

2018's New Low

PSEi 2018 Performance



Weekly PSEi Performance

	As of April 13, 2018	W-o-W Change	YTD Change	Weight In the Index
PSEi	7,899.98	-0.57%	-7.69%	-
FMETF	120.50	-0.50%	-7.66%	-
All Shares	4,794.65	-0.70%	-3.91%	-
Financials	2,028.63	0.21%	-9.04%	20.24
Industrial	11,256.58	0.90%	0.23%	11.68
Services	1,635.66	-1.49%	0.98%	10.38
Property	3,604.93	-1.09%	-9.38%	18.66
Holdings	7,908.83	-0.99%	-8.21%	38.13
Mining & Oil	11,168.81	-1.22%	-2.90%	0.91

Market Statistics (in Php bn)

	April 9 to 13, 2018	YTD
Ave. Daily Value Turnover	6.5	8.4
Foreign Buying	14.1	256.2
Foreign Selling	15.9	293.7
Net Foreign Buying/(Selling)	(1.8)	(37.5)

Foreign Indices

	Value	W-o-W	YTD	P/E 2018
Dow Jones	24,360.14	1.79%	-1.45%	16.61
S&P 500	2,656.30	1.99%	-0.65%	17.14
FTSE 100	7,264.56	1.13%	-5.50%	13.67
DAX	12,442.40	1.64%	-3.68%	12.87
Nikkei	21,778.74	0.98%	-4.33%	15.84
Hang Seng	30,808.38	3.23%	2.97%	11.65
Shanghai	3,159.05	0.89%	-4.48%	12.10
PSE	7,899.98	-0.57%	-7.69%	17.44

Sources: PSE data, Bloomberg

Equities Summary and Outlook

Market Outlook. We expect the market to continue trading lower amidst overheating concerns by the World Bank (WB). But University of Asia and the Pacific Economist Dr. Victor Abola noted that the country's current account deficit to GDP ratio is far from crisis threshold of 5% equal to \$15.67bn

Market Review. Last week, the market bucked regional trend, slipping -0.57% week-on-week (w-o-w) to 7,899.98 as investors remained on a wait-and-see stance amid rising geopolitical risks in the Middle East.

- After gaining 1.25% day-on-day (d-o-d) to 8,043.07 last Thursday, the PSEi erased its gains, dropping 1.8% d-o-d on Friday as Pres. Donald Trump announced its plans to use military force in Syria as a response to the country's chemical weapons attack.
- The turmoil caused a slight shift towards safe-haven assets such as gold which saw a 1% w-o-w gain. Other commodities ended the week strong with WTI prices up by +8.59% and nickel up by +5.05%.
- Year-to-date (y-t-d), the market is down 7.69%, the worst performer among the Asian markets we monitor (see table for Asian Indices). Meanwhile, Malaysia (+4%), Taiwan (+3%), Hong Kong (+3%) and Singapore (+2.9%) were the top three best performers y-t-d.
- Foreigners continued to sell Philippine stocks last week with total net foreign selling at Php1.8bn. The most sold stocks were ALI, MPI, SM, SECB and GTCAP for a total amount of Php1.4bn while the most bought names were AC, PGOLD, SMC, TEL and AGI amounting to Php332.8mn. Ytd, foreigners bought TEL, MER, JFC, PGOLD and MEG (Php3.73bn) while ALI, BDO, SM, AC and SMPH were the most sold stocks (-Php23.4bn).
- Yesterday, the market was flat, down 0.38% to 7,870.25 with net foreign buying at Php139.7mn. But today was another sell-off. The market touched a new intra-day low of 7,691.79 and ended barely hanging at 7,723.39. Foreign selling resumed with total amount equal to Php453.85m.

Economic Summary and Outlook

Overseas Filipinos' cash remittances was up 4.5% year-on-year (y-o-y) to \$2.3bn in February 2018, below consensus estimate of 10% growth. This brought y-t-d remittance level to \$4.6bn, up by 7.1% versus January-February 2017's value of \$4.3bn. Remittances from Americas, Asia and Europe regions accounting for 73% of total grew 11% y-o-y collectively but was offset by the -10% y-o-y decline in Middle East which contributed 24% to total. Majority of remittances in February came from the United States (33% of total, +4% growth) followed by United Arab Emirates (9%, +15%), Saudi Arabia (8%, -18%), Singapore (7%, +7%), Japan (6%, +10%), United Kingdom (5%, 0%), Qatar (4%, -4%), Germany (3%, +42%), Hong Kong (3%, +4%) and Canada (3%, +36%). For full-year 2018, the BSP expects remittances to reach above \$29bn or a growth of 4% from 2017's \$28.06bn (+4.3% higher than 2016).

Meanwhile, budget deficit widened to Php61.7bn in February 2018, up by +160.2% from last February 2017's deficit of Php23.7bn. Expenses grew +36.9% to Php240.3bn which, according to Budget Secretary Benjamin Diokno, was due to the Build Build Build program, the Armed Forces of the Philippines modernization program and salary increases for government personnel under the Salary Standardization Law. Cumulatively, these "productive spending" amounted to Php204.1bn, up by +34.9% y-o-y from last year's Php151.3bn. Meanwhile, interest payments amounted to Php36.2bn, up +49.2% y-o-y from Php24.2bn in February last year. On the other hand, revenues increased by +17.6% y-o-y to Php178.5bn driven by an increase in collections from implementation of Tax Reform for Acceleration and Inclusion (TRAIN) law. As a result, y-t-d deficit reached Php51.5bn, up by +139.7% y-o-y from Php21.5bn last year. The government aims a 3% budget deficit to GDP or Php523.6bn (+49% y-o-y) in 2018.

