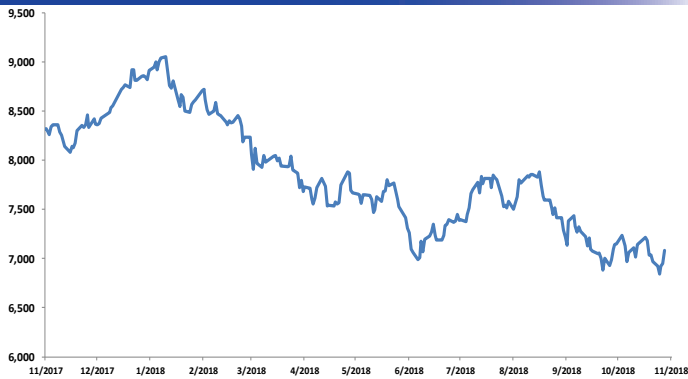


Positive Sentiment

November 12-16, 2018

## PSEi 2018 Performance



## Weekly PSEi Performance

	As of Nov. 16, 2018	W-o-W Change	YTD Change	Weight In the Index
PSEi	7,083.3	1.6%	-17.2%	
FMETF	106.5	0.9%	-15.9%	
All Shares	4,310.5	1.0%	-13.6%	
Financials	1,661.8	5.7%	-25.5%	18.6
Industrial	10,672.9	0.9%	-5.0%	12.7
Services	1,381.2	-0.2%	-14.7%	10.5
Property	3,426.5	1.1%	-13.9%	19.9
Holdings	6,914.3	0.0%	-19.8%	37.5
Mining & Oil	8,948.1	-1.9%	-22.2%	0.8

## Market Statistics (in Php bn)

	Nov. 16, 2018	YTD
Ave. Daily Value Turnover	7.6	7.0
Foreign Buying	19.8	733.6
Foreign Selling	22.7	802.3
Net Foreign Buying/(Selling)	(2.9)	(68.7)
% of Foreign to Total	56	51

## Foreign Indices

	Value	W-o-W	YTD	P/E
Dow Jones	25,413.2	-2.2%	2.8%	15.9
S&P 500	2,736.3	-1.6%	2.3%	16.7
FTSE 100	7,013.9	-1.3%	-8.8%	12.5
DAX	11,341.0	-1.6%	-12.2%	12.4
Nikkei	21,680.3	-2.6%	-4.8%	15.5
Hang Seng	26,183.5	2.3%	-12.5%	11.0
Shanghai	2,679.1	3.1%	-19.0%	10.9

Sources: PSE data, Bloomberg

## Equities Outlook

**Outlook.** PSEi may test the next resistance of 7,400 as market digests Monetary Board's (MB) 25-bp rate hike last week, seen as a proactive stance to temper risk to inflation outlook, and the Bangko Sentral ng Pilipinas' (BSP) downward adjustment of inflation forecast to within the target range of 2-4% for 2019. Other favorable news are the de-escalation of trade tension between US and China and falling global oil prices on supply glut concerns.

Key risk is the uncertainty over Brexit after the political fallout from Prime Minister Theresa May's plan.

**Market Review.** The PSEi rose by 186.9 points yesterday (+2.6% from Friday's closing) to end at 7,270.3. Last week, the local bellwether gained 114.5 points (+1.6% week-on-week, w/w) to 7,083.3 following MB's decision on November 15 to raise the policy rates by another 25 bps to 4.75% to anchor inflation expectation and revise the inflation forecast for 2019 to 3.5% from September's outlook of 4.3%. Meanwhile, inflation outlook for 2018 and 2020 were revised a tad higher to 5.3% from 5.2% and 3.3% from 3.2%, respectively.

**Market Flows.** Market recorded net foreign outflows of P2.9bn, bringing the full year tally to P68.7bn. Excluding the block sale of FB shares totaling P39.2bn, net foreign selling would have been P107.9bn.

**Regional Markets.** Asian markets were mixed last week. China (+3.1%), Indonesia (+2.4%) and Hong Kong (+2.3%) were the top gainers w/w, while Japan (-2.6%) and Thailand (-2%) were the underperformers. Year-to-date (YTD), only India (+4.1%) is a gainer, while China (-19%), the Philippines (-17.2%) and Korea (-15.2%) have remained the laggards.

