

# The Daily Dispatch

February 15, 2017  
TODAY'S TOP NEWS

## Stocks sink in red ahead of Yellen report

The stock market celebrated Valentine's Day in the red as shares plunged ahead of US Federal Reserve chair Janet Yellen's semi-annual monetary policy report. The PSE index dropped 1.20 percent, or 87.83 points, to close at 7,206.84, while the broader All Shares index slipped 0.77 percent, or 34.28 points, at 4,374.58.

## SC orders P443-M tax refund to Kepco

The SC yesterday ordered the BIR to award a P443-million tax refund to Korea Electric Power Corp. Ilijan Corp. The refund represents the amount of the unutilized input value added tax paid on Kepco's domestic purchases and importations of capital goods for the first and second quarters of year 2000.

## Jollibee hikes spending budget for 2017

Local fastfood giant Jollibee Foods Corp. (JFC) is jacking up its capital spending this year after chalking up a 25% increase in net income last year. JFC chief executive officer Ernesto Tanmantiong said the company is earmarking P14B in capital expenditures this 2017, 35 percent higher than last year's allocation of P10.4B.

## Security Bank sees sustained 2-digit profit growth

Security Bank expects to sustain a double-digit growth in earnings this year amid external volatilities arising from the ongoing normalization of interest rates in the US. The bank's profit grew 11% to P8.55B last year from P7.75B in 2015 with the entry of the Bank of Tokyo – Mitsubishi that infused P37B in fresh equity.

## Smart partners with Huawei for 5G study

PLDT Inc. and its wireless unit Smart Communications Inc. have partnered with Huawei Technologies Philippines to undertake joint research for 5G or the fifth generation wireless broadband technology as the telco group wants to be ready for its rollout by 2020.

## Philippine Stock Market Update



**Previous Close:**

7,252.66

**1 Yr Return:**

11.28%

**Open:**

7,257.72

**YTD Return:**

5.96%

**52-Week Range:**

7,248.27 - 7,265.52

**Source:**

Bloomberg

## Foreign Exchange

As of February 14, 2017

US Dollar	Philippine Peso
1	49.907

## PDST-R2 Rates

As of February 14, 2017

Tenor	Rate
1Y	2.5526
3Y	3.4662
5Y	3.8002
7Y	4.0020
10Y	4.2409
20Y	5.2321

## Daily Quote

"Holding on to anger is like grasping a hot coal with the intent of throwing it at someone else; you are the one who gets burned."

--Anonymous

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## MORE LOCAL NEWS

### NGCP putting up 20 transmission projects this year

The National Grid Corp. of the Philippines (NGCP) is re-investing its revenues in 20 projects scheduled for implementation this year as part of its mandate to improve the country's transmission network, a company official said yesterday. Of the total, seven are major backbone projects.

### Miners band together to block Lopez's confirmation

The country's mining firms have banded together to formally oppose Gina Lopez's confirmation as environment secretary. Representing the mining industry, the Chamber of Mines of the Philippines (COMP) filed its two-page position paper on Lopez before the Commission on Appointments on Monday, February 13.

### Hardware boom comes with PH shift to digital TV

The biggest change in Philippine television is set to come, when all broadcasters will need to shut down their analog airwaves and shift to Japan's digital terrestrial television broadcasting (DTTB) technology in 2023. This migration is spurring revenue growth for the hardware industry.

### SSS seeks Congress help in expanding investment

THE Social Security System (SSS) is urging Congress to prioritize laws that will expand the pension funds' capacity to invest, particularly in public-private partnerships, in line with the new thrust to use its members' contributions as capital for infrastructure development.

### Banks to face tight margin requirements for futures

PHILIPPINE BANKS will soon be subject to tighter margin requirements covering derivative deals with foreign firms, the Bangko Sentral ng Pilipinas (BSP) announced on Tuesday, in keeping with global standards to cushion market shocks.

### Bizz Buzz: Rocking the telco boat

The NTC is poised to publish this week the list of assigned radio frequencies, including those that have not been paying spectrum fees, and those not using the spectrum assets for their intended purpose. We heard those not using their assigned frequencies, or with no plans of doing so, would need to return these to the government.

