

BAIPHIL MARKET WATCH

~ FOSTERING STEWARDSHIP AMIDST FINANCIAL
INNOVATIONS ~

19 Oct
2018

Legend

Improvement / Up
Deterioration / Down
No Movement

FINANCIAL MARKETS AT A GLANCE



Currency Exchange ¹	Current	Previous
USD/PHP	53.9650	53.8900
USD/JPY	112.5500	112.6600
USD/HKD	7.8393	7.8389
USD/CNY	6.9368	6.9275
EUR/USD	1.453	1.1499
GBP/USD	1.3018	1.3100

PDST Reference Rates ²	Current	Previous
30-D PDST-R1	4.6560%	4.6638%
91-D PDST-R1	4.7783%	4.8232%
180-D PDST-R1	5.8116%	5.8964%
1-Y PDST-R1	6.2937%	6.5536%
10-Y PDST-R1	8.2627%	8.0442%

PDST Reference Rates ²	Current	Previous
30-D PDST-R2	4.6560%	4.6638%
91-D PDST-R2	4.7783%	4.0733%
180-D PDST-R2	5.7758%	5.8866%
1-Y PDST-R2	6.2828%	6.3043%
10-Y PDST-R2	8.0689%	8.0385%

Domestic Stock Index ³	Current	Previous
PSEi	7,141.25	7,099.68
Total Market Cap (Php Tr)	12.960	12.901
Trade Value (Php B)	4.018	5.740

Stock Index ⁴	Current	Previous
NIKKEI 225	22,658.16	22,841.12
HANG SENG	25,454.55	CLOSED
SHANGHAI SE COMP	2,486.419	2,561.61
FTSE 100	7,026.99	7,054.60
DOW JONES	25,379.45	25,706.68
S&P 500	2,768.78	2,809.21
NASDAQ	7,485.14	7,642.70

Various ^{5/6}	Current	Previous
Gold Spot (USD/oz)	1,226.14	1,222.43
Brent Crude (USD/bbl)	79.29	81.56
3-M US Treasury Yield	2.26%	2.26%
10-Y US Treasury Yield	3.18%	3.18%
30-Y US Treasury Yield	3.36%	3.35%



PHILIPPINES



- ✓ **Last-minute buying propped up Philippine share prices on Thursday after trading mostly in the red tracking Wall Street's weak performance on the hawkish stance of the US Federal Reserve on interest rates. The benchmark PSEi gained 41.57 points or 0.59 percent to 7,141.25 at the closing bell.** The broader All Shares increased by 20.12 points or 0.46 percent to 4,362.40. "Late day MOC (market-on-close) buying managed to push the index to close 41 points higher at 7,141.25," Papa Securities Corp. sales associate Gabriel Jose Perez said.
<http://www.gmanetwork.com/news/money/economy/671691/last-minute-buying-keeps-psei-up/story/>
- ✓ **After trading on a relatively strong note for four consecutive sessions, the Philippine peso retreated on Thursday—depressed by the hawkish stance of the US Federal Reserve on interest rates. The local currency lost 7.5 centavos to at P53.965:\$1, softer than Wednesday's finish of P53.890:\$1.** "Latest Fed minutes that signaled the need for more Fed rate hikes to above the neutral level of 3 percent led to stronger US dollar vs. major global currencies, partly leading to weaker peso today," Michael Ricafort, lead economist at Rizal Commercial Banking Corp., said.
<http://www.gmanetwork.com/news/money/economy/671694/peso-retreats-on-hawkish-fed-stance-on-interest-rates/story/>
- ✓ **The Board of Investments (BOI) registered P454.8 billion in investment pledges in the first nine months of the year, a 19-percent increase that recovers the momentum the agency lost in August.** In a statement on Thursday, BOI said this was higher than the P381.2 billion pledges from January to September last year. The latest listings were propped up by manufacturing and energy commitments, a huge turnaround from the 17.3-percent drop from January to August. "Investor confidence in the country remains high. The Philippines continues to attract more investments because the economy is strong enough to withstand challenges on both the domestic and international fronts," Trade Secretary and BOI Chair Ramon Lopez said.
<https://business.inquirer.net/259168/boi-listed-investments-rose-19-in-first-9-months>
- ✓ **The Philippines ranked 56th out of 149 countries in the latest Global Competitiveness Report, while also ranking the 5th most competitive economy in Southeast Asia.** This is according to the report made by the World Economic Forum, whose results are not comparable to previous reports after adopting a new competitiveness index. In the Association of Southeast Asian Nations, Singapore ranked the most competitive and also the second globally. It was followed by Malaysia (25th), Thailand (38th), and Indonesia (45th)—all on the world's top 50 list.
<https://business.inquirer.net/259114/ph-ranked-5th-best-economy-southeast-asia>

