

The Daily Dispatch

August 11, 2017
TODAY'S TOP NEWS

Forex, telco assets drag SMC 1H2017 net income

San Miguel Corporation (SMC) recorded P26.1 billion in net income for the 1st 6 months of the year, down 26% from the P35.3 billion recorded in the same period last year, due to foreign exchange effects and a one-time gain from the sale of its telecommunications assets in 2016.

Trade deficit narrows 9.3% in June

The country's trade deficit narrowed 9.3 percent in June as import growth slowed while exports accelerated modestly. Total external trade in goods fell 1.2 percent to \$11.97 billion in June from \$12.12 billion registered in the same period last year after posting 10 months of positive growth since August 2016.

BSP keeps rates steady, raises inflation outlook

The Bangko Sentral ng Pilipinas (BSP) decided yesterday to keep its interest rates steady as absorptive capacity of the domestic economy continued to improve, but raised its inflation forecasts due to rising oil prices in the world market.

Vehicle sales up in 7 months

A joint report released yesterday by the Chamber of Automotive Manufacturers of the Philippines Inc. (CAMPI) and Truck Manufacturers Association showed vehicle sales surged 18.1 percent from January to July to 233,115 units from 197,447 units in the same period last year.

Foreign investments surge 57% in May

Foreign direct investment (FDI) inflows into the Philippines jumped 57 percent to \$572 million in May from \$364 million a year ago as the country's strong macroeconomic fundamentals continued to buoy investor confidence, according to the Bangko Sentral ng Pilipinas (BSP).

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 August 10, 2017

| US Dollar | Philippine Peso |
|-----------|-----------------|
| 1 | 50.772 |

PDST-R2 Rates

As of August 10, 2017

| Tenor | Rate |
|-------|--------|
| 1Y | 3.0582 |
| 3Y | 3.8357 |
| 5Y | 4.5993 |
| 7Y | 4.4571 |
| 10Y | 4.9875 |
| 20Y | 5.1501 |

Daily Quote

"Ambition is the path to success. Persistence is the vehicle you arrive in." --Bill Bradley

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MORE LOCAL NEWS

Biochar study opens doors for rural tech devt

A new research on biochar funded by the Department of Science and Technology-National Research Council of the Philippines (DOST-NRCP) has gained the interest of farmers, households, and rural developers through the direct application of its results, which is a feat for a basic research.

Cebu BRT project shelved by DOTr

The Transportation department is putting the Cebu BRT project on hold given a rival light railway proposal. "The DOTr believes that a review must be undertaken and that concerns raised must be addressed, so as not to cast any doubt on the integrity of the project," the department said in a statement issued late on Wednesday.

Negros provinces reverted to separate regions

NEGROS ISLAND Region (NIR), created two years ago and has yet to fully establish its own regional agencies, has been dissolved. President Rodrigo R. Duterte signed Executive Order (EO) No. 38 on Aug. 7, dissolving the NIR established by his predecessor, former President Benigno S. C. Aquino III, through another EO.

Why PE is betting on your online shopping habit

PRIVATE EQUITY firms, are targeting a geeky corner of the online shopping industry as the next frontier in the hunt for returns. Payment-processing companies, which make the technology that enables Web and mobile purchases, are getting a flurry of investments this year as buyers look for ways to profit from the shift to online spending.

Biz Buzz: Cement wars

According to an informal group of cement importers—who are trumpeting the more affordable cement products they import as the key proposition—big cement manufacturers should not be allowed to have their cake and eat it, too.

Demand for office space projected to grow by 8%

Metro Manila office property developers continue to reduce reliance on the business process outsourcing (BPO) to fill up space in new buildings while offshore gaming firms and other non-BPO companies keep the market buoyant, property consulting firm Colliers Philippines said.

TODAY'S TOP ASIAN NEWS

SG GDP growth beats forecasts on trade rebound

Singapore's economy posted faster growth in the second quarter than previously estimated by the government as a recovery in global trade helped to buoy manufacturing. As one of Asia's most trade-dependent countries, Singapore has benefited from a recovery in global trade since late last year.

