

# The Daily Dispatch

December 12, 2017  
TODAY'S TOP NEWS

## Fitch upgrades Philippines credit rating

Credit rating agency Fitch Ratings upgraded the Philippines' Long-Term Foreign-Currency Issuer Default Rating (IDR) from BBB- to BBB, with a stable outlook, amid favorable economic conditions and planned tax reform. According to Fitch, investor confidence has not been dampened by the country's bloody drug war.

## TransCo open to partnership w/ China Telecom

TransCo put its name forward as a possible partner for China Telecom Corporation Ltd in a bid to establish a long-sought after 3rd player in industry. We can be the 60%. They have the technical expertise in operating and TransCo has the facilities to offer. This will shorten the process," said TransCo President Melvin Matibag.

## Philab acquires majority stake in pharma firm

Philab Holdings Corp., a listed healthcare company, is acquiring 67 percent of local pharmaceutical firm Sydenham Laboratories Inc. (SLI). Philab Holdings chairman and president Tom Navasero said the acquisition of Sydenham would allow Philab to expand the services it offers.

## Foreign investments surge 62% in September

The Philippines continued to book higher foreign direct investments (FDIs) for the fifth straight month, surging 61.8 percent in September on the back of the country's strong macroeconomic fundamentals and high growth prospects.

## Market cheers news on PH credit rating upgrade

The stock market cheered the credit rating upgrade which the Philippines received yesterday, the first upgrade under the Duterte administration. The benchmark PSEi, the local stock market barometer, gained 53.87 points, or 0.65 percent, to finish at 8,358.57.

## Philippine Stock Market Update



**Previous Close:**  
8,358.57

**1 Yr Return:**  
23.35%

**Open:**  
8,346.27

**YTD Return:**  
21.82%

**52-Week Range:**  
6,499.00 - 8,605.15

**Source:**  
Bloomberg

## Foreign Exchange

As of Dec. 11, 2017

US Dollar	Philippine Peso
1	50.351

## PDST-R2 Rates

As of Dec. 11, 2017

Tenor	Rate
1Y	3.1495
3Y	4.8089
5Y	4.7150
7Y	5.5625
10Y	5.7804
20Y	5.9500

## Daily Quote

"Act as if what you do makes a difference. It does."

--William James

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## MORE LOCAL NEWS

### PNOC-EC eyed as Malampaya operator

As current reservoir analysis portends additional gas production years for Malampaya field, the initial target of the Department of Energy (DoE) is to place its operatorship under state-run Philippine National Oil Company-Exploration Corporation (PNOC-EC) after the field's contract lapse in 2024.

### DOE to issue circular on FIT perks termination

Energy Secretary Alfonso G. Cusi will be issuing a Circular before yearend to officially terminate the FIT incentive for any new set of renewable energy installations. He emphasized this to the media after re-stating his unyielding stance that the subsidy phase leaning on FIT as subsidy to RE installations is now a 'dead proposition.'

### Unpaid real estate loans surge to P1.71T

Outstanding real estate loans further rose to P1.71 trillion at the end of the first nine months even as its share to banks' total loan portfolio slightly decreased. The latest BSP data showed that banks and trust departments' lending for real estate activities as of September increased from P1.644 trillion at end-June.

### LWRC, Galaxy eye Boracay casino-resort

Local gaming firm Leisure and Resorts World Corp. (LWRC) is in talks with Hong Kong-listed Galaxy Entertainment Group Ltd. (GEG), one of the three original gaming concessionaires in Macau, to build a world-class integrated beach resort and casino in Boracay Island.

### PCC records Php 2t worth of M&A since 2016

The Philippine Competition Commission (PCC) has been notified of over P2 trillion worth of merger and acquisition transactions since last year, an official said. Lianne Ivy Pascua-Medina, an attorney in PCC's mergers and acquisitions office, said in a media seminar on Tuesday that PCC has received 124 transactions as of last week.

### Triconti plans wind farm in Nabas, Aklan

NEW WIND ENERGY player Triconti ECC Renewables Corp. is planning a 75-megawatt (MW) wind farm in Nabas, Aklan that it targets to complete by 2021, a company official said.

