

MARKET RECAP

15 October 2018

PSEi	Value Turnover (US\$)	Net Foreign Flow (US\$)	PHI:US (PLDT ADR)	US\$ 1.00
6,926.51 (-1.12%)	81,340,001.57	(13,646,125.58)	25.64 (+3.01%) = 1,390.66	54.081

Market Recap

- Philippine equities retreated by over 1 percent on Monday, as foreign investors continued to liquidate market positions in light of global uncertainties.
- The main PSEi dropped 78.26 points or 1.12% to 6,926.51. The broader All Shares shed 25.22 points or 0.59% to 4,276.58.
- Mostly, the things that are affecting the market are on the external side. They're the ones dictating the market.
- Renewed concerns about the China-US trade war sparked the selling.
- The US-China trade war is again getting into the limelight as President Trump is pushing for the increase on tariffs on other Chinese goods.
- Other concerns overseas such as the diplomatic tensions between Saudi Arabia and the West, after the Riyadh warned against threats to punish it over the disappearance of a journalist was also cited.
- Also starting to attract wider attention, Saudi Arabia doubled down on pressure from the West on the disappearance of Jamal Khashoggi, a US resident and Washington Post columnist.
- More than 542.161-mil shares, valued at P4.398-bil, changed hands. Advancers led decliners, 106 to 84, and 41 issues were unchanged.
- Gainers: JGS (+3.19%), MEG (+1.69%), SECB (+1.56%), GTCAP (+1.43%), FGEN (+1.03%)
- Laggards: JFC (-4.58%), GLO (-4.29%), RRHI (-3.75%), URC (-3.43%), PCOR (-2.80%)

Fuel Excise Tax Suspension

- The government expects to incur P41-bil in foregone revenue due to the planned suspension of the second tranche of excise taxes under the tax reform program, the Department of Finance (DOF) said Monday.
- Finance Secretary Carlos Dominguez III spoke of the department's estimates in a report.
- Scheduled to go into effect in January 2019, the excise tax increase has been put on hold, Finance Assistant Secretary Antonio Joselito Lambino said on Sunday.
- Signed into law in December 2016 by President Rodrigo Duterte, the Tax Reform for Acceleration and Inclusion (TRAIN) Act expanded the value-added tax (VAT) base and reduced personal income taxes (PIT) starting January this year.
- Under the law, the excise taxes on diesel fuel were raised by P2.50 per liter this year and by P7.00 on gasoline.
- The law also provides that starting 2019 the excise taxes on diesel will go up by P4.50 and gasoline by P9.00.
- The increase, however, could be temporarily suspended should the average price of Dubai crude reach or exceed \$80 per barrel for three consecutive months.
- "Today's price and multiple estimates of crude prices over the next two months show that the average price will stay above the \$80 threshold, and it is therefore being announced early that the suspension mechanism will be activated," Lambino noted.
- "This announcement is being made two months before the time required by law, to proactively anchor inflation expectations and enhance the welfare of the Filipino people," he said.
- Dominguez said it is up to Malacañang to provide further details on the matter.

Corporation Code Amendments

- A bill seeking to amend the 38-year-old Corporation Code of the Philippines has hurdled second reading at the House of Representatives.
- In a statement on Monday, Camiguin Rep. Xavier Jesus Romualdo, principal author of House Bill No. 8374, said the proposed Revised Corporation Code would adopt international best practices and standards in corporate law and will allow corporations in the country to respond to and meet the "needs and realities of the present times."
- "Our current Corporation Code was enacted in 1980. Obviously, much has changed in how the world does business, communicates, and undertakes commercial transactions over the last 38 years," Romualdo said.
- He said the bill aims to encourage the creation of new businesses, contribute to the ease of doing business, strengthen corporate governance, better protect the rights of stockholders, deter corporate abuses and fraud, strengthen anti-corruption measures, and fortify the regulatory authority of the Securities and Exchange Commission (SEC).

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Corporation Code Amendments (continued)

- The Senate version has already been approved on third and final reading in August.
- Romualdo expected the bill to be approved on final reading by November at the Lower Chamber, and have it signed into law by President Rodrigo Duterte in December.
- The bill also seeks to expand the right of stockholders to inspect corporate books, permits stockholders and directors to remotely participate in meetings and vote, and strengthens the SEC through additional powers to enforce the code and investigate and penalize violations. (PNA)

JFC

- Homegrown fastfood giant Jollibee Foods Corp. is opening its first outlet in Manhattan, New York on Oct. 27 as part of its aggressive expansion strategy in the US.
- The new location, which will be Jollibee's 38th store in the US, is primed for success given its good location and the area's heavy foot traffic. It is also home to a large concentration of Filipino population.
- The Tancaktiong-led restaurant group is going mainstream in the US, with the aim of chasing the 10-mil overseas Filipinos longing for a taste of home. Its goal is to become one of the five biggest restaurant companies in the world alongside global giant McDonald's, KFC, Pizza Hut, Taco Bell and Burger King.
- In the United Kingdom, Jollibee is also set to open its first store on Earl's Court Road on Oct. 20.
- JFC earlier said it was opening 500 stores across the globe this year, 250 to 300 are located in the Philippines.

MWC

- Ayala-led Manila Water Philippine Ventures Inc. won a contract to develop the water supply system in Tanauan, Batangas.
- In a stock exchange filing, Manila Water Company Inc. said it received the notice of award from the Tanauan Water District for the implementation of a joint venture project for the design, upgrade and expansion of water supply and sanitation facilities.
- The project is estimated to cost P1.51-bil over the 25-year contract period. It is expected to deliver a potential billed volume of 13.18-mil liters per day.

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)	(P2.6-B) (August 2018)	Exports Growth Rate	3.1% (August 2018)	BOP	US\$1.272-B (August 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\$2.401-B (July 2018)	O/N RRP	4.50% (as of September 27, 2018)

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