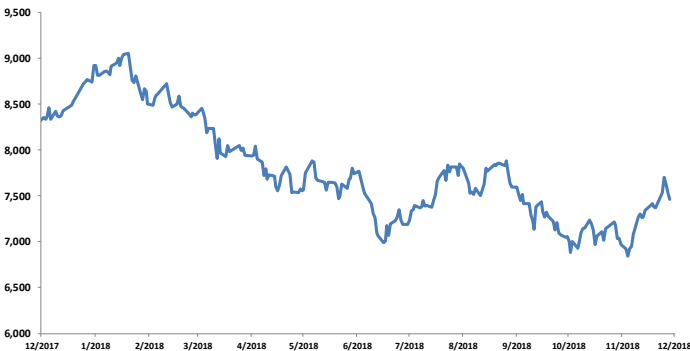


PSEi 2018 Performance



Weekly PSEi Performance

	As of Dec. 7, 2018	W-o-W Change	YTD Change	Weight In the Index
PSEi	7,461.1	1.3%	-12.8%	-
FMETF	111.5	0.9%	-12.0%	-
All Shares	4,495.9	1.2%	-9.9%	-
Financials	1,795.3	2.1%	-19.5%	19.2
Industrial	10,841.5	1.7%	-3.5%	12.2
Services	1,412.3	0.8%	-12.8%	10.1
Property	3,646.3	1.3%	-8.3%	20.2
Holdings	7,289.8	0.8%	-15.4%	37.5
Mining & Oil	8,411.2	-0.9%	-26.9%	0.8

Market Statistics (in Php bn)

	Dec. 7, 2018	YTD
Ave. Daily Value Turnover	8.7	7.1
Foreign Buying	25.7	810.0
Foreign Selling	25.0	868.9
Net Foreign Buying/(Selling)	0.8	(59.0)
% of Foreign to Total	58	51

Foreign Indices

	Value	W-o-W	YTD	P/E
Dow Jones	24,389.0	-4.5%	-1.3%	15.3
S&P 500	2,633.1	-4.6%	-1.5%	16.1
FTSE 100	6,778.1	-2.9%	-11.8%	12.0
DAX	10,788.1	-4.2%	-16.5%	11.9
Nikkei	21,678.7	-3.0%	-4.8%	15.3
Hang Seng	26,063.8	-1.7%	-12.9%	10.9
Shanghai	2,605.9	0.7%	-21.2%	10.7

Sources: PSE data, Bloomberg

Equities Outlook

Outlook. The PSEi is in a correction mode, testing the support of 7,200, as the market has fully digested improving outlook on slowing inflation, steady peso and easing crude prices. The correction is triggered by mounting fears of a global economic slowdown after China's external trade data for November missed consensus by a hefty margin (exports +5.4% vs expected +10%; imports +3% vs +14.5%).

Key economic data and events this week are: Philippine external trade (Dec. 11), Monetary Board (MB) meeting (Dec. 12), and China's retail sales for November (Dec. 14).

Market Review. The PSEi rose for the fourth straight week, up 1.3% (+93.21 points) week-on-week (w/w) to close on Friday at 7,461.06, fueled by optimism over the US-China trade war truce at the week's onset. It hit a high of 7,703.92 on December 4. However, the rally was short-lived as doubts emerged that US-China deal resolution would not be met before a 90-day deadline. From 7,703, the index has gone down by 4.8%. Year-to-date (YTD), PSEi has trimmed its losses to 14.1% (as of December 10).

Market Flows. Net foreign buying returned last week totaling P800.4mn, bringing the YTD tally to P98.2bn (excluding the FB block sale of P39.2bn).

Regional Markets. The Philippine was the top gainer (+1.3% w/w) in Asia last week, followed by Indonesia (+1.2%) and China (+0.7%). YTD, India is still the only gainer in the region (+4.7%), while China (-21.2%), South Korea (-15.9%) and Hong Kong (-12.9%) are the top laggards.

Currencies. The Philippine peso retreated by 0.5% to end on Friday at P52.71/\$, reversing eight successive weekly gains. YTD, the peso has shed 5.3% of its value. For Most Bought/Sold Stocks, see table in next page.