- ✓ **Higher global oil prices will raise the government's collections from value-added tax (VAT) slapped on the commodity by P14 billion, narrowing the foregone revenues from the looming suspension of excise taxes, the Department of Finance (DOF) said Thursday.** DOF Undersecretary and chief economist Gil Beltran said the net revenue loss would be only P27 billion, taking into account the P41 billion in foregone revenues from suspending the implementation of the fuel excise tax next year. "If the Dubai crude oil price is higher than \$80 a barrel, then there will be additional gains" from the 12-percent VAT take, Beltran said.
<https://business.inquirer.net/259162/high-oil-prices-to-boost-tax-collection-by-p14b>
- ✓ **PROPOSED projects registered with the Board of Investments (BoI) were up 19% in the first nine months, led by energy projects, Trade Secretary and BoI Chairman Ramon M. Lopez said in a statement on Thursday.** BoI-registered investment during the period totaled P455 billion, against P381 billion a year earlier. Mr. Lopez said the investment climate received a boost from the upcoming release of the implementing rules and regulations (IRR) for the expanded Ease of Doing Business Act of 2018 and investment road shows in support of the Strategic Investment Priorities Plan (SIPP). Power projects accounted for P168 billion, up 49% from a year earlier. Manufacturing followed with P104 billion, up from P36 billion a year earlier. Transport and logistics projects accounted for P102 billion, up from P15 billion previously.
<https://www.bworldonline.com/boi-registered-investments-rise-19-in-first-9-months/>
- ✓ **The local financial industry should use technology to bring the benefits of banking to more Filipinos and, in doing so, help the Philippine economy grow faster, a ranking Bangko Sentral ng Pilipinas (BSP) official said on Thursday.** Speaking during the launch of the Digital Transformation Accelerator Program of the central bank and the financial technology unit of telecommunications giant PLDT, BSP Deputy Governor Cyd Tuaño-Amador noted that an estimated 47 million adults are still unbanked or excluded from the formal financial system. "The challenge of financial empowerment continues," she said, explaining that the archipelagic nature of the Philippines' territory, with more than 7,000 islands and a population of over 100 million people of varied cultural backgrounds also makes greater financial inclusion difficult.
<https://business.inquirer.net/259130/bsp-tech-based-financial-inclusion-to-boost-gdp-growth-by-3>
- ✓ **The former head of the Philippine Economic Zone Authority (Peza) urged lawmakers to spare a crucial tax perk that has for long shielded companies from local governments that might strong-arm projects to gain favors.** Former Peza Director General Lilia de Lima said this on Wednesday during the general membership meeting of the Makati Business Club, in reaction to the looming passage of the Tax Reform for Attracting Better and High-quality Opportunities (Trabaho) bill, the second of five packages of the Duterte administration's comprehensive tax reform program. This marked what is possibly the first time the respected figure in the business community aired her grievances over the Trabaho bill, a proposal that threatens the gains the agency had made in the 21 years she led Peza.
<https://business.inquirer.net/259116/keep-peza-firms-tax-perks-govt-urged>
- ✓ **THE Insurance Commission (IC) has set new rules for the regulation and supervision of insurance web aggregators.** The IC said in a statement on Thursday that the so-called "price comparison websites" will now be under the supervision of the commission. Insurance web aggregators are internet-based platforms that provide insurance policy quotations from various insurers based on pre-determined set of needs provided by clients. "With the development and existence of web aggregators for insurance products, we saw the need to require them to register with us and to put in place regulatory requirements aimed at protecting the insuring public," Insurance Commissioner Dennis B. Funa was quoted as saying in the statement.
