

# MARKET RECAP

25 October 2018

PSEi	Value Turnover (US\$)	Net Foreign Flow (US\$)	PHI:US (PLDT ADR)	US\$ 1.00
6,966.84 (-2.28%)	102,335,220.96	(20,789,532.94)	26.29 (+0.65%) = 1,416.27	53.737

## Market Recap

- Share prices on the Philippine Stock Exchange plunged over 2% as the sell-off overnight on Wall Street weighed on market sentiment in Asian markets.
- The main PSEi lost 162.58 points or 2.28% to 6,966.84 at the closing bell. The index fell as much as 188.32 points or 2.64% during the session. Meanwhile, the broader All Shares shed 81.07 points or 1.86% to 4,281.24.
- This onslaught is mainly brought by the US market sell-off. Dow, S&P, and Nasdaq recently entered correction territory followed by Asian markets.
- Philippine equities are affected by this negative sentiment.
- Asian shares dived on Thursday as hundreds of billions of dollars hemorrhaged from global markets after a rout in tech stocks inflicted the largest daily decline on Wall Street since 2011, wiping out all its gains for the year.
- More than 870.530-mil shares, valued at P5.499-bil, changed hands. Market breadth was negative as decliners led advancers, 146 to 38, and 34 issues were unchanged.
- Gainers: GTCAP (+1.94%), LTG (+1.93%), GLO (+1.60%), RLC (+1.45%), FGEM (+1.38%)
- Laggards: SMPH (-2.58%), TEL (-2.48%), MPI (-1.98%), AGI (-1.65%), JFC (-1.47%)

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

- Manny Villar's Streamtech Systems Technologies Inc. is intent on becoming a major player in the telco industry, the Department of Information and Communications Technology (DICT) said.
- On Tuesday, President Rodrigo Duterte signed Republic Act 11089 granting Streamtech, a company owned by the Villar family, a 25-year franchise to construct, operate and maintain telecommunications systems throughout the country.
- The law states that the company secure a Certificate of Public Convenience and Necessity as well as appropriate permits and licenses for the construction, installation and operations of telecom systems from the National Telecommunications Commission (NTC).
- Based on a memorandum circular by the DICT and NTC on the selection process for the third telco player, participants must have experience in the provisioning, delivery and operations of telecommunications services for the last ten years on a national scale.
- To date, there are nine companies that have bought bidding documents worth PHP1-mil to participate in the selection for the third telco player. These are Udenna Corporation, TierOne Communications with the Luis Chavit Singson Group of Companies Telenor Group, Now Telecom, Philippine Telegraph and Telephone, China Telecommunications Corp., Mobiltel Holding GMBH and two undisclosed companies.
- The issuance of bidding documents started last Oct. 8 and prospective bidders may submit these until Nov. 7.
- The DICT expects to identify the new major telco player by November.

## URC

- Lower operating income and foreign exchange losses dented Universal Robina Corp.'s (URC) net income in the first nine months of the year.
- Its net income fell by 17% to P7.0-bil in January to September, the company said.
- Sales growth slowed down to 1% from 6% in the first six months of the year.
- The environment remains to be very challenging with macroeconomic pressures, especially in the Philippines, URC said.
- Inflation and a weaker peso continue to affect our conversion and operating costs. Thus margins are continuously affected, the company added.
- The peso fell to a 12-year low of P54.31:\$1 in September, but has since been trading at the P53:\$1 level.
- The company will be proactive and look for opportunities to manage its portfolio better and implement plans and programs to mitigate the effects on its top line and bottom line in the near-term.

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## PX

- Philex Mining Corp. saw its net income attributable to parent company drop by 49.65% to P569.89-mil in the first nine months of 2018 (as compared to P1.132-bil in the first nine months of 2017) amid its anticipated low-grade metal output and production.
- Philex attributed this decline to higher non-cash charges and an increase in excise tax rate.
- To recall, the first package of the Tax Reform for Acceleration and Inclusion law increased the excise tax rates from 2% to 4% on both non-metallic and metallic minerals.
- While its Padcal mine milled 4% more year-on-year to 6.53-mil tonnes despite having temporarily suspend its production after typhoon Ompong caused a power outage, the company said that these ores were of lower grade compared to the previous year's haul.
- Its gold output was down by 21.95% to 48,929 ounces from 62,689 ounces in a comparative period last year, posting only P3.33 billion in revenues or 17.57% lower from a year ago.
- Its copper output likewise slid from 21.9-mil pounds to 20.5-mil pounds. Its revenues generated from copper posted a 3.98% increment from P3.09-bil to P3.21-bil.
- Philex mining said it has been looking for new sites and is considering underground mining, having already foreseen that it is running low in ores to mine.

## SM

- Henry Sy's SM Group is poised to revolutionize retail customer experience as it takes full advantage of artificial intelligence, which is fast becoming an integral part of everyday life.
- To stay at the top of its game, the SM Group has inked a deal with Cal-Comp Technology to pilot a smart customer service robot at its malls.
- The country's first ever robot concierge will debut at SM Megamall in the first quarter of next year.
- Friendly faced humanlike looking machines will engage with consumers and provide faster and seamless customer service by answering queries about Megamall shops and tenant promos.
- The large screen and speakers on the robot provide real time promotion with interactive wayfinding service with more relevant results and less effort.
- Apart from this, the service robot, which has features like smart voice interactivity and facial detection, can also be used in other industries such as retail, convenience store, healthcare, and finance. It also equips with a front screen which can be used for mobile advertisements and delivering other announcements.
- The SM Group continuously employs latest technological advances to meet evolving customer preferences and shopping styles.

### 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>	(P96.2-B) (September 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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