

The Daily Dispatch

March 28, 2017
TODAY'S TOP NEWS

EDC to tender \$100M notes

Energy Development Corp. (EDC) on Monday said it issued an invitation to tender notes up to \$100M. "We advised the exchange that EDC has issued an invitation to holders of EDC's \$300M, 6.5-percent notes due 2021 to tender notes up to an aggregate principal amount of \$100M for purchase by EDC for cash," the Lopez-led firm said.

DOF: No settlement with Mighty

Mighty Corp. will not be able to easily get away with a compromise settlement after more cigarettes with fake tax stamps were found in its warehouses in Bulacan last week. This "would help the government build a strong case against Mighty. Any settlement is now out of the question until the courts say so," Dominguez said.

Del Monte aims to raise sales in China

Del Monte Pacific Ltd. (DMPL) is increasing its sales in China as part of efforts to grow the business. DMPL group chief operating officer Luis Alejandro said China, which currently accounts for less than 10 percent of the company's business would eventually comprise a third of sales outside the US.

PSE to see first dollar denominated securities offering

The newest product of the PSE, the Dollar Denominated Securities (DDS), is set to have its first product offering. Del Monte Pacific Limited is making a follow-on offering of US DDS A-1 Preference Shares from March 22 to 28, 2017. The shares are scheduled to be listed on April 7, 2017.

BSP in no rush to cut reserve req't

The Bangko Sentral ng Pilipinas (BSP) is in no hurry to lower the banks' reserve requirement so as not to send mixed signals to the financial markets. BSP Deputy Governor Diwa Guinigundo said it is not yet the right time to reduce the reserve requirement ratio currently pegged at 20 percent, the highest in the region.

Philippine Stock Market Update



Previous Close:

7,245.97

1 Yr Return:

1.27%

Open:

7,276.26

YTD Return:

6.71%

52-Week Range:

6,499.00 - 8,118.44

Source:

Bloomberg

Foreign Exchange

As of March 27, 2017

US Dollar	Philippine Peso
1	50.087

PDST-R2 Rates

As of March 27, 2017

Tenor	Rate
1Y	2.6754
3Y	3.9098
5Y	4.2451
7Y	5.1554
10Y	5.2250
20Y	5.4482

Daily Quote

"I learned pretty soon that it was essential to fail and be foolish."

-Daniel Day Lewis

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MORE LOCAL NEWS

Employers turn hopeful on contractualization rules

Employers are keeping their fingers crossed that the new labor department order (DO) on contractualization will not worsen the current unemployment situation in the country as they try to live with more restrictive rules. "Anything you make difficult for subcontracting will result in job losses..." said the president of ECOP.

Globe, Smart to cut voice call rates to P1/min

Globe Telecom and Smart Communications are set to roll out their lowest all-network call rates, as competition heats up to win subscribers in the growing telecommunications market. Globe had said that "the intense competitive environment in the local telco industry has significantly driven down prices of mobile services over the years."

Growth track deemed intact despite politics

Despite persistent political noise, Moody's still expects Philippine gross domestic product (GDP) to expand by 6.5% this year, which if realized will be slower than 2016's 6.8% pace but will hit the low end of the government's 6.5-7.5% growth goal.

MPIC eyes waste-to-energy facility deal

In a disclosure to the stock exchange on Monday, MPIC said the consortium, which includes Covanta Energy LLC and Macquarie Group, Ltd., has been granted "original proponent status" by the Quezon City government to design, construct, finance and operate the waste-to-energy facility.

Emperador nets P7.7B

Tycoon Andrew Tan-led Emperador Inc. grew its net profit last year by 11 percent to P7.7B, mostly achieved by unlocking higher margins from its global liquor business. Emperador is now the world's largest brandy company and owner of Scotch whisky brands of Whyte and Mackay as well as some Spanish brandy and sherry brands.

Match or beat China financing aid

Russia should offer competitive rates compared with those carried by China's sovereign funding assistance to the Philippines as Manila and Moscow also explore areas of closer cooperation, the National Economic and Development Authority (NEDA) said.

SSS eyes mandatory OFW coverage

The Social Security System is eyeing the mandatory coverage of Filipinos working abroad, which is one of the proposed amendments to its charter now pending in Congress. In a statement, SSS president and chief executive Emmanuel F. Dooc said the agency is seeking to cover all OFW's in order to provide them security protection.

