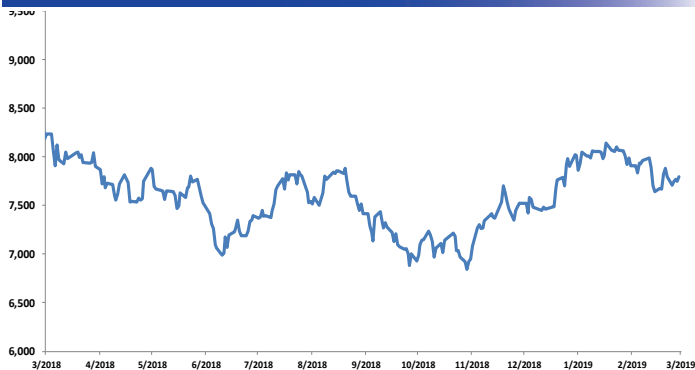


PSEi 2019 Performance



Weekly PSEi Performance

	As of March 15, 2019	W-o-W Change	YTD Change	Weight In the Index
PSEi	7,798.3	0.0%	4.5%	-
FMETF	116.0	-0.2%	4.0%	-
All Shares	4,813.0	-0.1%	6.5%	-
Financials	1,770.8	0.6%	-0.5%	17.8
Industrial	11,556.3	-0.2%	5.5%	11.9
Services	1,579.1	1.8%	9.5%	11.0
Property	3,969.9	0.6%	9.4%	20.8
Holdings	7,673.5	-1.6%	4.5%	37.8
Mining & Oil	8,135.8	0.0%	-0.8%	0.6

Market Statistics (in Php bn)

	March 15, 2019	YTD
Ave. Daily Value Turnover	8.5	8.4
Foreign Buying	29.8	253.1
Foreign Selling	28.4	225.3
Net Foreign Buying/(Selling)	1.4	27.9
% of Foreign to Total	68	56

Foreign Indices

	Value	W-o-W	YTD	P/E
Dow Jones	25,848.9	1.6%	10.8%	15.7
S&P 500	2,822.5	2.9%	12.6%	16.9
FTSE 100	7,228.3	1.7%	7.4%	12.9
DAX	11,685.7	2.0%	10.7%	12.8
Nikkei	21,450.9	2.0%	7.2%	15.6
Hang Seng	29,012.3	2.8%	12.3%	11.2
Shanghai	3,021.8	1.7%	21.2%	11.3

Sources: PSE data, Bloomberg

Equities Outlook

Outlook. The PSEi is trapped between the range 7,700-7,900 as investors ponder many uncertainties arising from: (1) the delay in the approval of the national budget that could lead to growth slowdown in 2019; (2) a record high current account deficit in 2018 at \$7.9bn or 2.4% of GDP from just \$2.1bn or 0.7% a year ago; (3) unimpressive corporate earnings in 2018; and (4) FOMC and MB decisions this week that are widely expected to keep policy rates unchanged. Meanwhile, corporate earnings results were mixed. Out of the 28 companies that have released their full year earnings, nine outperformed the consensus, nine were in-line and 10 were behind. See table on page 2.

Other key economic data to be released this week are the Philippines budget balance for January (March 18) and BOP for February (March 19).

Market Review. The PSEi was unchanged last week (+1.2 points) to end on Friday at 7,798.3 after the government announced a slower Philippine growth outlook of 6-7% for 2019 citing the delay in the approval of the national budget and ahead of the FTSE rebalancing effective March 18. The local bellwether has gained 4.5% year-to-date (YTD), trailing MSCI EM's rise of 9.5% for the period.

Market Flows. Net foreign inflows returned last week totaling P1.4bn, bringing the YTD net buying to P27.9bn (\$524mn).

Regional Markets. Asian markets were mostly gainers last week on risk-on sentiment amid optimism on US-China trade deal and China's stimulus to prop up its slowing economy. Gainers were led by India (+3.7%), Hong Kong (+2.8%) and Japan (+2%). YTD, only Malaysia is a decliner (-0.6%), while China (+21.2%), Hong Kong (+12.3%) and Taiwan (+7.3%) are the top performers.

Currencies. The Philippine peso was the worst performing Asian currency last week, down 0.8% to close at P52.66/\$ following the release of the country's record high current account deficit for full year 2018 of \$7.9bn or 2.4% of GDP. YTD, the peso has shed 0.2% of its value and has underperformed the MSCI EM Currencies index' 1.8% gains. Bought/Sold Stocks, see table in next page.

Economic News

Bangko Sentral ng Pilipinas (BSP) reported a surge in current account deficit to a record high of \$7.9bn in full year 2018, nearly 4x the shortfall of \$2.1bn in 2017. This is equivalent to 2.4% of GDP and much higher than 2017's 0.7% and BSP's revised guidance of 1.9% to \$6.4bn. The deterioration in external position was mainly attributed to wider trade-in-goods deficit which grew by 21.9% year-on-year (y/y) to \$49bn due to robust imports (+9.4%) amid flat exports (-0.3%). This more than offset the healthy net exports of services (+20.7% to \$10.5bn) and net remittances (+4.4% to \$30.7bn). BSP said that the current account deficit reflects the economy's underlying trends of excess investments over savings and point to a highly productive economy. The central bank expects current account deficit to further increase to \$8.4bn in 2019, equivalent to 2.3% of GDP.

