

MARKET RECAP

04 September 2018

PSEI	Value Turnover (US\$)	Net Foreign Flow (US\$)	PHI:US (PLDT ADR)	US\$ 1.00
7,881.82 (+0.63%)	110,986,747.91	(4,813,863.05)	26.22 (unch) = 1,402.11	53.504

Market Recap

- Philippine share prices closed in the green, despite investors moving cautiously as they await the latest developments in Donald Trump's trade spats with China and Canada.
- The bellwether PSEI rose 49.60 points or 0.63% to 7,881.82 at the closing bell. The broader All Shares gained 23.69 points or 0.50% to 4,795.86.
- Local equities bucked the regional downtrend, and with US markets closed for the Labor Day holiday, there were few catalysts to drive business though dealers remain nervous after Trump said he wanted to impose fresh tariffs on a huge swathe of Chinese goods by the end of this week.
- Dealers are now keeping a close eye on Trump's next move after he said last week he wanted to impose tariffs on \$200-bil of Chinese imports as soon as public consultation ends on Thursday, adding to the \$50-bil already targeted.
- Also, US and Canadian officials are still due to resume talks Wednesday on a revised NAFTA deal, after they failed to reach an agreement last week. That led Trump to tweet that he would leave his northern neighbors out of a final pact. Mexico and the US have already struck a deal.
- President Trump's war of words against Canada amid negotiations of the NAFTA trade agreement raised concerns that his stance against other countries such as China would remain combative.
- News that inflation's seven-month rise will likely show signs of slowing even as it appears to have hit a new nine-year high in August gave investors a reason to be optimistic.
- The inflationary momentum is easing as shown by the forecast deceleration in the month-on-month price change to 0.38% from 0.51% last month, even as the year-on-year change is projected to hit 5.9%, according to the Department of Finance.
- However, investors remain wary as overall economic growth is likely seen to fall short of the official target this year, partly due to quickening inflation even as infrastructure development should pick up steam.
- More than 874.589-mil shares valued at P5.938-bil, changed hands. Market breadth was positive, advancers beating decliners, 101 to 87, and 52 issues were unchanged.
- Gainers: SCC (+3.21%), GTCAP (+2.78%), AGI (+2.65%), SMC (+2.29%), DMC (+1.89%)
- Laggards: AEV (-0.56%), PCOR (-0.55%), EMP (-0.14%), BPI (-0.11%), SECB (-0.05%)

PTT

- The Philippine Stock Exchange, Inc. (PSE) is looking at possibly removing Philippine Telegraph & Telephone Corp. (PTT) from the roster of firms listed on the local stock market, following the company's repeated violation of disclosure rules.
- The bourse operator said in a statement on Monday that the telco operator has yet to comply with structured filings since 2004, which includes quarterly and audited annual financial reports.
- In addition, the PSE cited several instances when PTT did not adhere to the timely disclosure of material information, such as failure to disclose issuance of shares to three companies, penalties imposed by the Securities and Exchange Commission, as well as legal proceedings regarding corporate rehabilitation.
- The PSE's statement was in response to PTT officials' pronouncements last week, where PTT Chief Operations Officer Miguel Marco A. Bitanga said the PSE should lift the trading suspension implemented on the company's shares since Dec. 4, 2009.
- The Regional Trial Court of Makati City approved PT&T's request to exit its corporate rehabilitation seven years earlier than the scheduled 2025 deadline, in line with its bid for the third telco slot in the country.
- "Whether from a perspective of compliance to the PSE or based on purely economic/market driven benefits, there should be no reason why the company should be prevented from bringing the publicly traded shares into play again, and eventually raising capital to fund future plans, both within and outside of the fixed broadband space," Mr. Bitanga said.
- The PSE, however, stands firm that PTT did not comply with such requirements.
- The PSE has since sent a formal letter to the company informing them of these violations.
- On the other hand, PT&T was able to meet all disclosure requirements of the PSE, the telco said late Monday, belying the exchange's claim that it was remiss in heeding what regulation demands from publicly listed companies.
- Nevertheless, it will try to work things out with the PSE.

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ICT

- The Philippines' first container roll-on/roll-off terminal is on track to be operational by Sept. 30, the Department of Transportation said.
- Located in Tanza, Cavite, International Container Terminal Services Inc.'s Cavite Gateway Terminal is now 99% complete. It will support an annual capacity of 115,000 twenty-foot equivalent units, translating to a reduction of 140,000 truck ships on city roads annually.
- The terminal will cater to cargo trans-shipments from Manila to the province of Cavite.

BDO

- The bank will raise additional funding via a new route.
- BDO Unibank, Inc. is venturing towards another method to accumulate more capital.
- The listed lender told the Philippine Stock Exchange its new plan to set up a peso bond program worth as much as P100-bil.
- This way, the bank can gather fresh capital by issuing debt papers to the public.
- Separately, the bank's board of directors announced on Monday, Sept. 3 that they are paying cash dividends on common shares worth P0.30 each.
- The dividends will be given to stockholders on record on Sept. 14, and will be paid by Sept. 28.
- The payouts come from "surplus profits of the bank" from their 2017 results.

H2O

- Philippine H2O Ventures Inc., a company recently taken over by Davao-bases businessman, is looking to raise up to P18.5-bil from a re-offering to bankroll its casino ventures.
- Based on the registration statement filed with the Securities and Exchange Commission, H2O intends to offer as much as 2.05-bil common shares at a maximum price of P9 each share.
- H2O rallied Monday with its stock soaring 24% to P6.45 apiece Monday as investors took positions ahead of the share sale.
- China Banking Corp. and CLSA Ltd. Has been tapped as underwriters of for the follow-on offering.
- To be renamed PH Resorts, H2O Ventures will house Uy's tourism-related businesses which include two integrated resort and casino projects, one in Mactan, Cebu, and another one within the Clark Global City in Angeles, Pampanga.
- H2O, however, noted it may change the terms of the following on offering or abandon it and pursue other modes of funding for its projects.

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)	(P86.4-B) (July 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	3.203 (as of August 20, 2018)	Cash Remittances	US\$2.357-B (June 2018)	O/N RRP	4.00% (as of August 9, 2018)

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