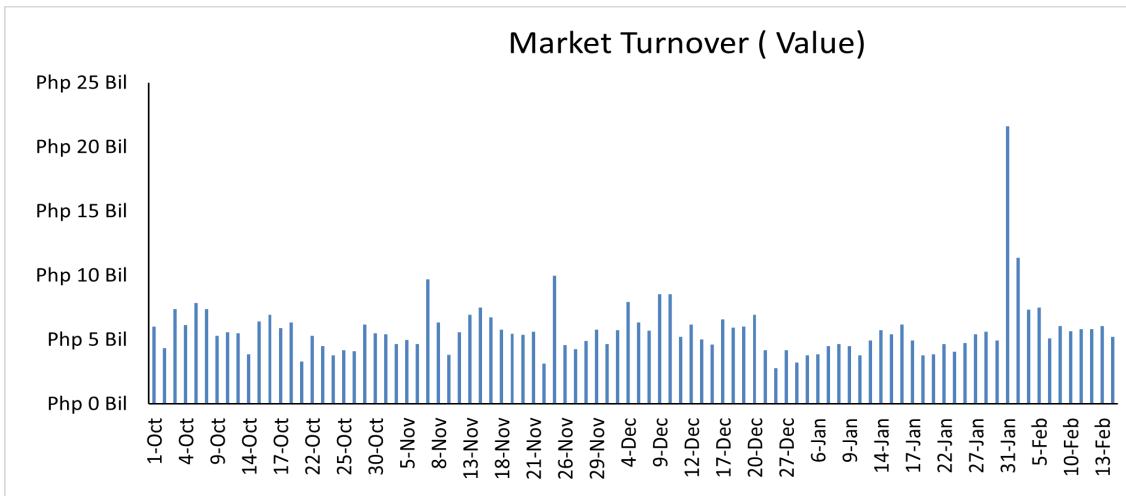
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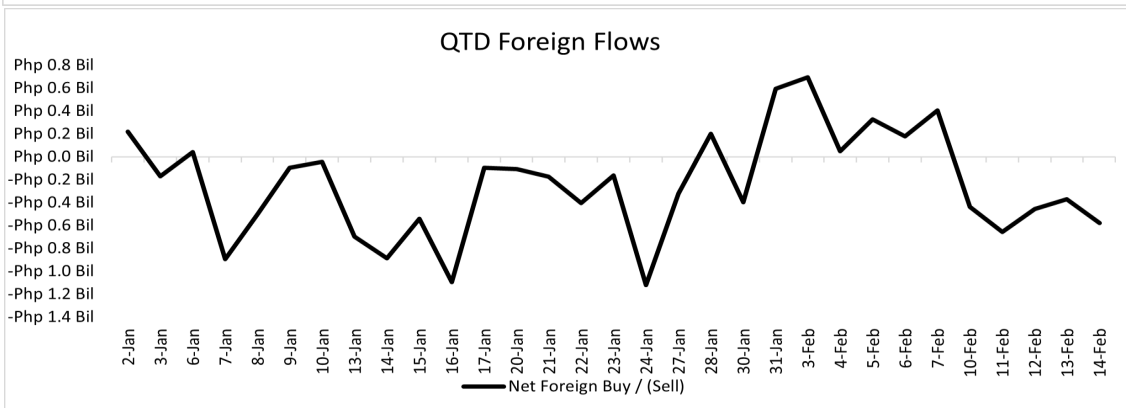
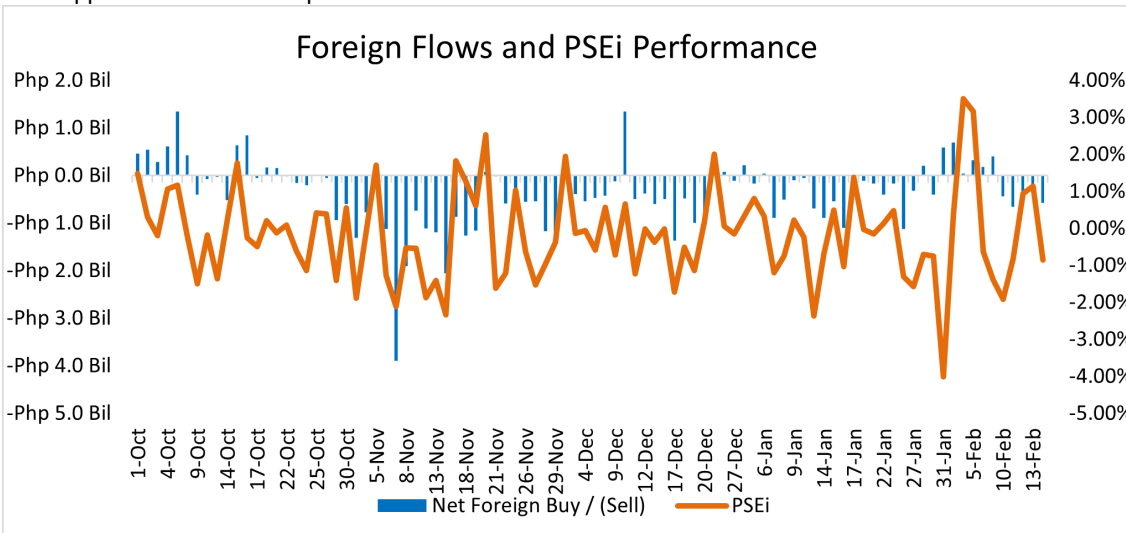
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⇒ Market turnover averaged ₱5.74 billion last week, lower than the ₱7.48 billion recorded in the previous week.



