

MARKET RECAP

05 November 2018

PSEi	Value Turnover (US\$)	Net Foreign Flow (US\$)	PHI:US (PLDT ADR)	US\$ 1.00
7,213.44 (+1.02%)	421,565,375.66	(107,585,837.45)	25.83 (+1.29%) = 1,384.64	53.527

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- Share prices on the Philippine Stock Exchange rallied as market players were said to be making bets ahead of the inflation and gross domestic product (GDP) data due this week.
- The main PSEi added 73.15 points or 1.02% to 7,213.44 at the closing bell. The broader All Shares gained 20.99 points or 0.48% to 4,391.45.
- Investors were loading portfolios ahead of the October inflation and GDP due Thursday given the tone of the buying so far.
- October inflation is expected to settle at 6.8%—or a 0.1% increase from the official figure of 6.7% in September—while placing Q3 GDP at 5.8%, or an ease from the 6.6% in Q1 and 6% in Q2.
- Official inflation and GDP figures will be announced on Thursday.
- The local bourse bucked the trend among its regional peers as Asian stocks started the week gingerly amid worries about tense Sino-US trade relations.
- Investors will keep their eyes peeled for any new headlines on the Sino-US trade war ahead of a meeting of the leaders of the world's two biggest economies later this month.
- Chinese President Xi Jinping's speech at the China International Import Expo later in the day could provide further clues.
- Trading is broadly expected to be nervous ahead of US congressional midterm elections on Tuesday.
- Opinion polls show a strong chance that the Democratic Party could win control of the House of Representatives after two years of wielding no practical political power in Washington, with President Donald Trump's Republican Party likely to hold the Senate.
- An analysis of the past half century shows stocks fared better in the two calendar years after congressional elections when Republicans control Congress and the presidency than when Democrats controlled the two branches, as well as during times of gridlock.
- The outlook for global shares has also been clouded by the prospect of faster rate rises in the United States given robust economic data in recent months.
- The cumulative effect of monetary policy tightening is suspected start taking a toll on the US economy, forcing the Fed to end its tightening cycle and pulling Treasury yields, the US stock market, and the dollar down.
- More than 2.820-bil shares, valued at P22.565-bil, changed hands. Market breadth was positive as advancers led decliners, 100 to 93, and 44 issues were unchanged.

FINL on FDI

- Foreign direct investments (FDIs) in the country are expected to get a boost in November and December due to the release of the recent Foreign Investment Negative List (FINL), Socioeconomic Planning Secretary Ernesto Pernia said Monday.
- Pernia said more foreign investors may still come in the last two months of the year given increased opportunities under the FINL.
- Under the first FINL of President Rodrigo Duterte signed late last month, he opened up five activities to 100% foreign ownership -- wellness centers, internet business, teaching in higher education, training centers outside the formal education, and adjustment companies, lending companies, financing companies, and investment houses.
- According to Pernia, this is expected to drive up investments that will come into fruition by next year.
- Data from the central bank shows that foreign direct investments (FDIs) more than doubled to \$914-mil in net inflows in July, jumping from the \$344-mil the same month last year.
- For its part, the American Chamber of Commerce of the Philippines (AmCham) welcomed the recent FINL, but noted that more sectors should be opened up to foreign investors.
- There is also strong support in the business community to remove restrictions of foreign equity from the 1987 Constitution. AmCham urges Congressional leaders to prioritize such reforms that will strengthen the economy, result in more foreign investment, jobs, and competition.
- Among the reforms pushed by AmCham are the Public Services Act, the Retail Trade Act, and the Foreign Investment Act.

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SECB

- Security Bank Corp. on Monday reported a 5% increase in its bottom line in the third quarter of the year, driven by increased lending during the period.
- The lender reported a net income of P2.25-bil in the July to September period, as consumer loans grew by 48% while low-cost deposits increased by 18%.
- A key driver for the earnings growth was the continued expansion of the bank's consumer loans and low-cost deposits.
- According to the company, net interest income from customer loans and deposits for the third quarter increased 23%, while service charges, fees, and commissions rose 38%.
- The latest figure brought the year-to-date net income to P6.5-bil, an 11% drop from the year-ago level which the company attributed to the decrease in trading gains.
- Security Bank is the sixth largest bank in the Philippines as of June 30, 2018 in terms of assets, with a total of P722.177-bil.

TEL / GLO

- PLDT Inc. and its mobile subsidiary Smart Communications Inc. have inked an agreement with the Clark Development Corp. (CDC) to fire up the country's first fifth generation (5G) cell site in the Clark Freeport Zone this November.
- Under a memorandum of understanding (MOU), PLDT and Smart, together with technology partner Ericsson, will fire up the first 5G cell site in the city in November.
- According to the company, the 5G connection will be able to leverage on its fiber network now at some 221,000 kilometers.
- Through this pilot deployment, PLDT will be able to test 5G's capabilities using a live network and develop solutions that will serve the future needs of industries and government, such as autonomous vehicles, connected fleets, and smart buildings and factories.
- In June, Globe Telecom Inc. said it is set to roll out 5G technology by Q2 of 2019.

MPI

- Metro Pacific Investments Corp. chairman Manuel V. Pangilinan admitted he was surprised by Transportation Secretary Arthur Tugade's decision to bid out the operations and maintenance contract of the dilapidated Metro Rail Transit Line 3.
- Pangilinan said they were caught off guard by Tugade's announcement considering MPIC was awarded last year an original proponent status for its unsolicited proposal to rehabilitate and operate the MRT-3.
- MPIC had offered to upgrade MRT3 over a 30-year concession at a cost of P12.5-bil. It also offered to buy out the government and private investors' shareholdings in MRT-3, which traverses along EDSA from North Avenue in Quezon City to Taft Ave. in Pasay City.
- Pangilinan said MPIC was still open to joining the open tender process for the MRT-3.

ECONOMIC INDICATORS

GDP Growth Rate	6.0% (Q2 2018)	Unemployment Rate	5.4% (July 2018)	GIR	US\$75.161-B (September 2018)
Fiscal Surplus / (Deficit)	(P96.2-B) (September 2018)	Exports Growth Rate	3.1% (August 2018)	BOP	(US\$2.696-B) (September 2018)
Inflation	6.7% (2012 BY) (September 2018)	Imports Growth Rate	11.0% (August 2018)	O/N RP	5.00% (as of September 27, 2018)
91-day T-Bill Rate	4.952 (as of October 22, 2018)	Cash Remittances	US\$2.476-B (August 2018)	O/N RRP	4.50% (as of September 27, 2018)

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