## TODAY'S TOP ASIAN NEWS

### JPN econ running along on a half-empty fuel tank

Japan's economy is cruising along, at least by its own recent standards, with real growth clocking in at 1 percent in 2016. It may have reached top speed. "Japan is in the best position it's been in in four years," said Izumi Devalier, head of Japan economics at BAML, who expects a 1.5 percent expansion in real GDP this year.

### Firms want to be the Boeing/Lockheed of India

A few companies are seeking to become the Boeings and Lockheed Martins of India, collaborating with global defense manufacturers to locally build advanced military hardware. Those in the running include Larson & Toubro, Mahindra & Mahindra, Tata Advanced Systems, Reliance Defence and Engineering and Kalyani Strategic Systems.

### Abu Dhabi's \$125-B sovereign fund taking shape

Abu Dhabi is close to finalizing the merger of two of its largest sovereign wealth funds -- Mubadala Development Co. PJSC and International Petroleum Investment Co. The combined entity, which will be known as Mubadala Investment Co., will become the 14th largest fund globally with about \$125-b of assets, according to the Sovereign

### China extends crackdown to tycoon's staff

At least 30 employees of a Hong Kong-based billionaire who was whisked to China about two weeks ago have been stopped from leaving the mainland, with many more probably unable to travel, two people familiar with the matter have said.

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## MORE ASIAN NEWS

### China launches pilot offshore bond issuance scheme

China Huawei, together with 10 state-owned financial institutions, have been selected to join a pilot programme that grants more flexibility for offshore funding, a statement issued by the National Development and Reform Commission (NDRC) on Tuesday said.

### Riskier investment likely by China's insurers

A low interest rate environment is pushing Chinese life insurers towards riskier asset allocations to support their business growth and investment returns. While as their exposure to single-name investees in the banking and property sector grows, the risks they face are also enlarging.

### Singapore's REITs ripe for consolidation

Singapore's real estate investment trusts became popular because they had the things local investors love—steady income, high yields and property. Now, it's all turning upside down, and holders need to hope that a round of consolidation comes to their rescue.

## TODAY'S TOP GLOBAL NEWS

### Warren Buffett's betting on airlines and Apple

Warren Buffett's Berkshire Hathaway Inc. sharply increased bets on airlines and iPhone maker Apple Inc. in the fourth quarter, while taking a stake in seed company Monsanto Co. Taken together, the holdings represent one of the largest common stock investments for Buffett's company in years.

### SoftBank to buy Fortress Investment Grp for \$3.3B

SoftBank Group Corp. is buying alternative-asset manager Fortress Investment Group LLC for \$3.3 billion to operate alongside the Japanese company's soon-to-be-established technology investment fund. Japan's SoftBank will pay \$8.08 a share for New York-based Fortress, a 39 percent premium to the company's Feb. 13 closing price.

### Airbnb Wants to Spend Some of \$3-B It's Sitting On

A.P. Moller-Maersk A/S, the owner of the world's biggest container shipping line, is paying particular attention to noises coming from the US that suggest the new administration is moving closer to a trade war with China.

### Nigeria Loses Up to \$100-B in Revenue

Nigeria said it lost out on as much as \$100 billion in revenue last year as attacks by militants in the oil-rich Niger Delta cut crude output to a record low. Production fell by 1 mbpd to 1.2 mbpd at the peak of the attacks, Emmanuel Kachikwu, minister of state for petroleum, said Tuesday in a video-clip on his Facebook page.

### Credit Suisse to shed 6,500 jobs this year

Credit Suisse will cut up to 6,500 more jobs in 2017, as Chief Executive Tidjane Thiam pushes ahead with a major restructuring which he said yesterday might now no longer include floating the bank's Swiss business. The additional job cuts come after Switzerland's second-biggest bank reported a US\$2.43 billion net loss for 2016.

### Fed's Yellen sees more US rate hikes ahead

Federal Reserve Chair Janet Yellen said more interest-rate increases will be appropriate if the US economy meets the central bank's outlook of gradually rising inflation and tightening labour markets.

## 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