

The Daily Dispatch

May 15, 2017
TODAY'S TOP NEWS

PH to save P10B yearly on shift to renewable energy

The Philippines stands to save over P10 billion a year if it replaces diesel generation in off-grid areas with renewables, the Institute for Energy Economics and Financial Analysis (IEEFA) and Institute for Climate and Sustainable Cities (ICSC) said.

Developers urged to tap short term lease market

Real estate developers with large inventories of RFO units are urged to tap the short term lease market to avoid the deterioration of the project's value. Colliers noted of an oversupply of studio and one-bedroom units in the Metro Manila market, caused by the aggressive launching of these unit types over the past years.

7-Eleven trims profit

7-Eleven operator Philippine Seven Corp. reported a 13.3 percent drop in its net income in the first three months of the year due to lower same store sales. In a disclosure to the PSE Friday, PSCP said net income slid to P158.1M, representing a 13.3 percent decline year on year due to the 2.5 percent decrease in same-store sales.

BSP in no hurry to change banks' reserve requirements

The BSP reiterated it is not yet the proper time to adjust the amount of funds held by banks in their cash vaults as inflation is seen gradually rising until the 3rd quarter. Monetary authorities want to make sure the planned reduction in the reserve requirement ratio would not translate to excessive liquidity in the fin. system.

DOF amenable to revised substitute CTRP bill

The DOF is now supporting the House of Representatives' revised substitute bill of the tax reform as the new version entails higher revenues despite its wider budget deficit scenario. The new substitute bill would raise P82.3B in fresh revenues, but still anchored on a wider budget deficit of 3.7%.

Philippine Stock Market Update



Previous Close:

7,815.53

1 Yr Return:

7.01%

Open:

7,818.02

YTD Return:

14.27%

52-Week Range:

6,499.00 - 8,118.44

Source:

Bloomberg

Foreign Exchange

As of May 12, 2017

US Dollar	Philippine Peso
1	49.767

PDST-R2 Rates

As of May 12, 2017

Tenor	Rate
1Y	2.8306
3Y	3.9714
5Y	4.2647
7Y	4.9911
10Y	5.0429
20Y	5.2733

Daily Quote

“You must not only aim right, but draw the bow with all your might.”

-Henry David Thoreau

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MORE LOCAL NEWS

Scrapping of zero VAT RE to drive up electricity rates

The country's renewable energy (RE) developers are appealing to Congress for the retention of value-added tax (VAT) zero-rating incentive set forth for such projects, noting that enforcing otherwise could drive up electricity rates for Filipino consumers.

ABS CBN bond issuance gets top rating

ABS-CBN Corp. maintained the top rating for its P6-billion bond issue as credit watcher Philippine Rating Services Corp. (Philratings) cited minimal risk that the media giant would default on its obligations. Philratings said it had given ABS-CBN's debt issuance the score of PRS Aaa, which is counted as "extremely strong."

DMCI working out JV deal with NTT

DMCI Homes is in talks with NTT of Japan on a partnership to develop a two-tower office and residential complex in Makati, a project which will bring to the market some P8B worth of new property inventory. Consunji said DMCI Homes would make its debut in the office property business as part of a project planned along Pasong Tamo.

Retailers pull Mighty cigarettes off shelves

For fear of being caught selling cigarettes in packs with fake tax stamps, a number of retailers have pulled Mighty Corp.'s products off their shelves. Last week, the BIR filed at the DoJ a second case that placed at P26.93 billion the tax dues of Mighty from the cigarette packs confiscated at two warehouses in Bulacan last March.

GDP expansion in 1st quarter seen at 6.9%

The gross domestic product (GDP) likely grew by 6.9 percent in the first quarter on the back of sustained robust domestic demand and recovery of the agriculture and export sectors, Budget Secretary Benjamin E. Diokno said.

Gov't Q1 infra spending jumps 12.2%

Public spending on infrastructure rose 12.2 percent year-on-year to P117.5 billion in the first quarter as the government built more roads as well as health and military facilities, the DBM said. Latest DBM data showed that expenditures during the first three months rose by more than a tenth from P104.8 billion a year ago.

