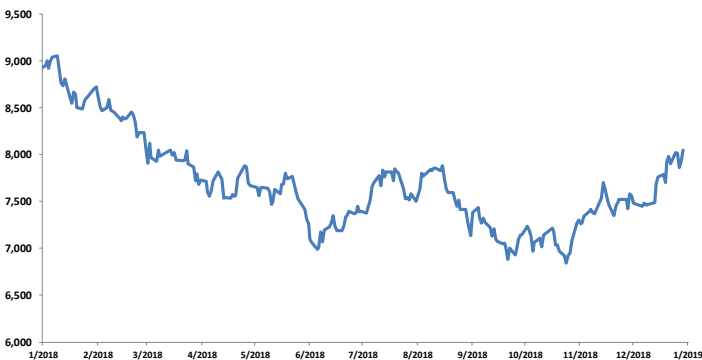


Best Performing in Asia

January 14-18, 2019

PSEi 2019 Performance



Weekly PSEi Performance

	As of Jan. 18, 2019	W-o-W Change	YTD Change	Weight In the Index
PSEi	8,047.1	1.8%	7.8%	-
FMETF	119.0	1.3%	6.7%	-
All Shares	4,804.9	1.6%	6.4%	-
Financials	1,815.6	2.4%	2.0%	18.0
Industrial	11,650.9	1.4%	6.4%	12.2
Services	1,560.1	1.2%	8.1%	10.3
Property	4,017.4	1.9%	10.7%	20.6
Holdings	8,003.2	1.5%	9.0%	38.1
Mining & Oil	8,821.8	0.9%	7.6%	0.7

Market Statistics (in Php bn)

	Jan. 18, 2019	YTD
Ave. Daily Value Turnover	11.2	9.1
Foreign Buying	38.8	74.6
Foreign Selling	33.6	63.4
Net Foreign Buying/(Selling)	5.2	11.2
% of Foreign to Total	65	58

Foreign Indices

	Value	W-o-W	YTD	P/E
Dow Jones	24,706.4	3.0%	5.9%	14.9
S&P 500	2,670.7	2.9%	6.5%	15.8
FTSE 100	6,968.3	0.7%	3.6%	12.1
DAX	11,205.5	2.9%	6.1%	11.9
Nikkei	20,666.1	1.5%	3.3%	15.0
Hang Seng	27,090.8	1.6%	4.8%	10.3
Shanghai	2,596.0	1.7%	4.1%	9.6

Sources: PSE data, Bloomberg

Equities Outlook

Outlook. The PSEi may trade between 7,900-8,100 this week amid improving domestic macroeconomic picture and optimism over US-China trade negotiations after China is said to offer to ramp up imports from the US by more than \$1trn over the next six years to reduce its trade surplus. However, China's slower GDP growth in 2018 at 6.6% (albeit within market expectations) and Brexit uncertainty may weigh on the market.

Key domestic economic data to be released this week is the Q4 GDP growth, with median estimate of 6.3% (January 24).

Market Review. The PSEi rallied for the 3rd consecutive week, up 143 points (+1.8% week-on-week, w/w) to close on Friday at 8,047.1 amid the backdrop of easing domestic inflation and possible US-China trade relief. The index has risen by 7.8% year-to-date (YTD) and by 17.6% from its low of 6,843 on November 13.

Market Flows. Net foreign inflows continued for the third straight week, totaling P5.2bn to bring the YTD tally to P11.2bn.

Regional Markets. All the Asian markets that we follow were up YTD led by the Philippines (+7.8%), Hong Kong (+4.8%), Indonesia (+4.1%) and China (+4.1%).

Currencies. Except for the Thai baht, Asian currencies weakened last week vs the US dollar due to geopolitical concerns in the United Kingdom, US and China. The Philippine peso shaved 0.7% of its value w/w to close at P52.51/\$ on Friday. YTD, the local currency has gained 0.1%. For Most Bought/Sold Stocks, see table in next page.

