

# The Daily Dispatch

March 16, 2017  
TODAY'S TOP NEWS

## AboitizPower explores MMR, IDN amid oversupply

With the Philippines experiencing an oversupply in power generation that could last up to 7 years, Aboitiz Power Corporation has set its sights on hydropower projects in Myanmar and Indonesia to continue growing its business.

## PNB nets 14% more in 2016

Earnings of listed Philippine National Bank (PNB) grew 14 percent last year on the back of the robust performance of its core businesses. The bank owned by tobacco and airline magnate Lucio Tan said it booked a net income of P7.2B last year, about P900M higher than the P6.3B booked in 2015.

## January remittances rise 8.6% to \$2.17B

Overseas Filipinos' remittances sent through the formal banking channels went up by 8.6 percent year-on-year in January to \$2.169B, the Bangko Sentral ng Pilipinas (BSP) reported yesterday. Personal remittances, in the meantime, amounted to \$2.396B or up by 8.5 percent year-on-year.

## LRT-1 project best finance deal in SEA

Light Rail Manila Corporation (LRMC), the operator of Light Rail Transit Line 1 (LRT-1), received the award for Best Project Finance Deal of 2016 for its P24B loan facility to fund the LRT-1 Cavite extension project as well as its station and service improvement.

## JGS, FLI want Clark Airport completed by 2020

A consortium formed by JG Summit Holdings Inc. and Filinvest Development Corp. promised to complete the construction of a world-class Clark International Airport (CIA) by 2020 if the government would accept its unsolicited proposal.

## Philippine Stock Market Update



**Previous Close:**

7,253.79

**1 Yr Return:**

5.44%

**Open:**

7,279.86

**YTD Return:**

6.82%

**52-Week Range:**

6,499.00 - 8,118.44

**Source:**

Bloomberg

## Foreign Exchange

As of March 15, 2017

| US Dollar | Philippine Peso |
|-----------|-----------------|
| 1         | 50.330          |

## PDST-R2 Rates

As of March 15, 2017

| Tenor | Rate   |
|-------|--------|
| 1Y    | 2.6353 |
| 3Y    | 3.8914 |
| 5Y    | 4.4750 |
| 7Y    | 5.0268 |
| 10Y   | 5.0946 |
| 20Y   | 5.5536 |

## Daily Quote

“Time is life itself, and life resides in the human heart.”

-Michael Ende

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## MORE LOCAL NEWS

### Rice self-sufficiency goal set back to 2020

The Dep. of Agriculture (DA) has once again pushed back its rice self-sufficiency goal by another year to 2020 due to lack of available budget and as it buys more time to implement strategies to improve the sector. “We have to make adjustments due to non-availability of funds. I’m still struggling,” said DA Secretary Piñol.

### NOW to issue P1.5B preferred shares

NOW Corp. has filed an application with the Securities and Exchange Commission for the issuance of P1.5B worth of preferred shares. The securities are redeemable convertible, non-participating, cumulative and non-voting peso-denominated preferred shares.

### Meralco seeks nod on smart metering

Manila Electric Co., the biggest electricity retailer, asked the Energy Regulatory Commission to allow the implementation of the Advanced Metering Infrastructure project that will pave the way for postpaid subscribers to avail of its Kuryente Load program starting June 1.

### Tidal power project to start this year

A renewable energy project that will generate electricity from tidal power will begin in earnest this year with the expected formation of a special purpose company to secure financing and begin engineering work, project partner H&WB Asia Pacific (PTE LTD) Corporation said.

### Max’s earnings up 12% on higher systemwide sales

The listed company on Wednesday disclosed its net income grew to P561.7 million from the P501.4 million booked for 2015, following a 12% increase in systemwide sales to P15.34 billion from P13.72 billion and a subsequent 10% rise in revenues to P11.44 billion from P10.37 billion.

### PCC backs changes to public service law

The PCC wants the Public Service Act amended, noting that some provisions in the 80-year-old law were not only outdated but also restrictive. PCC said it supported initiatives in Congress to amend the law, including the lifting of the foreign equity cap on certain industries, including telecommunications and transportation.

## TODAY’S TOP ASIAN NEWS

### Asia-Pacific seeks to save TPP without US

Asia-Pacific ministers said Wednesday, March 15, they would seek to move forward on a trade agreement resembling the Trans-Pacific Partnership after President Donald Trump killed the deal by withdrawing the United States.

