

# The Daily Dispatch

September 07, 2017  
TODAY'S TOP NEWS

## PAL sets equity restructuring

Philippine Airlines Inc. (PAL) is moving forward with an equity restructuring scheme that would allow the flag carrier to wipe out an old deficit and clear the way for the entry of an investor group.

## Single electronic tag for all tollroads readied

The plan for a tollroad collection interoperability agreement, which could be signed as early as next week, was announced by the Department of Transportation yesterday. The objective is to provide a more convenient travel experience for motorists around a year from now.

## Russian vehicle maker taps PH oil firm

Eastern Petroleum Corp. has teamed up with Russian commercial vehicle maker Gaz Group, which would supply its Gazelle Next buses in answer to the government's public utility vehicles modernization program.

## ERC OKs San Miguel Energy's supply deals

The Energy Regulatory Commission has affirmed its authorization for two electricity supply contracts between the San Miguel group and two electric cooperatives, and also gave provisional authority on contracts with eight other utilities.

## \$7-B Metro Manila subway to be extended to NAIA

The government's proposal to build the country's first subway has finally landed on President Rodrigo Duterte's desk for final approval, but with two modifications: an extension to the Ninoy Aquino International Airport (NAIA) and increased project cost of \$7 billion (P358.25 billion).

## Philippine Stock Market Update



Previous Close:

8,018.05

1 Yr Return:

-0.34%

Open:

8,015.68

YTD Return:

15.58%

52-Week Range:

6,499.00 - 8,106.74

Source:

Bloomberg

## Foreign Exchange

As of Sept 6, 2017

US Dollar	Philippine Peso
1	51.065

## PDST-R2 Rates

As of Sept 6, 2017

Tenor	Rate
1Y	3.1118
3Y	3.6284
5Y	4.4896
7Y	4.3215
10Y	4.5664
20Y	5.1202

## Daily Quote

“Some people live a lifetime in a minute. What are you doing now?”

--Al Pacino, *Scent of a Woman*

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## MORE LOCAL NEWS

### SSS investing in infra PPP

The SSS is looking to invest in big-ticket infrastructure projects in line with its strategy to boost its profitability. SSS chairman Amado Valdez said the agency supports the government's Build Build Build program, which aims to maintain a six to seven percent economic growth until 2022 through massive infrastructure projects.

### Banks comply with tighter rules on governance

Banks are increasing the number of board seats in compliance with the tighter corporate governance rules issued by the BSP. Security Bank Corp said yesterday it has received the green light from the BSP as well as the SEC to amend its articles of incorporation and increase the number of board seats to 15 from the previous 11.

### Federal Land unveils Grand Hyatt Manila

George Ty unveiled Tuesday his group's latest project, the Grand Hyatt Manila, one of the most ambitious and luxurious hotels to rise in the PH. President Duterte and Ty jointly unveiled the marker at the lobby of the hotel, which was opened to a small crowd that included some of the country's wealthiest businessmen.

### ASEAN agreeable to reducing non-tariff trade barriers

Trade ministers from the 10-member countries of Association of Southeast Asian Nations (ASEAN) are moving towards an agreement to reduce the proliferation of non-tariff measures (NTMs) to further deepen economic integration of the world's fastest growing region.

### House asked to reconsider ERC budget

The chairman of the Senate committee on energy has asked the House of Representatives to rethink and re-evaluate the "big picture knock-on effect" of its decision on radically cutting the 2018 budget of the Energy Regulatory Commission, noting that such could trigger industry paralysis of the restructured electricity sector.

### Metro Pacific pursues Tagaytay expressway

A unit of MPIC expects to obtain an original proponent status from the DPWH for the proposed P23.7-billion Cavite-Tagaytay-Batangas Expressway project before the end of the year, a top executive said Tuesday. "We have been in active discussion with DPWH," MPCala Holdings Inc. president and CEO Luigi Bautista said.

### PCC: We're good for business

An expert on economic development, poverty and inequality, Balisacan believes a competitive market is necessary to achieve inclusive growth. "The growth that we're seeing is not as inclusive as what we would have wanted. It's these anti-competitive factors that contribute to that," Balisacan told

## TODAY'S TOP ASIAN NEWS

### Bain Cap: 1st close of Asia credit fund at \$557m

Private equity firm Bain Capital has reached the first close of its Asia credit fund at \$557 million, it said in a filing with the US Securities and Exchange Commission dated September 5. The fund, Bain Capital Special Situations Asia LP, has so far received investments from 38 investors, the filing said.

