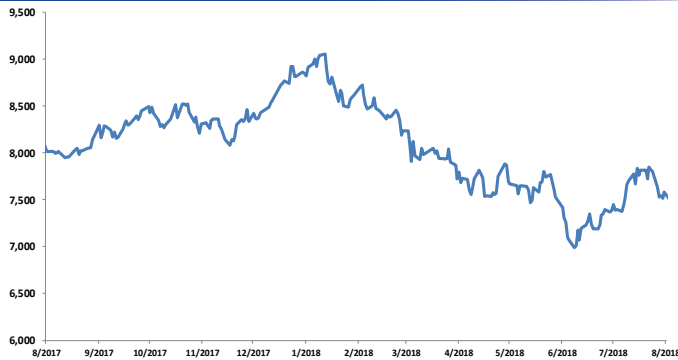


Consolidating

August 13-17, 2018

PSEi 2018 Performance



Weekly PSEi Performance

	As of Aug. 17, 2018	W-o-W Change	YTD Change	Weight In the Index
PSEi	7,583.5	-2.8%	-11.4%	-
FMETF	113.3	-2.7%	-10.6%	-
All Shares	4,606.7	-2.3%	-7.7%	-
Financials	1,796.6	-3.1%	-19.4%	18.7
Industrial	10,976.6	-1.4%	-2.3%	11.8
Services	1,512.2	-1.5%	-6.6%	10.5
Property	3,772.1	-3.0%	-5.2%	20.5
Holdings	7,469.3	-3.3%	-13.3%	37.6
Mining & Oil	9,887.0	-4.2%	-14.0%	0.9

Market Statistics (in Php bn)

	Aug. 17, 2018	YTD
Ave. Daily Value Turnover	5.3	7.1
Foreign Buying	10.5	522.0
Foreign Selling	15.3	595.8
Net Foreign Buying/(Selling)	(4.7)	(73.7)
% of Foreign to Total	49	51

Foreign Indices

	Value	W-o-W	YTD	P/E
Dow Jones	25,669.3	1.4%	3.8%	16.6
S&P 500	2,850.1	0.6%	6.6%	17.7
FTSE 100	7,558.6	-1.4%	-1.7%	13.5
DAX	12,210.6	-1.7%	-5.5%	13.1
Nikkei	22,270.4	-0.1%	-2.2%	15.8
Hang Seng	27,213.4	-4.1%	-9.0%	11.3
Shanghai	2,669.0	-4.5%	-19.3%	10.9

Sources: PSE data, Bloomberg

Equities Outlook

Outlook. We expect the PSEi to hover around 7,400-7,600 as the market awaits for new catalysts amidst disappointing economic data and lower-than-expected corporate earnings. US market bull run, with S&P hitting an all-time high, could provide lift to the market as well as positive news flows on inflation counter-measures, rice tariffication and TRAIN 2. The market is also looking for positive developments in US-China trade negotiations this week.

As the Q2 earnings season comes to a close, results were mixed. Of the index stocks, 5 were outperformers, 16 were in-line and 9 were underperformers leading in second quarter (Q2) earnings growth of 9.1% and first half (H1) earnings growth of 8.5%, lagging behind consensus of 11% for full year 2018.

Market Review. The PSEi bucked regional trend on Monday, shedding 83 points (1.1% day-on-day) to close at 7,500.5. Last week, the local bellwether retreated by 221.5 points (-2.8% week-on-week, w/w) to 7,583.5 due to renewed contagion fears after the Turkish currency plunged to a new low on August 13. Year-to-date (YTD), the index was down 12.4%. From the year's low of 6,987 on June 25, PSEi has gone up by 7.3%.

- YTD, only India (+12.4%), Taiwan (+1.4%) and Malaysia (+0.1%) were gainers in Asia, while China (-17.3%), the Philippines (-12.4%), and Hong Kong (-7.2%) were the top underperformers.
- Market posted seventh consecutive trading session of net foreign selling on Monday totaling P670mn. Cumulative net outflows for the year amounted to P73.7bn.
- PHP was steady on Monday at P53.39/\$. YTD, it was down 6.5%. PHP was the third worst performing currency in the region next only to India (-8.5%) and Indonesia (-6.9%).
- Last week, MEG, FGEM, TEL, SECB and BDO posted net foreign inflows totaling P219bn, while SM, BPI, SMPH, AC and SCC recorded the highest net outflows amounting to P2.1bn. YTD, only MER, TEL and GLO garnered net foreign inflows of P4.3bn, while SM, BDO, ALI, AC and BPI were the most sold stocks for an aggregate amount of P33.3bn.

