

MARKET RECAP

26 July 2018

PSEI	Value Turnover (US\$)	Net Foreign Flow (US\$)	PHI:US (PLDT ADR)	US\$ 1.00
7,665.85 (+2.02%)	124,800,015.00	12,076,731.48	25.54 (-0.58%) = 1,366.21	53.381

Market Recap

- Philippine shares remained buoyant with the Philippine Stock Exchange Index (PSEI), rising above 2%, as investors continued to buy positions on positive sentiment from President Duterte's State of the Nation Address (SONA).
- The benchmark PSEI surged 151.85 points or 2.02% to close at 7,665.85. The broader All Shares index gained 69.99 points or 1.54% to 4,605.52 at the closing bell.
- Sustained optimism by both local and foreign funds continued to fuel the market's ascent, benefitting from the recently concluded SONA.
- With a blooming uptrend, the index might experience some short-term corrections within this week, which in turn can justify the trend.
- Philippine equities bucked the trend among its regional peers as Asian shares were mostly lower after President Donald Trump agreed with the EU to hold off on new tariffs. The worry is that an easing of tensions with Europe could bode ill for a compromise with Beijing over trade.
- President Trump and European leaders pulled back from the brink of a trade war over autos on Wednesday and agreed to start talks to dismantle trade barriers between the United States and the European Union. Trump and European Commission President Jean-Claude Juncker came to a vague agreement to hold off on new tariffs, suggesting that the U.S. will suspend plans to start taxing European auto imports — a move that would have marked a major escalation in trade tensions between the allies.
- The two also agreed to resolve a dispute over U.S. tariffs on steel and aluminum.
- Despite positive moves in the U.S. market, the preliminary deal could be bad news for the Asia-Pacific region. The reality is that Beijing and Washington have made a number of moves suggesting they are preparing to up a trade dispute between them.
- More than 697.285-mil shares, valued at P6.661-bil, changed hands. Market breadth was positive, with advancers outpacing decliners, 125 to 79, with 42 issues unchanged.
- Gainers: AEV (+5.27%), AP (+4.13%), SM (+3.86%), JGS (+3.68%), RLC (+3.37%)
- Laggards: MPI (-2.34%), SCC (-1.85%), AGI (-0.50%), SMC (-0.37%), EMP (-0.14%)

BOL

- The government will have to review its plan regarding the infrastructure program if the Bangsamoro Organic Law (BOL) makes it through Congress, the National Economic and Development Authority (NEDA) said Thursday.
- BOL is the Organic Law for the Bangsamoro Autonomous Region in Muslim Mindanao.
- The proposed law seeks to abolish the Autonomous Region in Muslim Mindanao (ARMM) and pave the way for the Bangsamoro Autonomous Region in Muslim, which encompasses more areas should the majority of residents decide to be a part of the new region.
- The Senate has ratified the bicameral committee report on BOL, and Malacañang said the proposed law has a "strong chance" of getting enacted by President Rodrigo Duterte this week.
- As far as relations between the national government and the local government units is concerned, the NEDA said the Bangsamoro Region would gain authority regarding regional projects but not in absolute terms.
- The administration's present infrastructure pipeline allotted the most number of projects to the ARMM at 1,340 projects or 17.51% of the national total of 4,490.
- The Duterte administration plans to spend more than P8-tril on its flagship infrastructure program "Build, Build, Build" program in the run-up to 2022, largely funded by tax revenue.
- Part of the plan is to roll out up to 76 big-ticket projects this year alone, with a cumulative total value of \$35.5-bil or P1.1-tril.
- Once BOL is passed and enacted into law, the funding for future projects in the Bangsamoro Region will have to be reviewed, NEDA said.

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BOL (continued)

- Most of the ongoing projects will likely continue under the present financial arrangements, NEDA noted.
- Out of the 4,490 projects, 4,095 will get local funding, 68 through official development assistance (ODA), 39 through public-private partnership (PPP), and 227 from other sources such as private investments and corporate funds of GOCCs.
- Funding for the remaining 61 projects has yet to be finalized, according to NEDA.

PX

- Philex Mining Corp. booked a net income of P552-mil in the first six months of 2018, down 23.2% from P719-mil a year earlier.
- The miner said the income results reflect lower metal output, higher non-cash charges and a 100% increase in excise tax rates.
- Padcal mine milled 4.388-mil tons of ore during the period or 6% higher than 4.138-mil tons the previous year, when low mine delivery was experienced due to issues associated with bouldery ore, equipment availability, and ground problem, the company noted.
- Consolidated revenue stood at P4.646-bil lower than P4.756-bil posted a year earlier.
- The decline was due to lower metal output, brought about by lower head grades and lower recovery, partially offset by higher tonnage, improved metal prices, and favorable foreign exchange rates, the miner said.

SM

- Labor Secretary Silvestre Bello III on Wednesday said around 10,000 workers of the country's largest mall operator would be granted regular employment status this year.
- Bello said this was in line with the agency's crackdown on labor contractualization.
- SM, however, will be allowed to hire contractual workers during Christmas.
- The family of Henry Sy Sr. has 70 malls operating across the country. Last May, they opened SM City Telabastagan, its fourth mall in Pampanga.
- The group will open SM City Legazpi in Albay and SM Center Ormoc in Leyte in H2.
- Other companies that have committed to regularize employees include homegrown fastfood giant Jollibee Food Corp and Century Pacific Food.

ECONOMIC INDICATORS

GDP Growth Rate	6.8% (Q1 2018)	Unemployment Rate	5.5% (April 2018)	GIR	US\$77.675-B (June 2018)
Fiscal Surplus / (Deficit)	(P54.3-B) (June 2018)	Exports Growth Rate	(3.8%) (May 2018)	BOP	(US\$1.177-B) (June 2018)
Inflation	5.2% (2012 BY) (June 2018)	Imports Growth Rate	11.4% (May 2018)	O/N RP	4.00% (as of June 20, 2018)
91-day T-Bill Rate	3.219 (as of July 23, 2018)	Cash Remittances	US\$2.469-B (May 2018)	O/N RRP	3.50% (as of June 20, 2018)

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