

FRI 23 JUNE 2017

Top Story:

JGS: JGS increases stake in MER

Other News:

Economy: BSP maintains policy settings; cuts inflation forecast

FLI: FLI gets SEC approval for Php6Bil bond offering

Market Summary:

The PSEI continued its decline on Thursday, losing 28.03 points or 0.36% to close at 7,858.34.

Index decliners led gainers 19 to 11. Likewise, most sectors declined with Property (-0.82%) leading the decliners and Financials (+0.32%) gaining alone. Significant index decliners were SMC (-1.81%), URC (-1.79%), LTG (-1.34%), ALI (-1.23%) and JFC (-1.21%). Meanwhile, significant index gainers were AGI (+2.13%), AC (+1.60%) and MEG (+1.54%)

Value turnover increased to Php8.7Bil from Php8.1Bil the previous session. Foreigners continue to be net buyers for the second consecutive day, accumulating Php673Mil worth of shares

(AS OF JUNE 22, 2017)

INDICES				
	Close	Points	%	YTD%
PSEI	7,858.34	-28.03	-0.36	14.88
All Shares	4,699.52	-9.27	-0.20	13.08
Financials	1,928.84	6.11	0.32	16.51
Holding Firms	7,800.98	-9.01	-0.12	11.57
Industrial	11,085.88	-68.15	-0.61	4.09
Mining & Oil	12,462.90	-34.36	-0.27	5.10
Property	3,677.19	-30.54	-0.82	19.92
Services	1,718.76	-7.62	-0.44	31.92

Dow Jones	21,397.29	-12.74	-0.06	8.27
S&P 500	2,434.50	-1.11	-0.05	8.74
Nasdaq	6,236.69	2.73	0.04	15.86

INDEX GAINERS			
Ticker	Company	Price	%
AGI	Alliance Global Inc	14.4	2.13
AC	Ayala Corporation	855	1.60
MEG	Megaworld Corporation	4.61	1.54
MBT	Metrobank	86	1.296
GTAP	GT Capital Hldgs Inc	1206	0.5

INDEX LOSERS			
Ticker	Company	Price	%
SMC	San Miguel Corporation	103	-1.81
URC	Universal Robina Corp	165	-1.79
LTG	LT Group Inc	14.7	-1.34
ALI	Ayala Land Inc	40	-1.23
JFC	Jollibee Foods Corp	212.8	-1.21

TOP 5 MOST ACTIVE STOCKS		
Ticker	Company	Turnover
URC	Universal Robina Corp	1,030,299,000
SMPH	SM Prime Hldgs Inc	534,728,900
SM	SM Investments Corp	513,775,400
ALI	Ayala Land Inc	472,889,100
BDO	BDO Unibank Inc	307,931,200

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Top Story:**JGS: JGS increases stake in MER**

JGS increases stake in MER. Based on JGS' disclosure to the PSE, JGS acquired an additional 27.5Mil shares of MER at Php250/sh (value of the transaction at Php6.9Bil) on June 14. The transaction increases JGS' stake in MER by 2.44% to 29.56%.

Transaction slightly NAV accretive. Given that the additional MER shares were acquired at a 30.5% discount to MER's FV estimate, this transaction slightly improves JGS' FV estimate by 0.3% from Php72/sh to Php72.2/sh.

Maintain HOLD rating. We are maintaining our HOLD rating on JGS with a FV estimate of Php72.2/sh. We like JGS as it is well positioned to capitalize on the favorable growth outlook of the Philippine economy given the market leadership position of its operating subsidiaries, the parent company's strong balance sheet and the excellent track record of its management team. However, based on its currently market price of Php79.55/sh, there is no more upside to our FV estimate.

Other News:**Economy: BSP maintains policy settings; cuts inflation forecast**

The Monetary Board decided to keep interest rate on the BSP's overnight reverse repurchase facility at 3.0%. The corresponding rates on the overnight lending and deposit facilities were also maintained. Likewise, the reserve requirement ratios were left unchanged. The decision is based on the assessment that inflation continues to remain manageable. Meanwhile, the BSP trimmed its inflation forecast for 2017 to 3.1% from 3.4%. The BSP also expects inflation to reach 3% in 2018 and 2019. *(source: BSP, Businessworld)*

FLI: FLI gets SEC approval for Php6Bil bond offering

The SEC has approved the application of Cyberzone Properties, Inc., a unit of FLI, to issue Php5Bil worth of fixed rate bonds with an oversubscription option of Php1Bil. The bonds may be issued in tenors of 5 and/or up to 10 years. Moreover, Philratings earlier assigned the said bond issue a PRS AAA rating, which is the top credit score given by the agency. The proceeds of the sale will be used to partially fund the development of the company's existing buildings and new projects under construction. *(source: Businessworld)*

