

MARKET RECAP

08 August 2018

PSEi	Value Turnover (US\$)	Net Foreign Flow (US\$)	PHI:US (PLDT ADR)	US\$ 1.00
7,851.46 (+1.63%)	163,188,350.56	6,157,610.42	25.46 (-1.05%) = 1,350.40	52.922

Market Recap

- Share prices on the Philippine Stock Exchange rebounded as investors took positions ahead of Q2 economic performance report.
- The bellwether PSEi gained 125.61 points or 1.63% to 7,851.46 at the closing bell. The broader All Shares increased by 73.02 points or 1.58% to 4,708.61.
- Investors are possibly positioning ahead of GDP results.
- The Philippine Statistics Authority is set to announce Q2 gross domestic product (GDP) numbers on Thursday, August 9.
- Investors also took the cue from H1 earnings of listed companies.
- Philippine stocks closed higher on the release of corporate earnings, with some already placing bets ahead of the central bank meeting and GDP release.
- More than 1.248-bil shares valued at P8.636-bil, changed hands. Advancers led decliners, 116 to 75, and 52 issues were unchanged.
- Gainers: GLO (+8.64%), ICT (+7.15%), JGS (+3.57%), MEG (+3.44%), URC (+3.14%)
- Laggards: RLC (-2.43%), LTG (-1.70%), EMP (-0.27%)

Q1 GDP Revision

- The Philippine economy grew by 6.6% in Q1 of 2018, the Philippine Statistics Authority (PSA) said Wednesday, citing revised estimates in the national income accounts.
- The Q1 2018 Gross Domestic Product (GDP) was revised to 6.6% from 6.8%.
- The PSA revises the GDP estimates based on an approved revision policy, which is consistent with international standard practices on national accounts revisions, the statistics agency said.
- Revising the quarterly GDP numbers is a regular step done by the PSA to comply with international standards.
- Major contributors to the downward revision were other services, manufacturing, and agriculture and forestry.
- The GDP measures the value of goods and services produced by a nation in a given period.
- The PSA earlier reported a 6.8% growth in the first three months of the year, fueled by government spending.
- The revision comes a day before the PSA is set to release Q2 GDP data.

Trade Balance

- The Philippines posted a wider year-on-year trade deficit in June after exports went down while imports rose to its fastest pace this year, the government's statistics agency reported Wednesday.
- Total exports sagged by 0.1% in June to \$5.700-bil from \$5.704-bil a year ago, while imports surged 24.2% to \$9.05-bil.
- That resulted in a trade gap of \$3.35-bil, higher than the \$1.59-bil deficit a year ago but slightly narrower than the previous month's \$3.7-bil. Total external trade in goods in June jumped 13.5% to \$14.75-bil.
- Broken down, exports declined due to decreases posted by four out of the top 10 commodities for the month. Export shipments to Japan, a major trading partner, dipped by 31.8%.
- Meanwhile, total import bill in June was lifted by heightened purchases of iron and steel, electronic products, mineral fuels and cereals.
- Philippine President Rodrigo Duterte's plan to keep his country's growth engine humming by spending more than P8-tril on infrastructure has been fueling demand for imports of construction-related goods.
- The increasing capital goods imports due to the infrastructure boom have reversed the country's current account surplus to a deficit, pressuring the Philippine peso.
- Year-to-date, the peso has weakened by more than 5% against the greenback, making it one of Asia's worst performing currencies so far this year.

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Agriculture Output

- Philippine agriculture barely grew in Q2 of the year, although improvements in production were seen in the livestock and poultry subsectors, the government reported Wednesday, a day before the release of April-June economic output data.
- Agricultural production expanded by measly 0.07% in Q2 of the year compared to the 6.22% growth rate clocked in the same period last year. The latest turnout was the smallest gain recorded in the six consecutive quarters of positive growth.
- In H1, agriculture recorded a 0.58% growth in production.
- Broken down, the crops subsector, which accounted for 49.65% of the total, registered a 2.08% reduction in output, with paddy rice harvest down 1.44%.
- Livestock and poultry subsectors grew 1.88% and 5.14%, respectively, but fisheries output contracted 0.05%.
- Agricultural output has historically contributed a tenth to the country's gross domestic product.
- The Philippines Statistics Authority will release Q2 GDP data on Thursday, August 9.

GLO

- Globe Telecom Inc. reported a 16% increase in bottom line during Q2 of the year, boosted by the “digital lifestyle” of Filipinos.
- The Ayala-led telco reported a net income of P4.67-bil in April to June following a 3% increase in consolidated service revenues at P33.2-bil.
- Sustained top-line performance was due to the continued expansion of the 4G and LTE network, and the growing preference of customers towards content-rich offerings and multimedia applications that enrich the Filipino digital lifestyle.
- This brought the company's H1 core net income, excluding the impact of non-recurring charges and foreign exchange adjustments, to P10.3-bil.

ECONOMIC INDICATORS

GDP Growth Rate	6.6% (Q1 2018, Revised)	Unemployment Rate	5.5% (April 2018)	GIR	US\$77.675-B (June 2018)
Fiscal Surplus / (Deficit)	(P54.3-B) (June 2018)	Exports Growth Rate	(0.1%) (June 2018)	BOP	(US\$1.177-B) (June 2018)
Inflation	5.7% (2012 BY) (July 2018)	Imports Growth Rate	24.2% (June 2018)	O/N RP	4.00% (as of June 20, 2018)
91-day T-Bill Rate	3.219 (as of July 23, 2018)	Cash Remittances	US\$2.469-B (May 2018)	O/N RRP	3.50% (as of June 20, 2018)

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