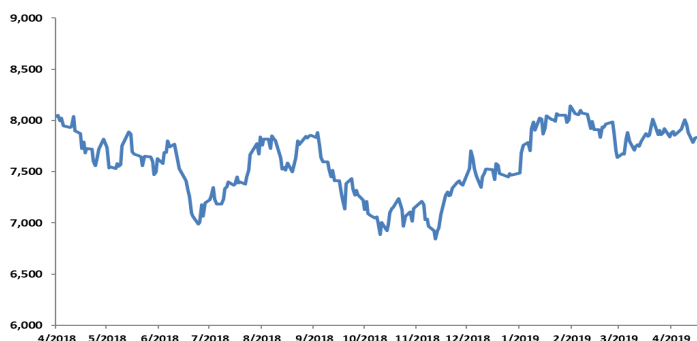


Catalysts Wanted

April 15-17, 2019

PSEi 2019 Performance



Weekly PSEi Performance

	As of April 12, 2019	W-o-W Change	YTD Change	Weight In the Index
PSEi	7,835.2	-0.6%	4.9%	
FMETF	117.6	0.0%	5.5%	
All Shares	4,836.7	-0.5%	7.1%	
Financials	1,741.7	0.5%	-2.1%	17.5
Industrial	11,612.9	-1.2%	6.0%	11.9
Services	1,607.6	0.2%	11.4%	11.1
Property	4,180.4	1.1%	15.2%	21.1
Holdings	7,494.9	-2.2%	2.1%	37.7
Mining & Oil	7,734.4	0.9%	-5.7%	0.6

Market Statistics (in Php bn)

	April 17, 2019	YTD
Ave. Daily Value Turnover	6.8	7.8
Foreign Buying	11.2	330.1
Foreign Selling	10.6	290.8
Net Foreign Buying/(Selling)	0.6	39.2
% of Foreign to Total	53%	55%

Foreign Indices

	Value	W-o-W	YTD	P/E
Dow Jones	26,449.5	0.1%	13.4%	16.3
S&P 500	2,900.5	-0.2%	15.7%	17.5
FTSE 100	7,471.3	0.5%	11.0%	13.1
DAX	12,153.1	1.3%	15.1%	13.5
Nikkei	22,278.0	1.9%	11.3%	15.3
Hang Seng	30,124.7	0.7%	16.6%	11.6
Shanghai	3,263.1	2.3%	30.8%	12.3

Sources: PSE data, Bloomberg

Equities Outlook

Outlook. The PSE Index is expected to trade at the tighter 7,800 - 7,900 range, with downward bias, in the absence of catalysts to support the index in the near term, locally. We expect some selling pressure as the market turn cautious on the 1Q19 GDP results scheduled in May. Despite the lower inflation in the first quarter which was a positive development, the offset was government spending which was flat year-on-year due to the re-enacted budget. Market may also feel some jitters as oil prices continue to climb over the expectation of tightening sanctions from US on Iran oil exports. Elevated oil prices will push inflation, weakening the justification for an easier Monetary Policy from the BSP.

Market Review. The market held on to the 7800 support in spite of profit taking, giving up 45.8 points, down 0.6% in the shortened trading week. Index was dragged by PGOLD reporting a 5% core net income growth in 2018, missing consensus forecast of 12%. AEV share prices slid on AP's Pagbilao's unscheduled outage. LTG meanwhile was rocked by PNB's rights offering (SRO) announcement.

Market Flows. Foreign net buying continued, albeit at a slower Php608mn clip due to a shortened trading week. Top foreign buys were ALI, ICT, BLOOM, TEL and SCC. Meanwhile, JFC, MBT, MPI, AC, and PGOLD were sold down

Regional Markets. Global markets welcomed the positive China GDP report which beat expectations. Beijing reported 6.4% 1Q19 growth vs analysts' 6.3% projection for the world's second largest economy. Industrial production jumped 8.5% in March, fastest since July 2014, and ahead of consensus' 5.9%. Retail sales posted 8.7% growth vs. 8.4% estimate. Shanghai Composite index led the surge with 2.3% growth week-on-week (wow), bringing year-to-date gains to 30.8%. This was followed by Nikkei and DAX which saw gains of 1.9% and 1.3%, respectively.

Currencies. The peso snapped its rally ending flat wow, closing at Php51.78/US\$ due to concerns of weaker 1Q19 GDP growth. Also, dollar strengthened on the back of strong corporate earnings results led by the financial sector.

Economic News

The Bureau of Treasury reported a Php90.2bn budget deficit in the first quarter. This was 41% year-on-year slower and 52% short of the Php188.35bn target for the quarter. Government revenue was on track of the 11% growth target to Php687.8bn while expenditures grew by 0.7% to Php778.0bn.

BSP reported a US\$627mn balance of payments (BOP) surplus in March. This brought 1Q19 BoP surplus to US\$3.8bn, from the US\$1.23bn deficit recorded last year. The central bank attributed the surplus to OFW remittances (US\$5.3bn in Jan-Feb). Foreign portfolio investments (US\$363.4mn inflow in 1Q19), and FDI (US\$609mn in January). The Central Bank forecasted a US\$3.5bn deficit for 2019.

Corporate News

PNB announced its plan to raise up to Php12bn stock rights offering (SRO) to support its expansion plan. The company ended 2018 with parent CET1 ratio of 10.85% on the back of CET1 Capital of Php70.9bn. The SRO will increase PNB's parent CET1 level by 17%. This will be further augmented by the integration of PNB savings to the parent company. PNB Savings ended 2018 with Php11.6bn in common equity and a CET1 ratio of 19.52%.