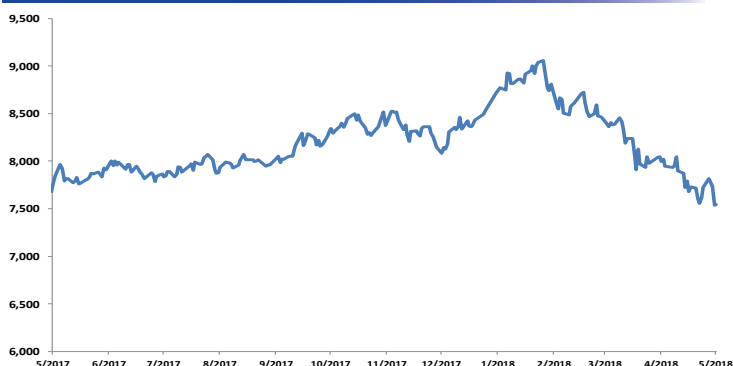


Relief Rally Hinges on Q1 GDP and Policy Hike

April 30 - May 4, 2018

PSEi 2018 Performance



Weekly PSEi Performance

	As of May 4, 2018	W-o-W Change	YTD Change	Weight In the Index
PSEi	7,546.2	-2.3%	-11.8%	-
FMETF	117.3	-1.1%	-10.1%	-
All Shares	4,605.3	-1.4%	-7.7%	-
Financials	1,906.9	-2.0%	-14.5%	19.8
Industrial	10,948.0	0.0%	-2.5%	11.9
Services	1,511.2	-1.8%	-6.7%	10.1
Property	3,520.4	-2.6%	-11.5%	18.9
Holdings	7,592.2	-2.3%	-11.9%	38.4
Mining & Oil	10,311.4	-0.6%	-10.4%	0.9

Market Statistics (in Php bn)

	May 4, 2018	YTD
Ave. Daily Value Turnover	6.6	8.1
Foreign Buying	15.3	306.1
Foreign Selling	16.7	349.7
Net Foreign Buying/(Selling)	(1.4)	(43.6)
% of Foreign to Total	61	49

Foreign Indices

	Value	W-o-W	YTD	P/E
Dow Jones	24,262.5	-0.2%	-1.8%	16.1
S&P 500	2,663.4	-0.2%	-0.4%	16.9
FTSE 100	7,567.1	0.9%	-1.6%	14.0
DAX	12,819.6	1.9%	-0.8%	13.3
Nikkei	22,472.8	0.0%	-1.3%	16.3
Hang Seng	29,926.5	-1.2%	0.0%	11.5
Shanghai	3,091.0	0.3%	-6.5%	12.2

Sources: PSE data, Bloomberg

Equities Outlook

Outlook. We expect the PSEi to move sideways early this week as investors await the results of Q1 2018 GDP and the Monetary Board (MB) policy meeting which will be both released on May 10. In-line or better results from consensus -- Q1 GDP accelerating to 6.7% from 6.5% in Q4 and a 25 bp rate hike from the BSP -- are expected to deliver a relief rally in the local market, which has underperformed global equities due to weak sentiment. So far, Q1 earnings results have failed to lift the market as outcomes were mixed, four were in-line, one outperformed and four underperformed. This week, ALI, ICT, TEL and LTG will release their Q1 earnings results.

Market Review. The PSEi fell by 12.9 points (-0.2%) today to close at 7,533.3. Last week, it dropped by 174.8 points (-2.3% week-on-week, w-o-w) to end on Friday at 7,546.2 after the PSEi faltered to its one-year low of 7,535.1 (-201 points or -2.6% from previous day) on May 3 as global markets digested the Fed minutes that reaffirmed the outlook for more Fed rate hikes as US inflation had moved nearer its target, coupled by concerns on reignited trade war between the US and China.

- PSEi has underperformed the global markets, -11.8% year-to-date (YTD), followed by Indonesia (-8.9%) and China (-6.5%). Top performing Asian markets were Singapore (+4.2%), India (+2.5%) and Malaysia (+2.5%).
- Net foreign selling persisted for the 14th straight week, albeit slower at P1.4bn from previous week's P2.1bn. YTD, it totaled P43.6bn.
- PHP bucked Asian currencies last week, ending stronger on Friday at P51.67/\$, +0.6% w-o-w. YTD, it was weaker by 3.4%, the second worst performing Asian currency next to Indian rupee (-4.5%).
- Last week, foreign investors flocked to MER, MPI, ALI, LTG and URC for a combined net amount of P405mn. Net foreign selling was the highest for JFC, SM, DMC, SMPH and BPI for a total of P1.4bn. YTD, most bought stocks were ICT, PCOR, RRHI, and URC to the tune of P2.6bn, while the most sold stocks were SMC, BPI, MEG, AEV and GLO for an aggregate amount of P2.6bn.

