

# The Daily Dispatch

April 06, 2017  
TODAY'S TOP NEWS

## No need to tweak rates even with rising inflation

BSP Governor Amando M. Tetangco Jr. still sees no urgent need to adjust policy stance at this time, particularly with inflation rate behaving as expected. Inflation rate for March climbed to 3.4% from February's 3.3% as anticipated by the BSP which earlier estimated a March inflation range of three percent to 3.8%.

## PH secures \$500M inv. commitments from Middle East

“During our Middle East visit we were able to gather \$500 million investment pledges that will be signed as an MOU (memorandum of understanding) when the President visits the Middle East,” PEZA director general Charito Plaza said. She said most of these investments will be placed in Mindanao.

## \$228.5M Cebu bus transit system gets funding

Funding for the conduct of feasibility study and transaction advisory services for the Cebu Bus Rapid Transit (BRT) project has been approved. The Project Development and Monitoring Facility (PDMF) committee approved the funding support for the conduct of pre-investment activities for the project.

## Local shares soar, index breaches 7,500

Investors ignored the uptick in March inflation and bought Philippine shares which ended the mid-week trade yesterday at its highest level in five months as the country's economic fundamentals have been proven enough to shield the Philippines from global woes. The PSEi climbed by 137.72 points, or 1.85%, to close at 7,584.21

## DTI, traders agree on SRP

The DTI, manufacturers, retailers, and several consumer groups agreed to come up with a resolution in the proposed deregulation of the SRP scheme. Trade Secretary Ramon Lopez is set to issue a resolution order removing the need for the DTI's approval in the SRP setting of basic necessities and prime commodities.

## Philippine Stock Market Update



Previous Close:

7,584.21

1 Yr Return:

6.86%

Open:

7,580.24

YTD Return:

10.37%

52-Week Range:

6,499.00 - 8,118.44

Source:

Bloomberg

## Foreign Exchange

As of April 5,, 2017

US Dollar	Philippine Peso
1	50.168

## PDST-R2 Rates

As of April 5, 2017

Tenor	Rate
1Y	2.8007
3Y	4.0560
5Y	4.2240
7Y	5.1161
10Y	5.1643
20Y	5.0034

## Daily Quote

"Numbing the pain for a while will only make it worse when you finally feel it."

--Albus Dumbledore, "Harry Potter" character

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## MORE LOCAL NEWS

### Starmalls profit up 71% in 2016

Starmalls Inc. reported a net income of P1.55B last year, up 71 percent from P900M in 2015. Rental revenues reached P4.5B, up 61 percent from the previous year's P2.8B. Company chairman Manuel Villar Jr. said the retail industry is likely to remain robust this year, translating to sustained gains for Starmalls.

### Rental sales lift Megaworld's 2016 income

Megaworld Corporation saw its net income grow by 12% to P11.63 billion in 2016, after it was able to cash in on the rising rental demand in the Philippines. The developer, owned by billionaire Andrew Tan, beefed up its portfolio of leasing projects within its townships.

### MPIC closes deal to acquire Ace Logistics

INFRASTRUCTURE conglomerate Metro Pacific Investments Corp. (MPIC) on Wednesday said it sealed its acquisition of Ace Logistics, Inc., a move that will further expand its logistics business in anticipation of strong growth in the industry.

### Retail bonds quash appetite for TDFs

Strong reception to the small investor-friendly retail treasury bonds (RTBs) issued by the government continued to spill over to Wednesday's auction for the Bangko Sentral ng Pilipinas' term deposit facility (TDF), which saw tempered market demand amid rising rates.

### BSP's P180b auction undersubscribed again

The P180b worth of term deposits offered by BSP in its weekly auction on Wednesday were again undersubscribed due to weak demand from investors both on month-long and seven-day instruments. The P30b seven-day deposits fetched total tenders of just P21.35b with a weighted average accepted yield of 3.04%.

## TODAY'S TOP ASIAN NEWS

### China's army of bank tellers retreats

Total headcount at China's four largest banks fell in 2016 for the first time in six years, as the lenders cut costs and tried to adapt their massive branch networks in the face of competition from online payment giants Ant Financial and Tencent Holdings Ltd.