March inflation likely at 3%-3.8% – BSP

Headline inflation may settle between 3 percent and 3.8 percent this month, the central bank said, citing pressure from higher electricity rates in areas serviced by the Meralco. The latest forecast by the Bangko Sentral ng Pilipinas (BSP) compares with 1.1 percent a year in March 2015 and with 3.3 percent in February this year.

TODAY'S TOP ASIAN NEWS

Evercore's Hyman: China will blow up at some point

Evercore Partners Inc.'s Ed Hyman warned that rising debt levels in China are bound to eventually disrupt the nation's economy. "China's a mess, and at some point it's going to blow up," Hyman said Monday in an interview on Bloomberg Television. "They have a ton of debt, which is unsustainable."

Ezra's CFO resigns

Ezra Holdings on Monday night said its chief financial officer, Chan Eng Yew, has resigned. No reason was cited. Ezra this month filed for Chapter 11 protection with the US bankruptcy court.

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MORE ASIAN NEWS

CapitaLand to manage SingPost Centre mall

CapitaLand Ltd, through its wholly-owned shopping mall business, CapitaLand Mall Asia, on Tuesday said it has signed its first third-party mall management contract in Singapore with Singapore Post (SingPost) for its upcoming mall at the new SingPost Centre.

CapitaLand to expand in Vietnam

Real estate giant CapitaLand plans to ramp up its presence in Vietnam, including an investment in a possible Raffles City. President and group chief executive Lim Ming Yan reaffirmed the company's interest in further investments, particularly in Hanoi and Ho Chi Minh City.

Distressed funds find treasure in China

The specter of more soured assets piling up in China is turning into a sweet spot for distressed debt investors seeking fat returns. China Huarong Asset Management Co., the nation's largest bad bank by assets, expects cash returns of above 20% from distressed debt sales in this non-performing loan disposal cycle versus about 17% in the last

China outbound M&A may reach \$275 B in a decade

Chinese companies could be spending \$275 billion a year on outbound deals in the next decade, even as the country tries to restrict capital outflows, White & Case LLP's John Reiss said. "We expect dramatic M&A activity outbound from China," Reiss, the law firm's global head of M&A, said Monday on Bloomberg Television.

Didi to weigh \$6B funding backed by Softbank

Chinese ride-sharing giant Didi Chuxing is weighing whether to take a \$6 billion investment backed by SoftBank Group Corp. The Beijing-based company that ousted Uber from China now needs to balance the interests of its more than 100 investors, including Alibaba Group Holding Ltd. and China's sovereign wealth fund.

TODAY'S TOP GLOBAL NEWS

American Air to invest US\$200m in China Southern

American Airlines Group Inc agreed to acquire a minority stake in China Southern Airlines Co for US\$200 million, cementing a partnership between the top carriers in the US and Asia. American Air will hold 2.68 per cent of China Southern's total issued shares, Asia's largest carrier by passengers said in the filing.

Ezion to buy assets held in JV with Swissco

Ezion Holdings on Tuesday said it plans to take full control of existing joint ventures previously held with a unit of Swissco Holdings, and to acquire assets held within one such joint venture for more than US\$60 million.

Snap surges after IPO banks give 'buy' ratings

Shares of Snap Inc jumped nearly 5 percent on Monday after several of the Snapchat owner's IPO underwriters handed it badly needed "buy" ratings. Snap's initial public offering on March 1 was the largest by a technology firm in three years but trading has been volatile, with many investors critical of decelerating user growth.

Musk about to turn us all into spacefaring cyborgs

SpaceX and Tesla CEO Elon Musk is backing a brain-computer interface venture called Neuralink, according to The Wall Street Journal. The company, which is still in the earliest stages of existence and has no public presence whatsoever, is centered on creating devices that can be implanted in the human brain.

Economic Calendar

Date	Release
03.20.2017	PH: BoP Overall
03.23.2017	PH: BSP Overnight Borrowing Rate
03.30.2017	US: GDP Annualized QoQ
03.31.2017	PH: Money Supply M3 SRF YoY
03.31.2017	PH: Bank Lending YoY

Source: Bloomberg Economic Calendar