January OFW cash remittances rose 4.4% y/y to \$2.5bn, slightly beating the consensus of 4% increase, albeit slower than January 2018's increase of 9.7%. Growth in remittances was driven by the healthy inflows from the US (+10.6% to \$882mn) and Asia (+9.6% to \$552mn), which offset the sustained decline of remittances from the Middle East (-13.9% to \$523mn), especially in Saudi Arabia (-3% to \$172mn), United Arab Emirates (-28.7% to \$136mn) and Qatar (-23.7% to \$87mn). Collectively, these three sources comprised 78% of the total cash remittances from the Middle East. Likewise, personal remittances improved by 3.4% to \$2.7bn in January. We (house view) expect OFW remittances to sustain its 2-4% expansion in 2019.

Corporate News

San Miguel Corporation (SMC) reported consolidated recurring net income growth of 1% to P55.2bn in 2018 buoyed by strong performance of its food, beverage, packaging, power and infrastructure segments which was partially tempered by

fuel inventory losses for its fuel and petrochemical business due to the sharp decline in crude prices in the fourth quarter of 2018. Meanwhile, consolidated revenues expanded by 24% y/y to P1trn, while operating income increased by 5% to P117.1bn. Consolidated EBITDA edged higher by 7% to PP157.9bn. SMC closed on Friday at P174.20/share on Friday, up 18.5% YTD.

Index Performer (Year-to-date)

Gainers				Losers			
Stock	Price	% Chg	P/E	Stock	Price	% Chg	P/E
AGI	15.50	30%	8.6	SCC	21.60	-6%	7.0
BLOOM	11.70	24%	14.6	BPI	88.90	-5%	14.6
ICT	119.50	20%	18.0	LTG	16.00	-4%	9.1
RLC	24.00	19%	14.6	DMC	12.40	-3%	10.1
SMC	174.20	19%	15.2	MER	370.00	-3%	18.9

Index Performer (Week-on-Week)

Gainers				Losers			
Stock	Price	% Chg	P/E	Stock	Price	% Chg	P/E
TEL	1,161.00	8%	11.9	JGS	61.05	-9%	15.6
DMC	12.40	7%	10.1	FGEN	20.50	-8%	7.8
SCC	21.60	6%	7.0	BLOOM	11.70	-4%	14.6
AGI	15.50	6%	8.6	AEV	56.95	-3%	12.7
ICT	119.50	5%	18.0	SECB	164.30	-2%	10.9

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

Top Foreign Buying		Top Foreign Selling	
SMC	726.8	SM	-617.7
JGS	546.9	ALI	-421.4
AGI	361.3	AC	-254.7
MEG	303.9	SMPH	-252.2
ICT	286.7	FGEN	-206.2

Commodities (in USD)

	Value	W-o-W	YTD
Gold (per troy ounce)	1,302.4	0.3%	1.6%
Nickel (per metric tons)	12,930.0	-1.2%	21.0%
Copper (per lbs)	290.6	0.4%	10.2%
WTI (per barrel)	58.5	4.4%	28.9%
Sugar (per lbs)	12.5	2.8%	3.5%
Rice (per cwt)	10.7	1.3%	6.2%

Earnings Results for 2018

Company	Earning Growth (YoY)	Remarks
AEV	-3%	Below
ALI	20%	IL
AP	2%	OP
BDO	17%	OP
BEL	-8%	Below
BLOOM	18%	OP
BPI	3%	IL
CHIB	10%	OP
CHP	-193%	Below
DMC	-2%	Below
EAGLE	13%	OP
GLO	37%	OP
ICT	5%	OP
JFC	13%	IL
MBT	21%	Below
MER	11%	OP
MPI	7%	IL
RCB	0%	IL
RLC	2%	Below
RRHI	3%	Below

Company	Earning Growth (YoY)	Remarks
SCC	-15%	Below
SECB	1%	Below
SHLPH	39%	OP
SM	13%	IL
SMPH	17%	IL
TEL	1%	IL
UBP	-6%	Below
MAC	174%	IL

Notes:
 OP - outperformed consensus
 IL - in-line with consensus
 Below - Below consensus

Market Calendar

Monday	Tuesday	Wednesday	Thursday	Friday
3/18/2019 PH: Budget Balance (Jan)	3/19/2019 PH: BOP (Feb) US: CPI (Feb)	3/20/2019	3/21/2019 PH: MB Meeting US: FOMC Meeting and Initial Jobless Claims (Mar 16)	3/22/2019
3/25/2019	3/26/2019	3/27/2019	3/28/2019 US: Initial Jobless Claims (Mar 23)	3/29/2019 PH: Money Supply & Bank Lending (Feb), Budget Balance (Feb) US: Initial Jobless Claims (Mar 23)