



Market Commentary



⇒ **The View.** The PSEI decreased by 100.07 points or 1.64% and finished a weak week at 5,997.97. In the U.S., stocks were negative due to Nvidia's margin outlook sparking an AI overcapacity and falling consumer confidence. That said, it has been slightly offset in the last day of the week as PCE index suggested cooling price pressures. Most sectors were negative led by Mining & Oil (-6.35%), Holding Firms (-3.28%), and Property (-3.00%). In the PSEI, BDO (+5.63%), AREIT (+4.48%), and CNPF (4.12%) were the best performers, while JGS (-13.90%), URC (-11.08%) and BLOOM (-10.14%) were the main laggards. Net foreign outflows strengthened to ₱4.83 billion, while the local currency appreciated WoW to ₱57.995 from ₱57.94 against the US dollar. Meanwhile, some developments last week were:

- The Philippines' government budget deficit narrowed to ₱329.5 billion in December 2024 from ₱401.0 billion a year earlier, as revenue gains outpaced spending reductions. Revenues surged 21.0% to ₱314.7 billion, driven largely by stronger-than-expected non-tax collections. Meanwhile, expenditures fell 2.6% to ₱644.2 billion, reflecting lower infrastructure and capital outlays by the DPWH, as well as reduced maintenance, operating, and personnel costs for health and social protection programs. For the full year 2024, the budget deficit edged down to ₱1,506.4 billion from ₱1,512.1 billion in 2023.
- The Philippines' trade deficit expanded to \$5.1 billion in January 2025 from \$4.4 billion a year earlier, the widest in three periods, as import growth outpaced exports. Imports surged 10.8% to \$11.5 billion, driven by increased purchases of electronic products (+14.2%), particularly consumer electronics (+23.6%) and semiconductors (+16.4%). Demand for industrial machinery and equipment (+20%) and iron and steel (+17.8%) also rose. China remained the leading import source (28.9%), followed by Japan (8%), Indonesia (7.8%), and South Korea (7.5%). Meanwhile, exports grew 6.3% to \$6.4 billion, supported by higher shipments of coconut oil (+80.3%), other manufactured goods (+66.6%), and other mineral products (+33.1%). The US was the top export market (17.7%), trailed by Japan (14.9%), Hong Kong (11.4%), and China (10.1%).

INDICES

Index	Prev	Last	% Chg
PSEI	6,098.04	5,997.97	-1.64%
All Shares	3,660.28	3,588.12	-1.83%
Financial	2,266.63	2,274.67	-0.50%
Industrial	8,825.21	8,653.36	-1.09%
Holding Firms	5,109.19	4,961.40	-3.28%
Property	2,233.22	2,150.52	-3.00%
Services	1,981.30	1,955.54	-0.44%
Mining & Oil	8,278.74	7,748.53	-6.35%

PSEI

	TOP 10	BOTTOM 10
BDO	5.63%	JGS -13.90%
AREIT	4.48%	URC -11.08%
CNPF	4.12%	BLOOM -10.14%
PGOLD	1.46%	CNVRG -7.31%
ICT	1.39%	AGI -6.88%
EMI	0.65%	MONDE -6.21%
MER	0.62%	ALI -6.06%
SMC	0.06%	SMPH -5.91%
GLO	-0.18%	GTCAP -3.79%
CBC	-0.52%	TEL -3.55%

Mandarin Securities Corp.

