

MARKET RECAP

11 July 2018

PSEi	Value Turnover (US\$)	Net Foreign Flow (US\$)	PHI:US (PLDT ADR)	US\$ 1.00
7,333.73 (+1.39%)	96,526,612.18	(1,602,823.17)	24.49 (+0.74%) = 1,306.76	53.464

Market Recap

- Philippine share prices rallied for a second consecutive session, bucking the trend among its regional peers after the Trump administration said it was preparing to impose tariffs on another \$200-bil of Chinese exports, upping the ante in the trade war between the world's two largest economies.
- The benchmark PSEi surged 100.44 points or 1.39% to close at 7,333.73. Meanwhile, the broader All Shares index gained 34.57 points or 0.78% to 4,448.01 at the closing bell.
- Investors seemed to shrug off rising concerns over the full-blown trade war between the US and China.
- The United States Trade Representative said Washington is preparing to impose 10% tariffs on another \$200-bil in Chinese imports, including 6,031 product lines ranging from burglar alarms to electric lamps and fish sticks. The office will take public comments and hold hearings on the plan before reaching a decision after August 31.
- Given the magnitude and breadth of the tariff list, the impact is expected to ripple through supply chains and cause collateral damage on regional economies. However, the public consultation period allows time for more negotiations.
- Economic managers said the impact of the US-China trade war on the Philippines is minimal and negligible.
- The markets still remain sensitive to the trade-related theme, which is something investors have to take into account for the long term.
- Investors also took positions ahead of the President's State of the Nation Address (SONA).
- President Rodrigo Duterte is scheduled to deliver his third SONA before a joint session of Congress on July 23.
- The rally was also due to technical factors as share prices recently hit oversold levels.
- More than 852.344-mil shares, valued at P5.160-bil, changing hands. Market breadth was positive with advancers outweighing decliners, 101 to 91, while 41 issues were unchanged.
- Gainers: SM (+4.15%), BPI (+3.41%), TEL (+2.80%), SCC (+2.09%), ALI (+2.05%)
- Laggards: BDO (-1.15%), AP (-1.11%), PCOR (-0.46%), GTCAP (-0.33%), EMP (-0.14%)

Exports Outlook

- The umbrella organization of Philippine exporters expects shipments of products to other countries to recover in H2 of the year, citing expected strong demand in preparation for the Christmas season.
- Exporters expected start to receiving orders for the Christmas season in Q3.
- Data released by the Philippine Statistics Authority showed total exports went down 3.8% to \$5.76-bil in May this year from \$5.99-bil last year.
- Cumulative exports for the January to May period also declined 5% to \$26.92-bil this year from \$28.33-bil a year ago.
- Philexport said the lower exports result was partly due to the move of some exporters to cater to the domestic market given strong demand.
- The group remains positive the country's exports would post growth this year.
- Earlier, the National Economic and Development Authority said the economic development cluster has submitted for President Duterte's approval the Philippine Export Development Plan (PEDP) 2018 to 2022.
- The PEDP is a roadmap which seeks to enable exporters to improve their competitiveness and tap new trade opportunities.
- It is also expected to help enable the country achieve its target for exports to reach \$122-bil by 2022.

TEL

- The Department of Labor and Employment (DOLE) clarified on Wednesday that an order for PLDT Inc. to regularize workers was "not subject to any condition."
- In a clarificatory order, the DOLE wrote that "any act or condition imposed that frustrates or tends to frustrate the order to regularize is contumacious and shall be dealt with in accordance with law."
- The telco claimed last week that stopping its sub-contracting activities will shut down its labor contractors, with thousands of workers losing their jobs.
- Signed by Labor Secretary Silvestre Bello III, the order referred to a January 10 resolution directing PLDT to regularize more than 7,000 employees and an April 24 resolution affirming the decision.

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TEL (continued)

- In the process of reviewing the status of employees involved, PLDT expressed its intent to contest the department order.
- PLDT said in June during company's annual stockholders' meeting that the order was not in accordance "with law, jurisprudence, and evidence presented."

SMPH

- The SM group is planning to invest in the 440-hectare Sky City Mega Project in Catbalogan City, Samar.
- Catbalogan Mayor Stephany Uy-Tan revealed SM Prime Holdings, Inc. would build a mall within an eight-hectare property in the ambitious project by 2020.
- Primark, owned by LKY Group of Companies, has started its town center project at the city market. The company's key tenants are SM-affiliate businesses such as SM Savemore for basic commodities, Ace Hardware for home and office needs, SM Appliance, BDO or China Bank for banking transactions.
- Uy-Tan said Sky City would be the new home of several government offices, mall zones with parking space, health and wellness center, hotels and resorts, information technology hubs, housing projects, educational and training hubs, multi-purpose complex, and a 25-hectare flood-proof dam that will serve as a water catchment to eliminate flooding in the downtown area.
- She said investors have committed to develop about 15 hectares of the mega project, including the 1.6 hectares land meant for the construction of the new city hall.

ALI

- The Quezon City local government has given Ayala Land Corp, the green light to build a high-rise tower in a low-zone area.
- The Quezon City Council on Tuesday passed a resolution authorizing the issuance of a certificate of exception to Ayala Land for the construction of a 40-story office building with six basement parking levels at North Triangle, Barangay Bagong Pagasa.
- City Resolution 7386-2018, which was authored by Councilor Marvin Rillo, permits the issuance of a certificate of exception to the giant real estate developer.
- The applicant is required to allot 5% of the project's total parking area for the exclusive use of visitors, clients or customers, as mandated by Ordinance 2582-2017.
- Based on the notice/advice of action issued by the City Planning and Development Office, the developer's original proposal did not conform to the city's existing zoning ordinance, hence, the need for a certificate of exception.
- Paragraph 2, Section 55, Article VIII of Ordinance 2502-2016, or the "Comprehensive Zoning Ordinance of 2016", states that "an exception is required for the aforesaid project only upon authorization by the City Council."
- "The proposed project must not adversely affect public health, safety, and welfare and is in keeping with the general pattern of development in the community," the city ordinance said.

ECONOMIC INDICATORS

GDP Growth Rate	6.8% (Q1 2018)	Unemployment Rate	5.5% (April 2018)	GIR	US\$77.675-B (June 2018)
Fiscal Surplus / (Deficit)	(P32.9-B) (May 2018)	Exports Growth Rate	(3.8%) (May 2018)	BOP	(US\$583-M) (May 2018)
Inflation	5.2% (2012 BY) (June 2018)	Imports Growth Rate	11.4% (May 2018)	O/N RP	4.00% (as of June 20, 2018)
91-day T-Bill Rate	3.484 (as of June 25, 2018)	Cash Remittances	US\$2.360-B (April 2018)	O/N RRP	3.50% (as of June 20, 2018)

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