⇒ Foreigners posted a net outflow of ₱2.50 billion, weaker than the net inflow of ₱1.65 billion in the week before. The strong foreign outflows is likely to weaker further as investors as BSP held interest rates, as opposed to investors expectations of a rate cut.



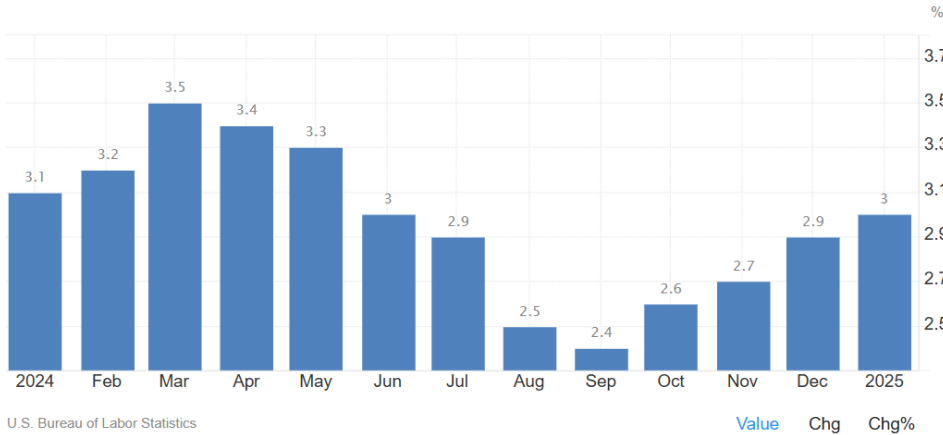
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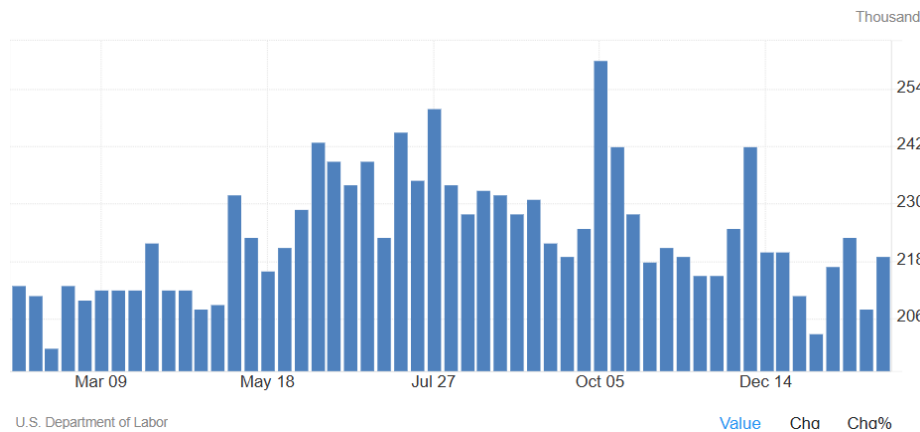


