

Taking Cue from CPI

March 26 to 30, 2018

PSEi 2018 Performance



Weekly PSEi Performance

	As of March 28, 2018	W-o-W Change	YTD Change	Weight In the Index
PSEi	7,979.83	0.11%	-6.76%	-
FMETF	122.60	0.25%	-6.05%	-
All Shares	4,840.56	0.34%	-2.99%	-
Financials	2,089.67	1.78%	-6.30%	19.82
Industrial	11,429.65	1.60%	1.77%	11.97
Services	1,671.82	-0.49%	3.21%	10.66
Property	3,646.85	0.49%	-8.33%	18.76
Holdings	7,839.09	-1.06%	-9.02%	37.98
Mining & Oil	10,886.93	0.55%	-5.35%	0.90

Market Statistics (in Php bn)

	March 26 to 28, 2018	YTD
Ave. Daily Value Turnover	6.9	8.7
Foreign Buying	10.1	226.7
Foreign Selling	12.7	260.8
Net Foreign Buying/(Selling)	(2.5)	(34.0)

Foreign Indices

	Value	W-o-W	YTD	P/E 2018
Dow Jones	24,103.11	2.42%	-2.49%	16.32
S&P 500	2,640.87	2.03%	-1.22%	16.94
FTSE 100	7,056.61	1.95%	-8.21%	13.35
DAX	12,096.73	1.77%	-6.35%	12.60
Nikkei	21,159.08	2.63%	-7.05%	16.28
Hang Seng	30,093.38	-0.71%	0.58%	11.62
Shanghai	3,160.53	0.25%	-4.43%	12.37
PSE	7,979.83	0.89%	-6.76%	17.64

Sources: PSE data, Bloomberg

Equities Summary and Outlook

Market Outlook. We expect the market to trade sideways to lower should the March inflation reading on Thursday proved upward to the consensus estimate of 4.7%, higher than 4.5% in February and the central bank's estimate of 3.8% to 4.6%.

Market Review. The market traded flat, up by +0.1% to 7,979, following most regional markets (see table of Asian Indices) as investors watched developments on trade war and the US technology sector. After trading within the 7,900 range last Monday, the market slightly rose to 8,047.03, up 1.4% day-on-day last Tuesday, on news that the United States and China are communicating for a softer tone on trade. Quarter-end window dressing also supported the market but was short-lived as the sell-off in the US technology sector (Facebook shares fell 5% in a day upon Mark Zuckerberg's decision to testify before Congress) spilled over to Asian markets. The index closed weaker in March, down -5.8%, the second worst performer following Indonesia's -6.2% decline. Year-to-date (YTD), the PSEi was also the second worst performer, down -6.8% next to Japan's -7.1%. YTD, the top performer was Malaysia at +3.3%

Foreigners continued to sell Philippine stocks last week with total net foreign selling at Php2.5bn. The most sold stocks were BDO, ALI, SM, ICT and SMPH for a total amount of Php1.43bn while the most bought names were AGI, GLO, JFC, SMC and MPI amounting to Php376mn. Ytd, foreigners bought TEL, JFC, PGOLD, MER and MEG (Php3.93bn) while SM, ALI, AC, BDO and SMPH were the most sold stocks (-Php21.4bn).

Economic Summary and Outlook

Bank lending (net of reverse repurchase) expanded by +19.5% in February year-on-year (y-o-y), faster than the +19.0% growth recorded in January (revised). Month-on-month (m-o-m), commercial bank loans (net) increased by +1.8%. Drivers of loan expansion were:

- Loans for production activities (88.4% of total loans) was up +18.6% in February versus +18.0% the previous month.
- Production loans increased on the back of: real estate activities (+18.1%); electricity, gas, steam and airconditioning supply (+28.5%); wholesale and retail trade, repair of motor vehicles and motorcycles (+18.5%); manufacturing (+10.7%); financial and insurance activities (+15.3%); and, information and communication (+28.8%).
- Partially offset by agriculture, forestry and fishing (-11.4%), and administrative and support services activities (-40.0%).
- Meanwhile, loans for household consumption was at 19.9% lower than the 20.2% recorded in January as motor vehicle loans slowed which offset the growth in credit card and salary loans.