Economic News

Bangko Sentral ng Pilipinas (BSP) reported balance of payments deficit (BOP) of \$455mn in July, lower than the \$1.2bn recorded in the previous month. This resulted in YTD BOP deficit of \$3.7bn, more than 2.5x than the deficit of \$1.4bn in the same period last year and ahead of the central bank's full year BOP deficit projection of \$1.5bn. The higher YTD BOP deficit is partly attributed to the country's widening trade-in-goods deficit which the Philippine Statistics Authority (PSA) pegged at \$19.1bn in the H1 of the year, 63% higher compared to H1 2017 due to sustained increase in imports of capital goods and raw materials.

Bureau of the Treasury (BTr) announced that government debt service in H1 2018 rose by 9.9% to P415bn. Of this amount, 60% were allotted for principal payments (P250.4bn, +10.4% y/y), mostly for domestic creditors of maturing bonds (P170.4bn), while the rest went to interest payments (165.6bn, +9.2%). In June alone, the government paid out P30.8bn (+22.8% y/y) for debt service, of which P24.1bn were allocated for interest payments. Government's programmed debt service payments for full year 2018 amounted to P733.7bn, 7.8% higher than 2017.

Corporate News

SM Retail, the retail arm of SM Investments Corporation, plans to expand the number of its stores to 3,000 within the next five years to take advantage of the country's rising spending power and robust economy. Currently, SM Retail has 2,149 stores comprising 61 The SM Stores, 1,304 specialty stores (including Ace Hardware, Uniqlo, Forever21, among others), 55 SM Supermarkets, 49 SM Hypermarkets, 190 Savemore stores, 49

Walmart stores, and 441 Alfamart stores. SMIC closed on Monday at P918/share, down 7.3% YTD.

Index Performer (Year-to-date)

Gainers				Losers			
Stock	Price	% Chg	P/E	Stock	Price	% Chg	P/E
SMC	147.50	32%	13.1	MPI	4.89	-29%	10.1
MER	363.00	10%	19.5	GTCAP	895.00	-28%	9.9
JFC	271.20	7%	32.9	JGS	53.50	-26%	13.7
GLO	1,970.00	4%	15.2	AEV	56.00	-24%	12.5
				MBT	74.75	-23%	10.4

Index Performer (Week-on-Week)

Gainers				Losers			
Stock	Price	% Chg	P/E	Stock	Price	% Chg	P/E
MPI	4.89	-29%	10.1	GTCAP	895.00	-9%	9.9
GTCAP	895.00	-28%	9.9	JGS	53.50	-9%	13.7
JGS	53.50	-26%	13.7	DMC	11.38	-8%	8.7
AEV	56.00	-24%	12.5	BPI	89.50	-8%	13.4
MBT	74.75	-23%	10.4	AEV	56.00	-7%	12.5

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

Top Foreign Buying		Top Foreign Selling	
MEG	99.4	SM	-534.5
FGEN	41.6	BPI	-505.9
TEL	29.0	SMPH	-428.0
SECB	25.6	AC	-342.1
BDO	23.6	SCC	-327.0

Commodities (in USD)

	Value	W-o-W	YTD
Gold (per troy ounce)	1,184.3	-2.2%	-9.1%
Nickel (per metric tons)	13,480.0	-2.5%	5.6%
Copper (per lbs)	264.8	-4.2%	-21.0%
WTI (per barrel)	65.9	-2.5%	9.1%
Sugar (per lbs)	10.2	-3.4%	-33.1%

Market Calendar

Monday	Tuesday	Wednesday	Thursday	Friday
08/20/2018	08/21/2018	08/22/2018	08/23/2018	08/24/2018
PH: BOP (July)			US: Initial Jobless Claims (Aug. 18)	
08/27/2018	08/28/2018	08/29/2018	08/30/2018	08/31/2018
		US: Q2 GDP and Core PCE(2nd reading)	US: Initial Jobless Claims (Aug. 30)	PH: Money Supply & Bank Lending (Aug.) CH: Manufacturing PMI (Aug.)