### Trafigura bond issue sees orders of close to US\$3b

Singapore-based commodity trader Trafigura Pte Ltd saw orders of close to US\$3 billion (S\$4.24 billion) for its US\$500 million issue of perpetual bonds. The issue was increased in size because of strong demand from institutional investors and private banks, the Financial Times reported.

### Debt restructuring plan gets Oceanus off the hook

Oceanus Group's proposed debt restructuring has set it firmly on the road to recovery, the company's head honcho said. Earlier this year, the home-grown seafood supply chain manager announced that its key creditors will convert 76.4 per cent of Oceanus' outstanding debt to new shares.

### TWN’s tech-led growth hardens resolve against CH

Taiwan’s economy grew for three straight quarters in the first nine months of Tsai Ing-wen’s administration, putting paid to the narrative that mainland China’s economic might and tourist spending can bend the island into submission.

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## MORE ASIAN NEWS

### PBOC's hands tied due to sustained cap outflows

China's capital outflows are likely to persist for the rest of this year, which will constrain the People's Bank of China's (PBOC) monetary policy and lead to a more activist fiscal policy, if the government hopes to achieve its growth target, according to analysts.

### HK raises base interest rate to 1.25 per cent

The Hong Kong Monetary Authority, the city's de facto central bank, said this morning that it would raise the base rate by 25 basis points to 1.25 per cent, the second rate increase in three months, following the US Federal Reserve's overnight move.

## TODAY'S TOP GLOBAL NEWS

### Fed raises benchmark rates by a quarter point

The US Federal Reserve on Wednesday, March 15 (Thursday, March 16 in Manila), raised the benchmark interest rate a quarter point, amid rising inflation, the 2nd increase since President Donald Trump's election and only the 3rd in a decade.

### These markets are really moving after Fed hike

The Fed's policy decision is sending shock waves through financial markets. But it's not the first rate hike of 2017 that's got the dollar tumbling and Treasuries rallying with equities. Instead, markets are reacting to the Fed's forecast that rates will rise three times this year, which is in line with its outlook from December.

### Chow Tai Fook to buy Alinta for \$3.1B

Chow Tai Fook Enterprises, a Hong Kong-based company controlled by the Cheng family, has agreed to buy Australian utility Alinta Energy Holdings for more than A\$4 billion (\$3.1 billion), according to people with knowledge of the matter. The company will buy 100 percent of Alinta from its owners, including buyout firm TPG Capital.

### Snap shares hit new low as valuation concerns mount

Shares in Snap Inc hit a fresh low on Wednesday, falling as much as 2.6% before clawing back some losses in choppy trading as analysts questioned the company's prospects. In its 10th day of trading after its \$3.4 billion public listing, Snap was last down 0.9% at \$20.40 after hitting a low of \$20.05 in the first few minutes of trade.

### Safran to review zodiac warning effect on \$10B deal

Safran SA's 9.6 billion-euro (\$10.2 billion) acquisition of aircraft-seat maker Zodiac Aerospace SA, already facing opposition from an activist shareholder, was thrown into further disarray after Zodiac cut its outlook again, raising pressure on Safran to cut the price or abandon the deal outright.

### Brexit Bulletin: May Pushed Into June?

This time last year, then-Prime Minister David Cameron was pledging to trigger Britain's withdrawal from the European Union "straight away" if voters backed it in the referendum. Yet almost nine months since they did, his successor, Theresa May, has still to formally declare the breakup.

### Tesla to raise about \$1.15 billion in stock, notes

Tesla Inc said on Wednesday it expects to raise about \$1.15 billion from a stock and senior notes offering, an infusion of needed capital as the electric car maker enters pre-production of its upcoming Model 3 electric sedan.

## Economic Calendar

| Date       | Release                          |
|------------|----------------------------------|
| 03.20.2017 | PH: BoP Overall                  |
| 03.23.2017 | PH: BSP Overnight Borrowing Rate |
| 03.30.2017 | US: GDP Annualized QoQ           |
| 03.31.2017 | PH: Money Supply M3 SRF YoY      |
| 03.31.2017 | PH: Bank Lending YoY             |

Source: Bloomberg Economic Calendar