

The Daily Dispatch

Jan. 13, 2017
TODAY'S TOP NEWS

EDC rolls out solar power for Gaisano malls

Publicly-listed Energy Development Corporation (EDC) and Gaisano Capital have inaugurated a 1.03-megawatt solar rooftop system in Iloilo City — the largest renewable energy facility of its kind in the province to date.

Petron eyes new \$10-B refinery in Bicol or Cebu

Petron Corp., the country's largest oil firm, wants to build a new refinery with the help of a foreign partner to meet the growing domestic demand for finished petroleum products, according to its chief, Ramon Ang. The target capacity of the crude oil refinery is 250,000 barrels of petroleum per day.

3 Min regions to get lower power rates from hydro

THE Philippine Economic Zone Authority (PEZA) said it will recommend three regions in Mindanao for a scheme allowing the payment of lower power rates by economic zones, involving the allocation of low-cost power generated by the southern island's hydropower plants.

HSBC Hikes PH Growth Forecast

British banking giant HSBC has raised its economic growth outlook for the Philippines as the country continues to stand out as one of the strongest performers in Asia. The bank has upgraded the gross domestic product (GDP) growth forecast for the Philippines to 6.5 percent from the original of 6.3 percent this year.

Hot Money Inflows hit 354 Million in 2016

Individual investments in 2016 helped keep hot money transactions in the Philippines vibrant during the year, no matter the net outflow posted toward end -2016. The BSP reported on Thursday that foreign portfolio investments (FPI) yielded net inflows of \$354M in 2016, a turnaround from the \$600M net outflows recorded in 2015.

Philippine Stock Market Update



Previous Close:

7,264.55

1 Yr Return:

13.76%

Open:

7,256.72

YTD Return:

6.00%

52-Week Range:

6,084.28 - 8,118.44

Source:

Bloomberg (01/13/17) 11:20 pm.

Foreign Exchange

As of Jan. 13, 2017

| US Dollar | Philippine Peso |
|-----------|-----------------|
| 1 | 49.60 |

PDST-R2 Rates

As of Jan. 13, 2017

| Tenor | Rate |
|-------|--------|
| 1Y | 2.6667 |
| 3Y | 3.3628 |
| 5Y | 4.6000 |
| 7Y | 4.1339 |
| 10Y | 4.3055 |
| 20Y | 5.3571 |

Daily Quote

"It is during our darkest moments that we must focus to see the light."

--Aristotle Onassis

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MORE LOCAL NEWS

STI to raise up to P5B to fund campus expansions

STI Education Systems Holdings, a holding company owned by businessman Eusebio Tanco, said its education unit plans to raise up to P5 billion from the issuance of fixed-rate bonds to finance campus expansions.

Abe Vows P434B Aid, Drug Rehab Support

A one-trillion-yen aid package for the Philippines (P434 billion at yesterday's exchange rate) is one of the commitments made by visiting Japanese Prime Minister Shinzo Abe during his meeting with President Duterte yesterday.

Malampaya outage estimate upgraded to 2170 MW

Undersecretary Felix William B. Fuentebella told reporters that 2,170 megawatts (MW) will be non-operational during the 20-day maintenance period of Malampaya. This is slightly higher from the initially expected outage of 1,850 MW.

Philippine Bond Tap Shunned on Rising Rate View

Prospect of rising interest rates kept traders away from govt's tap facility, says Andre Ibarra III, chief dealer at Security Bank. Traders opting to wait until next month or plan to buy in secondary market, he says by phone in Manila. Tap was opened this week for first time since successful offer in 2013

Construction delays plague property sector

A RECORD 1.2 million square meters (sq.m.) of office space will become available in the metropolis within the year, according to a property consultancy, with vacancy rates possibly widening to double digits should the government cut incentives and tighten regulations for businesses.

MVP admits losing to Globe in market share

Pangilinan, reacting to data published by GSM Association, a trade group of global telco operators, said PLDT saw mobile subscriber numbers dip in 2016 partly as it "cleaned up" inactive accounts.

Megaworld To Add 24/7 Leisure & Ent. Complex

Megaworld Corporation (PSE: MEG) announced on Wednesday that it will soon open Savoy Newport Hotel which will be an additional venue that offers 24/7 leisure and entertainment in Newport City, Manila. This announcement came along with Megaworld revealing its plans to open four new hotels this year.