## TODAY'S TOP ASIAN NEWS

### CH starts world's biggest floating solar project

A unit of China Three Gorges Corp. is building a 1 billion yuan (\$151 million) floating solar power plant, the world's biggest, in the nation's eastern province of Anhui. China Three Gorges New Energy Co. started building the 150-megawatt project in July and part of the plant has connected to the grid, according to a Dec. 10 statement.

### Surging debt to make Asia central banks cautious

Years of cheap money across Asia have left a legacy of surging debt that will force the region's central bankers to be cautious when they eventually follow in the footsteps of South Korea by raising interest rates. With the Fed set to lift its benchmark rate this week, investors' taste for Asian assets is set to be tested.

### Asia wagers global cheer to outlive Fed tightening

Asian shares were trying to string together a fourth session of gains on Tuesday as optimism about global growth looked set to outlast an almost certain hike in U.S. borrowing costs this week. The latest upbeat news came from China where banks doled out a surprisingly generous dose of credit in November.

### UnionPay app to compete with Alibaba and Tencent

China UnionPay has created an integrated mobile app that facilitates nearly all mainland banks to expand mobile payment services, spurring a strong fightback against third-party payment services backed by Alibaba Group Holding and Tencent Holdings.

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## TODAY'S TOP GLOBAL NEWS

### HSBC released from US deferred criminal charges

Bank has initially paid a US\$1.9b fine in 2012 for failing to prevent Mexican cartels from laundering millions of dollars through its systems and also agreed a deferred agreement under which the US justice department could have imposed further penalties or begun criminal prosecution

### Global brewers line up bids for Sabeco sale

Brewing groups including Thai Beverage, Anheuser-Busch InBev and Kirin Holdings are gearing up to bid for a stake in Vietnam's largest brewer, Sabeco, people familiar with the matter said, with the \$5-billion sale process by the government opening this week.

### Hospitals are merging to face off w/ insurers

A spate of hospital deals stands to further remake the U.S. health-care landscape, pushing up prices for consumers and insurers and changing how individuals get care. Just this month, health systems with at least 166 hospitals and \$39 billion in combined annual revenue have announced merger plans.

### A Disney deal for Fox is coming within days

Walt Disney Co. may announce a deal as soon as this week to acquire a large piece of 21st Century Fox Inc., according to a person familiar with the matter, transferring legendary Hollywood properties to new owners. Comcast Corp., the other major contender for the Fox assets, said Monday it's no longer in the running.

### ANZ life unit sold to Zurich insurance for \$2.2B

Zurich Insurance Group AG, Switzerland's largest insurer, agreed to acquire Australia & New Zealand Banking Group Ltd.'s life-insurance businesses for A\$2.85 billion (\$2.2 billion). The deal for OnePath Life will be earnings-accretive from the beginning and increase the firm's return on equity, Zurich said.

### London property market to continue price drop

London's property market is in for another rough ride next year, according to Rightmove Plc. Home values in the capital are likely to fall another 2 percent in 2018 after a 1.8 percent decline this year, the real estate website operator said Monday. In December alone, prices dropped 3.7 percent in London and by 2.6 percent nationally.

### Apple confirms deal to buy Shazam

Apple Inc (AAPL.O) on Monday confirmed it had reached a deal to acquire Shazam Entertainment Ltd, the U.K.-based app that lets users identify songs by pointing a smart phone at the audio source. Apple did not give a price for the acquisition.

### Boeing lifts dividend by 20%, \$18B share buyback

Boeing Co (BA.N) said on Monday it would raise its quarterly dividend by 20 percent and replace its existing share buyback program with a new \$18 billion authorization. The company's shares, the best-performing Dow component this year with an 84 percent surge, were up 1.2 percent at \$286.51 in after-market trading.

### Atos offers to buy Gemalto for 4.3 billion euros

French technology consulting firm Atos ATO.O offered to buy Gemalto for 4.3 billion euros (\$5.06 billion) on Monday to boost its cyber security services as states and big corporations seek to cope with a growing number of attacks on the Internet worldwide.

## Economic Calendar

Date	Release
11.19.2017	PH: BoP Overall
11.19.2017	PH: Budget Balance
11.28.2017	PH: Money Supply M3 SRF YoY
11.28.2017	PH: Bank Lending YoY
11.30.2017	PH: Nikkei Philippines PMI Mfg

Source: Bloomberg Economic Calendar