Economic News

Philippine Statistics Authority (PSA) reported that April headline inflation accelerated for the fourth straight month to 4.5% from 4.3% in April and 3.2% in the same period last year, albeit in-line with consensus and within the BSP's target range for the month of 3.9-4.7%. YTD, inflation averaged 4%. On a month-on-month (m-o-m) basis, consumer prices steadied from previous month's 0.5% vs 0.9% in Jan and 0.7% in Feb. Faster price upticks from previous month's inflation were seen in seven of the 11 commodity groups.

- Food was the biggest contributor (+2 percentage points) to total inflation driven by higher prices of fish (+0.7 percentage points) and rice (+0.4 percentage points).
- Next were housing, water, electricity, gas and other fuels (+0.7 percentage points), transport (+0.4 percentage points), non-alcoholic beverages (+0.3 percentage points) and alcoholic beverages & tobacco (+0.3 percentage points).
- Collectively, these commodity groups comprised 70% of the CPI basket.
- We expect inflation to hit its peak in Q2, but it is likely to decelerate in H2 as impact of TRAIN and higher oil prices subside.
- Accelerating inflation which is now above BSP target range and BSP's acknowledgment that price pressures are now spreading in the wider economy have convinced most economists that MB would raise its policy rates by 25 bps for the first time since Sept 2014 come May 10.

Department of Tourism (DOT) reported that tourist arrivals in Q1 grew 14.8% y-o-y to 2mn on the back of strong growth in Chinese tourists (+54.4% y-o-y to 371,429).

- China is the second largest foreign visitors in the country. Gov't is on track to attract 1.5mn Chinese tourists this year, +55% y-o-y.
- South Koreans remained the largest group with 477,087 visitors (+8.2% y-o-y), while the US came in third place with 284,946 visitors (+10.4% y-o-y).

- These three countries comprised 55% of the total tourist arrivals in Q1.
- For January alone, tourist receipts totaled P37.7bn, +74% y-o-y. The top spenders were the South Koreans (P11.1bn), Chinese (P6.2bn) and the Americans (P5.8bn).

margin improved to 47% from 43% in the same period last year. GLO upgraded its 2018 guidance for revenues to mid-single digit growth from low-single digit growth and EBITDA margin from ~40% to mid-40%. GLO share prices closed today at P1,580/share, +7.1% from Friday's closing but -17% YTD.

Corporate News

Globe Telecom (GLO) disclosed that Q1 2018 core income grew 24% to P4.6bn on the back of strong mobile data (+26% y-o-y) and home broadband business (+11% y-o-y). This comprised 31% of the full year 2018 consensus of P14.6bn. Service revenues expanded 8%, while EBITDA grew 18% to P15.8bn. EBITDA

Index Performer (Year-to-date)

Gainers				Losers			
Stock	Price	% Chg	P/E	Stock	Price	% Chg	P/E
SMC	136.70	22%	10.5	MPI	5.10	-26%	10.7
LTG	21.90	17%	16.0	DMC	10.80	-25%	7.8
JFC	275.40	9%	33.0	GTCAP	980.00	-24%	10.0
PCOR	9.28	1%	7.3	GLO	1,475.00	-22%	12.7
MER	327.00	0%	18.0	BDO	128.00	-22%	13.6

Index Performer (Week-on-Week)

Gainers				Losers			
Stock	Price	% Chg	P/E	Stock	Price	% Chg	P/E
LTG	21.90	11%	16.0	AEV	62.20	-11%	13.3
MPI	5.10	6%	10.7	GTCAP	980.00	-6%	10.0
MER	327.00	4%	18.0	DMC	10.80	-6%	7.8
AGI	13.20	2%	7.7	TEL	1,366.00	-5%	12.7
RRHI	90.20	2%	20.3	AC	916.00	-5%	15.4

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

Top Foreign Buying		Top Foreign Selling	
MER	159.5	JFC	-333.1
MPI	102.4	SM	-302.0
ALI	97.3	DMC	-262.9
LTG	24.5	SMPH	-256.1
URC	21.0	BPI	-219.4

Commodities (in USD)

	Value	W-o-W	YTD
Gold (per troy ounce)	1,314.5	-0.7%	0.9%
Nickel (per metric tons)	14,025.0	1.0%	9.9%
Copper (per lbs)	308.6	0.5%	-7.3%
WTI (per barrel)	69.7	2.4%	15.4%
Sugar (per lbs)	11.5	-0.1%	-23.5%

Market Calendar

Monday	Tuesday	Wednesday	Thursday	Friday
05/07/2018	05/08/2018	05/09/2018	05/10/2018	05/11/2018
PH: Foreign Reserves (Apr) CH: Foreign Reserves (Apr)	CH: External Trade (Apr)	PH: External Trade (Mar)	PH: Q1 GDP and MB Meeting US: Initial Jobless Claims (May 5) and CPI (Apr)	
05/14/2018	05/15/2018	05/16/2018	05/17/2018	05/18/2018
	PH: OFW Remittances (Mar) CH: Retail Sales & Industrial Production (Apr)		US: Intial Jobless Claims (May 12)	PH: BOP (Apr)