

# The Daily Dispatch

July 21, 2017  
TODAY'S TOP NEWS

## P900M internal fraud rocks Metrobank

Metrobank has been hit by internal fraud that a senior official allegedly perpetrated, causing it to lose at least P900 million. The Inquirer learned that Metrobank may have lost as much as P2.5 billion after a bank vice president allegedly funneled disbursed loans into fictitious accounts created in the name of a legitimate client.

## U-Hop launches new services

Chelsea Logistics Holdings Corporation lowered the price of its initial public offering (IPO) to P10.68 per share, enabling it to raise as much as P5.84 billion in proceeds, according to the underwriter handling the transaction. The final offer price is lower compared to the P14.63 maximum offer price earlier set.

## PSE to sell common shares to reduce broker ownership

Homegrown ride-hailing app U-Hop launched its services in major cities nationwide, enticing partners with its "no commission fee" for the first 3 months. As of Tuesday, July 18, U-Hop said it has successfully registered over 2,700 drivers.

## Gov't gets P3.4B partial settlement for Mighty

The government will accept a portion of the settlement being pitched by Mighty Corp. as payment for its unsettled taxes but Finance Secretary Carlos G. Dominguez III said the homegrown cigarette manufacturer and its officials were not yet off the hook.

## Chelsea Logistics' final offer price: P10.68/sh

The Philippine Stock Exchange (PSE) plans to sell 11.5 million common shares through follow-on offering, which could potentially raise as much as P2.8 billion in fresh capital. The share sale is part of the company's move to reduce to 20% brokers' ownership in the stock exchange as prescribed under the Securities Regulation Code.

## Philippine Stock Market Update



**Previous Close:**

7,788.06

**1 Yr Return:**

1.04%

**Open:**

7,774.91

**YTD Return:**

13.31%

**52-Week Range:**

6,499.00 - 8,118.44

**Source:**

Bloomberg

## Foreign Exchange

As of July 20, 2017

| US Dollar | Philippine Peso |
|-----------|-----------------|
| 1         | 50.864          |

## PDST-R2 Rates

As of July 20, 2017

| Tenor | Rate   |
|-------|--------|
| 1Y    | 2.8552 |
| 3Y    | 3.9061 |
| 5Y    | 4.1160 |
| 7Y    | 4.8321 |
| 10Y   | 5.0018 |
| 20Y   | 5.1599 |

## Daily Quote

"Once you choose hope, anything's possible."

-Christopher Reeve

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## MORE LOCAL NEWS

### DBM: No debt trap from aggressive infra spending

“Concerns that the Duterte administration’s fiscal strategy may lead to indebtedness are unsubstantiated, considering the current and expected levels of debt-to-GDP ratio, the hefty gross international reserves, and the low interest rate regime,” the DBM said.

### DTI seeks P3 B for MSME development

The Department of Trade and Industry (DTI) is seeking at least P3 billion in additional funding next year for projects needed for the development of micro, small and medium enterprises (MSMEs). The Philippines hosted yesterday the ASEAN MSME Development Summit as the country continues to advocate MSME development in the region.

### EastWest Bank raises capital base to P50 B

Gotianun-led East West Banking Corp. raised its capital by 150% as part of efforts to sustain its momentum as the fastest growing bank in the Phil. EastWest vice chair and CEO Antonio Moncupa Jr. said the bank’s board of directors approved the increase in its authorized capital to P50B from P20B during a special meeting yesterday.

### JTI-Mighty buyout talks drive up LT Group stocks

Shares of LT Group Inc. (LTG), the holding company of taipan Lucio Tan, rallied for the second straight day yesterday following the Department of Finance’s announcement that Japan Tobacco Inc. (JTI) is in talks to buy embattled cigarette company Mighty Corp. for P45 billion.

### PH eyes opening telco to foreign control

Limits on foreign ownership of the Phil. telecom industry should be lifted to attract investments and improve its service, a senior minister said Thursday. Currently foreign firms can own a maximum 40% of Phil. utilities, including telecom companies, which should be raised, according to Economic Planning Secretary Ernesto Pernia.

