*Scope and Classification*

The PSEi is the main index of the Philippine Stock Exchange (PSE). It is composed of a fixed basket of 30 companies, whose selection is based on a specific criteria. The PSEi provides a snapshot of the market’s overall condition by gauging changes in the stock prices of select listed companies.

There are seven other sub-indices that provide a useful measurement of the sectoral performance, namely: Financial Index, Industrial Index, Holding Firms Index, Property Index, Services Index, Mining & Oil Index, and Small and Medium Enterprises (SME) Index.

For the stock market transactions, the Exchange Traded Fund sector was included starting 2 December 2013.

Price-to-earnings ratio is a ratio to evaluate a stock's worth. It is calculated by dividing the stock’s price by an earnings-per-share figure.

*Sources of Data and Methodology*

The data are sourced from the PSE.

The PSEi is a market capitalization-weighted price index computed as follows:

X

where:

|  |  |  |
| --- | --- | --- |
| n | = | Number of constituents of the index |
|  | = | Last traded price of company *i* at day *t* |
|  | = | Number of outstanding shares of company *i* at day *t* |
|  | = | Free float factor of company *i* to be applied to each security, expressed as a number between 0 to 1, where 1 represents 100% free float |
| b | = | Base free float-adjusted market capitalization defined as the sum of all products of the index stocks’ previous day’s last traded price and their current free float shares |

Market capitalization is the total market value of all of a company's outstanding shares. It is calculated by multiplying the company's shares outstanding by the current market price of the company's share per piece. Market capitalization is an indicator used by the investment community when determining a company's size.

For the P/E ratio, data used is from the net income attributable to parent from the companies’ latest financial statements. The ratio is computed by dividing total net income from total market capitalization.

Volume and value of stock market transactions are computed as the sum of volume and value of all the trades for the period.