

MARKET RECAP

14 August 2018

PSEI	Value Turnover (US\$)	Net Foreign Flow (US\$)	PHI:US (PLDT ADR)	US\$ 1.00
7,527.78 (-1.41%)	99,574,232.18	(27,615,089.24)	25.29 (0.00%) = 1,343.81	53.307

Market Recap

- Philippine share prices slipped further downward, dragged lower by global jitters from the Turkish crisis.
- The bellwether PSEI dropped 107.49 points or 1.41% to 7,527.78 at the closing bell. The broader All Shares fell by 53.61 points or 1.16% to 4,578.92.
- The market has been influenced by the Turkey contagion.
- Turkey's plummeting currency sent global jitters with US stocks falling for the fourth session in a row.
- A pledge by Turkey's central bank to stabilize the plummeting lira failed to calm investors' nerves. The currency has dropped 40% against the dollar so far this year.
- The market tried to regain its footing after falling by as much as 1.6% in morning trades, as tremors from the collapse of the Turkish lira ebbed a little and Wall Street proved resilient to the shockwaves.
- The market's all about Turkey and the continuation of the trade issues out there. The market definitely wants to go higher but it's having some curves thrown at it along the way that have caused a few day-to-day pull-backs.
- More than 1.344-bil shares valued at P5.308-bil, changed hands. Market breadth was negative, with decliners leading advancers, 141 to 60, and 41 issues were unchanged.
- Gainers: AP (+1.86%), ICT (+1.70%), AGI (+1.48%), JFC (+1.26%), GTCAP (+0.47%)
- Laggards: DMC (-3.52%), AEV (-3.27%), BPI (-3.25%), GLO (-3.13%), URC (-3.08%)

Federalism Opposition

- Various business groups in the Philippines have come together to call for calm and sobriety on the planned shift to a federal government.
- In a joint statement, the Cebu Business Club, Employers Confederation of the Philippines, Financial Executives Institute of the Philippines, Makati Business Club, Management Association of the Philippines, Philippine Chamber of Commerce & Industry, and the Philippine Exporters Confederation, Inc. appealed to legislators not to rush into approving the draft Constitution for federalism.
- They have come forward after no less than President Rodrigo Duterte's economic managers have voiced their apprehension to the proposed charter.
- "We, too, believe in the need to adhere to the public finance principle 'funds follow function'. Accordingly, we echo the concerns of fiscal and economic experts about the ambiguous provisions on the division of revenue and expenditure responsibilities between the proposed federal government and its federated regions," the business chambers said.
- "We commend the economic managers in the Department of Finance, the Department of Budget and Management, the NEDA, the central bank, as well as the researchers in the PIDS for their transparency in openly sharing their analysis and airing their concerns to the public. We support and join their call for a more detailed analysis of the fiscal impact of federalism to serve as basis for the deliberations in Congress."

BPO

- The business process outsourcing sector is about to plateau anytime soon in the advent of artificial intelligence (AI), according to the Information Technology and Business Process Association of the Philippines (IBPAP).
- IBPAP said that the sector is poised to register a 9% growth in terms of revenues, despite the competition from AI.
- As technology evolves businesses need more people who understand and can utilize advancements in technology, thus new jobs are being created.
- While AI and automation will eliminate some jobs, such as those that are "routinized," new roles are emerging and being created.
- What the AI phenomenon is teaching the industry is that BPO workers must enhance and acquire new skills in order to cope with the fast-evolving technologies.
- The risks posed by AI were taken into consideration under the latest industry roadmap.
- Unveiled last year, Roadmap 2022 envisions the information technology and business process management (IT-BPM) sector to generate as much as \$39-bil in revenues by 2022.

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BPO (continued)

- It also aims to capture 14% of the global market by that time, versus 11% in 2016.
- But industry growth in the coming years would not be as fast as in 2010 to 2016 when the pace ranged from 14% to 17%.
- The Philippines is among the countries leading global growth even if that growth is slower than the growth of its BPO sector.
- The BPO industry was cited by Socioeconomic Planning Secretary Ernesto Pernia as among the major contributors to the 6.7% economic growth in 2017.
- For the IBPAP, the challenge is a push for including digitization at the academic level to prepare the future workforce.

MPI / AC

- Light Rail Manila Corp., a joint venture between Metro Pacific Investments Corp. and Ayala Corp., is on schedule to start construction of Light Rail Transit line 1.
- LRMC earlier signed an engineering, procurement and construction contract with Bouygues Travaux Publics for the LRT 1 Cavite extension project.
- Once built, the extension will stretch LRT1 over 33 kilometers, from Roosevelt in Quezon City to Niog, Bacoor in Cavite City.
- LRMC won the bidding for the 11.7 kilometer project and took over the operation of the existing LRT 1 on Sept. 12, 2015.
- Since assuming operations and maintenance of LRT-1, LRMC has already invested P7.5-bil towards the improvement of operational efficiencies and customer experience in LRT-1.
- LRT-1 expects to end the year with a total of 121 car trains.
- Average daily ridership is 459,400 or four percent higher than the same period last year.

AC / AEV

- A consortium composed of AC Infrastructure Holdings Corp., Aboitiz InfraCapital and Unisys Philippines submitted an unsolicited proposal to develop a centralized identification system for Philippine citizens and residents.
- The unsolicited proposal submitted to the Philippine Statistics Authority involves the design and development of a national identity infrastructure solution which will collect, maintain and authenticate information of individuals.
- The submission of the proposal followed the passage into law of The Philippine System Identification Act (PhilSys Act) which mandates the government to create a single official identification card for all Filipinos and foreign residents.
- In a stock exchange filing, Ayala Corp. said the 17-year proposal provides an expedient, comprehensive and long-term solution that will enable the government to realise the full potential of its strategic programs by providing a safe and secure identification and benefits payment mechanism for individuals transacting with government.
- The national ID will integrate data from different government agencies, which is seen to improve efficiency and transparency of public services and promote ease of doing business.

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	3.290 (as of August 6, 2018)	Cash Remittances	US\$2.469-B (May 2018)	O/N RRP	4.00% (as of August 9, 2018)

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