Petron expanding refinery capacity

The country's leading oil distributor and refiner, Petron Corp., is preparing to invest more to nearly double its refining capacity in Malaysia to produce petrochemicals and aromatics. Petron also intends to expand the capacity of its oil refinery in Limay, Bataan, president Ramon S. Ang told reporters last Friday.

TODAY'S TOP ASIAN NEWS

3 Dealmakers bet their future on Chinese trucking

In 2001, three Chinese men named Richard enrolled in the University of Pennsylvania's Wharton School before heading to high-flying careers as bankers and dealmakers. More than 15 years later they've teamed up to stake their future on building an Uber-like service for the country's convoluted trucking industry.

Cruises boom as millions of Chinese take to seas

Lines including Royal Caribbean Cruises Ltd. and Carnival Corp. have sent an armada of luxury vessels to China to tap the world's fastest-growing market, but they face turbulent waters. In addition to satisfying the tastes of Chinese passengers, they sail in the shadow of the region's increasingly volatile politics.

Business sentiment in Singapore improves in Q1

Business sentiment in Singapore improved in the first quarter of 2017, on the back of better sales, profits and orders, while pessimism over business prospects in the next six months has diminished substantially, said the latest Business Times-Singapore University of Social Sciences (SUSS) Business Climate Survey.

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MORE ASIAN NEWS

More Asean companies tapping US\$ bond markets

Southeast Asia's companies are tapping more funds in the international market, a sign of their global ambitions. And that means more business for banks which are active in the international bond markets, said Aaron Gwak, Standard Chartered Bank head of capital markets, Asean.

China's growth dials back as factory output slows

The world's second-largest economy dialed back a gear in April as authorities crack down on the nation's swelling financial leverage. Growth momentum has softened after a strong first quarter as policy makers seize the window to curb shadow lending and leverage.

Xi pushes Chinese-led globalization

Xi described the Belt and Road Initiative as a "project of the century" that had its inspiration in the ancient trade routes linking the country with the world. He pledged 540B yuan in financing, including 100B yuan for China's Silk Road Fund, 380B yuan in new lending for participating nations, and 60B yuan in coming years...

TODAY'S TOP GLOBAL NEWS

More disruptions possible from global cyber attack

An unrivaled global cyber-attack is poised to continue claiming victims Monday as people return to work and turn on their desktop computers, even as hospitals and other facilities gained the upper hand against the first wave. More than 200,000 computers in at least 150 countries have so far been infected, according to Europol.

Bets on OPEC rally are gone; may be good for oil

Hedge funds have undone all their wagers on an OPEC-driven oil rally, and that could be good for prices. Bets on West Texas Intermediate futures have all gone back to where they were before OPEC agreed to cut output. The silver lining is that this is how money managers lay the groundwork for a rebound.

Western Digital moves to block Toshiba deal

Western Digital Corp. is taking legal action to try to guarantee a say in who gets to buy the chip unit of Toshiba Corp., its partner in a manufacturing joint venture. The U.S. company invoked an arbitration clause in their business agreement, which could postpone a sale Toshiba needs to complete quickly.

Lyft, Google teaming up to work on self-driving cars

Google Inc's self-driving car unit, Waymo, and US rideshare company Lyft have signed a collaboration agreement to bring autonomous vehicle technology into the mainstream. The alliance between the two show that many companies are trying to acquire a piece of the market for self-driving vehicles.

Companies short on cyber insurance before attack

Many companies outside the United States may not have cover for a recent computer-system attack, leaving them potentially with millions of dollars of losses because there has been relatively little take-up of cyber insurance, insurers say. The overall cost of getting businesses going again could run into the billions of dollars.

World's biggest container line lessens bond reliance

The world's biggest container shipping company and Denmark's largest issuer of corporate bonds may rely less on debt markets in the near future. A.P. Moller-Maersk A/S has ample liquidity and plans to cut capital expenditure, both of which reduce the need for new bond sales, according to Chief Financial Officer Jakob Stausholm.

Economic Calendar

Date	Release
05.17.2017	PH: GDP YoY
05.18.2017	PH: BoP Overall
05.18.2017	PH: Budget Balance PHP
05.30.2017	PH: Bank Lending YoY
05.31.2017	PH: Nikkei Philippines PMI Manufacturing

Source: Bloomberg Economic Calendar