

# MARKET RECAP

22 October 2018

PSEi	Value Turnover (US\$)	Net Foreign Flow (US\$)	PHI:US (PLDT ADR)	US\$ 1.00
7,236.16 (+1.18%)	82,544,278.20	(1,538,369.62)	26.43 (+1.19%) = 1,427.19	53.878

## Market Recap

- Philippine equities trade back in the 7,200 level, marking the fifth consecutive session of closing in the green.
- The main PSEi gained 84.64 points or 1.18% to 7,236.16 at the closing bell. The broader All Shares advanced by 39.08 points or 0.90% to 4,398.73.
- Aside from the rally in the Chinese equities after their top officials showed support for the private sector as well as plans to reduce income taxes, optimism for corporate earnings season pushed the index above 7,200.
- Optimism about corporate earnings could have been driven by such disclosures as the financial report of SM Prime Holdings Inc.
- First nine months of 2018 yielded 17% for SMPH so it could be raising hopes among investors that most of the blue-chip stocks will be reporting better Q3 earnings
- SMPH reported a 20% growth in bottom line in Q3 of the year at P6.82-bil from P5.66-bil a year earlier.
- Local equities bucked the regional trend despite Asian markets falling as investors braced for the peak of the US earnings season while angst over Saudi Arabia, Italy and Brexit kept geopolitics front and center.
- A retest of 7,500 is likely to happen if optimism for the corporate earnings season continues.
- More than 688.551-mil shares, valued at P4.447-bil, changed hands. Advancers led decliners, 107 to 83, and 38 issues were unchanged.
- Gainers: SCC (+5.73%), RLC (+2.88%), JFC (+1.92%), AEV (+1.70%), BDO (+1.18%)
- Laggards: GLO (-4.25%), SMC (-4.24%), PCOR (-2.94%), MER (-1.64%), GTCAP (-1.55%)

## 3<sup>rd</sup> Telco

- The Department of Information and Communications Technology (DICT) is on course in choosing the third telecommunications player in the country to break the duopoly of the telco giants PLDT Inc. and Globe Telecom Inc., Malacañang said Monday.
- President Rodrigo Duterte in December 2017 said he wanted the third telco player to be up by Q1 of 2018.
- The entry of the third player, however, has been delayed over issues on the selection process.
- Duterte has said the Office of the President would take charge of the selection process if the DICT fails to select a third telco player by November this year.
- Malacañang, however, remains optimistic DICT would beat the deadline.
- The winning telecommunications company which will be chosen as the third telco player must ensure that it will not be a threat to the country's national security.
- Aside from this provision on national security, telecommunications companies vying to be the third telco player must have a congressional franchise or one that covers a bidding agreement with committed local or foreign investors.
- They must also have a paid-up capital of at least P10-bil or, if covered by a bidding agreement, the aggregate paid capital of its members should be at least P10-bil.
- The minimum or maximum average broadband speed of the bidding companies should likewise be 5 megabytes per second to 55 megabytes per second.
- So far, five local companies and at least seven foreign ones are interested in filling the country's need for a third telco provider.
- These include PT&T, Now, Converge, Transpacific-Broadband, and TieraOne for the local firms.
- Meanwhile, foreign companies vying for the slot include China Telecom, KT Corp., LG U+, KDDI Corp., Viettel, Vietnam Telecom, Telenor, and AT&T.
- The winning third telecommunications network provider may start getting its own subscribers by June next year.
- The incoming third player in the telecommunications industry will be able to operate even with less than a third of the spectrum frequencies.
- Only less than a third of the country's radio frequencies are still available since a large portion of the spectrum frequencies has already been assigned to Globe Telecom Inc. and PLDT-Smart Communications Inc.

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### 3<sup>rd</sup> Telco (continued)

- Globe and PLDT earlier said they support the government's plan to confiscate unused frequencies and reassign them to other companies.
- The DICT stands firm in naming the third telco before the end of the year, despite criticisms that the timeline is too tight for prospective bidders.
- The bidding proper is scheduled on November 7, the first Wednesday of next month.

### SMPH

- Integrated property developer SM Prime Holdings Inc. (SMPH) on Monday reported a 20% growth in bottom line in Q3 of the year, driven by the company's expansion.
- SMPH said its Q3 net income grew by 20% to P6.82-bil from P5.66-bil a year earlier.
- Revenue totaled P24.79-bil, up from P21.44-bil in the same comparable period.
- In the first nine months of 2018, the company's consolidated net income went up 17% to P23.44-bil from P20.05-bil year-on-year.
- SMPH intends to keep this growth trajectory to enrich more lives in the communities that it serves and deliver more sustainable integrated developments for the betterment of the country.
- 58% of the revenue in the nine-month period was accounted for by the company's mall business which gained P43.26-bil.
- SMPH has 78 malls—71 in the Philippines and seven in China—with a total gross floor area of 9.5-mil square meters.
- The company opened four malls in the first nine months of the year, including SM Center Imus in Cavite, SM City Urdaneta Central in Pangasinan, SM City Telabastagan in Pampanga, and SM City Legazpi in Albay.
- In terms of its residential business, SMPH reported a 23% growth in revenue at P25.26-bil from P20.50-bil.

### ECONOMIC INDICATORS

<b>GDP Growth Rate</b>	6.0% (Q2 2018)	<b>Unemployment Rate</b>	5.4% (July 2018)	<b>GIR</b>	US\$75.161-B (September 2018)
<b>Fiscal Surplus / (Deficit)</b>	(P2.6-B) (August 2018)	<b>Exports Growth Rate</b>	3.1% (August 2018)	<b>BOP</b>	(US\$2.696-B) (September 2018)
<b>Inflation</b>	6.7% (2012 BY) (September 2018)	<b>Imports Growth Rate</b>	11.0% (August 2018)	<b>O/N RP</b>	5.00% (as of September 27, 2018)
<b>91-day T-Bill Rate</b>	4.404 (as of October 8, 2018)	<b>Cash Remittances</b>	US\$2.476-B (August 2018)	<b>O/N RRP</b>	4.50% (as of September 27, 2018)

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