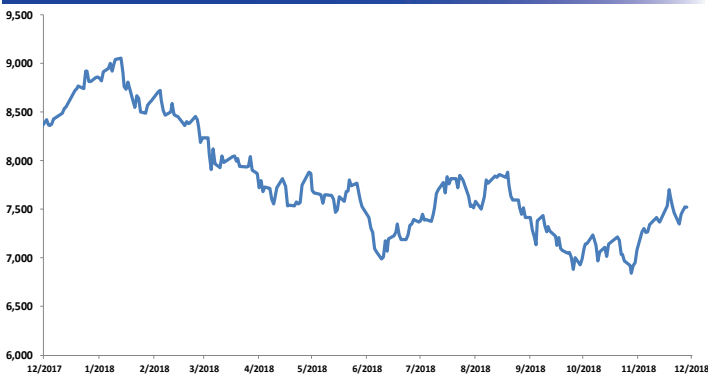


Holding at 7,500

December 10-14, 2018

## PSEi 2018 Performance



## Weekly PSEi Performance

	As of Dec. 14, 2018	W-o-W Change	YTD Change	Weight In the Index
PSEi	7,524.4	0.8%	-12.1%	-
FMETF	112.0	0.4%	-11.6%	-
All Shares	4,506.5	0.2%	-9.7%	-
Financials	1,785.6	-0.5%	-19.9%	19.0
Industrial	10,963.0	1.1%	-2.4%	12.3
Services	1,431.1	1.3%	-11.7%	10.1
Property	3,641.2	-0.1%	-8.5%	20.0
Holdings	7,430.1	1.9%	-13.8%	37.9
Mining & Oil	8,198.6	-2.5%	-28.7%	0.7

## Market Statistics (in Php bn)

	Dec. 14, 2018	YTD
Ave. Daily Value Turnover	8.9	7.2
Foreign Buying	29.4	838.8
Foreign Selling	27.1	895.7
Net Foreign Buying/(Selling)	2.3	(56.9)
% of Foreign to Total	64	51

## Foreign Indices

	Value	W-o-W	YTD	P/E
Dow Jones	24,100.5	-1.2%	-2.5%	15.1
S&P 500	2,600.0	-1.3%	-2.8%	15.9
FTSE 100	6,845.2	1.0%	-11.0%	12.0
DAX	10,865.8	0.7%	-15.9%	12.1
Nikkei	21,374.8	-1.4%	-6.1%	15.4
Hang Seng	26,094.8	0.1%	-12.8%	11.0
Shanghai	2,593.7	-0.5%	-21.6%	10.7

Sources: PSE data, Bloomberg

## Equities Outlook

**Outlook.** The PSEi may hold at 7,500 by weekend should the US Fed sound dovish which is what many expect in its last meeting this year on December 20 (PH time). Investors are trying to digest some clues on Fed's policy path next year as it reassesses global growth prospects following weak economic data from key economies of China (November industrial output at 5.4% year-on-year (y/y) vs forecast of 5.9% and retail sales at 8.1% vs 8.8%) and Europe (Eurozone growth forecast cut by 0.1% to 1.9% in 2018 and 1.7% in 2019) amid global trade uncertainty and emerging markets vulnerabilities.

**Market Review.** The PSEi rose for the fifth straight week, up 63.3 points (+0.8% week-on-week, w/w), to close on Friday at 7,524.4 on the back of easing US-China trade tension and the widely anticipated Monetary Board's (MB) policy rate pause on December 13. Year-to-date (YTD), the local bellwether has trimmed its losses to 12.1%. From the year's low of 6,843.8 on November 13, the PSEi has risen by 9.9%.

**Market Flows.** The market sustained second consecutive week of net foreign inflows totaling P2.3bn, bringing the YTD net outflows to P96.1bn (excluding the P39.2bn block sale of FB shares).

**Regional Markets.** Asian markets were mixed last week, with the Philippines (+0.8%), India (+0.8%) and Indonesia (+0.7%) as the outperformers, while Thailand (-2.5%), Japan (-1.4%) and Singapore (-1.1%) were the underperformers. YTD, India is the only gainer (+5.6%), while China (-21.6%), South Korea (-16.1%) and Hong Kong (-12.8%) are the top underperformers.

**Currencies.** Philippine peso softened by 0.3% w/w to close on Friday at P52.89/\$ following the MB's decision to keep policy rates on hold last week. YTD, the local currency has shed 5.6% of its value. For Most Bought/Sold Stocks, see table in next page.