### Leviste power firm to start panel export by 2018

Solar Philippines Power Project Holdings Inc. will begin exporting solar panels worth over P10 billion next year. At the sidelines of IBC Asia’s Power and Electricity Week, Solar Philippines President Leandro Leviste said he is confident that the Philippines will soon become one of the world’s leading exporters of solar panels.

## TODAY’S TOP ASIAN NEWS

### Strong export demand to lift Asian economies - ADB

Surging global demand for Asian exports and low oil prices will help China and the region’s developing economies grow faster than expected this year and next, the Asian Development Bank said Thursday, July 20. The region should now grow by 5.9% this year and 5.8% in 2018, the Manila-based lender said in a report.

### CH anti-debt campaign takes on toughest target yet

China’s deleveraging campaign is taking on its toughest target yet: the public sector itself. President Xi Jinping has made clear that local government authorities and China’s behemoth state-owned enterprises too must restrain borrowing.

### Yield hungry Japanese investors looking overseas

As the Bank of Japan digs in its heels to maintain an ultra-loose monetary stance, yield-hungry Japanese investors are looking abroad again, having shunned U.S. and European debt markets early this year due to political risks.

### Singapore collective sale upswing rolls on

The Albracca condominium in Meyer Road has been collectively sold for \$69.12 million to developer Sustained Land - the fifth successful en-bloc deal done this year, as the resurgence in the market continues. JLL noted that the selling price was above the \$62 million to \$65 million range the owners had asked for.

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## MORE ASIAN NEWS

### AI could 'double Singapore growth rate' by 2035

Artificial intelligence (AI) could nearly double Singapore's annual economic growth rates by 2035, according to a new report. It noted that AI could help the country expand faster than major economies such as the United States, Germany, Britain and Japan.

### Bank of America halts deals with HNA

Bank of America has told investment bankers to stop working on transactions with HNA Group for now, amid growing concerns over the acquisitive Chinese conglomerate's debt levels and ownership structure, Bloomberg has reported.

## TODAY'S TOP GLOBAL NEWS

### US fines Exxon \$2M over Ukraine-related sanctions

The United States on Thursday hit oil giant ExxonMobil with a \$2 million fine for violating Ukraine-related sanctions at a time when Secretary of State Rex Tillerson was still in charge of the company. Tillerson stepped down as chief executive of Exxon in 2016 to serve as the Trump administration's secretary of state.

### RBA lets loose rate hike speculation

Australia's central bank minutes were far from the usual yawner, reversing perceptions of two weeks ago that Governor Philip Lowe was eschewing the hawkish turn many of his global peers had taken in June.

### Musk gets US approval for world's longest tunnel

Elon Musk says he won "verbal" government approval to build the world's longest tunnel for an ultra-high-speed train line to connect New York to Washington. The train, known as a hyperloop, would make the 220 mile connection in 29 minutes, Musk said in a post on Twitter Thursday.

### CS's equities unit struggles under Thiam

In October 2015, Credit Suisse CEO Tidjane Thiam laid out their vision for a business they said would be key to overhauling one of the world's biggest investment banks. Almost two years later, his equities business, once among the biggest on Wall Street, has become a nagging headache for Thiam.

### FTC eyes alleged deceptive Amazon discounting

As part of its review of Amazon's agreement to buy Whole Foods, the Federal Trade Commission is looking into allegations that Amazon misleads customers about its pricing discounts, according to a source close to the probe.

### Euro at two-year high, Asian shares barely budge

The euro held near two-year highs against the dollar on Friday after the head of the European Central Bank said tapering of its stimulus will be on the table this autumn, while a solid global economic outlook kept Asian share prices near decade highs.

### Attempt to limit Wall St. bonuses fizzles out quietly

The regulatory agenda released by the Trump administration on Thursday contained a signal that the U.S. government has halted its work on restricting Wall Street executives' bonuses and other pay incentives.

## Economic Calendar

| Date       | Release                        |
|------------|--------------------------------|
| 07.17.2017 | PH: Overseas Remittances YoY   |
| 07.19.2017 | PH: BoP Overall                |
| 07.30.2017 | PH: Money Supply M3 SRF YoY    |
| 07.30.2017 | PH: Bank Lending YoY           |
| 07.31.2017 | PH: Nikkei Philippines PMI Mfg |

Source: Bloomberg Economic Calendar