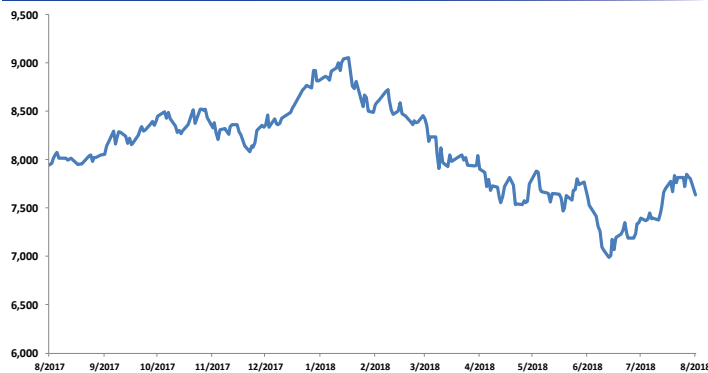


Behind

August 6-10, 2018

PSEi 2018 Performance



Weekly PSEi Performance

	As of Aug. 10, 2018	W-o-W Change	YTD Change	Weight In the Index
PSEi	7,805.0	-0.2%	-8.8%	-
FMETF	116.4	0.3%	-8.1%	-
All Shares	4,714.7	1.0%	-5.5%	-
Financials	1,854.8	-1.6%	-16.8%	18.8
Industrial	11,134.5	2.0%	-0.9%	11.6
Services	1,535.4	2.0%	-5.2%	10.2
Property	3,890.5	3.2%	-2.2%	20.7
Holdings	7,723.1	-1.6%	-10.4%	37.8
Mining & Oil	9,772.0	140.3%	-10.2%	0.9

Market Statistics (in Php bn)

	Aug. 10, 2018	YTD
Ave. Daily Value Turnover	6.8	7.2
Foreign Buying	14.4	512.2
Foreign Selling	14.5	580.7
Net Foreign Buying/(Selling)	(0.07)	(68.5)
% of Foreign to Total	42	51

Foreign Indices

	Value	W-o-W	YTD	P/E
Dow Jones	25,313.1	-0.6%	2.4%	16.3
S&P 500	2,833.3	-0.2%	6.0%	17.6
FTSE 100	7,667.0	0.1%	-0.3%	13.6
DAX	12,424.4	-1.5%	-3.8%	13.1
Nikkei	22,298.1	-1.0%	-2.1%	16.0
Hang Seng	28,366.6	2.5%	-5.2%	11.5
Shanghai	2,795.3	2.0%	-15.5%	11.2

Sources: PSE data, Bloomberg

Equities Outlook

Outlook. We expect the PSEi to trade between 7,600-7,900, with a downward bias as the market digests lower-than-expected Q2 GDP and Monetary Board's (MB) 50-bp rate hike, coupled with weaker global sentiment amidst contagion fears over Turkey's currency crisis that could spread to Europe given European lenders' huge exposure to Turkish debt.

Meanwhile, earnings results of 25 out of the 30 PSEi stocks were mixed -- 4 were outperformers, 9 were in-line and 12 were underperformers, with earnings growth of 7.9% for Q2 and 8.1% for H1, behind full year (FY) consensus of 11%. Latest earnings results were in-line -- AGI (+38% to P4.3bn in Q2; +17% to P7.8bn in H1), TEL (-14% to P5.7bn in Q2; -1% to P11.7bn), SCC (+3% to P3.5bn in Q2; +3% to P8.1bn in H1) and MEG (+13% to P4.1bn in Q2; +12% to P7.3bn in H1).

Market Review. The PSEi sharply declined today, down 169.7 points (-2.2% day-on-day) to close at 7,635.7. Last week, it reversed four consecutive weeks of gains to close 14.4 points (-0.2% week-on-week, w/w) lower on Friday to 7,805 following a disappointing Q2 GDP print of 6% growth vs. consensus of 6.8%, and the Monetary Board's strong action with a 50-bp rate hike to tame rising inflation which they now expect to average 4.9% this year from an earlier projection of 4.5% and 3.7% for 2019 from the initial estimate of 3.3%. Year-to-date (YTD), the local bellwether was 8.8% lower.

- YTD, Asian markets were mostly in the red led by China (+15.5%), the Philippines (-8.8%) and South Korea (-7.5%). Only India (+11.2%), Taiwan (+3.2%) and Malaysia (+0.5%) were gainers.
- Net foreign flows were slightly negative last week by P66.4mn, reversing two straight weeks of net foreign buying. YTD, net foreign outflows totaled P68.5bn.
- Philippine peso slightly strengthened last week to close on Friday at P53.15/\$ (+0.03% w/w) as the market priced in MB's rate hike.
- Last week, foreign investors bought ALL, GLO, SMPH, ICT and MBT for an aggregate amount of P2.2bn and unloaded BDO, AC, SM, AGI and JFC for a net total of P1.8bn. YTD, only MER, TEL and GLO reported net foreign inflows among index stocks for a combined amount of P4.4bn. Meanwhile, the most sold stocks were SM, BDO, ALL, AC and BPI totaling P31.9bn.