### EM demand is so hot; THA worries about inflows

Thailand is no stranger when it comes to hot money. This time around, officials have a new dynamic to worry about when it comes to cooling inflows from abroad: Donald Trump. The Southeast Asian nation has seen \$3.4 billion flood in this year, an influx that's driven the baht to its highest since mid-2015.

### Asia's fintech wave good for the financial sector

NASDAQ'S Asia-Pacific unit is confident fintech-driven disruption in the region's financial services sector will fuel significant growth. The US stock exchange aims to cash in on this by offering "innovative products and services". Over the past three years, Nasdaq Asia Pacific has seen its data revenue triple.

### Hyund., Kia sales halve in CH amid diplomatic spat

Carmaker Hyundai has become the latest Asian multinational to fall prey to China's government-orchestrated boycott of South Korean goods in retaliation for the planned installation of a US missile defence system on its soil.

### PTTGC to boost olefin cracker production

SET-listed PTT Global Chemical PLC (PTTGC), Thailand's biggest petrochemical maker, is looking to invest further in olefin cracker production under the company's USD4.5bn retrofit project.

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## TODAY'S TOP GLOBAL NEWS

### World's biggest pension fund faces Yen risk

The world's biggest pension may find that when it comes to returns on its \$1.3T in assets, Donald Trump giveth and taketh away. What started as a rally in stocks on his presidential victory five months ago turned into a slump this year, making it harder for Japan's Government Pension Investment Fund to beat its record last 4Q.

### Shell sells Hong Kong, Macau energy assets

Royal Dutch Shell on Wednesday announced the sale of its liquefied petroleum gas business in Hong Kong and Macau to Irish group DCC Energy for US\$150.3 million. "This sale supports Shell's strategic commitment to focus downstream activities on areas where we can be most competitive," said Shell downstream director John Abbott.

### Primus Power partners with Success Dragon

Primus Power, a Silicon Valley-based developer of power storage systems that make intermittent wind and solar energy easier for power grids to absorb, has won a US\$20 million investment from a little-known Hong Kong gaming firm called Success Dragon International.

### U.K. said to seek end for Clean Energy Goal

Britain is looking for ways to scrap its 2020 clean energy targets while maintaining everyday trade in Europe's energy market, an early sign of the kind of cherry-picking that threatens to sour Brexit negotiations. Officials in the Treasury and the business department are looking for a way to abandon the national goal of getting 15% renewable

### Are Mexico's oil reserves almost depleted?

Mexico's oil and gas regulator said last week that the country's proved hydrocarbon reserves will drop by 10.6 percent in 2017. This forecast, coupled with the lower oil production that state company Petroleos Mexicanos (Pemex) reported for yet another year in 2016, is painting a rather bleak picture of Mexico's reserves.

### It looks like JPMorgan is building a robo adviser

In the summer of 2016, JPMorgan Chase & Co. CEO Jamie Dimon said his firm could give clients a free, automated investment service as part of a future bundle of digital-banking products. Well, he just revealed the bank is following through on that promise and building one.

### Valeant tumbles below \$10

Valeant Pharmaceuticals International Inc. is a single-digit stock once again. Valeant dropped as much as 6.4 percent to \$9.52 on Wednesday, its lowest intraday level since 2009, after the Australian Business Review reported that the company was struggling to sell a pharmaceutical distribution unit for as much as it sought.

### Global shipping fleet braces for chaos of fuel shock

Little more than 2.5 years from now, the global fleet of merchant ships will have to reduce drastically how much sulfur their engines belch into the atmosphere. While that will do good things, there's a \$60b sting in the tail. That's how much more seaborne vessels may be forced to spend each year on higher-quality fuel to comply with new

### Fed wrestles with inflation...

Federal Reserve officials last month struggled to come to grips with two big uncertainties facing the US economy — whether it would be safe to let inflation rise faster for a while and how to assess the impact of President Donald Trump's ambitious economic stimulus plans.

#### Economic Calendar

Date	Release
04.04.2017	PH: CPI YoY
04.05.2017	US: FOMC Meeting Minutes
04.06.2017	PH: Foreign Reserves
04.10.2017	PH: Ex-Im Trade Balance
04.16.2017	PH: Overseas Remittances YoY

Source: Bloomberg Economic Calendar