## Key Economic Figures



U.S. Bureau of Labor Statistics

⇒ **U.S. Inflation Rate.** U.S. inflation edged up to 3% in January 2025 from 2.9% in December, exceeding forecasts and signaling stalled progress in curbing price pressures. Energy costs rose 1% year-on-year, reversing six months of declines, while gasoline (-0.2% vs -3.4%) and fuel oil (-5.3% vs -13.1%) fell less sharply. Used car prices rebounded (1% vs -3.3%), transportation costs accelerated (8% vs 7.3%), and new vehicle prices fell at a slower pace (-0.3% vs -0.4%). Food inflation held at 2.5%, while shelter inflation eased (4.4% vs 4.6%). On a monthly basis, CPI rose 0.5%, above expectations of 0.3%, with shelter accounting for nearly 30% of the increase. Core inflation unexpectedly rose to 3.3% year-on-year, while the monthly core index climbed 0.4%, surpassing forecasts. (Bureau of Labor Statistics)



U.S. Department of Labor

⇒ **U.S. Producer Price Index (PPI).** U.S. factory gate prices rose 0.4% in January 2025, easing from an upwardly revised 0.5% in December but exceeding forecasts of 0.3%, driven by food and energy costs. Goods prices increased 0.6%, the fourth consecutive rise, led by a 10.4% surge in diesel fuel, along with higher prices for chicken eggs, beef, veal, gas fuels, jet fuel, and communication equipment. Service prices climbed 0.3%, marking the sixth straight increase, with traveler accommodation services up 5.7%. Annual producer inflation held steady at 3.5%, above expectations of a slowdown to 3.2%. Core PPI rose 0.3% monthly, matching forecasts, but the annual rate accelerated to 3.6%, exceeding the expected 3.2%. Previous months' figures were also revised sharply higher. (Bureau of Labor Statistics)

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## For the Week

TOP GAINERS		TOP LOSERS	
PX	23.68%	EMI	-14.94%
TUGS	17.24%	SMPH	-10.33%
JFC	9.74%	ABS	-9.67%
LR	7.58%	ACEN	-9.28%
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APX	4.55%	JGS	-5.32%
CNVRG	4.47%	AP	-5.17%
SGP	4.34%	EEL	-4.98%
MONDE	3.95%	SEVN	-4.76%
FNI	3.77%	CHP	-4.52%
RFM	3.75%	MWC	-4.38%
SSI	2.93%	GTAP	-4.26%
FB	2.43%	STR	-4.24%
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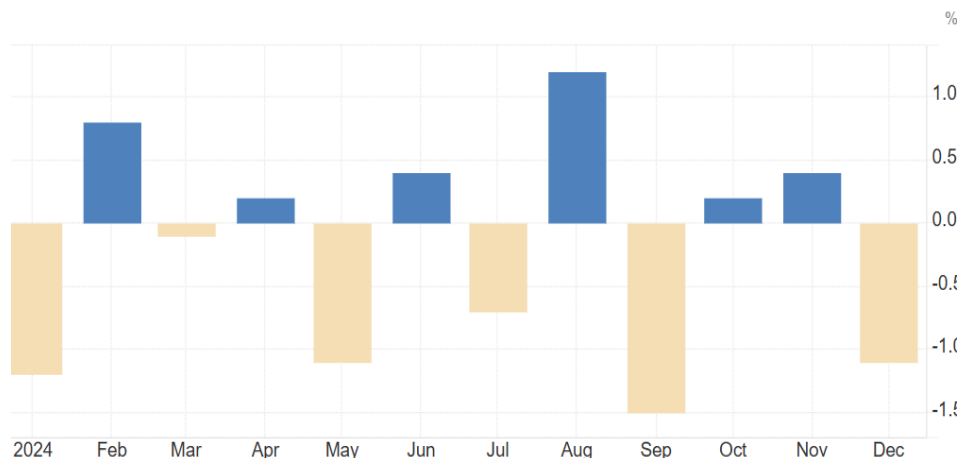
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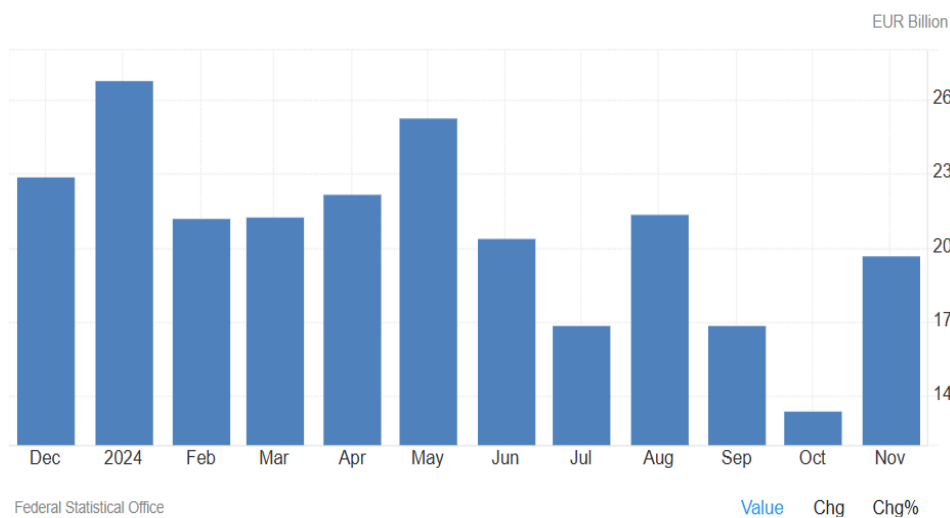
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## Key Economic Figures