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Calendar of Events

June

S	M	T	W	TH	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

■ Key Events ■ Holiday

JUNE 1 PIZZA: Ex-date Php0.10 Cash Dividend CDC: Ex-date Php0.036 Cash Dividend PHN: Stock Dividend NOW: Annual Shareholdings Meeting	JUNE 15 VVT: Annual Shareholders Meeting FOOD: Annual Shareholders Meeting VLL: Annual Shareholders Meeting SSI: Annual Shareholders Meeting	STR: Annual Shareholders Meeting RCB: Annual Shareholders Meeting
JUNE 2 CLI: Listing	JUNE 16 SEVN: Annual Shareholders Meeting EEI: Annual Shareholders Meeting MRC: Annual Shareholders Meeting MEG: Annual Shareholders Meeting RCI: Annual Shareholders Meeting KPH: Annual Shareholders Meeting PMPC: Annual Shareholders Meeting	JUNE 27 ACR: Ex-date Php0.0165 Cash Dividend PNC: Annual Shareholders Meeting RRHI: Annual Shareholders Meeting JGS: Annual Shareholders Meeting
JUNE 5 FMETF: Stock Dividend CEB: Ex-date Php2.75 Cash Dividend PBC: Annual Shareholdings Meeting CDC: Annual Shareholdings Meeting	JUNE 19 PRC: Annual Shareholders Meeting 2GO: Annual Shareholders Meeting WLCON: Annual Shareholders Meeting	JUNE 28 NRCP: Annual Shareholders Meeting BSC: Annual Shareholders Meeting PX: Annual Shareholders Meeting EURO: Annual Shareholders Meeting MACAY: Annual Shareholders Meeting URC: Annual Shareholders Meeting RLC: Annual Shareholders Meeting FNI: Annual Shareholders Meeting SRDC: Annual Shareholders Meeting
JUNE 8 SPC: Ex-date Php0.40 Cash Dividend KEP: Annual Shareholders Meeting LPZ: Annual Shareholders Meeting BLOOM: Annual Shareholders Meeting	JUNE 20 LTG: Annual Shareholders Meeting SHNG: Annual Shareholders Meeting	JUNE 29 SFI: Annual Shareholders Meeting CA: Annual Shareholders Meeting MJIC: Annual Shareholders Meeting GERI: Annual Shareholders Meeting SGI: Annual Shareholders Meeting ZHI: Annual Shareholders Meeting OPM: Annual Shareholders Meeting CPG: Annual Shareholders Meeting ALHI: Annual Shareholders Meeting
JUNE 9 BDO: Ex-date Php0.30 Cash Dividend HLCM: Ex-date Php0.98 Cash Dividend SBS: Annual Shareholders Meeting	JUNE 21 CRWN: Ex-date Php0.05 Cash Dividend OV: Annual Shareholders Meeting H20: Annual Shareholders Meeting	JUNE 30 ALCO: Annual Shareholders Meeting RLT: Annual Shareholders Meeting JFC: Annual Shareholders Meeting MJC: Annual Shareholders Meeting AGF: Annual Shareholders Meeting IPO: Annual Shareholders Meeting VITA: Annual Shareholders Meeting CNPF: Annual Shareholders Meeting APX: Annual Shareholders Meeting COSCO: Annual Shareholders Meeting
JUNE 13 LR: Ex-date Php0.0425 Cash Dividend TEL: Annual Shareholders Meeting JAS: Annual Shareholders Meeting SMC: Annual Shareholders Meeting ELI: Annual Shareholders Meeting LAND: Annual Shareholders Meeting	JUNE 22 BRN: Annual Shareholders Meeting AUB: Annual Shareholders Meeting LSC: Annual Shareholders Meeting SLI: Annual Shareholders Meeting DWC: Annual Shareholders Meeting	
JUNE 14 APO: Annual Shareholders Meeting JOH: Annual Shareholders Meeting	JUNE 23 PRMX: Annual Shareholders Meeting ANI: Annual Shareholders Meeting	
	JUNE 26 EURO: Ex-date Php0.05 Cash Dividend MRP: Annual Shareholders Meeting	

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IMPORTANT RATING DEFINITIONS**BUY**

Stocks that have a BUY rating have attractive fundamentals and valuations based on our analysis. We expect the share price to outperform the market in the next six to 12 months.

HOLD

Stocks that have a HOLD rating have either 1) attractive fundamentals but expensive valuations 2) attractive valuations but near-term earnings outlook might be poor or vulnerable to numerous risks. Given the said factors, the share price of the stock may perform merely in line or underperform in the market in the next six to twelve months.

SELL

We dislike both the valuations and fundamentals of stocks with a SELL rating. We expect the share price to underperform in the next six to 12 months.

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