### Point Hope, Baker Tech to invest in EMAS Offshore

Singapore-based private equity firm Point Hope and SGX Mainboard listed Baker Technology will jointly invest \$50 million in financially troubled EMAS Offshore Limited (EOL) through a binding term sheet. The potential investors will each inject \$25 million into EOL to collectively hold at least a majority interest.

### CapitaLand grows Jakarta footprint with \$54.9m deal

CapitaLand has partnered with the Qatar Investment Authority to invest S\$74.3 million for the acquisition of a serviced residence -Ascott Sudirman Jakarta – in Jakarta, Indonesia's capital city and commercial centre. With these deals, CapitaLand's total investment across these two Jakarta projects has touched S\$300 million.

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## MORE ASIAN NEWS

### China's central bank winning its numbers game

China is expected to announce another monthly rise in its foreign exchange reserves on Thursday in the latest sign that the country's central bank has won the battle to curb the country's capital exodus and defend the exchange rate of the yuan.

### Sisram Medical seeks US\$200mn in HK share listing

Sisram Medical, a unit of Chinese conglomerate Fosun International, said it was seeking an initial public share offer of up to US\$200 million on the Hong Kong stock exchange, a move seen as part of Fosun's effort to ease its rising debt burden. It will sell 10% of its 99 mn new shares in HK, and the rest to global markets.

### Young CH graduates are fueling HK property boom

As Hong Kong struggles with the world's priciest housing market, a shortage in supply is being exacerbated by mainland Chinese students who come to study and then decide to stay. The graduates may help boost housing demand by 4,000 units/yr in the medium term, estimates Nicole Wong, the regional head of property research at

## TODAY'S TOP GLOBAL NEWS

### EU-Asean FTA pushed

More than 50 percent of European businesses surveyed for an annual study felt that the lack of a region-to-region free trade agreement (FTA) between the European Union and the Association of Southeast Asian Nations (Asean) put "the Philippines at a disadvantage," the 2017 EU-Asean Business Sentiment Survey reported yesterday.

### Number two at U.S Federal Reserve to step down

Federal Reserve Vice Chair Stanley Fischer announced Wednesday, September 6, he will retire next month, creating the potential for President Donald Trump to fill five key positions on the US central bank's board. With Fischer's departure, Trump will be able to name the top three officials on the board.

### Investors are preparing for the worst on North Korea

Add a vacancy at the Federal Reserve to the list of woes buffeting financial markets. It's the latest hit to investor psyches battered by threats that have relentlessly piled up in recent weeks. Like the Fischer news, no single one of them has been enough to deter the bulls.

### Major banks' commodities revenue sinks to 11 yr low

Commodities revenue at major banks took a further knock in the first half, sinking to an 11-year low amid poor performances in energy. Combined income at 12 top banks including Goldman Sachs Group Inc. and JPMorgan Chase & Co. slid 41 percent to \$1.3 billion in the first six months of the year, data showed.

### China loans Guinea \$20B in exchange for minerals

Having already taken over Venezuela with billions of Debtor in Possession loans to the soon to be insolvent nation, China has franchised its model of financial colonialism, perfected over the decades by the IMF and WB, and on Wednesday agreed to lend Guinea \$20 billion for 20 years in exchange for concessions on bauxite.

### Venezuela's economic tragedy visualized

From the 10 years of military dictatorship between 1948-1958 to the impeachment of Pérez for corruption in 1993, The Money Project's Jeff Desjardins notes that Venezuelan politics have often been both rocky and eventful. But despite these challenges throughout its history, no one has ever denied Venezuela's economic potential.

### Economic Calendar

Date	Release
09.04.2017	PH: CPI YoY
09.06.2017	PH: Foreign Reserves
09.11.2017	PH: Unemployment Rate
09.11.2017	PH: Trade Balance
09.14.2017	PH: Overseas Remittances YoY

Source: Bloomberg Economic Calendar