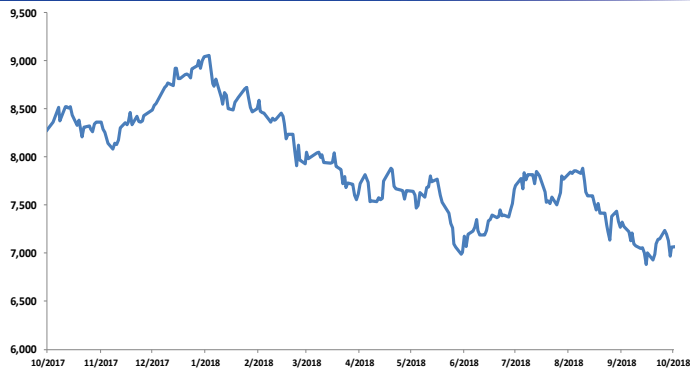


Range Bound

October 22-26, 2018

PSEi 2018 Performance



Weekly PSEi Performance

	As of Oct. 26, 2018	W-o-W Change	YTD Change	Weight In the Index
PSEi	7,064.3	-1.2%	-17.5%	
FMETF	105.8	-1.5%	-16.5%	
All Shares	4,332.6	-0.6%	-13.2%	
Financials	1,563.6	-3.0%	-29.9%	17.3
Industrial	10,522.4	-2.6%	-6.3%	12.4
Services	1,461.6	-1.8%	-9.8%	11.2
Property	3,494.5	-2.3%	-12.2%	20.4
Holdings	6,957.9	1.3%	-19.2%	37.8
Mining & Oil	9,411.2	-2.1%	-18.2%	0.9

Market Statistics (in Php bn)

	Oct. 26, 2018	YTD
Ave. Daily Value Turnover	4.9	6.8
Foreign Buying	12.0	650.5
Foreign Selling	12.0	650.5
Net Foreign Buying/(Selling)	(2.4)	(95.2)
% of Foreign to Total	54	51

Foreign Indices

	Value	W-o-W	YTD	P/E
Dow Jones	24,688.3	-3.0%	-0.1%	15.5
S&P 500	2,658.7	-3.9%	-0.6%	16.3
FTSE 100	6,939.6	-1.6%	-9.7%	12.2
DAX	11,200.6	-3.1%	-13.3%	12.3
Nikkei	21,184.6	-6.0%	-6.9%	14.9
Hang Seng	24,717.6	-3.3%	-17.4%	10.3
Shanghai	2,598.8	1.9%	-21.4%	10.4

Sources: PSE data, Bloomberg

Equities Outlook

Outlook. We expect the PSEi to continue to be range bound as investors await the release of October inflation print on Nov. 6 and the third quarter GDP on Nov. 8. Latest earnings results were mixed (YTD) -- MER (reported +14% to P18.2bn; core +9% to P16.7bn) slightly outperformed, while BDO (reported +6% to P21.5bn; core +13%), URC (reported -17% to P7bn), CHP (reported -P605mn; core -P134mn) and Holcim (reported -24% to P1.7bn) underperformed. RRHI reported core earnings 13% higher to P3.5bn (reported +11% to P4.3bn). Next week, ALI and GLO will announce their earnings on Nov. 6; MPI, AEV, AP, SM and ICT on Nov. 7; TEL on Nov. 8 and EAGLE on Nov. 9.

Market Review. The PSEi rose 44.7 points yesterday (+0.6% from Friday's closing) to end at 7,109. Last week, the index trended lower for the 8th consecutive week, dropping by 87.2 points (1.2% week-on-week, w/w) to 7,064.3 amid the backdrop of rising geopolitical tension, rising US interest rates, a more hawkish Fed, a strong US dollar, and slowing Chinese economy. The local bellwether has dropped by 17.5% year-to-date (YTD) and by 22% from its peak in January at 9,058. Net foreign outflows continued for 42 straight trading days, bringing the YTD total to P95.2bn. Last week, net foreign selling accelerated to P2.4bn from P2bn in the previous week.

- Most of the markets that we follow were down YTD led by China (-21.2%), South Korea (-17.8%) and the Philippines (-17.5%). Only the US Nasdaq was a gainer by 3.8%.
- Philippine peso gained 0.1% last week to close at P53.60/\$. YTD, it has weakened by 6.9%.
- Last week, foreign investors flocked to GLO, JFC, GTCAP, SMC and MER for an aggregate amount of P668mn, while sold heavy-weights ALI, SMPH, MBT, BPI and ICT for a total of P1.7bn. YTD, foreign investors sold SM, BPI, BDO, AC and ALI for a combined net amount of P41.6bn.

