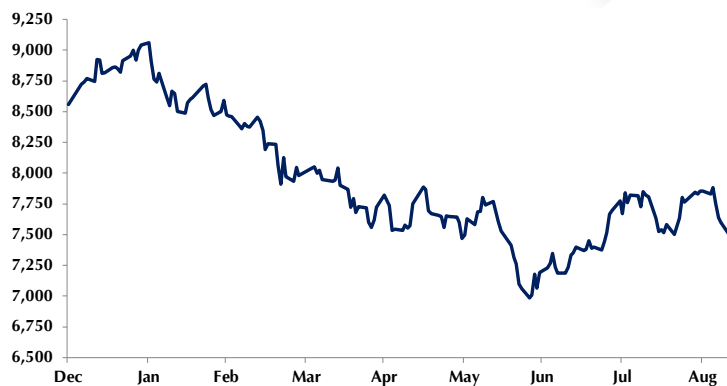


Ghost Month Ends but No Relief Rally

PSEi 2018 Performance



Weekly PSEi Performance

	As of Sept 7, 2018	W-o-W Change	YTD Change	Weight In the Index
PSEi	7,598.64	-3.27%	-11.21%	-
FMETF	113.20	-3.25%	-10.65%	-
All Shares	4,656.42	-2.43%	-6.68%	-
Financials	1,716.41	-5.18%	-23.04%	17.70
Industrial	11,243.41	-0.26%	0.11%	12.54
Services	1,525.74	-0.74%	-5.81%	10.76
Property	3,752.23	-4.90%	-5.68%	20.21
Holdings	7,515.70	-3.21%	-12.78%	37.85
Mining & Oil	9,593.63	-3.13%	-16.60%	0.89

Market Statistics (in Php bn)

	Sept. 3 - Sept. 7, 2018	YTD
Ave. Daily Value Turnover	6.1	7.1
Foreign Buying	11.5	560.9
Foreign Selling	16.0	639.1
Net Foreign Buying/(Selling)	(4.44)	(78.2)
% of Foreign to Total	45%	50%

Foreign Indices

	Value	W-o-W	YTD	P/E 2018
Dow Jones	25,916.54	-0.19%	4.84%	16.59
S&P 500	2,871.68	-1.03%	7.41%	17.76
FTSE 100	7,277.70	-2.08%	-5.33%	12.96
DAX	11,959.63	-3.27%	-7.42%	12.72
Nikkei	22,307.06	-2.44%	-2.01%	15.71
Hang Seng	26,973.47	-3.28%	-9.85%	10.85
Shanghai	2,702.30	-0.84%	-18.29%	10.77
PSE	7,598.64	-3.27%	-11.21%	17.44

Sources: PSE data, Bloomberg

Equities Summary and Outlook

Market Outlook. We expect the PSEi to trade around its critical support of 7,500 amidst continued concerns on Philippine inflation and trade war. Locally, investors were shocked on August inflation of 6.4% which reached a 9-year high and exceeded the 5.9% consensus estimate and the Bangko Sentral ng Pilipinas' (BSP) 5.5% to 6.2% expected range. Consequently, there's a higher chance of another 50bps policy hike at the next Monetary Board meeting on September 27. On the global front, the worsening global trade war also keeps investors away from risky assets. Last Friday, US Pres. Donald Trump threatened additional tariffs of \$267b in Chinese goods, on top of the \$200b initially proposed and the \$50bn imposed in July. This would mean every product coming into America from China will be subject to levies.

Market Review. The bellwether reversed its 2.4% month-on-month (m/m) gain in August as it lost 257.07 points or 3.3% to 7,598.64 last week. It was a selling spree for foreigners. Net foreign selling amounted to P4.4b last week (7th largest weekly outflow in 2018) after August inflation clocked in at 6.4%, exceeding all estimates and topping inflation rates in ASEAN6. The PSEi also tracked regional markets' sell-off. Asian markets ended in red w/w amidst rising concerns on contagion risks in emerging markets after South Africa entered recession in 2Q and Indonesia's rupiah tumbled to its lowest in two decades. From its peak of 9,058 in January, the market was down by -16.1%.

- The PSEi was at par with Hong Kong's -3.28% loss w/w, the worst in the region. Year-to-date (YTD), the PSEi was down -11.21%, the second worst next to China's -18.3%.
- Trading was thin. Average daily value traded decreased to P6.1b, lower than the weekly ave. daily value traded last August 31 and the yearly ave. daily value traded of P7.1b. 45% of the trading participants were foreigners.
- PHP was down by -0.5% w/w to P53.73/\$. The peso was still the third worst performer in the region, down by -7.6%, next to Indonesia at -9.2%.
- YTD net foreign selling at P78.2b. Foreigners' top buys last week were GLO, URC, AP, JGS and TEL for a total of P658m while top sells were BDO, AC, BPI, MBT and SMPH for P3.1b.
- YTD index gainers were SMC (+59%), MER (+16%), JFC (+11%), GLO (+11%) and RLC (+1%) while the biggest losers were GTCAP (-30%), MBT (-20%), AEV (-28%), BDO (-27%) and SECB (-24%). W/w, the top gainers were SMC (+5%), URC (+4%), TEL (+2%), and MER (+2%) while the losing stocks were AC (-8%), BDO (-8%), SMPH (-6%), ALI (-5%) and MBT (-5%).

