

# The Daily Dispatch

Jan. 31, 2017  
TODAY'S TOP NEWS

## Stocks close flat on Wall St cue

PH stocks closed flat yesterday, taking the cue from US stocks which declined following the political uncertainties in the US amid President Trump's travel ban. The main composite index inched up 3.04 points, or 0.04%, to finish at 7,336.71 while the broader All Shares index edged up 0.78 points, or 0.01% to close at 4,415.68.

## Australia Firms Expore PPP Projects in PHL

Several Australian companies have expressed interest in participating in other projects under the government's PPP scheme aside from transportation projects implemented by the Department of Transportation, the PPP center said yesterday.

## Mining firms see luster in local steel industry

"We see an increased demand for products and services from the metals industry especially in human resource capital development (science and technology sectors), revitalization of the manufacturing industries, and leveling up of annual public spending on infrastructures," said the chairman of the Chamber of Mines of the Phil.

## ARC looks to expand reach

Asiawide Refreshments Corp., the Philippine licensee of RC Cola, is looking at new markets to further expand its reach, a ranking official said. As part of the expansion, the company will introduce non-carbonated drinks such as juices amid growing popularity of healthy food and drinks, says Gerry Garcia, ARC EVP and COO.

## Tech glitches reset t-bill auction

The Bureau of Treasury decided to defer yesterday's auction for P15B in Treasury bills due to technical glitches. "We encountered technical issues with the automated debt auction processing system, the ones that we use. This is a system provided by Reuters. We're investigating the problem," said Deputy Treasurer Erwin Sta. Ana.

## Philippine Stock Market Update



**Previous Close:**

7,336.71

**1 Yr Return:**

10.41%

**Open:**

7,327.90

**YTD Return:**

6.02%

**52-Week Range:**

6,084.28 - 8,118.44

**Source:**

Bloomberg (01/31/17)

## Foreign Exchange

As of Jan. 31, 2017

US Dollar	Philippine Peso
1	49.71

## PDST-R2 Rates

As of Jan. 31, 2017

Tenor	Rate
1Y	2.6875
3Y	3.4005
5Y	3.9620
7Y	4.1519
10Y	5.0714
20Y	5.4179

## Daily Quote

"The crisis of today is the joke of tomorrow."

--H.G. Wells

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## MORE LOCAL NEWS

### Anti-Money Laundering Council head resigns

The executive director of the Anti-Money Laundering Council (AMLC), Julia Bacay-Abad, has resigned from her post, following President Rodrigo Duterte's tirades against the agency's officials.

### Window narrows for Smart's 25-yr franchise extension

The window is narrowing for Smart Communications to get a 25-year franchise extension, as it awaits anew the Senate's approval. Under Republic Act (RA) No. 7294, Smart was granted its 25-year franchise in March 1992. The franchise is set to expire this March

### Union Bank's net income reaches record high in 2016

With customer loans rising faster than deposits, Aboitiz-led Union Bank of the Philippines saw its net income register an all-time high of P10.1 billion in 2016. The bank told the PSE on Monday that it saw its consolidated net income surge by 67% to P10.1 billion last year, compared to the P6 billion it posted in 2015.

### URC biomass plant secures feed-in-tariff

The ERC awarded a FIT certificate of compliance to URC for its 46 MW biomass power plant in Negros Occidental province. ERC chairman Jose Vicente Salazar presented to URC president and chief executive Lance Gokongwei the feed-in tariff certificate for the Kabankalan bagasse-fired biomass power plant on Jan. 24.

### Megaworld raising P12b to fund projects

Property developer Megaworld Corp. is raising up to P12-b from the issuance of seven-year fixed-rate bonds to finance development of four townships. Megaworld said in a filing with the Securities and Exchange Commission the amount would represent the initial tranche of the P30-b debt securities program approved by its board.

### 8 firms vying for P30-b LRT car contract

Eight local and foreign companies are vying for the P30-billion contract to supply 120 brand-new light rail vehicles for the oldest metro rail transit in Southeast Asia.

### Big banks' NPL ratio drops at end-November

Non-performing loans (NPLs), or debts left unpaid at least 30 days past due date, dropped to a 1.52% share relative to total loans granted by universal and commercial banks, according to central bank data. This improved from a 1.56% tally in October and from the 1.75% ratio posted in November 2015.