Czar Rana

+63 (96) 5559-9127

czar.rana@mandarinsecurities.com

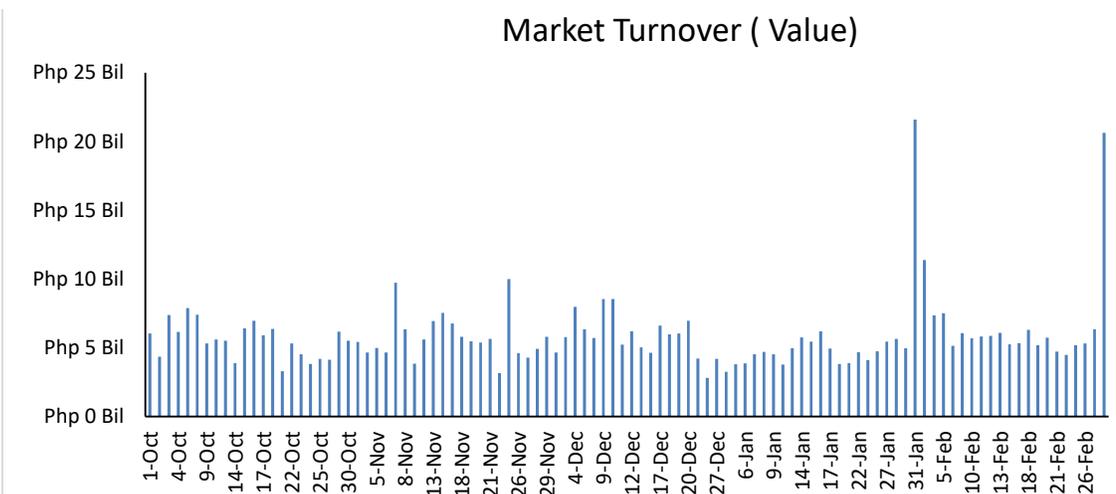
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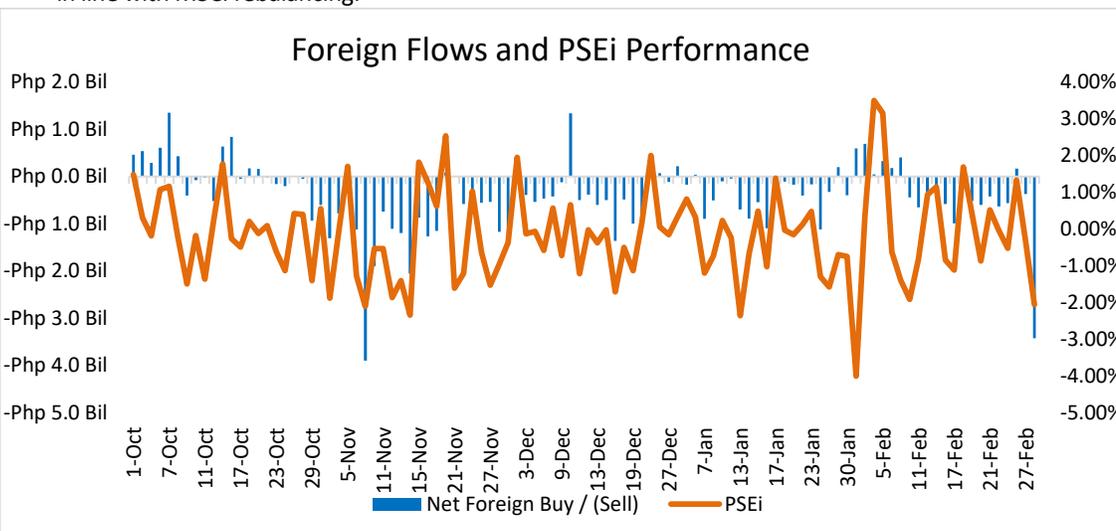
⇒ Market turnover averaged ₱8.38 billion last week, higher than the ₱5.45 billion recorded in the previous week.