THA and PH want no part of Asia's dollar bond boom

Over in Asia's booming dollar-bond market, there are two notable absentees: Thailand and the Philippines. The two countries are missing out on the rush to dollar-denominated debt, instead relying on their domestic fixed-income markets and lending from banks -- something that's unlikely to change anytime soon.

ThaiBev to acquire KFC stores in Thailand

THAI Beverage's (ThaiBev) subsidiary, The QSR of Asia Co, has entered into an asset sale and purchase agreement with Yum Restaurants International (Thailand) Co to acquire over 240 existing stores as well as a number of KFC stores in the pipeline in Thailand.

AI: The next frontier for Asia

The aggressive adoption of artificial intelligence (AI) by businesses in Asia continues to grow. Just last year, Frost & Sullivan predicted that the continent will soon overtake U.S. in the use of AI in the workplace. In 2016, Asia posted total AI investments close to the \$200 billion mark.

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MORE ASIAN NEWS

Funds give CH Bond Connect plan the cold shoulder

China's invitation for global investors to invest in the country's US\$9.3 trillion bond market received a cold shoulder from institutional funds, as the first month of its pilot programme got off to a tepid start.

Noble's loss widens to \$1.75B on writedowns

Noble Group's second-quarter net loss has blown out to US\$1.75 billion (S\$2.39 billion), owing to a huge allowance for exceptional items. It suffered a net loss of US\$54.9 million in the same period last year.

Siam Cement Group pouring in investments

Siam Cement Group (SCG), one of Thailand's industrial conglomerates, has pursued an Asean strategy with notable success in three businesses: construction materials, petrochemical and packaging. The group has just announced plans to invest up to 188 billion baht (S\$7.7 billion) in a petrochemical complex in Vietnam under a joint venture.

OCBC aims to tap flagship Chinese initiatives

Singapore's second largest lender, Oversea Chinese Banking Corporation, aims to benefit from China's flagship "Belt and Road Initiative" and Greater Bay Area projects, according to chief executive Samuel Tsien. OCBC hopes to profit from servicing the flows of business and wealth from China into South East Asia

CH halfway to target to reduce coal capacity

Tackling industrial and mining overcapacity has been a priority for Beijing to make China's economy more efficient and environmental friendly. In its five-year plan for the 2016 to 2020 period, the government set the goal to reduce its coal production capacity.

TODAY'S TOP GLOBAL NEWS

Markets' wildest assets are becoming a haven

Some investors are turning to an unlikely safe haven as the rhetoric between U.S. President Donald Trump and North Korea intensifies. Bitcoin, ethereum and other digital currencies, among the most volatile assets around, are gaining in part as traditional refuges such as gold and U.S. Treasuries lose some of their luster.

Tesla's gigafactories out of reach for new lenders

Elon Musk calls Tesla's mammoth battery factory in Nevada an "alien mothership." For the carmaker's newest lenders, the plant might as well be in outer space. The billionaire coined that moniker for Tesla Inc.'s Gigafactory 1 as he waxed poetic about his company's future on an Aug. 7 call with would-be bond buyers.

Nigeria to sell up to \$3B Eurobonds

Nigeria plans to sell as much as \$3 billion of foreign-currency bonds to replace naira debt, according to its finance minister. The government will issue the dollar securities once the National Assembly approves the sale, Kemi Adeosun told reporters Wednesday in Abuja, the capital.

Uber investor sues to force former CEO off board

Venture capital firm Benchmark Capital is suing former Uber chief executive officer Travis Kalanick to force him off the board of the ride services company and rescind his ability to fill three board seats, according to the lawsuit.

Economic Calendar

| Date | Release |
|------------|----------------------------------|
| 08.03.2017 | PH: CPI YoY |
| 08.06.2017 | PH: Foreign Reserves |
| 08.09.2017 | PH: Trade Balance |
| 08.10.2017 | PH: BSP Overnight Borrowing Rate |
| 08.14.2017 | PH: Overseas Remittances YoY |

Source: Bloomberg Economic Calendar