

# The Daily Dispatch

Feb. 8, 2017  
TODAY'S TOP NEWS

## BSP watchful as inflation picks up

THE INCREASE in prices of widely used goods and services in January picked up by its fastest pace in more than two years -- as expected by both private sector analysts and government -- but the BSP said it was watching the inflation impact of tax reform as it evolves in Congress and of market-moving developments abroad.

## Maynilad allots P13.2B for projects this year

West Zone concessionaire Maynilad Water Services Inc. is spending P13.2 billion for its water and wastewater infrastructure projects this year. Bulk or about P8.2 billion of this year's capital expenditures will go to water infrastructure projects to ensure sufficient water supply and pressure in the West Zone.

## SMC in talks with 2 Asian firms for RE venture

SAN MIGUEL Corp. (SMC) is in talks with two Asian companies for a possible partnership, as the listed diversified conglomerate expands its energy portfolio to include renewables, the company said on Wednesday.

## Biz Buzz: CGD's choice for Bangko Sentral chief

Whom did Dominguez prefer? He wouldn't say just yet. But some in-the-know people suggested that rearranging the finance chief's initials would yield the initials of his favored candidate?

## PH foreign reserves rise to \$81.04B in January

The country started the year with an increase in its gross international reserves (GIR), according to the BSP. BSP Officer-in-Charge Nestor Espenilla Jr announced on February 7 that the Philippines' GIR hit \$81.04 billion in January 2017, higher by \$0.35 billion compared to the end-December 2016 level of \$80.69 billion.

## Philippine Stock Market Update



Previous Close:  
7,262.64

1 Yr Return:  
8.90%

Open:  
7,277.89

YTD Return:  
5.75%

52-Week Range:  
6,499.00 - 8,118.44

Source:  
Bloomberg (02/08/17)

## Foreign Exchange

As of Feb. 8, 2017

US Dollar	Philippine Peso
1	49.77

## PDST-R2 Rates

As of Feb. 8, 2017

Tenor	Rate
1Y	2.8750
3Y	3.4734
5Y	3.8362
7Y	4.7482
10Y	4.2927
20Y	5.3661

## Daily Quote

"Man is free at the instant he wants to be."  
--Voltaire

# The Daily Dispatch

## MORE LOCAL NEWS

### House OKs bill reducing estate tax to uniform 6%

The House of Representatives approved on second reading on Monday night a bill cutting the estate tax to a uniform six percent. Under the Internal Revenue Code, the tax on inherited properties range from a low of five percent to a high of 20 percent, depending on the value of the assets.

### Treasury makes full award of P15B reissued T-bonds

The Bureau of Treasury (BTr) yesterday made a full award of reissued Treasury bonds with remaining life of two years and 11 months amid strong participation from the market. The reissued papers fetched an average rate of 3.492%, 12.8bps higher than the 3.364% yielded in the previous auction dated Jan. 10.

### IC issues demutualization rules

MUTUAL LIFE insurers may now opt to go public and issue shares of stocks to raise fresh capital after the Insurance Commission (IC) released demutualization guidelines for such local firms.

### Revenue loss from mine closures seen at P654 M

The government stands to lose at least P653.64M in revenues from the possible suspension of 28 mining firms. The Finance Secretary said aside from employees, cities and municipalities hosting the mining sites to be shut down or suspended would lose their income as these firms pay large amounts of taxes to their localities.

### Antonios sell 10% of CPGI to Cuerva group for P852M

Century Properties Group, Inc. reported that its biggest shareholder Century Properties, Inc. owned by Jose E.B. Antonio family, has sold P851.62 million worth of CPGI shares, equivalent to a 10.2% stake in the company to the Cuerva group. The block sale translates to a divestment of about 22% of its stake in CPGI.

### Index eases on lack of market-moving news

The sectoral indices were a mixed bag yesterday with the industrial, services and mining and oil index closing in positive territory. The rest such as the financials, holding firms and the property counters were all down. Analyst said the local stock market took the cue from Asian stocks which was also subdued yesterday.

