

MARKET RECAP

10 September 2018

PSEi	Value Turnover (US\$)	Net Foreign Flow (US\$)	PHI:US (PLDT ADR)	US\$ 1.00
7,596.15 (-0.03%)	137,393,474.46	(15,838,002.84)	25.63 (-0.23%) = 1,375.92	53.831

Market Recap

- Share prices on the Philippine Stock Exchange opened the week on a soft note, as last week's report on inflation at a nine-year high continued to place a drag market sentiment.
- The benchmark PSEi retreated as much as 132.37 points or 1.74% to 7,466.27, but managed to recoup its losses to close relatively flat, shedding only 2.49 points or 0.03% to 7,596.15. The broader All Shares lost 15.71 points or 0.34% to 4,640.71.
- The story remains the same – higher-than-expected inflation, weak peso, weak regional markets.
- The statistics office last week reported that inflation clocked in at 6.4% in August this year, the fastest since it came in at 6.6% in March 2009.
- Regional shares also started the week in the red as US President Donald Trump raised the stakes in the heated trade dispute with China.
- US President Donald Trump warned on Friday that he was ready to slap tariffs on virtually all Chinese imports into the United States, threatening duties on another \$267-bil of goods in addition to the \$200-bil already facing the risk of duties.
- The Fed is all but certain to raise rates a third time this year in late September, boosting demand for the dollar. This, in turn, also increases the prospects of the Philippine central bank to raise its rates as well.
- Still, markets remained on edge about a possible new round of US tariffs on imports from China.
- Investors have been waiting for a fresh salvo to be fired in the Sino-US trade war after a public comment period for proposed US tariffs on a list of \$200-bil worth of Chinese imports, which includes some consumer products, ended late last week.
- Further tariffs are likely to lead to a weaker Chinese yuan and stronger dollar, and it is likely emerging market currencies will fall in response.
- Local investors continued to pickup the slack amid the continued exit of foreign funds.
- More than 1.435-bil shares valued at P7.396-bil, changed hands. Market breadth was negative, with decliners beating advancers, 124 to 62, and 55 issues were unchanged.
- Gainers: URC (+5.59%), RLC (+2.89%), GTCAP (+2.13%), SCC (+1.72%), MPI (+1.52%)
- Laggards: LTG (-2.59%), AP (-2.03%), BPI (-1.74%), AGI (-1.65%), AEV (-1.50%)

Ease of Doing Business Act

- The implementing rules and regulations (IRR) on the Ease of Doing Business (EODB) Act will pass without delays, Trade Undersecretary Rowel Barba said on Monday.
- Barba said that they were still within the 90-working day deadline given by Congress to formulate the rules for the newly-approved law.
- However, Presidential Anti-Corruption Commission (PACC) noted that the deadline for the IRR is at the end of September or 90 days from the time President Rodrigo Duterte enacted the proposed law.
- On Friday, the Department of Trade and Industry (DTI) issued a statement saying there were delays in the IRR of Republic Act No. 11032 or the Ease of Doing Business and Efficient Government Service Delivery Act of 2018.
- Trade Secretary Ramon Lopez noted that the IRR's working draft will be given to the PACC after the commission warned of possible consequences from the delay.
- RA 11032 covers local businesses and foreign investments, as well as business and non-business transactions.
- It mandates all government agencies to come up with citizens' charters to show the length and charges of every transaction, and where permits must be submitted.
- Government-to-government and private-to-government transactions are also covered by the law.

PGOLD

- Retail tycoon Lucio Co-led Puregold Price Club Inc. seeks a piece of the lucrative cash remittance industry in the country with the creation of a new subsidiary that will engage in this new business called "Purepadala Inc."

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PGOLD (continued)

- Puregold's board of directors had approved the incorporation of this new subsidiary, which will enter into a partnership with banks, financial institutions, and other financial technology (fintech) entities.
- The new subsidiary Purepadala is "intended to operate a cash remittance business for the benefit of the customers and shoppers of Puregold group of companies."
- But before operating as such, Puregold will undergo the regular process, and seek approval from regulatory government agencies.

Udenna Corp.

- Businessman Dennis Uy continued his corporate shopping binge as he closed a deal to acquire the company that owns and operates the restaurant chain Conti's.
- Uy's main holding firm, Udenna Corporation, announced on Monday a share purchase agreement to acquire 70% of Conti's Holdings Corp. (CHC), the owner and operator of Conti's, which specializes in cakes and pastries, pies, chilled takeout, and other food items.
- Established in 1997, Conti's has grown into a household name, with 20 stores in strategic locations in Metro Manila, serving more than 150 sought-after dishes including best-sellers such as the "Mango Bravo" cake, baked salmon, and chicken pie.
- The acquisition deepens Udenna's stake in the hospitality and restaurant management and other food retail formats.
- Last year, Udenna took over Enderun Colleges, one of the country's premier educational institutions focusing on hospitality management and culinary arts.
- Udenna also acquired Philippine FamilyMart, the local franchisee of popular Japanese convenience store brand.
- The transaction is expected to be closed within October 2018. Post-transaction, the original owners of CHC will retain a combined 30% interest.
- AlphaPrimus Advisors acted as exclusive Financial Adviser to Udenna for this transaction.
- Udenna has interests in other businesses such as petroleum, transport/shipping, real estate and property development.

ECONOMIC INDICATORS

GDP Growth Rate	6.0% (Q2 2018)	Unemployment Rate	5.4% (July 2018)	GIR	US\$77.829-B (August 2018)
Fiscal Surplus / (Deficit)	(P86.4-B) (July 2018)	Exports Growth Rate	(0.1%) (June 2018)	BOP	(US\$1.177-B) (June 2018)
Inflation	6.4% (2012 BY) (August 2018)	Imports Growth Rate	24.2% (June 2018)	O/N RP	4.50% (as of August 9, 2018)
91-day T-Bill Rate	3.225 (as of September 3, 2018)	Cash Remittances	US\$2.357-B (June 2018)	O/N RRP	4.00% (as of August 9, 2018)

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