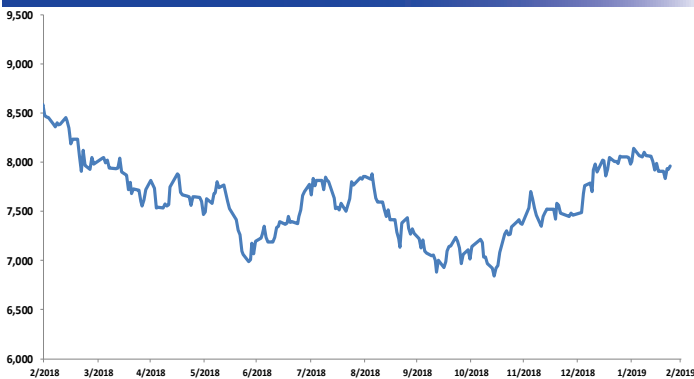


### PSEi 2019 Performance



### Weekly PSEi Performance

	As of Feb. 22, 2019	W-o-W Change	YTD Change	Weight In the Index
PSEi	7,962.1	0.7%	6.6%	
FMETF	118.0	0.0%	5.8%	
All Shares	4,883.8	1.3%	8.1%	
Financials	1,754.7	-1.8%	-1.4%	17.4
Industrial	11,678.2	1.9%	6.6%	11.8
Services	1,578.4	0.6%	9.4%	10.7
Property	4,045.7	0.2%	11.5%	20.8
Holdings	8,020.9	1.5%	9.2%	38.7
Mining & Oil	8,609.9	1.4%	5.0%	0.6

### Market Statistics (in Php bn)

	Feb. 22, 2019	YTD
Ave. Daily Value Turnover	8.4	8.5
Foreign Buying	23.0	181.0
Foreign Selling	22.1	156.9
Net Foreign Buying/(Selling)	0.9	24.1
% of Foreign to Total	54	54

### Foreign Indices

	Value	W-o-W	YTD	P/E
Dow Jones	26,031.8	0.6%	11.6%	15.8
S&P 500	2,792.7	0.6%	11.4%	16.7
FTSE 100	7,178.6	-0.8%	6.7%	12.6
DAX	11,457.7	1.4%	8.5%	12.5
Nikkei	21,425.5	2.5%	7.0%	15.6
Hang Seng	28,816.3	3.3%	11.5%	11.1
Shanghai	2,804.2	4.5%	12.4%	11.1

Sources: PSE data, Bloomberg

### Equities Outlook

**Outlook.** The PSEi may hover between 7,900-8,000 on lack of clarity on the progress of US-China trade talks despite Pres. Trump waiving the deadline for the tariff hikes on Chinese goods originally scheduled on March 1. On the local front, full year 2018 earnings results were mixed -- two were ahead of consensus (GLO, BDO), three were in-line (JFC, ALI and SMPH) and two were behind (CHP, IMI). This week, MER (February 26) and SM (February 28) will also release their full year results.

Key economic releases this week are the PH's money supply and bank lending (February 28) and Nikkei Philippine PMI manufacturing (March 1).

**Market Review.** The PSEi snapped from two consecutive weeks of decline, gaining 53.2 points (+0.7% week-on-week, w/w) last week to close on Friday at 7,962.1. It tracked global markets' surge amid optimism over the US-China trade talks. Year-to-date (YTD), the local bellwether has gained 6.6%, trailing MSCI EM index' gains of 9.6%.

**Market Flows.** Net foreign buying returned last week totaling P888mn (\$17mn). This brought the net inflows from the start of the year to P24.1bn (\$430mn).

**Regional Markets.** All the Asian markets were up last week led by China (+4.5%), Hong Kong (+3.3%) and Taiwan (+2.6%). Except for India, Asian markets are gainers YTD with China (+12.4%), Hong Kong (+11.5%) and South Korea (+9.3%) as the top performers.

**Currencies.** The peso gained 0.7% w/w to end at P52.04/\$ on Friday. YTD, the local currency has strengthened by 1% vs gains of 1.9% for MSCI EM Currency' index and 0.3% for dollar index. For Most Bought/Sold Stocks, see table in next page.