<https://www.bworldonline.com/ic-sets-rules-for-web-aggregators/>
- ✓ **SMALLER BANKS in the Philippines are not ready to adopt digital technology in offering financial services due to outdated internal systems, according to an industry report, with low willingness to invest for upgrades.** The third Inclusive Digital Finance Report by FINTQnologies Corp. showed roughly 80% of thrift, rural and cooperative banks as well as microfinance firms have "minimal capacity" for digital transformation. Currently, 90% of these financial firms do not have an electronic banking platform. FINTQ, a financial technology firm, conducted an online survey covering 76 institutions to measure their commitment, awareness, readiness and adaptability to latest innovations for digital banking. Firms were then scored using a 100-point scale, with a higher score signalling better preparedness to offer electronic services.
<https://www.bworldonline.com/small-lenders-not-prepared-for-shift-to-digital/>
- ✓ **Majority of financial institutions in the Philippines have "minimal" capacity for digital transformation (DX), a survey by FINTQnologies Corp. released on Thursday showed.** Eighty percent of financial institutions in the country are either "pack followers" or "laggards" when it comes to digital transformation, FINTQ, the financial technology arm of Voyager Innovations Inc., said. The survey polled 76 chief executives of member financial institutions of the Chamber of Thrift Banks (CTB), the Rural Bankers Association of the Philippines (RBAP), and the Microfinance Council of the Philippines (MCPI). The results were merged with the "Inclusive Digital Finance 2018" Report officially launched at the Bangko Sentral ng Pilipinas (BSP) headquarters in Manila City on Thursday.
<http://www.gmanetwork.com/news/money/companies/671648/most-thrift-rural-cooperative-banks-not-ready-for-digital-transformation/story/>
- ✓ **THE National Food Authority (NFA) awarded only three rice import contracts on Thursday accounting for 47,000 metric tons (MT), a small fraction of the 250,000 MT it was authorized to order, as most of the 14 bidders made offers far above the agency's reference price.** Thai Capital Crops Co. Ltd. was awarded 18,000 MT at \$426.30 per MT to be landed in Batangas. Vietnam Southern Food Corp. (Vinafood II) won the bid for 15,000 MT at \$427.68 MT per MT, to be landed in Tabaco, Albay; and Vietnam Northern Food Corp. (Vinafood I) obtained an order for 14,000 MT at \$427.50 per MT to be landed in Iloilo and Bacolod. NFA's reference price was \$428.18 per MT, while most offers were at \$458 to \$478.48. According to NFA Deputy Administrator Judy Carol L. Dansal, the agency will rebid the remaining contracts, subject to discussions by the governing NFA Council.
<https://www.bworldonline.com/nfa-import-deals-face-rebid-as-sellers-hold-out/>
- ✓ **THE GOVERNMENT will continue with its plan to suspend the scheduled increase in the fuel excise tax in 2019, the Department of Finance (DoF) said, although volatility in the oil futures market is strengthening the hand of officials who want the tax increase to go ahead.** Tax reform legislation permits the suspension of the fuel excise tax hike if Dubai crude, the price benchmark for Asia, averages \$80 per barrel or higher for three months. The benchmark was exceeded starting late September, prompting the government to call for the suspension of the increase even before the three-month trigger period, an indication that it was under pressure to act on rising inflation. Since the suspension was first proposed, futures contracts for Dubai, crude, the benchmark for Asia, have occasionally dipped below the \$80 level. The DoF presented data on Wednesday showing the Dubai futures contracts for November and December delivery falling below \$80 per barrel, an indicator of possible price trends for the commodity. The spot price was above \$80 at mid-October.