PH draws 6M foreign tourists in 2016

SIX million foreign tourists visited the Philippines in 2016, surpassing the 5.9-million target set by the Department of Tourism (DOT) for the year and proving that the country is on its way to becoming a favored and emerging tourist destination.

DoF fast-tracks 17 infra projects

THE DOF said the ICC led by DoF Secretary Carlos Dominguez 3rd, has fast-tracked the approval of 17 infrastructure projects over the past six months. The DOF said the Duterte government had approved more projects in six months than in the entire six-year term of the previous administration, as it bared gains in cutting red tape.

41 Insurers Comply w/ P550M Cap Req.

The Insurance Commission said 41 local insurance firms have already complied with the required minimum capital requirement of P550M. Under the amended Insurance Code of the Philippines, existing insurers must have a net worth of P550M by Dec. 2016 and increase this by P350M by Dec. 2019 and further by P400M by Dec. 2022.

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TODAY'S TOP ASIAN NEWS

Asia's Smallest Economies Are Its Fastest Growing

Asia's smallest economies are growing faster than giants like China, according to the World Bank. Cambodia, Laos and Myanmar will post the most rapid expansions in Asia after India from 2017 to 2019, sustaining growth rates of close to 7 percent, according to forecasts released this week.

China's M&A boom to continue this year, PWC

The professional services firm expects deal activity to drop slightly this year due to government restrictions and an uncertain global outlook, but they predict Chinese M&A activity will nonetheless remain strong in 2017, and hit new record highs in 2018. In total, Chinese outbound deals tallied US\$221 billion in 2016.

Equity funds still better bets for HK investors

Hong Kong investors who opted for bond rather than equity funds may have made a 'wrong choice' in terms of returns as the latter continued to outperform its peers in 2016, according to a leading industry association.

SG warehouse operator may be Asia's biggest buyout

A warehouse operator in Singapore, Global Logistic Properties Ltd., is shaping up to be Asia's biggest buyout deal. Three private equity groups - Blackstone Group, a Warburg Pincus consortium, and a Chinese group backed by existing GLP investors - are working on bids for the company. by an early February deadline.

TODAY'S TOP GLOBAL NEWS

Stocks: No Longer Most Actively Traded Securities

Stock exchanges are increasingly getting out of the stock trading business. As weird as it may seem, individual shares no longer are the most actively traded securities in the market. That distinction goes to exchange-traded funds, which took in a record \$400 billion in the past year to become a \$3.8 trillion industry.

Fiat Chrysler Accused of Emissions Cheating

The US accused Fiat Chrysler of Volkswagen-style emissions cheating. Regulators said the company used secret software to evade pollution limits in more than 100,000 diesel vehicles. The complaint, which could result in billions of dollars in fines, sent Fiat shares down more than 15%.

Oil steady as SAU cuts output, but worries remain

Oil prices were steady on Friday, supported by reports on details of OPEC output cuts, although lingering doubts over producer compliance with supply reduction targets weighed on the market. U.S. West Texas Intermediate (WTI) crude oil futures were trading at \$53.01 per barrel at 0052 GMT, unchanged from their last settlement.

VCs Raise Most Since Dot-Com But Slow to Spend It

VCs in the U.S. received the most money since the heady dot-com days, but they're moving more cautiously as their investments are slow to realize returns. While VCs are sitting on a gigantic stash, the situation puts pressure on them to help sell more of their startups this year, either to larger companies or the public markets.

Economic Calendar

| Date | Release |
|------------|------------------------------|
| 01.15.2017 | PH: Overseas Remittances YOY |
| 01.18.2017 | PH: Balance of Payments |
| 01.25.2017 | PH: GDP YoY |
| 02.01.2017 | US: FOMC Rate Decision |

Research Reports

| Date | Topic |
|------------|---|
| 11.15.2016 | FGEN: attractive again post-correction |
| 11.28.2016 | Telco: Domestic voice interconnect reduced |
| 12.08.2016 | Retail: SSSG easing to varying degrees |
| 12.09.2016 | Telco: Increasing foreign ownership, |
| 01.09.2017 | Unappreciated risks from constitutional rewrite |