Market Turnover (Value)

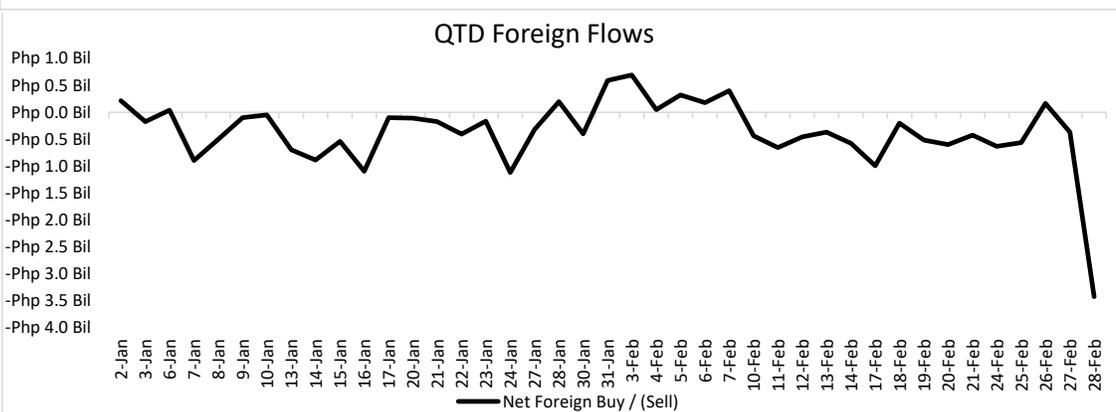


⇒ Foreigners posted a net outflow of ₱4.83 billion, stronger than the net outflow of ₱2.73 billion in the week before. The strong foreign outflows is likely to normalize after investors rebalanced their portfolio in line with MSCI rebalancing.

Foreign Flows and PSEi Performance



QTD Foreign Flows



Mandarin Securities Corp.

Czar Rana

+63 (96) 5559-9127

czar.rana@mandarinsecurities.com

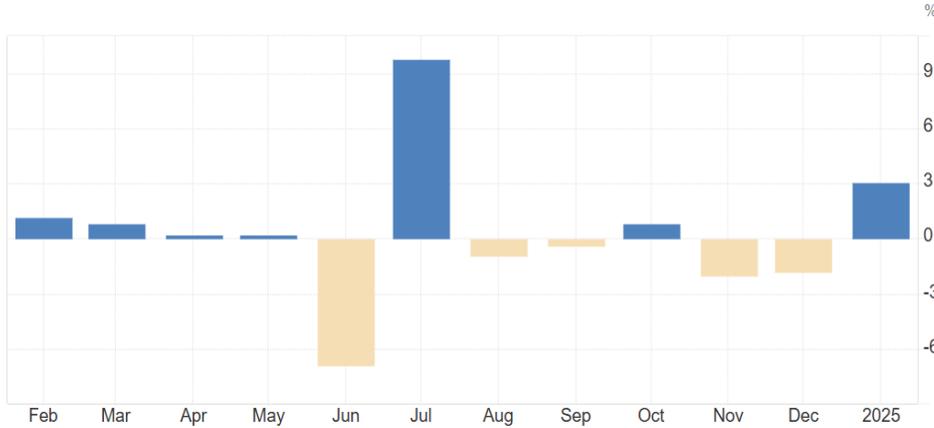
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Key Economic Figures