Economic News

The Bureau of the Treasury (BTr) reported that outstanding debt in September reached P7.1trn, up 11.1% from the same period last year. Domestic debt, which comprised 64% of the total debt, rose by 9.5% from a year ago level and 3.3% from the start of the year to P4.6trn. Meanwhile, external debt expanded by 14% from September 2017 and by 16.3% from the start of the year to P2.6trn attributed to higher net availments of foreign loans and peso depreciation. On a month-on-month (m/m) basis, outstanding debt climbed by 0.8%.

The Department of Tourism announced that tourist arrivals in September rose by 7.5% year-on-year (y/y) to 508,373, bringing the YTD tally higher by 9.7% to 5.3mn. This is equivalent to 72% of the agency's full year 2018 target of 7.4mn. Growth in tourist arrivals this year was mainly buoyed by the 35% y/y increase in Chinese tourists to 972,550, the country's second largest source market, next only to South Korea's 1.2mn tourist arrivals (-1.2% YTD). US came in third place, growing by 7.9% to 774,657. Rounding up the top five source markets were Japan (+7.3% to 485,181) and Australia (+6.6% to 199,201).

Corporate News

Manila Electric Company's (MER) consolidated core net income for the first nine months of 2018 rose by 9% to P16.7bn, beating consensus of P20.9bn. Consolidated electricity revenues for the period climbed 6% y/y to P221.3bn and distribution revenues grew 3% to P46.2bn, driven by the 5% increase in the volume of energy sold to 32,921GWh. Non-electricity revenues, likewise, increased by 11% to P6.1bn. However, consolidated EBITDA YTD was flat (+1%) to P26.6bn. MER closed yesterday at P360/share, up 10.8% YTD.

Index Performer (Year-to-date)

Gainers				Losers			
Stock	Price	% Chg	P/E	Stock	Price	% Chg	P/E
SMC	164.50	47%	14.9	SECB	139.60	-44%	10.0
MER	360.40	10%	19.4	AEV	45.15	-39%	10.1
GLO	2,050.00	8%	14.9	GTCAP	785.00	-37%	9.2
JFC	270.00	7%	32.4	JGS	47.50	-34%	12.5
RLC	20.95	2%	13.1	MBT	64.50	-33%	9.2

Index Performer (Week-on-Week)

Gainers				Losers			
Stock	Price	% Chg	P/E	Stock	Price	% Chg	P/E
LTG	14.64	10%	9.0	URC	130.00	-11%	25.5
GTCAP	785.00	8%	9.2	SCC	26.60	-10%	7.2
GLO	2,050.00	7%	14.9	SECB	139.60	-8%	10.0
SMC	164.50	4%	14.9	AP	32.50	-8%	9.0
PGOLD	42.00	4%	15.7	AEV	45.15	-6%	10.1

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

Top Foreign Buying		Top Foreign Selling	
GLO	167.2	ALI	-586.2
JFC	143.9	SMPH	-371.0
GTCAP	131.4	MBT	-289.1
SMC	130.5	BPI	-248.8
MER	94.8	ICT	-173.7

Commodities (in USD)

	Value	W-o-W	YTD
Gold (per troy ounce)	1,233.5	0.6%	-5.3%
Nickel (per metric tons)	11,900.0	-4.4%	-6.7%
Copper (per lbs)	274.1	-1.3%	-18.2%
WTI (per barrel)	67.6	-2.2%	11.9%
Sugar (per lbs)	13.8	-0.4%	-11.8%
Rice (per cwt)	10.7	-2.8%	-8.1%

Market Calendar

Monday	Tuesday	Wednesday	Thursday	Friday
10/29/2018	10/30/2018	10/31/2018	11/01/2018	11/02/2018
US: PCE Core (Sep)		PH: Money Supply (Sep) & Bank Lending (Sep) CH: Manufacturing PMI (Oct)	CH: Caixin China PMI Manufacturing (Oct) US: Initial Jobless Claims (Oct 27) and Marking US Manufacturing PMI (Oct)	US: Trade Balance (Sep) & Unemployment Rate (Oct)
11/05/2018	11/06/2018	11/07/2018	11/08/2018	11/09/2018
PH: Nikkei Philippine PMI Mfg (Oct)	PH: Inflation (Oct)	PH: External Trade (Sep) and Forex Reserves (Oct) CH: Forex Reserves (Oct)	PH: Q3 GDP US: Initial Jobless Claims (Nov 3)	