

# The Daily Dispatch

December 26, 2017  
TODAY'S TOP NEWS

## Meralco may lower power rates in January

Customers of Meralco can expect power rates to go down at the start of the year due to lower capacity fees from power generators arising from fewer power outages. "Hopefully there will be another reduction in January...if we will use historical records as basis, normally rates are lower in January," Meralco spokesperson Joe Zalzarriaga said.

## Employers support House bills on job mismatch

Employers are supportive of four House bills that seek to develop a more competitive Filipino workforce by providing qualified people free access to technical and vocational training. Employers complain about the ballooning mismatch between their requirements and the skills of applicants, saying this undermines productivity and

## S&P sees BSP raising rates over next 2 years

S&P Global Ratings said the BSP is likely to pursue a tightening path over the next two years after keeping interest rates unchanged for more than three years. The debt watcher said the benchmark rate in the Philippines would increase by 75 basis points to 3.75 percent next year and by another 50 basis points to 4.25 percent in 2019.

## Philippines needs more hotel investments

The Department of Tourism (DOT) wants to attract more investments for the hotel sector to address the demand for more accommodation facilities brought about by the increase in tourist arrivals. "There are a lot of investors wanting to invest in the Philippines," Tourism Secretary Wanda Corazon Teo told The STAR.

## Hitachi sees its ASEAN business breaching \$6 B

Hitachi, Ltd., Japan's innovative industrial firm, aims to expand business in the ASEAN region from the current level of approximately 500 billion yen (\$4.5 billion) to 700 billion yen (\$6.19 billion) by 2021. The company announced this after holding its Board of Directors Meeting in Singapore.

## 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 Dec. 25, 2017

US Dollar	Philippine Peso
1	50.057

## PDST-R2 Rates

As of Dec. 22, 2017

Tenor	Rate
1Y	3.5018
3Y	4.4492
5Y	4.7553
7Y	5.4214
10Y	5.7950
20Y	5.9375

## Daily Quote

"Peace on earth will come to stay, When we live Christmas every day."

--Helen Steiner Rice

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## MORE LOCAL NEWS

### ERC not inclined at drafting new guidelines: RCOA

The lingering interruption of 'business flows' and customer switching in the RCOA policy of the restructured electricity sector will likely persist as the Energy Regulatory Commission (ERC) stated that it is not inclined at drafting any new guidelines that shall support the newly-issued RCOA Circular of the Department of Energy.

### More township development for Megaworld next year

Megaworld Corp. is set to focus on the construction of townships in 2018 as it now has a total of 23 integrated estates launched from previous years. Jericho P. Go, Megaworld senior vice-president, said the property company should be working on the build-up of these projects to ensure that it holds true to its concept.

### Number of start-ups expected to pick up next year

A local public-private start-up incubator expects a rise in the number of technology-based business models in the Philippines next year as digitally innovative businesses continue to increase overseas.

### 6 Asian banks in talks for local offices

6 Asian Banks are in talks with the Bangko Sentral ng Pilipinas (BSP) to venture into the local market, a senior official said, signalling mounting interest towards the Philippines as it continues to enjoy robust growth.

### Shippers warn of higher cargo rates

Cargo transport firms are warning that higher fuel taxes under the recently-signed TRAIN Act will inflate operational costs and burden consumers. Philippine Inter-island Shipping Association, Inc. executive director Aguilar said shipping rates would have to be increased given the "substantial" tax increase for fuel oil.

### Nomura upbeat on investment inflows

A host of positive factors will likely keep foreign direct investments (FDI) flowing to the Philippines but risks will continue to stem from domestic political environment, Japan's Nomura said. In its Asia Economic Outlook report, Nomura noted that FDI inflows were on a structural uptrend.

### Non-taxpayers to benefit from Train Law, too

The infrastructure to be built and the jobs to be created as a result of the first tax reform package would also allow non-taxpayers to reap the benefits from what Finance Secretary Carlos G. Dominguez III described as "the first major legislative victory for the Duterte administration and the Filipino people in 2017."