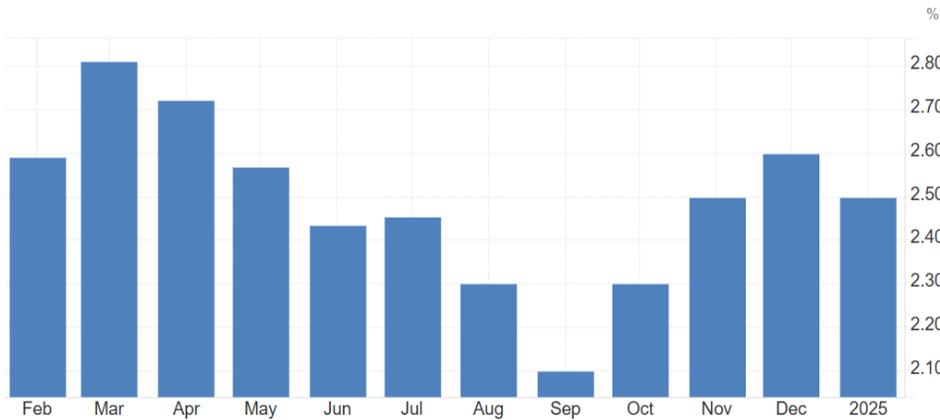
For the Week



U.S. Census Bureau

Value Chg Chg%

⇒ **U.S. Durable Goods Order.** US durable goods orders rose 3.1% in January 2025 to \$282.3 billion, the highest in six months, beating the 2% forecast. This reversed December's 1.8% drop, driven by a 9.8% jump in transportation equipment, especially nondefense aircraft and parts (+93.9%). Orders also increased for capital goods (+10.7%), primary metals (+1%), machinery (+0.2%), and electronics (+1.7%). Excluding transportation, orders were flat, while non-defense orders rose 3.5%. Core capital goods orders, a key business investment gauge, climbed 0.8%, topping the 0.3% estimate. (US Census Bureau)



U.S. Bureau of Economic Analysis

Value Chg Chg%

⇒ **U.S. Personal Consumption Expenditure (PCE).** PCE prices in the U.S. rose 2.5% year-on-year in January 2025, slowing from 2.6% in December and marking the first deceleration in four months. This aligns with expectations and suggests inflationary pressures may be easing. Historically, the PCE Price Index has averaged 3.29% since 1960, peaking at 11.6% in March 1980 and hitting a record low of -1.47% in July 2009. (US Bureau of Economic Analysis)

TOP GAINERS

TOP LOSERS

PX	25.69%	LPZ	-9.22%
JGS	20.23%	AGI	-6.56%
URC	18.27%	CNVRG	-5.97%
EW	7.43%	SECB	-5.73%
PNB	7.24%	STR	-5.70%
LR	7.04%	PIZZA	-5.54%
PGOLD	6.61%	SEVN	-5.25%
AEV	4.69%	SM	-4.88%
MRSGI	4.20%	AB	-4.78%
SCC	3.84%	HOUSE	-4.02%
BDO	3.65%	MWIDE	-3.80%
DMC	3.44%	SSI	-3.80%
EEI	3.28%	ION	-3.75%
GSMI	3.26%	ROCK	-3.73%
SMPH	3.04%	PCOR	-2.93%
LTG	2.98%	PAL	-2.89%
FLI	2.86%	IMI	-2.65%
RRHI	2.36%	DD	-2.56%
MAXS	2.19%	GMA7	-2.44%
GTCAP	2.13%	AREIT	-1.88%

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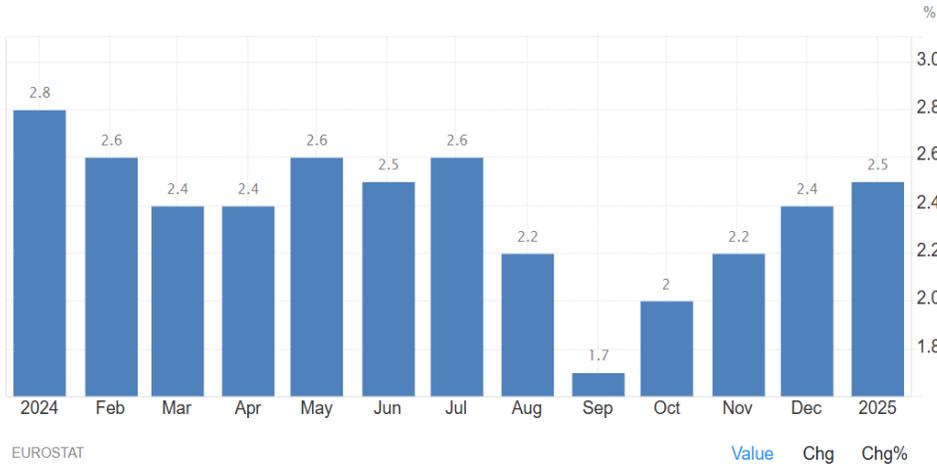
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Key Economic Figures