Economic News

The country's gross international reserves (GIR) in August was at \$77.83b, 1.4% higher m/m versus July's \$76.72b (revised downward from \$76.89b). Primary reasons behind the higher GIR were: inflows from the National Government's (NG) net foreign currency deposits and the central bank's income from international investments. Offsetting these were payments made by the NG for FX obligations, FX operations of the central bank and revaluation adjustments on BSP's gold position. This level was equal to 7.5x import cover, 6.2x short-term external debt cover based on original maturity and 4.2x based on residual maturity.

Foreign direct investments for June 2018 was recorded at \$831m (net inflow), 9.2% higher than the \$761m recorded in June 2017 on the back of higher gross equity capital placements to \$208m (+83.6%). Top sources of FDI were: Singapore, Luxembourg, Japan, United States and Netherlands while the top receiving economic activities included: 1) manufacturing 2) electricity, gas, steam and air conditioning supply 3) real estate; 4) financial and insurance; and 5) wholesale and retail trade activities. For January to June 2018, FDI net inflows amounted to \$5.8b in the first half, up by 42.4% from \$4bn during the same period in 2017. But the concern arises from the 14.8% decline to P299.82b in approved investments (both foreign and Filipino nationals) in the first semester of 2018 driven by a 56% drop to P53b in Philippine Economic Zone Authority (PEZA) investments. In Q2 alone, investments halved from P230.42b to P114.69b driven by a 71% drop in investments to CALABARZON (where Subic is located) which accounted for 18% of total Q2 investments. By agency, PEZA led the decline with a 67.6% drop in Q2, accounting for 20% of total. Quarter-on-quarter, investments plunged by 38.1%. Consequently, projected employment from approved investments of foreign and Filipino nationals for the first semester was at 78,258 jobs, 47.8% less than the previous year.

Corporate News

Jollibee Foods Corp. (JFC) enters into a partnership with award-winning Chef Rick Bayless, founder of Tortas Frontera restaurants. According to its disclosure, JFC will invest a total of \$12.4m for a 47% stake in Tortas Frontera with the aim of building a Mexican fast-casual restaurant business in the United States. This is the second biggest investment by JFC in the US next to the \$99m invested in Smashburger in 2015.

Asian Markets

Country	7-Sep-18	YTD Chg	MoM	WoW
India	38,390	12.7%	1.3%	-0.7%
Taiwan	10,847	1.9%	-2.1%	-2.0%
Malaysia	1,799	0.1%	-0.3%	-1.1%
Tokyo	22,307	-2.0%	-1.5%	-2.4%
Thailand	1,689	-3.7%	-1.9%	-1.9%
Korea	2,282	-7.5%	-0.9%	-1.8%
Singapore	3,134	-7.9%	-5.8%	-2.5%
Indonesia	5,851	-7.9%	-4.0%	-2.8%
Hong Kong	26,973	-9.8%	-4.9%	-3.3%
Philippines	7,599	-11.2%	-3.2%	-3.3%
China	2,702	-18.3%	-1.5%	-0.8%

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

Stock	Price	% Chg	PE
SMC	177.00	59%	-
MER	380.00	16%	20.21
JFC	281.00	11%	33.86
GLO	2,104.00	11%	16.03
RLC	20.75	1%	13.52

Losers

Stock	Price	% Chg	PE
GTCAP	870.50	-30%	9.85
MBT	69.50	-28%	9.73
AEV	53.30	-28%	11.69
BDO	120.20	-27%	13.49
SECB	191.50	-24%	12.66

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

Stock	Price	% Chg	PE
SMC	177.00	5%	-
URC	144.90	4%	27.27
TEL	1,424.00	2%	13.03
MER	380.00	2%	20.21
AP	37.00	0%	10.03

Losers

Stock	Price	% Chg	PE
AC	917.00	-8%	15.16
BDO	120.20	-8%	13.49
SMPH	36.65	-6%	29.19
ALI	42.20	-5%	18.19
MBT	69.50	-5%	9.73

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

GLO	302.5
URC	181.5
AP	59.7
JGS	58.7
TEL	55.2

Top Foreign Selling

BDO	(716.2)
AC	(642.1)
BPI	(635.2)
MBT	(619.7)
SMPH	(525.8)

Commodities (in USD)

	Value	W-o-W	YTD
Gold (per troy ounce)	1,193.46	0.78%	-8.39%
Nickel (per metric tons)	13,275.00	-1.52%	4.04%
Copper (per lbs)	270.10	2.02%	-19.11%
WTI (per barrel)	68.53	3.98%	13.42%
Sugar (per lbs)	10.31	1.28%	-32.22%

Market Calendar

Monday	Tuesday	Wednesday	Thursday	Friday
9/10/2018	9/11/2018	9/12/2018	9/13/2018	9/14/2018
CH: CPI and PPI YoY	PH: Trade Balance		US: Initial Jobless Claims US: CPI MoM	
9/17/2018	9/18/2018	9/19/2018	9/20/2018	9/21/2018
PH: OFW Remittances		PH: BoP	US: Initial Jobless Claims	
9/24/2018	9/25/2018	9/26/2018	9/27/2018	9/28/2018
			PH: BSP Overnight Rate US: Initial Jobless Claims US: FOMC Rate Decision US: GDP Annualized QoQ	PH: Bank Lending YoY and M3 CH: Caixin China PMI Mfg