⇒ **Euro Area Industrial Production.** Eurozone industrial production declined 1.1% in December 2024, reversing a 0.4% gain in November and exceeding the expected 0.6% drop. The downturn was led by lower output in capital goods (-2.6%), intermediate goods (-1.9%), and durable consumer goods (-0.7%), while non-durable consumer goods (5.1%) and energy (0.5%) saw gains. Among major economies, Germany (-2.9%), Italy (-3.1%), the Netherlands (-1.0%), and France (-0.4%) recorded contractions, while Spain posted a 1.4% increase. On an annual basis, industrial output shrank 2.0%, following a revised 1.8% decline in November. (Eurostat)



Federal Statistical Office

Value Chg Chg%

⇒ **Euro Area Employment Change.** Eurozone employment rose 0.1% quarter-on-quarter to 171.17 million in Q4 2024, slowing from 0.2% previously but aligning with forecasts. This marked the 15th straight period of job growth, reinforcing the ECB's stance on a tight labor market despite signs of slowing. Employment climbed 0.9% in Spain and 0.3% in the Netherlands but stagnated in Germany for the second consecutive quarter amid its ongoing recession. Year-on-year, employment grew 0.6%. (Eurostat)

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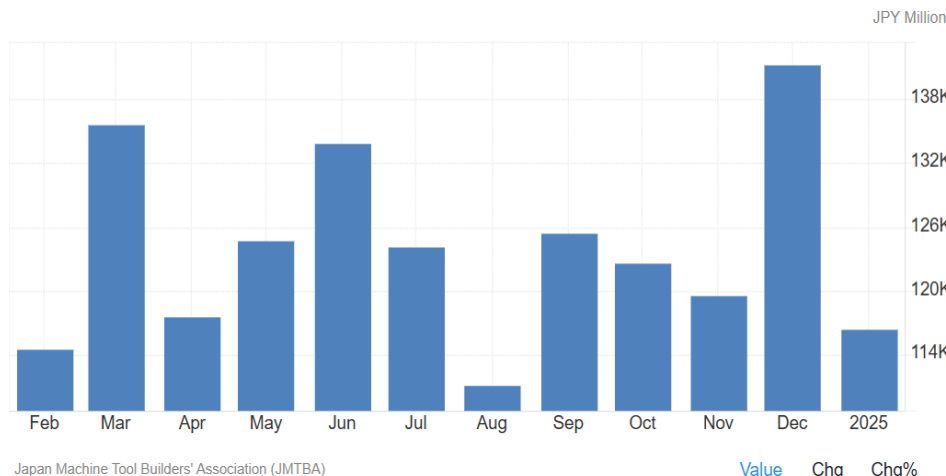
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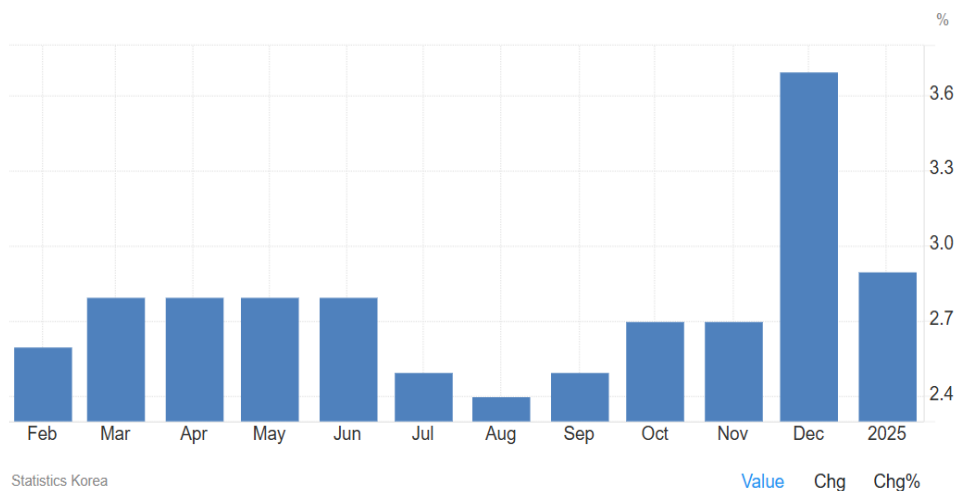


## Key Economic Figures

## For the Week



⇒ **Japan Machine Tools Order.** Japan's machine tool orders grew 4.7% year-on-year to JPY 116,146 million in January 2025, slowing from an 11.2% rise in December but marking the fourth straight month of expansion. Foreign demand rose 4.7% to JPY 84,151 million, while domestic orders increased 4.5% to JPY 31,995 million. On a monthly basis, orders dropped 18.8%, reversing an 18.4% gain in December. (JMTBA)