### SLAMCI sees assets under management growing

SUN LIFE Asset Management Co., Inc. (SLAMCI) expects its assets under management (AUM) growing by a tenth to as much as P53 billion this year despite failing to hit its target for 2016, as it hopes for local markets to rebound in 2017 despite persisting global uncertainties.

## TODAY'S TOP ASIAN NEWS

### Asian shares rattled by Trump travel curb orders

Asian shares were on the defensive on Tuesday as stringent curbs on travel to the U.S. ordered by President Donald Trump brought home to investors that he is serious about putting his radical campaign pledges into action.

### China's cotton lust sparks near-record bull bet

Chinese buyers have committed to purchasing almost five times more American cotton than at this time last year, the US government said in a report this month. The price of the commodity is heading for its biggest monthly advance since July. Hedge funds are positioned for more gains, holding the second-most bullish wager ever.

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## CH investors grapple with implications of DE swaps

The debt relief programme for troubled companies operated by China's Big Four banks has ballooned from zero to nearly 300 billion yuan within three months, but some suggest it looks more like a black hole, as investors with scant information grapple its financial implications.

## TODAY'S TOP GLOBAL NEWS

## Worst S&P 500 drop in 2017 emboldens Trump haters

The biggest stock selloff since Donald Trump's election victory cast the president in an unfamiliar role Monday: market villain. Equities in the S&P 500 Index fell as much as 1.2 percent, the most since Election Day, with companies seen vulnerable to his immigration policies among the biggest losers.

## Airlines scramble to adjust to Trump's new world

As new US travel rules plunged several large American airports into chaos, lawyers for some travelers who are long-term legal residents said the government had urged them to relinquish their status as a requirement for reentering the country. This is a curious development over the weekend where Trump restricted entry to the US.

## Poland Looks for \$15-B to Challenge Slowdown Data

Poland's government is having a hard time coming to grips with economic growth that fell far short of the level it targeted last year. With GDP set for its first sub-3% gain since 2013, Deputy Prime Minister Mateusz Morawiecki said last week that Poland's expansion in 2014 and 2015 should be revised downward because of "fictitious" exports.

## Oil Falls a 2nd Day as U.S. Drilling Expands

Oil fell a second day after drilling in the U.S. rose to the highest in more than a year, countering OPEC's efforts to clear a supply glut. Futures decreased 1% in New York. Rigs targeting crude in the U.S. rose last week to the most since November 2015, according to Baker Hughes Inc., while American crude output is at the highest since April.

## Microsoft Sells \$17-B in 2nd Bond Deal in 6 Months

Microsoft Corp. found ample demand for its \$17-b bond offering, allowing it to cut borrowing rates on its second multibillion note offering in six months. The tech giant received at least twice as many orders as it had bonds to sell, according to people familiar with the matter, who asked not to be named.

## Deutsche Bank fined in plan to help Launder \$10-B

Deutsche Bank agreed on Monday to pay a \$425-M fine to New York State's main financial regulator to settle charges that it helped Russian investors launder as much as \$10-B through its branches in Moscow, London and New York. The punishment represents the latest regulatory black eye for Deutsche Bank, Germany's largest.

## SoftBank considers inv. of over \$1B in WeWork

SoftBank Group Corp (9984.T) is considering an investment of more than \$1 billion in office-space sharing start-up WeWork, the Wall Street Journal reported, citing people familiar with the matter.

## Bonds markets set for a taste of the 60s

From rates below zero less than a year ago, inflation across the developed world has risen in recent months toward central bank targets, largely driven by a rising oil price. Paul Schmelzing has studied 800 years of bond markets history and says the most relevant parallel with today's environment is with the late 1960s under Richard Nixon

## Economic Calendar

Date	Release
01.30.2017	PH: Bank Lending YoY
01.31.2017	Nikkei Philippines PMI Mfg
02.01.2017	US: FOMC Rate Decision
02.06.2017	PH: CPI Core YoY
02.07.2017	PH: Foreign Reserves

Source: Bloomberg Economic Calendar