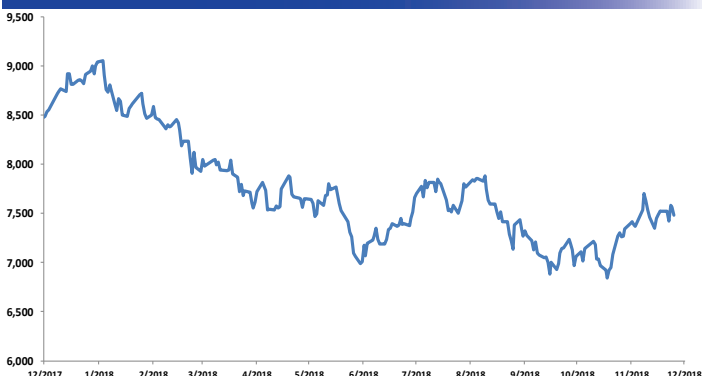


Weak on Year-end

December 17-21, 2018

PSEi 2018 Performance



Weekly PSEi Performance

	As of Dec. 21, 2018	W-o-W Change	YTD Change	Weight In the Index
PSEi	7,479.7	-0.6%	-12.6%	-
FMETF	111.8	-0.2%	-11.8%	-
All Shares	4,501.6	-0.1%	-9.8%	-
Financials	1,756.3	-1.6%	-21.2%	18.7
Industrial	11,010.5	0.4%	-2.0%	12.5
Services	1,450.6	1.4%	-10.5%	10.3
Property	3,620.8	-0.6%	-9.0%	20.0
Holdings	7,368.9	-0.8%	-14.5%	37.8
Mining & Oil	7,943.6	-3.1%	-30.9%	0.7

Market Statistics (in Php bn)

	Dec. 21, 2018	YTD
Ave. Daily Value Turnover	6.7	7.2
Foreign Buying	16.7	855.2
Foreign Selling	19.2	914.7
Net Foreign Buying/(Selling)	(2.5)	(59.5)
% of Foreign to Total	54	51

Foreign Indices

	Value	W-o-W	YTD	P/E
Dow Jones	22,445.4	-6.9%	-9.2%	13.7
S&P 500	2,416.6	-7.1%	-9.6%	14.5
FTSE 100	6,721.2	-1.8%	-12.6%	11.8
DAX	10,633.8	-2.1%	-17.7%	11.9
Nikkei	20,166.2	-5.7%	-11.4%	14.1
Hang Seng	25,753.4	-1.3%	-13.9%	10.8
Shanghai	2,516.3	-3.0%	-23.9%	10.3

Sources: PSE data, Bloomberg

Equities Outlook

Outlook. The PSEi may still end the year at 7,500 level amid the year-end window dressing, albeit on thin volume due to shortened trading week. Key drag is the downbeat mood especially in the US due to worries over slowing growth which was further intensified by President Trump's attack on Fed chair Powell over continuing interest rate hikes. The US markets sank on Christmas eve with DJIA at a 15-month low, down 2.9% while S&P slid by 2.7%. Nikkei, likewise, suffered heavy losses the following day, down 5% and extending its losses to 21% (bear market) from October 2's peak.

Key economic data to be released this week are the Philippines' money supply growth (M3) and bank lending figures for November (December 28).

Market Review. The PSEi snapped its five straight weeks of gains, dropping 44.7 points (-0.6% week-on-week, w/w) to close on Friday at 7,479.7 as it tracked global markets' slump as investors digested Fed's another 25 bp rate hike and signal of two more rate increases in 2019. Year-to-date, the PSEi has declined by 12.6%.

Market Flows. Foreign flows reverted to net selling last week totaling P2.5bn, bringing the YTD tally to P98.7bn (excluding FB block sale).

Regional Markets. Asian markets were down last week led by Japan (-5.7%), China (-3%) and Taiwan (-1%). YTD, India is still the only gainer (+4.9%), while China (-23.9%), South Korea (-16.5%) and Hong Kong (-13.9%) remained the top underperformers.

Currencies. The Philippine peso closed on Friday at P52.86/\$, up 0.1% w/w, but down 5.6% YTD. For Most Bought/Sold Stocks, see table in next page.