⇒ **South Korea Unemployment Rate.** South Korea's seasonally adjusted unemployment rate fell to 2.9% in January 2025 from a three-year high of 3.7% in December, indicating a labor market recovery after last year's brief martial law attempt. The number of employed individuals rose by 135,000, or 0.5%, to 27.878 million, while the labor force participation rate edged up 0.1% to 63.4%. (Statistics Korea)

## TOP GAINERS

## TOP LOSERS

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## Market Outlook

### What you need to know

- ⇒ The coming week will focus on U.S. housing starts, initial jobless claims, manufacturing PMI, the Fed's balance sheet, Michigan consumer expectations, and mortgage rates, providing insights into the labor market, business sentiment, and financial conditions. Canada's inflation rate and housing starts will offer a look at price pressures and real estate trends. In Europe, data on balance of trade, current account, construction output, consumer confidence, and PMI flash will reflect economic conditions across the region. In Asia, Japan's GDP growth rate, capacity utilization, industrial production, balance of trade, and inflation rate will highlight economic momentum, while China's FDI and South Korea's PPI will provide further signals on investment and pricing trends. These indicators are expected to shape expectations for economic growth, inflation, and central bank policies.
- ⇒ The PSEi is expected to drop below 6,000 after the BSP unexpectedly held interest rates steady, defying investor expectations of a rate cut. A projected increase in cash remittances could offer some support next week. However, President Donald Trump reiterated his tariff threats on Friday, stating that auto levies could take effect by April 2, a day after his cabinet presents reports on potential import duties as part of his global trade strategy. This could keep foreign investors cautious, maintaining selling pressure on the PSEi.

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