### Ascott to launch 7 serviced residences in PH

THE Ascott Limited, a subsidiary of Singapore-based real estate giant CapitaLand, will open seven high-end serviced residence properties in the Philippines over the next six years, including one in Ortigas this quarter, the company said in an update on its ongoing projects.

### Tetangco declines reappointment

Governor Amando Tetangco Jr. “begged off” to be let go and retire at the end of his second term in July, prompting the Department of Finance to start searching a replacement.

## TODAY'S TOP ASIAN NEWS

### Gobear wants to be TripAdvisor of banking products

GoBear, founded by serial entrepreneur Andre Hesselink, is among the Insurance technology (insurtech) ventures that are capitalising on opportunities on the next growth sector for Asian fintech, with more European and North American insurtech startups expected to flood Asian markets this year.

### CH green certificate trading scheme checks Coal

Beijing's plan to launch the long-awaited “green certificate” trading scheme is part of an effort to ease the snowballing deficit of the state-run renewable energy subsidy fund, and shift part of the financial burden for reducing pollution from consumers to coal-fired power producers.

# The Daily Dispatch

## MORE ASIAN NEWS

### Near-1,000% Debt Level to Worsen for Korean Air

Korean Air Lines Co. ended last year with a credit rating downgrade and debt-to-equity ratio approaching 1,000 percent -- the worst among Asian full-service carriers. Investors of the money-losing airline face an even bleaker 2017 as a weaker won raises the cost of repaying foreign debt.

### Moelis Wins Saudi Aramco Advisory Mandate

In what will be the biggest victory in the brief history of Ken Moelis' relatively new New York-based independent investment bank, Moelis & Co., moments ago the FT has reported that Moelis has won the advisory mandate for the planned IPO of Saudi Aramco.

### China Reserves Edge Below \$3-T

China's foreign-currency reserves edged just below \$3 trillion in January, falling to the lowest since early 2011 after the yuan capped its steepest annual decline in two decades. Further erosion of the world's largest stockpile may prompt policy makers again to tighten measures for controlling outflows.

### Goldman sees bargain in Chinese property stocks

China's property developers are in far better shape than their rock-bottom stock valuations would have you believe. So say top analysts from firms including Goldman Sachs Group Inc. and Citigroup Inc.

### Another rate cut on the cards for India

Economists predict Indian central bank Governor Urjit Patel will deliver a final interest-rate cut Wednesday to buoy growth, though the question is whether he will acknowledge it as the last of this cycle. The Reserve Bank of India will lower the repurchase rate to 6 percent from 6.25 percent, according to a Bloomberg survey.

### Riady family moves to take Auric Pacific private

Two decades after the Riady family of Indonesia's giant conglomerate Lippo Group made their maiden foray into the Singapore bourse with a "friendly" takeover of Sunshine bread maker Auric Pacific Group, they have lobbed a S\$48.3 million takeover bid at S\$1.65 cash per share to take the food company off the main board.

## TODAY'S TOP GLOBAL NEWS

### Greece requires additional debt relief

The IMF's board agreed late Monday that Greece likely will need further debt relief, but there remains a split over the appropriate goal for the country's finances. The board met to discuss the long-overdue review of the Greek economy, as well as a report that describes the country's debt as becoming "explosive" in the long run.

### Cracks are appearing in Australia's debt pile

Homeowners, consumers and property investors around Australia are making more calls to financial helplines as three warning signs back up the spike in demand: mortgage arrears are creeping up, lenders' bad debt provisions have increased and personal insolvencies are near an all-time high.

### Brexit risks 30,000 UK jobs and 17% of bank assets

Global banks in London may have to relocate 1.8 trillion euros (\$1.9 trillion) of assets to the continent after Britain withdraws from the European Union, putting as many as 30,000 U.K. jobs at risk, according to Brussels-based research group Bruegel.

## Economic Calendar

Date	Release
02.07.2017	PH: Foreign Reserves
02.09.2017	PH: Ex-Im Trade Balance
02.15.2017	PH: Overseas Remittance
02.27.2017	PH: Bank Lending YoY
02.28.2017	PH: Nikkei Philippines PMI Mfg

Source: Bloomberg Economic Calendar