MARKET RECAP

10 August 2018

PSEi	Value Turnover (US$)	Net Foreign Flow (US$)	PHI:US (PLDT ADR)	US$ 1.00
7,804.98 (-0.20%)	156,847,513.42	(9,714,074.24)	26.01 (+0.15%) = 1,379.18	53.107

Market Recap

- The main index fell slightly as traders continued to pin their hopes on positive corporate earnings after economic growth in Q2 slowing to a three-year low.
- The bellwether PSEi lost 15.73 points or 0.20% to 7,804.98 at the closing bell. The broader All Shares decreased by 1.13 points or 0.02% to 4,714.69.
- Market observers pointed out that investors continue to digest the lackluster performance of the economy, coupled with rising inflation and interest rates.
- The Philippine economy grew 6% in Q2, slower than the downward-revised 6.6% GDP growth in Q1 as well as the 6.7% pace logged in the same period last year.
- This was also slower than the 6.8% median estimate in a poll conducted last week.
- The expected raising of interest rates caused some to shift from equities to fixed-income markets, which are attractive at this time.
- The market also fell amid heightened global trade tensions, tracking losses on Wall Street.
- Washington said it would impose fresh sanctions because it had determined that Moscow had used a nerve agent against a former Russian agent and his daughter in Britain, which the Kremlin denies.
- Growth isn’t as vigorous as last year. With the economy running into capacity constraints, many think that activity will remain sluggish for now.
- More than 1.499-bil shares valued at P8.329-bil, changed hands. Market breadth was positive, with advancers leading decliners, 96 to 86, and 51 issues were unchanged.
- Gainers: SMC (+3.40%), TEL (+2.08%), RLC (+1.90%), AEV (+1.77%), AGI (+1.29%)
- Laggards: ICT (-2.80%), AC (-2.48%), LTG (-2.48%), AP (-1.90%), SECB (-1.28%)

AGI

- Alliance Global Group, Inc. grew its attributable profit by 17% in H1 of 2018, driven by the double-digit growth across its property, liquor, and fast food businesses, alongside the recovery in its gaming unit.
- The holding firm of tycoon Andrew L. Tan reported a net income attributable to equity holders of the parent of P7.9-bil, versus the P6.9-bil it realized in the same period a year ago.
- This was supported by a 95 increase in revenues to P73.2-bil for the first semester.
- All the group’s major subsidiaries delivered strong topline and bottomline results, reflecting the improving outlook in their respective business segment.

DNL

- D&L Industries, Inc. (DNL) expanded its recurring income by 14% to P784-mil in the three months ending June, driven by higher volumes for the high margin specialty product (HMSP) segment of its food business.
- The listed manufacturer of customized food ingredients and specialty raw materials said in a statement on Thursday that this pushed H1 recurring income 13% higher to P1.53-bil. Revenues, meanwhile, stood at P13.2-bil, 4% higher year-on-year.
- The earnings for H1 translate to an earnings per share of 21 centavos.
- DNL attributed the profit growth to the 14% increase in volumes from the food unit’s HMSPs, which accounted for 63% of total revenues. The company noted the segment’s growth for the period is twice its historical average increase of 7%.
- The commodity business meanwhile contributed 37% of total revenues. Blended commodity margins climbed to 9.7% for Q2 alone, versus 4% in the previous quarter, pushing overall gross profit margin to 18% in H1, one percentage point higher year-on-year.
- Exports accounted for 21% of DNL’s revenues, indicating a 5% drop due to the higher base it recorded in the same period a year ago. Oleochemical products — which are chemicals processed from coconut oil — were the top contributor to exports at 35%, as the company saw strong demand for high margin coconut-derived oleochemicals from developed countries.
- The company earlier said it targets to have its export business contribute half of its total revenues by 2025, as it prepares to enter new markets in the Asia-Pacific region.

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CLI

- Cebu Landmasters, Inc. (CLI) has unveiled a P3.6-bil mixed-use project in Cebu which will include a mall, office spaces, residential units, and a hospitality component.
- The listed property developer said it will develop the two-tower Astra Centre on a 1.2-hectare lot on A.S. Fortuna St. in Mandaue City. The project looks to take advantage of the lack of integrated developments in the area.
- Astra Centre will be developed in two phases, with the first phase to include the construction of a podium and the first tower. The podium is designed to house an upscale, three-level boutique mall covering 8,300 square meters (sq.m.) of leasable area.
- The first tower will have 30 storeys with residential and hospitality components. The hotel will be operated by the Radisson Hotel Group, bringing in its Radisson RED brand for the first time to the country.
- Radisson RED will offer 146 rooms which will cater to millennials with round the clock facilities, high-speed WI-FI, and “grab and go” food and beverage options, among others.
- The second phase of the project will include the second tower which will house the Astra Corporate Center and another residential condominium. Twelve floors will be allotted for office space, with a total leasable area of 15,900 sq.m.
- Astra Centre will be CLI’s second mixed-use project following Baseline Center in Cebu City, which was launched back in 2015. That project also has residential condominium, hotel, and office components.
- CLI’s net income jumped 17% to P498.7-mil in the first three months of 2018, supported by a 14% increase in revenues to P1.26-bil.

CIC

- Concepcion Industrial Corp. (CIC) posted a 14% growth in its attributable profit during Q2 of 2018, fueled by a double-digit increase in sales of its products.
- The listed maker of air-conditioners and refrigerators reported a net income attributable to the parent of P402-mil, versus the P352-mil it booked in the same period a year ago. Net sales likewise jumped 14% to P4.62-bil for the quarter.
- This brought the company’s six-month attributable profit to P566-mil, relatively unchanged from the P570-mil it generated in H1 of 2017. Net sales meanwhile went up by 7% to P7.69-bil.
- The company has been implementing initiatives to reduce its costs in the face of challenges in foreign exchange and commodity prices. CIC expects headwinds for the rest of the year which may affect profitability, but is confident it will be able to adapt in the short term.
- CIC has recently formed a unit called Cortex, which will explore opportunities in technology and business model innovations. This includes manufacturing smart appliances that can monitor energy consumption to alert owners of their usage.

ECONOMIC INDICATORS					
GDP Growth Rate	6.0% (Q2 2018)	Unemployment Rate	5.5% (April 2018)	GIR	US$76.892-B (July 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	4.50% (as of August 9, 2018)
91-day T-Bill Rate	3.219 (as of July 23, 2018)	Cash Remittances	US$2.469-B (May 2018)	O/N RRP	4.00% (as of August 9, 2018)

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