## Economic News

Bangko Sentral ng Pilipinas (BSP) reported that current account (CA) deficit grew to \$6.5bn in the first nine months of 2018 (9M18), a reversal of the \$968mn CA surplus in the same period last year. In the third quarter (Q3) alone, CA deficit amounted to \$2.9bn, on top of the upwardly revised Q1 and Q2's deficits of \$323mn and \$3.2bn, respectively. The 9M18 deficit figure is equivalent to 2.7% of GDP. BSP attributed the huge jump in CA deficit to widening trade-in-goods deficit (+33.2%), which offset the increases in trade-in-services (+18.2% y/y to \$8.4bn), primary income (+12.8% to \$2.5bn) and secondary income (+0.9% to \$19.4bn). Philippine Statistical Authority (PSA) announced last week that YTD-October trade deficit recorded an all time high of \$33.9bn, up 68.5% from a year ago, due to weak exports (-1.2%), coupled with double-digit expansion in the importation of capital goods (+16.8%), raw materials & intermediate goods (+16.7%), fuels (+25.5%) and consumer goods (+11.2%). Due to the sharp increase in CA deficit, the BSP has revised upward its full year projections of CA deficit from \$3.1bn to \$6.4bn (or 1.9% of GDP) and balance of payments (BOP) deficit for 2018 from \$1.5bn to \$5.5bn (or 1.6% of GDP). YTD-October BOP tallied to \$5.5bn or 2.2% of GDP.

Philippines' outstanding external debt rose to \$76.4bn as of end-September 2018, up 5.6% or \$4bn from a year ago and by 4.5% or \$3.3bn from end-2017's level. Out of this amount, 18% or \$13.5bn were short-term debt. The increase in debt stock from end-2017 was due largely to higher net availments of both public and private sectors totaling \$5bn driven by the government's funding requirements for its infrastructure and social services programs as well as private firms' expansion projects. Consequently, external debt-to-GDP ratio slightly increase to 23.5% from 23.3% in end-2017. Also, the ratio of gross international reserves-to-short term debt remained strong at 5.5x from 5.7x in end-2017.

## Corporate News

Aboitiz Power's (AP) joint venture with SN Power of Norway, SN Aboitiz Power Group, plans to construct a \$28mn battery energy storage system at its Magat hydro electric power plant. The facility will be utilized to boost the company's ancillary services and standby power supply. Construction will begin in 2020, while commercial operation is expected to commence in 2022. AP closed on December 17 at P33.50/share, down 19.4% YTD.

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

Gainers				Losers			
Stock	Price	% Chg	P/E	Stock	Price	% Chg	P/E
SMC	142.00	27%	12.6	SECB	160.20	-36%	12.2
MER	389.80	19%	19.9	SCC	24.00	-35%	6.5
JFC	298.00	18%	36.4	MPI	4.77	-30%	9.6
FGEN	19.50	15%	6.7	JGS	53.20	-26%	14.2
GLO	2,018.00	6%	14.2	AEV	56.00	-24%	12.8

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

Gainers				Losers			
Stock	Price	% Chg	P/E	Stock	Price	% Chg	P/E
AEV	56.00	11%	12.8	SMC	142.00	-12%	12.6
RRHI	76.25	7%	18.7	SMPH	34.60	-4%	28.0
JGS	53.20	6%	14.2	GLO	2,018.00	-3%	14.2
ALI	42.30	4%	18.5	BDO	129.70	-3%	15.2
ICT	98.00	4%	18.7	SCC	24.00	-2%	6.5

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

Top Foreign Buying		Top Foreign Selling	
MBT	359.8	ICT	-1,142.9
BPI	156.3	SMC	-547.1
FGEN	138.3	AC	-338.7
MER	126.8	PGOLD	-241.1
ALI	111.6	BDO	-202.6

**Commodities (in USD)**

	Value	W-o-W	YTD
Gold (per troy ounce)	1,239.0	-0.8%	-4.9%
Nickel (per metric tons)	11,080.0	1.6%	-13.2%
Copper (per lbs)	276.3	0.1%	-17.8%
WTI (per barrel)	51.2	-2.7%	-15.3%
Sugar (per lbs)	12.7	-1.7%	-19.4%
Rice (per cwt)	10.6	-1.8%	-9.5%

**Market Calendar**

Monday	Tuesday	Wednesday	Thursday	Friday
12/17/2018	12/18/2018	12/19/2018	12/20/2018	12/21/2018
PH: OFW Remittances (Oct)			US: Initial Jobless Claims (Dec 15) & FOMC Meeting	US: Q3 GDP (3rd Reading) and Core PCE (Nov)
12/24/2018	12/25/2018	12/26/2018	12/27/2018	12/28/2018
		PH: Budget Balance (Nov)	US: Initial Jobless Claims (Dec 22)	PH: Money Supply & Bank Lending (Nov)