Corporate News

Puregold (PGOLD) reported a +6% y-o-y increase in net profit to Php5.8bn, behind consensus estimates of Php6.0bn. The slight miss was due to higher operating expenses (+13.2%) from higher labor costs (manpower agency services +35%, salaries and wages, +12.7%), joint-venture losses from Lawson (Php138mn) and declining margins in S&R (S&R EBITDA margin dropped 104bps). For 2018, the company lowered its guidance for sales growth from 8-10% to 6-8%. Management also expects S&R margins to further decline: gross profit margin at 20-21% in 2018 versus 21.7% in FY17.

Asian Indices (Y-T-D, M-O-M and W-O-W)

COUNTRY	YTD Chg	MoM	WoW
HONG KONG	3.0%	-2.0%	3.2%
MALAYSIA	4.0%	0.6%	1.7%
SINGAPORE	2.9%	-1.1%	1.7%
INDIA	0.4%	1.1%	1.7%
THAILAND	0.8%	-2.5%	1.6%
INDONESIA	-1.3%	-1.8%	1.5%
TAIWAN	3.0%	-0.7%	1.3%
KOREA	-0.5%	-1.2%	1.0%
TOKYO	-4.3%	0.0%	1.0%
CHINA	-4.5%	-4.0%	0.9%
PHILIPPINES	-7.7%	-5.4%	-0.6%

Commodities (in USD)

	Value	W-o-W	YTD
Gold (per troy ounce)	1,346.20	0.99%	3.33%
Nickel (per metric tons)	13,940.00	5.05%	9.25%
Copper (per lbs)	307.10	0.41%	-7.36%
WTI (per barrel)	67.39	8.59%	11.54%
Sugar (per lbs)	12.20	-1.45%	-18.88%

Top Weekly Net Foreign Buying/Selling (Index Components, in Php mn)

Top Foreign Buying		Top Foreign Selling	
AC	191.70	ALI	(417.74)
PGOLD	47.56	MPI	(311.76)
SMC	45.04	SM	(255.02)
TEL	27.05	SECB	(201.64)
AGI	21.41	GTCAP	(201.28)

Index Performer (Year-to-date; 2018 P/E)

Gainers				Losers			
Stock	Price	% Chg	PE	Stock	Price	% Chg	PE
SMC	142.90	28%	-	MPI	4.93	-28%	10.09
JFC	292.20	15%	34.65	GLO	1,576.00	-17%	13.58
PGOLD	52.75	5%	21.14	BDO	138.30	-16%	14.36
BPI	107.30	2%	13.77	SCC	31.40	-15%	7.98
				GTCAP	1,107.00	-14%	11.08

Index Performer (Week-on-Week; 2018 P/E)

Gainers				Losers			
Stock	Price	% Chg	PE	Stock	Price	% Chg	PE
JFC	292.20	5%	34.65	RRHI	84.90	-6%	18.37
AC	956.00	4%	16.03	MPI	4.93	-5%	10.09
AGI	14.18	4%	9.11	LTG	18.70	-5%	13.90
MEG	4.65	3%	9.33	SM	940.00	-4%	24.13
BDO	138.30	3%	14.36	SCC	31.40	-3%	7.98

Market Calendar

Monday	Tuesday	Wednesday	Thursday	Friday
4/2/2018	4/3/2018	4/4/2018	4/5/2018	4/6/2018
PH: Nikkei PH PMI Mfg US: ISM Mfg FGEN: Analysts' Briefing	GTCAP: Analysts' Briefing	US: Durable Goods Orders CNP: Analysts' Briefing VLL: Analysts' Briefing	PH: CPI (March) US: Initial Jobless Claims EMP: Analysts' Briefing	PH: Foreign Reserves US: Unemployment Rate AGI: Analysts' Briefing MEG: Analysts' Briefing
4/9/2018	4/10/2018	4/11/2018	4/12/2018	4/13/2018
Holiday	PH: Trade Balance	PH: Budget Balance US: CPI CH: CPI	US: Initial Jobless Claims	CH: Trade Balance
4/16/2018	4/17/2018	4/18/2018	4/19/2018	4/20/2018
PH: OFW Remittances COSCO: Analysts' Briefing PGOLD: Analysts' Briefing	CH: China PMI Mfg		PH: Balance of Payments US: Initial Jobless Claims	
4/23/2018	4/24/2018	4/25/2018	4/26/2018	4/27/2018
	US: Consumer Confidence SMPH: Analysts' Briefing		US: Initial Jobless Claims US: Durable Goods Orders	US: GDP
4/30/2018	5/1/2018	5/2/2018	5/3/2018	5/4/2018
PH: Money Supply	PH Holiday		AP: Analysts' Briefing AEV: Analysts' Briefing	