<https://www.bworldonline.com/suspension-of-fuel-excise-hike-still-on-but-doubts-creep-in/>

- ✓ **THE Department of Finance (DoF) said profitable companies availed of tax incentives worth P86.3 billion in 2015 while smaller companies paid the full 30% corporate income tax, as the department built its case for rationalizing incentives as proposed in pending legislation.** The DoF said companies that received a total of P86.3-billion worth of tax incentives in 2015 also paid out dividends worth P141.8 billion to their shareholders, based on data from the Securities and Exchange Commission (SEC) and the various investment promotion agencies (IPAs). "This means that while SMEs (small and medium enterprises), which employ about 65% of Filipino workers in the country, have to pay the steep CIT of 30%, the favored big corporations get sizeable tax breaks that enable them to award huge dividends to their stockholders," Finance Undersecretary Karl Kendrick T. Chua said.
<https://www.bworldonline.com/dof-says-profitable-firms-enjoyed-p86b-worth-of-incentives-in-2015/>
- ✓ **SCIENTIFIC proficiency at the local government unit (LGU) level is required to help them deal with climate change, an academic said.** In a presentation at the 6th Asia-Pacific Climate Change Adaptation Forum held at the Asian Development Bank on Wednesday, Juan M. Pulhin, a professor and former dean of the University of the Philippines Los Baños (UPLB) College of Forestry and Natural Resources, said LGUs need to be capable of employing technology to come up with proper assessments in their jurisdictions. "Science has the ability to look forward which may be beyond the local knowledge experience. The challenge is how integrate science tools and local knowledge to improve assessments," Mr. Pulhin said. "The LGU is at the forefront in battling climate change at the local level. They're the intermediary between the national government on one hand and the community on the other," according to Mr. Pulhin.
<https://www.bworldonline.com/lgus-need-upgraded-technical-skills-to-fight-climate-change-professor/>
- ✓ **The governments of Hungary and the Philippines will hold the first meeting of their Joint Economic Committee (JEC) in the first half of 2019, according to Hungarian Deputy Chief of Mission David Ambrus.** Mr. Ambrus, who was recently in Davao for the opening of an Honorary Consulate in this city, said the JEC was established through the bilateral Agreement on Economic Cooperation (AEC) signed on March 28, 2017 and ratified by both sides. Mindanao Honorary Consul Mary Ann M. Montemayor said the Davao office indicates the southern island's role in the economic cooperation of both countries. "It is our ardent hope that Davao could provide valuable opportunities in deepening the economic engagement of Hungary in the country and develop a mutually rewarding partnership," she said during the formal opening of the consulate.
<https://www.bworldonline.com/hungary-phl-to-hold-first-joint-economic-meeting-in-early-2019/>
- ✓ **THE Philippines on Wednesday formally awarded a petroleum service contract (PSC) to Israeli firm Ratio Petroleum Ltd. for the exploration of an area in the east Palawan basin, a move which the Energy department said bodes well for country's upstream petroleum industry.** The ceremonial signing, which took place at the Heroes Hall of Malacañan Palace, was led by President Rodrigo R. Duterte and Energy Secretary Alfonso G. Cusi on behalf of the Philippines, and Itay Raphael Tabibzada, president and chief executive officer of Ratio Petroleum. Mr. Cusi said the awarding of the service contract also boosts the economic relations between the Philippines and Israel. The PSC for Area 4 in the Palawan basin is part of the DoE's fifth Philippine Energy Contracting Round (PECR), which was launched in May 2014.
<https://www.bworldonline.com/phl-signs-oil-exploration-deal-with-israels-ratio-petroleum/>