For the Week

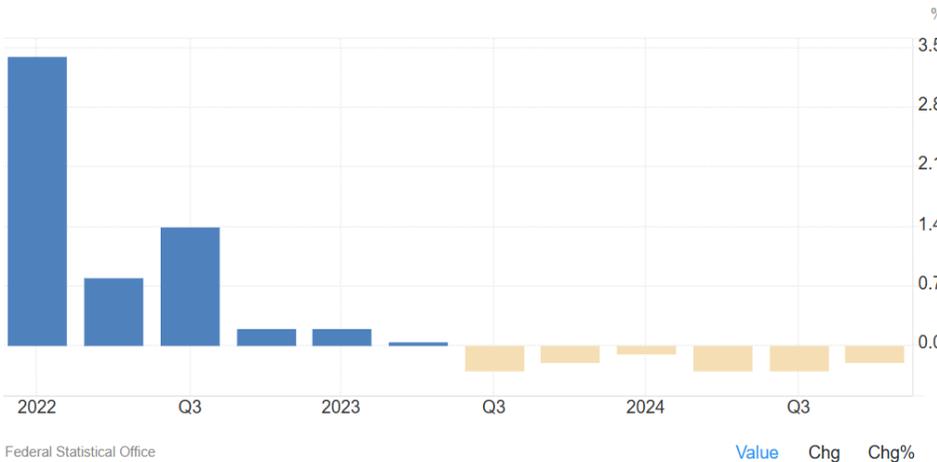


⇒ **Euro Area Inflation Rate.** Euro Area consumer inflation held at 2.5% in January 2025, the highest since July, driven by a sharp rise in energy costs (1.9% vs. 0.1% in December). Inflation for non-energy industrial goods stayed at 0.5%, while price growth eased for services (3.9% vs. 4.0%) and food, alcohol, and tobacco (2.3% vs. 2.6%). Core inflation, excluding food and energy, remained at 2.7% for the fifth straight month, its lowest since early 2022. On a monthly basis, prices fell 0.3% after rising 0.4% in December. (EUROSTAT)

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⇒ **Germany GDP Growth Rate.** Germany's economy shrank 0.2% in Q4 2024, reversing Q3's 0.1% growth, as exports fell 2.2% while imports rose 0.5%. Household spending slowed (0.1% vs. 0.2%), and government spending growth weakened (0.4% vs. 1.5%). Fixed investments rebounded (0.4% vs. -0.5%), led by construction. Agriculture (-1%) and manufacturing (-0.6%) contracted. Annually, GDP fell 0.2%, extending its decline to six quarters. (Federal Statistical Office)

Mandarin Securities Corp.