### Economic News

Bureau of the Treasury (BTr) reported that full year 2018 fiscal deficit reached 3.2% of GDP to P558.3bn, exceeding its planned deficit of 3% of GDP or P523.7bn for the year. Government revenue collections for 2018 hit its target, up 15% year-on-year (y/y) to P2.8trn. Specifically, Bureau of Internal Revenue (BIR) collections grew 10% y/y to P1.9trn, albeit behind by 6% from its 2018 target of P2.1trn. This was offset by Bureau of Customs' (BoC) tax collections, up 29% y/y to P593.1trn vs full year target of P581.3trn and non-tax revenues, higher by 28% y/y to P284.3bn vs target of P168.8bn. Likewise, government expenditures expanded by 21% to P3.4trn, slightly exceeding by P38.5bn its target for 2018 due higher spending in infrastructure, social protection and personnel services. Revenue effort also improved to 16.4% vs 15.6% from a year ago and target of 16.3%. Moreover, tax effort increased to 14.7% from 14.2% a year ago, albeit behind target of 15.4%. Despite the wider fiscal gap than programmed, credit rating agency Fitch said that the slippage does not have a near-term impact on the country's sovereign ratings, while Moody's cited that the fiscal deficit masked the country's underlying fiscal stability given improving tax efforts and debt ratios.

Credit rating agency Moody's said that the newly signed Rice Tariffication law and the New Central Bank Act are credit positive measures for the country as these laws promote:

- greater macroeconomic and financial stability;
- reduce volatility of rice prices, helping to insulate Filipinos from weather-related shocks which was the caused of the spike in inflation last year, especially as rice comprised almost 10% of the CPI basket; and
- support BSP's strong record of maintaining monetary and financial stability and help improve liquidity management.

BSP estimates that the passage of the rice tariffication law would lower inflation by 60 bps in 2019 and 30-40 bps in 2020. The Philippines has a Moody's sovereign credit rating of Baa2 with a stable outlook (one notch above the minimum investment grade).

### Corporate News

Banco de Oro Unibank (BDO) reported full year net income of P32.7bn, up 17% from a year ago and beating the bank's full year guidance of P31bn. Gross customer loans expanded

by 15% to P2trn, while total deposits grew by 14% to P2.4trn. Net interest income improved by 20% to P98.3bn on higher net interest margin to 3.64% from 3.48% from the previous year. Operating expenses were up 16% to P98bn due to bank's branch expansion and strategic initiatives. CAR was at 13.7% and CET1 at 12.1%. BDO closed today at P131/share, up 0.2% YTD.

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

Gainers				Losers			
Stock	Price	% Chg	P/E	Stock	Price	% Chg	P/E
JGS	68.50	23%	17.6	PCOR	6.74	-13%	6.0
SMC	179.00	22%	15.6	BPI	86.05	-8%	14.1
ICT	119.40	19%	23.5	LTG	15.60	-6%	9.1
RLC	23.90	19%	14.7	DMC	12.28	-4%	9.8
AGI	14.00	18%	7.8	BDO	129.00	-1%	15.2

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

Gainers				Losers			
Stock	Price	% Chg	P/E	Stock	Price	% Chg	P/E
JGS	68.50	10%	17.6	BPI	86.05	-4%	14.1
SMC	179.00	10%	15.6	BDO	129.00	-3%	15.2
RLC	23.90	9%	14.7	AEV	64.50	-2%	14.3
AP	36.90	9%	10.8	AC	942.00	-2%	16.2
MER	375.00	6%	19.1	DMC	12.28	-2%	9.8

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

Top Foreign Buying		Top Foreign Selling	
ICT	869.6	BDO	-656.5
PGOLD	298.1	SM	-272.0
MEG	277.2	JFC	-260.3
SMC	255.2	BPI	-256.4
RLC	200.2	ALI	-170.7

**Commodities (in USD)**

	Value	W-o-W	YTD
Gold (per troy ounce)	1,329.4	0.5%	3.7%
Nickel (per metric tons)	12,990.0	4.8%	21.5%
Copper (per lbs)	294.8	5.2%	11.8%
WTI (per barrel)	57.3	3.0%	26.1%
Sugar (per lbs)	13.3	2.3%	9.9%
Rice (per cwt)	10.2	2.0%	0.9%

**Market Calendar**

Monday	Tuesday	Wednesday	Thursday	Friday
2/25/2019	2/26/2019	2/27/2019	2/28/2019	3/1/2019
PH: Budget Balance (Dec)			PH: Money Supply (Jan) & Bank Lending (Jan) CH: Manufacturing PMI (Feb) US: Initial Jobless Claims (Feb 23) & Q4 GDP	PH: Nikkei Philippine PMI Mfg (Feb) CH: Caixin China PMI Mfg (Feb) US: PCE Core (Dec) & Markit US Manufacturing PMI (Feb F)
3/04/2019	3/05/2019	3/06/2019	3/07/2019	3/08/2019
			PH: Forex Reserves (Feb) CH: Forex Reserves (Feb) US: Initial Jobless Claims (Mar 2)	CH: External Trade (Feb)