Economic News

Philippines' Q2 GDP slowed to 6% y/y from 6.6% (revised) in the previous quarter, lagging consensus of 6.8% and our (house view) forecast of 7%. This brought the H1 tally to 6.3%. On the demand side, growth was boosted by robust domestic demand, expanding by 10.1% from Q1's 8.3%, driven by strong investments (+20.7% y/y) and government spending (+11.9% y/y). Meanwhile, consumption spending slightly decelerated to 5.6% from Q1's 5.7%. However, negative growth contribution from net exports (-4.7 percentage points) offset growth due to widening trade-in-goods deficit which in Q2 rose 86% y/y to \$10.5bn and by 63% y/y to \$19.1bn in H1. On the supply side, services was the main growth driver (+6.6% y/y), contributing 3.8 percentage points to growth, albeit a slowdown from 6.8% in Q1 due to slower expansion in transportation and communication, retail trade and real estate. Likewise, industry growth weakened to 6.3% y/y from previous quarter's 7.7% attributed to slower growth in manufacturing (5.6% from Q1's 7.6%), while agriculture was lackluster, up 0.2% y/y.

Net foreign direct investments (FDIs) grew 143% y/y to \$1.6bn in May, leading to a first five-month tally of \$4.8bn or 49% higher from the same period last year. All FDI components expanded in May -- equity placements (+465% y/y to \$241mn), debt instruments (+136% y/y to \$1.3bn) and reinvestment of earnings (+6% y/y to \$75mn). YTD, equity placements grew 469% to \$1.4bn, debt instruments by 17% to \$3.1bn, while reinvestment of earnings was flat (-0.5%) to \$343mn. Singapore (\$604mn), China (\$166mn) and Japan (\$98mn) were the primary sources of equity investments. These were mostly channeled

to manufacturing (\$672mn), financial and insurance (\$259mn), arts and entertainment (\$186mn) and real estate (\$145mn).

Corporate News

Alliance Global Group, Inc. (AGI) reported recurring income of P7.8bn in H1, higher by 17% y/y. Consolidated revenues were up 9% y/y to P73.2bn. Megaworld's income contribution to AGI rose 13% to P7.3bn, driven by the

strong performance of its rental and residential business segments (+10% y/y to P26.8bn). Likewise, Emperador's contribution grew 18% to P3.3bn due to brisk sales of its whisky business (+77% in net profit to P890mn). Travellers International (gaming business) contributed P1.7bn vs P375mn a year ago, while GADC, the exclusive franchisee of McDonald's, reported H1 profit growth of 26% to P741mn due to 11% sales growth with same store sales growth (SSG) of 5.7%. AGI closed today at P12.20/share, -23.7% YTD.

Index Performer (Year-to-date)

Gainers				Losers			
Stock	Price	% Chg	P/E	Stock	Price	% Chg	P/E
SMC	143.00	28%	12.7	MPI	4.98	-27%	10.3
MER	368.20	12%	19.8	GTCAP	980.00	-21%	10.8
JFC	267.00	6%	32.7	AGI	12.58	-21%	7.1
GLO	1,976.00	4%	15.5	BDO	129.50	-21%	14.5
RLC	21.40	4%	14.4	SECB	200.00	-20%	12.4

Index Performer (Week-on-Week)

Gainers				Losers			
Stock	Price	% Chg	P/E	Stock	Price	% Chg	P/E
URC	140.60	8%	26.0	AP	36.10	-5%	10.0
GLO	1,976.00	7%	15.5	BDO	129.50	-5%	14.5
ALI	42.60	5%	18.6	JFC	267.00	-4%	32.7
MEG	4.98	5%	9.8	AC	985.00	-3%	16.5
RLC	21.40	5%	14.4	RRHI	85.45	-3%	19.5

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

Top Foreign Buying		Top Foreign Selling	
ALI	747.6	BDO	-660.3
GLO	529.9	AC	-447.4
SMPH	379.7	SM	-305.3
ICT	333.8	AGI	-220.8
MBT	217.2	JFC	-185.6

Commodities (in USD)

	Value	W-o-W	YTD
Gold (per troy ounce)	1,210.6	-0.4%	-7.1%
Nickel (per metric tons)	13,820.0	2.0%	8.3%
Copper (per lbs)	274.3	-0.8%	-17.9%
WTI (per barrel)	67.6	-1.3%	11.9%
Sugar (per lbs)	10.5	-2.9%	-30.7%

Market Calendar

Monday	Tuesday	Wednesday	Thursday	Friday
08/13/2018	08/14/2018	08/15/2018	08/16/2018	08/17/2018
	CH: Retail Sales & Industrial Production (July)	PH: OFW Remittances (June) US: Retail Sales (July)	US: Initial Jobless Claims (Aug. 11)	
08/20/2018	08/21/2018	08/22/2018	08/23/2018	08/24/2018
PH: Balance of Payments (July)			US: Initial Jobless Claims (Aug. 18)	