

MARKET RECAP

24 October 2018

PSEi	Value Turnover (US\$)	Net Foreign Flow (US\$)	PHI:US (PLDT ADR)	US\$ 1.00
7,129.42 (-0.95%)	86,219,213.49	(12,994,938.64)	26.12 (-1.51%) = 1,403.51	53.871

Market Recap

- Philippine equities resumed their downward trajectory, mimicking a slump on Wall Street after worries about the earnings outlook added to recent selling pressure, although crude oil struggled near two-month lows after Saudi Arabia flagged possible supply increases.
- The main PSEi fell 68.20 points or 0.95% to 7,129.42 at the closing bell. The broader All Shares lost 21.53 points or 0.49% to 4,362.31.
- Philippine stocks bucked the regional trend as Asian stocks edged up as a late round of buying helped Wall Street indexes pare most of their earlier panic-driven losses.
- Global stocks suffered earlier this week on worries about US earnings, Italian government finances, US trade tensions and mounting pressure on Saudi Arabia over the death of dissident journalist Jamal Khashoggi.
- Broader market sentiment remains fragile, but as last night's resilience by Wall Street shows, sentiment has not broken down completely.
- The market may see more bouts of "mini panic" until the US midterm elections, but the bottom line is that the US economy is in good shape and that should prevent sentiment from breaking down.
- More than 1.058-bil shares, valued at P4.644-bil, changed hands. Market breadth was negative as decliners led advancers, 112 to 74, and 45 issues were unchanged.

3rd Telco

- A Manila court on Wednesday heard a wireless telecommunications operator's bid to halt the implementation of some terms the National Telecommunications Commission (NTC) has set for the selection of a third telco player.
- NOW Telecom's application for a writ of preliminary injunction is pending before Judge Dinnah Aguila-Topacio of the Manila Regional Trial Court Branch 42, who has earlier denied the firm's request for a temporary restraining order.
- During Wednesday morning's hearing, the firm's lawyers presented evidence, including letters it had sent to the NTC, as well as two witnesses present at a hearing on the memorandum circular they are questioning.
- They also presented a position paper containing purportedly unconsidered observations on the circular, said NOW Telecom lawyer Aldrich Dy.
- Another hearing has been set for Friday morning for the NTC's turn to present its evidence, Dy told reporters in an interview after the proceeding.
- NOW Telecom is asking the court to stop the implementation of certain provisions in the final terms of reference for the third telco selection, to "maintain the status quo," until the court decides whether or not to strike them down, Dy explained.
- The firm claims the following requirements were not taken up during public hearings, violated existing laws and could potentially be extortionary: a P700-mil "Participation Security," a P14 to P24-bil "Performance Security," and a P10-mil non-refundable "Appeal Fee."
- Dy clarified that they are not asking the court to stop the bidding. "We just want to deposit it before the court so that if ever there's going to be any issue on whether it should be confiscated or not, at least we have a neutral forum...," he said.
- He also said NOW Telecom is "not really" discouraged by the denial of their request for a temporary restraining order, as the court is still receiving evidence.
- "We're hopeful that this is the avenue for us to be able to present evidence in support of our application for a writ of preliminary injunction," he said.
- At least five firms have so far bought bid documents from the NTC to participate in the bidding and bag the contract to be the country's third major telco player.
- Among those interested are China Telecom, NOW Telecom, Philippine Telegraph and Telephone Co. (PT&T), Telenor Group, TierOne Communications, Udenna Corp., and a group that declined to be named.
- The Department of Information and Communication Technology earlier stood firm that the third player will be named by December.

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3rd Telco (continued)

- Separately, Manny Villar, who has made majority of his fortune from real estate, is spreading his wings into new ventures as he seeks to further grow his business empire.
- Villar is all set to enter the highly competitive telco business after Streamtech Systems Technologies Inc. secured a 25-year franchise to build and operate a telecommunications network throughout the Philippines.
- Market observers said the grant of franchise was timely as the Villar Group was vying to become the country's third telco player.
- Under the franchise, which expires in 2043, Streamtech can "install, establish, operate and maintain for commercial purposes and in the public interest" an international gateway connecting the Philippines to other countries."

LTG

- LT Group Inc. said its president Michael G. Tan acquired P3.04-mil in shares worth of shares.
- LTG said Tan purchased an additional 233,000 shares at P13 each on Oct. 11. This increased his shareholding in the listed holding firm of Lucio Tan to 234,100.
- LTG rose 1.9% Tuesday to P13.76 each share after investors cheered on reports that some lawmakers have vowed to block any proposal that seeks to raise excise tax on tobacco in 2019.
- Lawmakers said increasing the price of cigarettes through higher taxes would kill the industry and affect the livelihood of tobacco farmers.

PAL

- Flag carrier Philippine Airlines (PAL) of bilyonaryo Lucio Tan is venturing into maritime business, and will soon launch a ferry service between Kalibo and Boracay.
- PAL chose Kalibo because of its international airport, where tourists from China, Japan, and Korea come and go.
- Currently, PAL has two vessels — the MV Malambing and MV Magalang — and the ferry service might be launched in December.
- The two catamarans, each with 410 seats, were customized for PAL.
- If PAL's ferry service would "click" with the public, PAL might add other routes for this.
- It took about two years to plan the new offering.
- PAL's ferry basically looks and has the vibe of its aircraft.
- Anyone, even passengers of other airlines, would be allowed to book the ferry service.
- There's no price yet for the ferry service, adding that PAL will announce this once the pricing had been finalized.

ECONOMIC INDICATORS

GDP Growth Rate	6.0% (Q2 2018)	Unemployment Rate	5.4% (July 2018)	GIR	US\$75.161-B (September 2018)
Fiscal Surplus / (Deficit)	(P96.2-B) (September 2018)	Exports Growth Rate	3.1% (August 2018)	BOP	(US\$2.696-B) (September 2018)
Inflation	6.7% (2012 BY) (September 2018)	Imports Growth Rate	11.0% (August 2018)	O/N RP	5.00% (as of September 27, 2018)
91-day T-Bill Rate	4.404 (as of October 8, 2018)	Cash Remittances	US\$2.476-B (August 2018)	O/N RRP	4.50% (as of September 27, 2018)

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