

# The Daily Dispatch

February 23, 2018  
TODAY'S TOP NEWS

## TRAIN IRR out by March — BIR

The BIR hopes to complete by March the IRR of the newly enacted tax reform law, a top BIR official said yesterday. Marissa Cabreros, deputy commissioner for the BIR's Legal and Inspection Group, said yesterday the BIR may issue the five remaining revenue regulations (RR) containing the IRR of the TRAIN act within the first quarter.

## SMIC betting big on logistics, technology

The Sy-led SM Investments Corp. (SMIC), the conglomerate behind the country's biggest retailer and the biggest bank, said it is investing heavily in logistics and technology as it conceded that digital businesses could replace brick-and-mortar malls and banks.

## Landbank earns 4% more in 2017

State-run Land Bank of the Philippines recorded a higher net income of P14.05B in 2017, driven by the growth in the bank's revenue from loans and investment. Landbank president and chief executive officer Alex Buenaventura said the bank's net income amounted to P14.05B in 2017, four percent higher than the P13.58B reported in 2016.

## Capital flows at risk from current account gap

The widening of the current account deficit may increase the country's exposure to potential sudden capital outflows, according to S&P Global Ratings. In a report, S&P said it is closely monitoring the current account balance of the Philippines.

## Foreign investment pledges down 51.8% in 2017

Total foreign investment pledges for the Philippines fell by more than half in 2017, according to the PSA. Data released by the PSA on Thursday, February 22, showed that total foreign investment pledges approved by the 7 investment promotion agencies last year totaled P105.6 billion, lower by 51.8% from P219 billion in 2016.

## Philippine Stock Market Update



Previous Close: 8,515.57 1 Yr Return: 17.87%

Open: 8,520.73 YTD Return: -0.69%

52-Week Range: 7,146.27 - 9,078.37 Source: Bloomberg

## Foreign Exchange

As of Feb. 22, 2018

US Dollar	Philippine Peso
1	52.010

## PDST-R2 Rates

As of Feb. 22, 2018

Tenor	Rate
1Y	3.9196
3Y	4.8518
5Y	5.1875
7Y	6.6696
10Y	6.8036
20Y	6.9196

## Daily Quote

“Success is not what you have, but who you are.”  
--Bo Bennett

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## MORE LOCAL NEWS

### Anti-trust body approves joint ventures

THE Philippine Competition Commission (PCC) approved on Thursday two new joint ventures in property development and energy investment. In a two-page decision dated February 20 but released only on Thursday, the anti-trust body confirmed Ayala Land, Inc. and Royal Asia Land, Inc.'s joint venture project

### BPI ranks 20th in global project finance deals

BANK of the Philippine Islands, the fourth-largest lender in terms of assets, has earned the 20th spot in the global rankings for project finance deals in 2017 and the sixth spot in the Asia-Pacific region, according to the latest Thomson Reuters Project Finance International report.

### LRMC signs P450-m deal to repair LRT 1

Light Rail Manila Corp. said it signed a P450-million contract with Voith Digital Solutions Australia GmbH and Co KH to rehabilitate and upgrade the trains of Light Rail Transit Line 1. LRMC president and chief executive Juan Alfonso said Voith would re-engineer 24 generation-2 light rail vehicles.

### Uber pays P41M VAT to BIR

Transport network vehicle service (TNVS) Uber Systems Inc. paid over P41.15 million in value-added tax (VAT) deficiency to the Bureau of Internal Revenue (BIR). In a statement on Thursday, the tax bureau said the payment was made by Uber "to avoid the suspension or closure of its business operations."

### H2O spins off water business

In a disclosure to the stock exchange on Thursday, H2O said its board of directors approved the sale of its water business to sister firm Tabuk Water Corp. (Tabuk) for P442 million. Both parties have also signed a share purchase agreement for the transaction.

### Now Telecom gets franchise extension until 2043

The company, which is about 19-percent owned by publicly-traded Now Corp., is among those vying to become the country's "third telco", which the Duterte administration hopes will soon break the PLDT Inc. and Globe Telecom duopoly.