**Currencies.** Philippine peso strengthened for the sixth straight week, up 0.5% w/w to close on Friday at P52.71/\$ following the MB's policy rate hike on Thursday. YTD, the peso has shed 5.3% of its value. Most Bought/Sold Stock. See table in next page.

## Economic News

Moody's Analytics expects the Philippine economy to grow at a sustain pace of 6-7% over the next few years despite an apparent slowdown in the first nine months of the year (9M18) to 6.3% from a comparable 6.8% a year ago amid elevated inflation, interest rates and taxes that eroded household consumption to a 4-year low in the third quarter (3Q18) to 5.2%. Growth will be supported by robust investments and infrastructure spending, coupled with easing inflation amid government efforts to resolve food supply bottlenecks and as the impact of TRAIN 1 fades. MB's decision to raise its policy rates will also help to temper inflation expectation.

Bangko Sentral ng Pilipinas (BSP) reported that cash remittances from OFWs in September rose 2.3% year-on-year (y/y) to \$2.3bn, bringing the full year level to \$21.3bn or 2.5% higher from a year ago. Cash remittances from both land-based (\$16.8bn) and sea-based (\$4.5bn) workers expanded by 2.2% and 3.5% y/y, respectively. Decline in cash inflows from the Middle East (-17.3% y/y), especially from Saudi Arabia (-12.3%), UAE (-19.9%) and Qatar (-12.3%), partially offset the growth in the US (+5.8%), Asia (+13%) and Europe (+8.6%). We maintain our forecast of 2-4% growth in OFW remittances for 2018.

## Corporate News

Megawide Corporation (MWIDE) reported core profits of P1.1bn (after prefs) in 9M18, down 5% y/y. Revenues dropped by 10.6% to P12.7bn due to the substantial decline in its construction revenues (-16.8% to P10.3bn) attributed to project delays, albeit new contracts booked rose by 55% to P16.8bn. Airport revenues remained robust, up 26.5% y/y to P2.2bn. EBITDA grew by 8% to P3.8bn. MWIDE closed on Friday at P17.60/share, down 1.4% YTD.

**Index Performer (Year-to-date)**

Gainers				Losers			
Stock	Price	% Chg	P/E	Stock	Price	% Chg	P/E
SMC	168.50	51%	15.0	SECB	140.00	-44%	9.9
MER	376.60	15%	19.6	JGS	45.00	-38%	12.0
JFC	282.00	11%	34.5	AEV	46.30	-37%	10.6
FGEN	17.38	2%	6.0	GTCAP	807.00	-35%	9.7
GLO	1,925.00	1%	13.7	MPI	4.50	-34%	9.1

**Index Performer (Week-on-Week)**

Gainers				Losers			
Stock	Price	% Chg	P/E	Stock	Price	% Chg	P/E
GLO	1,925.00	11%	13.7	MPI	4.50	-5%	9.1
BPI	88.90	11%	13.9	TEL	1,165.00	-5%	10.9
GTCAP	807.00	11%	9.7	AGI	10.70	-4%	6.0
MBT	70.30	8%	10.0	SECB	140.00	-3%	9.9
FGEN	17.38	6%	6.0	PCOR	7.84	-3%	5.7

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

Top Foreign Buying		Top Foreign Selling	
BPI	182.7	SMPH	-885.3
MER	155.4	MPI	-487.4
LTG	101.2	AP	-432.0
GLO	85.4	SM	-299.5
SMC	78.3	AC	-290.3

**Commodities (in USD)**

	Value	W-o-W	YTD
Gold (per troy ounce)	1,223.4	1.1%	-6.1%
Nickel (per metric tons)	11,360.0	-1.0%	-11.0%
Copper (per lbs)	281.0	4.1%	-16.4%
WTI (per barrel)	56.5	-6.2%	-6.6%
Sugar (per lbs)	12.7	-0.3%	-19.1%
Rice (per cwt)	10.9	2.8%	-6.8%

**Market Calendar**

Monday	Tuesday	Wednesday	Thursday	Friday
11/19/2018	11/20/2018	11/21/2018	11/22/2018	11/23/2018
PH: BOP (Oct)			US: Initial Jobless Claims (Nov. 17)	
11/26/2018	11/27/2018	11/28/2018	11/29/2018	11/30/2018
PH: Budget Balance (Oct)		US: Q3 GDP and Core PCE (Second Reading)	PH: Money Supply & Bank Lending (Oct) US: Initial Jobless Claims (Nov. 24)	CH: Manufacturing PMI (Nov)