Meanwhile, government debt was up 9.87% y-o-y (versus 9.99% in January 2018) and 1.4% m-o-m in February on a weaker peso. Majority of the debt was locally-sourced at 64.9% of total which declined slightly by 0.021% m-o-m to Php4.4trn on net redemption of government securities amounting to Php1.28bn. The decline in debt was offset by a Php0.36bn increase in onshore dollar bonds value due to peso depreciation. External debt, on the other hand, increased 4.2% m-o-m to Php2.4trn as peso depreciated to Php52.07 from Php51.34 end-January. For 2018, the government expects to borrow more from domestic creditors amounting to a total of Php888.227bn and to set a 74-26% borrowing mix in favor of local source.

Corporate News

GT Capital (GTCAP) FY2017 core net income rose 29% to Php15.0bn from Pp11.7bn in 2016 as consolidated revenues increased 19% to Php239.8bn from Php202.1bn. Chunk of the group's net income were from the following: Toyota Motor Philippines (+11%, net income) contributed 39.1% to total net income, Metrobank (+10%, core net income) at 34.4% of total, and Metro Pacific Investments (+17%, core net income) at 9.6%. AXA, contributing 3.6%, grew 21% in core net income while the two property companies' aggregate net income were slightly lower to Php2.1bn from

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

COUNTRY	YTD Chg	MoM	WoW
MALAYSIA	3.3%	0.0%	-0.5%
TAIWAN	1.9%	0.6%	0.2%
THAILAND	0.8%	-3.5%	-1.5%
SINGAPORE	0.7%	-2.6%	0.2%
HONG KONG	0.6%	-2.4%	-0.7%
KOREA	-1.3%	0.4%	0.8%
INDONESIA	-2.6%	-6.2%	-0.3%
INDIA	-3.2%	-3.6%	1.1%
CHINA	-4.4%	-3.0%	0.2%
PHISIX	-6.8%	-5.8%	0.1%
TOKYO	-7.1%	-4.1%	2.6%

Commodities (in USD)

	Value	W-o-W	YTD
Gold (per troy ounce)	1,325.50	-1.62%	1.74%
Nickel (per metric tons)	13,300.00	2.70%	4.23%
Copper (per lbs)	302.55	1.09%	-8.73%
WTI (per barrel)	64.94	-1.43%	7.48%
Sugar (per lbs)	12.35	-1.75%	-17.78%

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

Top Foreign Buying		Top Foreign Selling	
AGI	273.80	BDO	(508.61)
GLO	37.88	ALI	(351.14)
JFC	25.49	SM	(220.54)
SMC	20.28	ICT	(183.11)
MPI	18.33	SMPH	(166.35)

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

Gainers				Losers			
Stock	Price	% Chg	PE	Stock	Price	% Chg	PE
SMC	134.00	20%	-	MPI	5.24	-24%	11.34
JFC	299.00	18%	35.04	SCC	30.30	-18%	7.85
BPI	117.00	8%	13.68	AGI	13.20	-18%	8.75
PGOLD	52.45	5%	21.32	DMC	12.16	-16%	8.62
PCOR	9.25	1%	7.63	BDO	139.00	-15%	14.28

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

Gainers				Losers			
Stock	Price	% Chg	PE	Stock	Price	% Chg	PE
BPI	117.00	7%	13.68	DMC	12.16	-6%	8.62
PCOR	9.25	7%	7.63	SM	917.00	-3%	24.04
GLO	1,622.00	4%	13.85	ICT	100.00	-3%	16.39
JFC	299.00	4%	35.04	RLC	19.94	-2%	13.97
AC	948.00	3%	15.45	SMC	134.00	-2%	-

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 CNPf: 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			AP: Analysts' Briefing AEV: Analysts' Briefing	