### No retail armadeggon in PH in next 10 years

The feared demise of traditional retailing, which seems to be starting in the United States, Europe and China as a result of booming online shopping, may not happen in the Philippines in the next five to 10 years, but it is a future possibility that SMIC is preparing for, the chair of the country's largest conglomerate said.

## TODAY'S TOP ASIAN NEWS

### Chinese shares are on shaky ground

China's stock market wasn't in great shape even before the past month's slide. The rally leading into it was driven by a few dominant industry players, favored by investors concerned that smaller companies would be squeezed by higher funding costs and a slowing economy.

### Volatility is making a haven out of Asian EM's

The specter of volatile financial markets is prompting investors to be more selective in emerging markets and Asia is stacking up to be among the most resilient when it comes to economic measures. Among the 22 developing economies, Taiwan and Thailand come out on top in terms of current-account balances.

### Tata to be mulling sale of auto components unit

Tata group is planning to sell its automotive parts manufacturing company Tata AutoComp Systems Ltd (TACO). The group is currently in talks to hire an investment bank to manage the sale. The sale process is expected to start in a month.

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## MORE ASIAN NEWS

### KKday secures \$10.5m in Series B round

Taiwanese travel e-commerce platform KKday has raised \$10.5 mn in a Series B funding round led by Japanese travel industry giant H.I.S. HK VC firm MindWorks Ventures also joined in the funding round that KKday said would help expand its regional presence and further improve its variety of product offerings to travellers.

### Sembcorp Industries plans India energy IPO

Singapore's Sembcorp Industries said on Friday it expects to raise about \$380 mn from the sale of some utilities assets and plans to list its Indian energy business, as it reported a plunge in quarterly profit. They said it has begun the process for an initial public offering (IPO) of the Indian unit, Sembcorp Energy India Ltd.

### China, India vie for Dhaka Stock Exchange

The push for geopolitical influence in Asia is expanding from hard infrastructure to financial assets, with a Chinese bourse outbidding an India rival for Bangladesh's main stock exchange. The Shenzhen Stock Exchange offered more money for a 25% stake in the Dhaka Stock Exchange.

### Macquarie among bidders for India's highway project

India's attempt to bridge its infrastructure investment gap through the marque toll-operate-transfer (TOT) highways model has gained traction with Brookfield, Macquarie Group, and a joint venture between Holland's Roadis and National Infrastructure and Investment Fund (NIIF) placing their bids for the 648km offered in the first tranche.

### SK Household Debt Hits Record \$1.3T in 2017

South Korea's household debt rose to a new record in 2017, even as the government tightened lending terms to cool the property market. Household debt including credit purchases rose to 1,450.9 trillion won (\$1.3 trillion) at the end of December, up 8.1 percent from the previous year, according to a statement from the Bank of Korea.

## TODAY'S TOP GLOBAL NEWS

### Asian stocks rise as traders weather higher yields

Asian stocks look set to close out a lackluster week on a positive note on Friday as investors continue to debate the outlook for central bank policy normalization and the impact of higher bond yields.

### Funds clash over direction of Australian dollar

One of Australia's biggest money managers is wagering the nation's currency will slide, just as hedge funds ratchet up bets on the Aussie appreciating. The Australian dollar will drop to 73 U.S. cents before the end of the year, according to Ilan Dekell of MP Capital Investors Ltd. That's at odds with leveraged accounts.

### Airbus CEO Vows to Stay in Post-Brexit UK

Airbus SE Chief Executive Officer Tom Enders personally promised the U.K. government the company plans to retain its British operations "long into the future" in a turnaround from a staunch critic of the divorce from the European Union.

### Wall St. may be rethinking its relationship w/ guns

Will Wall Street ever let go of guns? That question has come up before -- after the shootings in Newtown, in Orlando, in Las Vegas, and on and on. Now, with the nation's emotions raw over the killings in Florida last week, evidence is mounting that investors may be rethinking their long, fraught relationship with the firearms industry.

## Economic Calendar

Date	Release
02.18.2018	BoP Overall
02.25.2018	Budget Balance PHP
02.27.2018	Bank Lending YoY
02.27.2018	Money Supply M3 SRF YoY
02.28.2018	Nikkei Philippines PMI Mfg

Source: Bloomberg Economic Calendar