Economic News

Philippine Statistical Authority (PSA) reported that trade deficit for the first ten months of the year ballooned to \$33.9bn, 68.5% higher from the same period last year. This was driven by surging imports which have expanded by double-digit since April 2018 to 16.8% YTD or \$91bn. Meanwhile, exports remained flat (-1.2% YTD) to \$57.1bn. Exports have been mainly supported by sustained expansion in electronics (+5.2% YTD), albeit October figure for electronics was noticeably slower (0.6% year-on-year, y/y) vs previous months, amid declines in other major exports. On the other hand, all major imports commodity group have been rising double-digit YTD led by capital goods (+16.8% y/y), raw materials and intermediate goods (+16.7%), fuels (+25.5%) and consumer goods (+11.2%).

Analysts widely expect the Monetary Board (MB) to keep policy rates at 4.75% in their upcoming meeting on December 12, after it fired off five consecutive rate hikes since May that raised policy rates by 175 bps this year. The outlook is anchored on decelerating inflation as indicated in the November print which saw consumer price upticks slowed to 6% y/y or -0.2% month-on-month (m/m) after hitting a 9-year high of 6.7% y/y in September. The slower inflation was attributed to food supply normalization and sharp decline in global oil prices. However, an analyst cautioned that rising core inflation at 5.1% in November vs 4.9% in October may prompt the Bangko Sentral ng Pilipinas (BSP) to take action, especially as the country's real rate is still the lowest among its peers. We (house view) likewise expect the MB to pause its rate hiking until next year amid easing inflation.

Corporate News

Manila Electric Company (MER) will invest \$40mn over five to seven years in electricity distributor Electricity Company of Ghana (ECG), with the takeover set on February 2019. The Meralco-Aegernia consortium is expected to pour \$581mn in the next five to seven years of the 20-year concession period. MER has 30% stake in the consortium, Aegernia has 19%, while a combined 51% is shared by Ghanaian firms. MER closed yesterday at P366.20/share, up 12.7% YTD.

Index Performer (Year-to-date)

Gainers				Losers			
Stock	Price	% Chg	P/E	Stock	Price	% Chg	P/E
SMC	162.20	45%	14.4	SECB	160.00	-36%	12.0
JFC	295.00	17%	36.1	SCC	24.55	-33%	6.7
MER	376.00	14%	19.6	AEV	50.30	-32%	11.5
FGEN	19.32	14%	6.7	JGS	50.10	-31%	13.3
GLO	2,076.00	9%	14.7	MPI	4.77	-30%	9.6

Index Performer (Week-on-Week)

Gainers				Losers			
Stock	Price	% Chg	P/E	Stock	Price	% Chg	P/E
FGEN	19.32	9%	6.7	SMC	162.20	-7%	14.4
MBT	79.80	7%	11.4	RRHI	71.50	-6%	17.6
MEG	4.80	6%	9.3	SCC	24.55	-6%	6.7
LTG	16.94	6%	10.3	AC	910.00	-4%	15.7
JFC	295.00	6%	36.1	AEV	50.30	-4%	11.5

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

Top Foreign Buying		Top Foreign Selling	
MBT	881.5	AC	-877.1
JFC	372.7	URC	-292.4
GTCAP	254.0	PGOLD	-275.7
SMPH	242.2	SMC	-234.4
GLO	205.8	RRHI	-169.6

Commodities (in USD)

	Value	W-o-W	YTD
Gold (per troy ounce)	1,249.3	2.4%	-4.1%
Nickel (per metric tons)	10,910.0	-2.6%	-14.5%
Copper (per lbs)	276.0	-1.0%	-17.9%
WTI (per barrel)	52.6	3.3%	-12.9%
Sugar (per lbs)	12.9	0.2%	-18.0%
Rice (per cwt)	10.8	-1.1%	-7.8%

Market Calendar

Monday	Tuesday	Wednesday	Thursday	Friday
12/10/2018	12/11/2018	12/12/2018	12/13/2018	12/14/2018
	PH: External Trade (Oct)	PH: Monetary Board Meeting US: CPI (Nov)	US: Initial Jobless Claims (Dec 8)	CH: Retail Sales (Nov)
12/17/2018	12/18/2018	12/19/2018	12/20/2018	12/21/2018
PH: OFW Remittances (Oct)		PH: OFW Remittances (Oct) US: FOMC Meeting	US: Initial Jobless Claims (Dec 15)	US: Q3 GDP (3rd Reading) and Core PCE (Nov)