Economic News

Board of Investments (BOI) disclosed that registered investments in 2018 grew by 47.1% year-on-year (y/y) to P907.2bn or 33.4% higher than its full year (FY) target of P680bn. Both domestic and foreign investment pledges were up -- the former by 35% y/y to P803.2bn and the latter by 378% to P104bn. Investments were mostly channeled to manufacturing (+326.3% y/y to P409.3bn). Other strong performers were transportation and storage (+628% to P129.6bn), water and sewerage (+1,499% to P14.3bn), retail (+200% to P8.1bn), and accommodation (+253% to P39.9bn). Notably, 86% of registered investments for the year will be located outside NCR. Among the regions, Northern Mindanao cornered the lion share, up 3,078% to P228.8bn or 25% of the total, followed by CALABARZON (P185bn or 20% share), Central Luzon (P169.3bn or 18.7% share) and NCR (P123.6bn or 13.6% share).

World Bank trimmed its growth forecasts for the Philippines to 6.4% in 2018 and 6.5% in 2019 from its earlier projections of 6.5% and 6.7%, respectively, albeit the country is expected to remain one of the fastest growing economies in East Asia and the Pacific. Key factors contributing to slightly slower growth outlook are persistent high inflation this year (although it is expected to moderate in 2019) that tempered consumption spending this year, while slower infrastructure spending at least in the first semester of 2019 on the back of the re-enacted budget and weakness in global trade due to simmering trade tension between US and China will partially offset the recovery in consumption spending driven by the mid-term elections and slowdown in inflation next year.

Corporate News

Jollibee Foods Corporation (JFC) has finalized the deal to acquire a 47% stake in US-based Mexican fast-casual restaurant Tortas Frontera. The partnership will be formalized thru an investment of JFC by \$12.4mn in the company, which will be funded thru available cash. The remaining 53% interest will be held by its founder Chef Rick Bayless and other shareholders. Tortas Frontera currently has four restaurants in the US (three in Chicago and one in Pennsylvania). JFC closed last Friday at P302.40/share, up 20% YTD.

Index Performer (Year-to-date)

Gainers				Losers			
Stock	Price	% Chg	P/E	Stock	Price	% Chg	P/E
SMC	145.00	30%	12.7	SCC	22.50	-39%	6.1
JFC	302.40	20%	37.0	SECB	154.50	-39%	11.8
MER	390.00	19%	19.9	MPI	4.62	-33%	9.3
FGEN	19.54	15%	6.7	AEV	56.00	-24%	12.8
				AGI	12.30	-23%	6.9

Index Performer (Week-on-Week)

Gainers				Losers			
Stock	Price	% Chg	P/E	Stock	Price	% Chg	P/E
AP	35.00	6%	10.0	SCC	22.50	-6%	6.1
JGS	56.10	5%	14.9	GLO	1,900.00	-6%	13.4
ICT	103.00	5%	19.6	PCOR	7.77	-5%	6.6
RRHI	80.00	5%	19.6	BPI	90.70	-4%	14.4
GTCAP	991.50	4%	12.0	SM	910.00	-4%	25.7

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

Top Foreign Buying		Top Foreign Selling	
JFC	402.1	BDO	-494.4
MBT	372.8	AC	-467.2
GTCAP	171.5	SM	-453.6
MER	127.8	URC	-268.0
SMPH	104.0	PGOLD	-264.5

Commodities (in USD)

	Value	W-o-W	YTD
Gold (per troy ounce)	1,256.9	1.4%	-3.5%
Nickel (per metric tons)	10,875.0	-1.9%	-14.8%
Copper (per lbs)	267.4	-3.2%	-20.4%
WTI (per barrel)	45.6	-11.0%	-24.5%
Sugar (per lbs)	12.3	-2.5%	-21.4%
Rice (per cwt)	10.6	-0.2%	-9.7%

Market Calendar

Monday	Tuesday	Wednesday	Thursday	Friday
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)
12/31/2018	01/01/2019	01/02/2019	01/03/2019	01/04/2019
CH: Manufacturing PMI (Dec)		PH: Nikkei Philippines PMI Mfg (Dec) CH: Caixin China PMI Mfg (Dec) US: Markit US Mfg PMI (Dec F)	US: Initial Jobless Claims (Dec 29)	