Czar Rana

+63 (96) 5559-9127

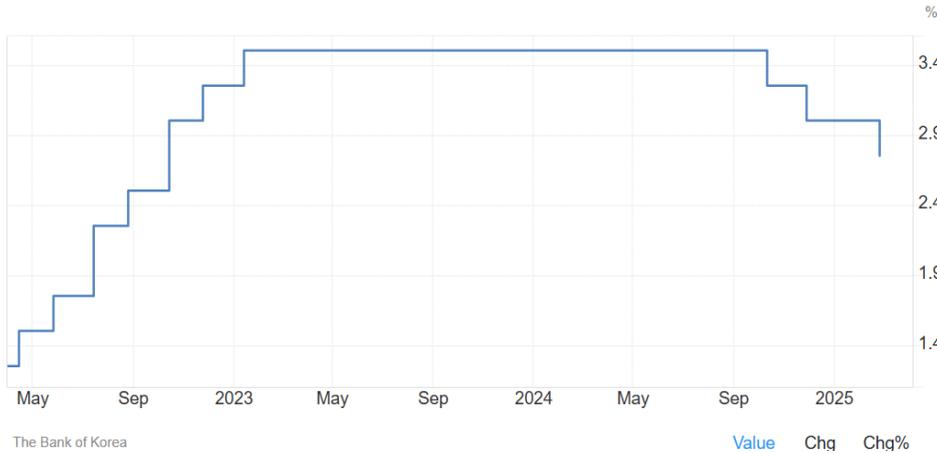
czar.rana@mandarinsecurities.com

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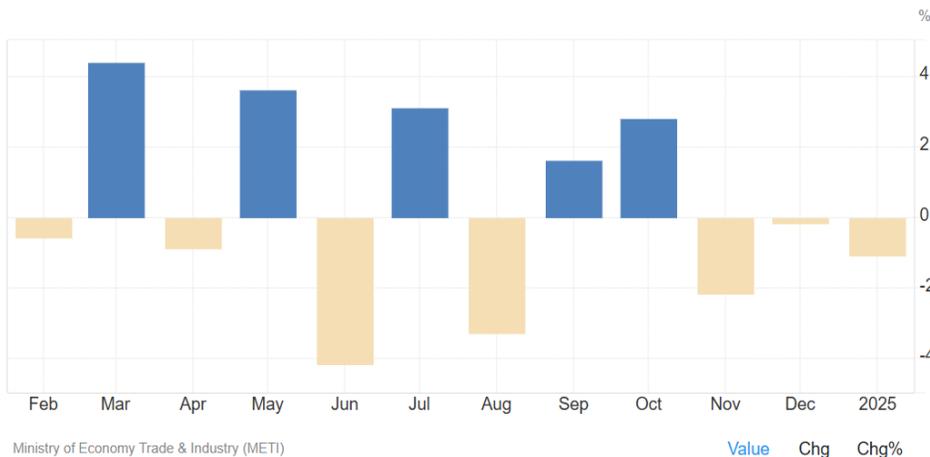
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Key Economic Figures



⇒ **South Korea Interest Rate.** The Bank of Korea cut its base rate by 25 bps to 2.75% in February 2025, its third cut in four months, citing stabilizing inflation, easing debt, and weak growth. The 2025 growth forecast was lowered to 1.5% (from 1.9%), while inflation projections stayed at 1.9%. January inflation rose to 2.2%, near the 2% target. Policymakers also noted risks from US tariff changes and domestic political uncertainty. (Bank of Korea)



⇒ **Japan Industrial Production.** Japan's industrial production fell 1.1% month-over-month in January 2025, slightly exceeding the expected 1.0% decline, according to flash data. This marked the third consecutive monthly drop, following a 0.2% decrease in December. The contraction was led by production machinery (-12.3% vs. 2.8% in December), electronic parts and devices (-5.4% vs. 2.0%), and electrical machinery, along with information and communication electronics equipment (-5.1% vs. 0.2%). Year-on-year, output rebounded 2.6% after a 1.6% decline in December, recording its first annual growth in three months. (METI)

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Market Outlook

What you need to know

- ⇒ This coming week will focus on U.S. S&P Global Composite PMI, consumer spending, and balance of trade, providing insights into economic activity and trade flows. In Europe, the euro area's inflation rate flash, unemployment rate, PPI, and retail sales will highlight price pressures, labor market conditions, and consumer demand. In Asia, China's balance of trade and inflation rate, Japan's unemployment rate, and South Korea's industrial production will offer a snapshot of regional economic trends. These indicators are expected to shape expectations for economic growth, inflation, and central bank policies.
- ⇒ The PSEi is expected to remain below 6,000 levels as Trump's 25% tariff on Canada and Mexico and additional 10% tariff on China is set to take effect this week. That said, it may be offset by a projected easing in price pressures as BSP expects incoming inflation data to range from 2.2% to 3%, which could be either lower or slightly higher than January's 2.9%. This may support PSEi to remain buoyed for the week PSEi. Investors are eyeing the S&P's Global Manufacturing PMI and BSP's inflation rate for further economic cues.

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