### ALI expanding mall business in 2018

ALI is set to open next year three new malls across the country, one of which will rise in the Bay area in Paranaque City. Ayala Malls head of malls group Rowena Tomeldan said ALI would open Ayala Malls Bay Area at the end of 2018 in a 9-ha lot in Aseana Global City with an estimated gross floor area of 250,000 square meters (sqm).

### New P12-b Cavite road eyed

Cavitex Infrastructure Corp. said it is set to submit by February next year a proposal to the Toll Regulatory Board to build a P12-billion expressway linking Kawit and Rosario in Cavite province. "We're finishing up the feasibility study. We will complete it [feasibility study] January.

### Duterte rejects 5 provisions of just-signed Train

Five provisions of the newly-signed Tax Reform have been vetoed by President Rodrigo Duterte. One involves the Train provision granting reduced income tax rates to employees of regional headquarters, regional operating headquarters, offshore banking units and petroleum service contractors and subcontractors.

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## TODAY'S TOP ASIAN NEWS

### Indian VC exits jump 56% to \$2.77b in 2017

This year saw Indian venture capital () funds reap exits worth around \$2.775 billion across 56 deals, a sharp 56.2% jump from the \$1.777 billion venture capital firms gained from 74 exits last year, data from private deal tracker Venture Intelligence shows.

### IPO hopeful Xiaomi set to surpass 2017 rev target

Chinese smartphone maker Xiaomi Inc has told bankers it would top its annual revenue target by as much as 18 percent, sources with knowledge of the matter said, marking a comeback from a sales slump in recent years that triggered a business overhaul. Xiaomi, which has been hearing bank pitches, will rake in a net profit of at least \$1 billion in 2017.

### Saudis Seek \$6 Billion From Alwaleed

Prince Alwaleed bin Talal, detained since early November in a corruption probe, faces a demand from Saudi Arabian authorities of at least \$6 billion to win his freedom. The price being demanded is among the highest sought for those who have been arrested, the newspaper reported, citing people familiar with the matter.

### How China's Clean Air Push Backfired on Xi Jinping

As the icy winds of northern China seeped through Liu Yinguang's single-pane windows, the new gas-fired heater in the kitchen sat idle: there was no gas. The 59-year-old laborer was among hundreds in Lirangdian village, south of Beijing, who had been waiting months for gas since the Communist Party banned coal.

### Hyundai Motor union rejects wage deal

South Korean automaker Hyundai Motor Co's labor union said on Tuesday its members have rejected the tentative wage deal its leadership had agreed with management last week. The union said 50.2% of 45,008 voters rejected the deal as they deemed wage levels were inadequate compared with previous years' agreements.

## TODAY'S TOP GLOBAL NEWS

### Bitcoin plunges below \$12,000

Bitcoin plunged by 30 percent to below \$12,000 on Friday as investors dumped the cryptocurrency after its sharp rise to a peak close to \$20,000 prompted warnings by experts of a bubble. After falling to as low as \$11,159, it recouped some losses to trade above \$14,000 on the Bitstamp platform, down 9 percent on the day.

### Goldman Sees Rate Hikes Ahead

President Donald Trump's tax cuts hand him ownership of wherever the U.S. economy turns starting in 2018, and at Goldman Sachs the view is that tighter monetary policy is ahead. Whatever slack is left in the labor market is seen being eliminated in 2019, pushing the jobless rate to 3.3 percent, a level not seen in decades.

### Aston Martin to recall over 5,000 vehicles in US

British sportscar maker Aston Martin is recalling around 5,500 vehicles in the United States due to problems with powertrains and battery cables, according to documents posted on the National Highway Traffic Safety Administration's (NHTSA) website.

### Israel regulator seeks to ban bitcoin from exchange

Israel's markets regulator will propose regulation to ban companies based on bitcoin and other digital currencies from trading on the Tel Aviv Stock Exchange, he said on Monday. Shmuel Hauser, the chairman of the Israel Securities Authority (ISA), told the Calcalist business conference he will bring the proposal to the ISA board next

## Economic Calendar

Date	Release
12.04.2017	PH: CPI YoY
12.05.2017	PH: Bank Lending YoY
12.06.2017	PH: Foreign Reserves
12.11.2017	PH: Unemployment Rate
12.11.2017	PH: Trade Balance

Source: Bloomberg Economic Calendar