Economic News

Analysts expect Philippine Q4 2018 GDP growth to slightly pick up to 6.3% (median estimate) from 6.1% in the previous quarter. This will bring the average full year GDP growth to 6.3%, slower than the government's forecast of 7-8% and 2017's expansion of 6.7%. Nonetheless, it would be the 15th straight quarter of above-6% growth. Together with easing domestic inflation, which in Q4 averaged 5.9% from 6.3% in Q3, improvement in the GDP print is attributed to higher public spending and expansion in manufacturing and services. Notably, government spending from January-November grew 24.1% y/y to P3.1trn, with infrastructure spending for the same period expanding by 49.7% to P728.1bn, equivalent to 94% of full year target of P775bn. Meanwhile, robust manufacturing was observed in Q4 with Nikkei PMI manufacturing data showing a healthy pace for the quarter (ranging from 53.2-54.2).

Bangko Sentral ng Pilipinas (BSP) reported balance of payments (BOP) surplus in December amounting to \$2.2bn. This shaved the full year 2018 BOP deficit to \$2.3bn, significantly lower than the BSP's revised full year deficit forecast of \$5.5bn but wider than the comparable 2017 deficit of \$863mn. The surplus in December came primarily from the central bank's foreign exchange operations, the National Government's (NG) net foreign currency deposits and BSP's income from its investments abroad, which were partially offset by the payments made by the NG for its foreign obligations. The BOP position reflects a GIR level of \$79.2bn as of end-2018. This is equivalent to seven months' worth of imports of goods and payments of services and primary income, 6x the country's short-term external debt of original maturity and 4.1x based on residual maturity.

Corporate News

Manila Electric Co. (MER) launched last week its newly-formed public transport service (using electric jeepneys) subsidiary eSakay. The company has secured a provisional authority to operate 15 electric jeepneys to ply the route MRT Buendia-Mandaluyong City Hall from 5am to 12mn. The electric vehicles feature an automated collection system thru Beep, a GPS tracking system, CCTV camera, free WiFi on board and USB ports. MER said that it is eyeing a partnership with e-vehicle makers for wider adoption of this mode of transportation. MER closed on Friday at P362.80/share, down 4.5% YTD.

Index Performer (Year-to-date)

Gainers				Losers			
Stock	Price	% Chg	P/E	Stock	Price	% Chg	P/E
AEV	67.90	23%	15.6	LTG	15.10	-9%	8.7
AGI	14.28	20%	8.0	DMC	12.12	-5%	9.5
JGS	66.25	19%	17.5	MER	369.20	-3%	18.7
SECB	179.70	16%	13.5	BPI	93.10	-1%	14.8
RLC	23.20	15%	14.6				

Index Performer (Week-on-Week)

Gainers				Losers			
Stock	Price	% Chg	P/E	Stock	Price	% Chg	P/E
AEV	67.90	13%	15.6	DMC	12.12	-5%	9.5
AGI	14.28	12%	8.0	PGOLD	46.00	-5%	17.8
MEG	5.38	8%	10.4	MER	369.20	-5%	18.7
AP	37.95	6%	10.9	AC	939.00	-3%	16.2
MBT	82.50	6%	11.7	FGEN	20.00	-2%	6.9

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

Top Foreign Buying		Top Foreign Selling	
MEG	530.5	AC	-967.1
AGI	511.8	BDO	-175.0
ALI	474.9	DMC	-84.2
JGS	348.0	PGOLD	-76.6
GLO	226.8	SM	-64.3

Commodities (in USD)

	Value	W-o-W	YTD
Gold (per troy ounce)	1,282.1	-0.6%	0.0%
Nickel (per metric tons)	11,820.0	3.1%	10.6%
Copper (per lbs)	271.9	2.1%	3.3%
WTI (per barrel)	53.8	4.3%	18.5%
Sugar (per lbs)	13.0	2.0%	8.3%
Rice (per cwt)	10.6	0.9%	5.3%

Market Calendar

Monday	Tuesday	Wednesday	Thursday	Friday
01/21/2019	01/22/2019	01/23/2019	01/24/2019	01/25/2019
CH: Retail Sales & Industrial Production (Dec), GDP (Q4)			PH: GDP (Q4) US: Initial Jobless Claims (Jan 19) & Markit US Manufacturing PMI (Jan)	
01/28/2019	01/29/2019	01/30/2019	01/31/2019	02/01/2019
			PH: Money Supply and Bank Lending (Dec) CH: Manufacturing PMI (Jan) US: Initial Jobless Claims (Jan 26) and PCE Core (Dec)	PH: Nikkei Philippines PMI Mfg (Jan) CH: Caixin China PMI Mfg (Jan) US: Unemployment Rate (Jan) and Markit US Manufacturing PMI (Jan F)