

## Losing Momentum

February 4-8, 2019

### PSEi 2019 Performance



### Weekly PSEi Performance

	As of Feb. 8, 2019	W-o-W Change	YTD Change	Weight In the Index
PSEi	8,070.9	-0.9%	8.1%	-
FMETF	119.8	-0.9%	7.4%	-
All Shares	4,896.3	-0.3%	8.4%	-
Financials	1,847.4	-0.4%	3.8%	18.3
Industrial	11,678.2	-1.2%	6.6%	12.1
Services	1,619.3	0.8%	12.2%	10.4
Property	3,997.9	-0.2%	10.2%	20.3
Holdings	8,033.0	-0.9%	9.4%	38.2
Mining & Oil	8,739.6	2.2%	6.6%	0.7

### Market Statistics (in Php bn)

	Feb. 8, 2019	YTD
Ave. Daily Value Turnover	7.5	8.5
Foreign Buying	15.0	137.1
Foreign Selling	12.2	113.7
Net Foreign Buying/(Selling)	2.8	23.4
% of Foreign to Total	46	55

### Foreign Indices

	Value	W-o-W	YTD	P/E
Dow Jones	25,106.3	1.3%	7.4%	15.4
S&P 500	2,707.9	1.6%	8.0%	16.3
FTSE 100	7,071.2	3.1%	4.3%	12.6
DAX	10,906.8	-0.9%	5.9%	12.2
Nikkei	20,333.2	0.1%	3.9%	15.1
Hang Seng	27,946.3	1.3%	8.1%	10.7

Sources: PSE data, Bloomberg

### Equities Outlook

**Outlook.** The market may consolidate between 8,000-8,100 this week in the absence of progress in the US-China trade talk (especially on intellectual property). The trade truce will end on March 1. The market will also take its cue from earnings results this week from GLO (February 12) and ALI (February 15). So far, earnings results (for full year 2018) were below consensus for CHP (losses of P599mn, ex-forex losses) and IMI (-21% to \$25.8mn, ex-non-operating items).

Key economic data to be released this week are China's foreign exchange reserves (February 11) and Philippines' foreign direct investments (February 11), external trade (February 12) and OFW remittances (February 15).

**Market Review.** The PSEi snapped the five consecutive weekly gains, retreating by 73.3 points (-0.9% week-on-week, w/w) last week to close on Friday at 8,070.9 due to renewed worries over the US-China trade talks. Year-to-date (YTD), the local bellwether has risen by 8.1%, ahead of the MSCI EM index' 7.3% gains for the same period.

**Market Flows.** Net foreign buying continued for 16 straight trading sessions. Last week, net inflows totaled P2.8bn, resulting in YTD tally of P23.4bn (\$449mn)

**Regional Markets.** Asian markets had mixed results last week, with Singapore (+0.4%), India (+0.2%) and Malaysia (+0.2%) as the top gainers. YTD, the Philippines and Hong Kong are the best performers, up 8.1%, followed by South Korea (+6.7%) and Thailand (+5.6%)

**Currencies.** The Philippine peso gained 0.3% w/w to close at P52.07/\$ on Friday. YTD, the local currency has gained 1% vs MSCI EM currencies' +1.9%. For Most Bought/Sold Stocks, see table in next page.

### Economic News

Banko Sentral ng Pilipinas (BSP) reported that the gross international reserves (GIR) for January hit a 20-month high of \$82.1bn, higher than the December's level of \$79.2bn due mainly to the inflows from net foreign currency deposits by the national government (NG), BSP's forex operations, revaluation gains from BSP's gold holdings and BSP's income from its investments abroad. This was partially offset by NG payments for servicing its forex obligations. The GIR level for January is equivalent to 7.2 months' worth of imports of goods and payments of services and primary income, slightly higher than the 7 months' worth in December. It is also equivalent to 6.2x the Philippines short-term external debt based on original maturity and 4.2x based on residual maturity.

As expected, the Monetary Board (MB) kept the policy rates unchanged to 4.75% during its February 7 meeting amid favorable inflation outlook as price pressure continued to dissipate due to lower global crude oil prices and normalization of food supply. MB also noted the strong domestic demand supported by household spending recovery and sustained government infrastructure spending. MB further cut its inflation forecasts to 3.07% for 2019 from its December outlook of 3.18% and 2.98% for 2020 from earlier forecast of 3.04%. We likewise expect inflation to slow this year, averaging 3-3.5%, with inflation falling below 4% in Q1 2019 and below 3% by Q3 2019.

### Corporate News

Integrated Micro-Electronics, Inc. (IMI) reported net income of \$45.5mn (P2.4bn) for full year 2018, 34% higher year-on-year (y/y). Excluding non-operating items, net profit would have dropped by 21% to \$25.8mn. Consolidated revenues jumped 24% y/y to \$1.3bn (P70.8bn). Gross profit improved by 5% but gross profit margin slightly declined to 10.1% from 11.9% due to tight supply of electronic components. IMI closed on Friday at P12.88/share, up 21.5% YTD.

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

Gainers				Losers			
Stock	Price	% Chg	P/E	Stock	Price	% Chg	P/E
JGS	65.40	17%	29.9	PCOR	7.20	-7%	6.5
AGI	13.78	16%	17.1	LTG	15.52	-7%	8.7
SECB	179.00	15%	7.7	MER	367.20	-3%	18.7
URC	146.20	15%	12.3	DMC	12.42	-3%	9.8
ICT	114.00	14%	13.8	BPI	91.70	-2%	14.9

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

Gainers				Losers			
Stock	Price	% Chg	P/E	Stock	Price	% Chg	P/E
ICT	114.00	5%	22.1	TEL	1,240.00	-6%	11.8
PGOLD	48.25	3%	18.7	PCOR	7.20	-4%	6.5
MPI	4.91	1%	9.8	AP	37.75	-4%	10.8
SCC	23.70	1%	7.0	RLC	21.60	-3%	13.4
AP	39.20	3%	10.8	DMC	12.42	-3%	9.8

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

Top Foreign Buying		Top Foreign Selling	
ALI	595.9	AC	-197.2
BDO	253.0	BPI	-118.8
PGOLD	178.5	GLO	-90.9
SM	146.3	AGI	-60.0
JGS	135.5	ICT	-42.9

**Commodities (in USD)**

	Value	W-o-W	YTD
Gold (per troy ounce)	1,316.6	-0.1%	2.7%
Nickel (per metric tons)	12,570.0	-0.7%	17.6%
Copper (per lbs)	281.1	1.4%	6.8%
WTI (per barrel)	52.7	-4.6%	16.1%
Sugar (per lbs)	12.7	0.1%	4.6%
Rice (per cwt)	10.4	-2.7%	2.7%

**Market Calendar**

Monday	Tuesday	Wednesday	Thursday	Friday
02/11/2019	02/12/2019	02/13/2019	02/14/2019	02/15/2019
PH: FDI (Nov) CH: Forex Reserves (Jan)	PH: External Trade (Dec)	US: CPI (Jan)	CH: External Trade (Jan) & CPI (Jan) US: Initial Jobless Claims (Feb 9)	PH: OFW Remittances CH: CPI (Jan) US: Retail Sales (Jan) Advance
2/18/2019	2/19/2019	2/20/2019	2/21/2019	2/22/2019
	PH: BOP (Jan)		US: FOMC Minutes & Initial Jobless Claims (Feb 16)	