- ✓ **PETRON CORP. is planning to add a new petroleum refinery in Bataan that will boost its capacity by 100,000 barrels daily.** "We are set to recommend to the board of Petron to build a new refinery of 100,000 barrels a day," Ramon S. Ang, Petron chief executive officer and president, told reporters at the sidelines of the 44th Philippine Business Conference and Expo at the Manila Hotel on Thursday. "Once the board approves we can start negotiating with the vendor and so maybe we can start building by next year," he added, noting that construction of the facility may take three to four years to complete. Mr. Ang said the company will shell out an initial \$3 billion for the additional refinery that will produce high-grade or Euro 6 petrochemical, diesel and gasoline.
<https://www.bworldonline.com/petron-planning-new-refinery-in-bataan/>
- ✓ **SAN MIGUEL Holdings Corp. (SMHC) has committed to shouldering the costs for right-of-way acquisition and local government permits for its proposed New Manila International Airport in Bulacan in order to secure the go signal from the Department of Transportation (DoTr).** San Miguel Corp. (SMC) President Ramon S. Ang said SMHC volunteered to pay for these expenses just to reach an agreement with the government. "Sabi ko, halimbawa sagutin na namin lahat ito, sagot na namin yung pagbabayad ng right-of-way, sagot na rin namin yung local government, in short sagot na namin lahat... para wala na tayong pag-aawayan. Dun nagtatapos yung usapan na five hours na yan [I said, if for example we shoulder everything, we shoulder the costs for right-of-way, we shoulder the costs with the local government, in short we shoulder everything... so we would end this argument. That's how the five-hour meeting ended]," Mr. Ang said during the 44th Philippine Business Conference and Expo at the Manila Hotel on Thursday.
<https://www.bworldonline.com/smhc-to-pay-for-right-of-way-acquisition-permits-for-airport/>
- ✓ **PHOENIX Petroleum Philippines, Inc. said its board of directors had approved the issuance of commercial papers amounting to up to P10 billion, of which an initial series amounting to P7 billion are to be offered this year, the company told the stock exchange on Thursday.** With the board approval, Phoenix Petroleum said the Securities and Exchange Commission (SEC) had accepted the registration of the company's commercial papers on Thursday in accordance with the implementing rules and regulations of the Securities Regulation Code. The company has appointed PNB Capital and Investment Corp. as the sole issue manager for the commercial papers program, as well as the lead underwriter and sole bookrunner for the initial series. Phoenix Petroleum said it will use 70% of the proceeds or around P4.9 billion for the importation of fuels and lubricants. The rest will be used to repay short-term loans with BDO Unibank, Inc., Asia United Bank Corp., Robinsons Bank Corp., United Coconut Planters Bank, and Development Bank of the Philippines, which are due in December.
<https://www.bworldonline.com/phoenix-petroleum-to-issue-up-to-p10-b-commercial-papers/>
- ✓ **Philippine conglomerate San Miguel Corp. said it is looking to raise about \$920 million through a sale of shares in its food unit, slashing the size of the offering by almost half due to weakness in the stock market.** The sale of a minority stake in San Miguel Food and Beverage is part of the parent firm's restructuring plan that was announced in August 2017. In a regulatory filing to the stock exchange, the food unit said San Miguel is seeking to sell a total of 523 million shares in a price range of P85 to P95 per share. This excludes an over-allotment option of up to 15 percent of the offering. The price range compares with regulatory filing figures of up to 1.02 billion shares on offer and of up to P140 per share, a premium of about 75 percent to the unit's trading price at the time of the announcement of the plan.
<https://www.bworldonline.com/san-miguel-halves-food-unit-share-sale-seeks-920-million/>
- ✓ **UPS has expanded its package-delivery management service UPS My Choice to 96 countries and territories, including the Philippines.** In a statement, UPS said the service will be introduced in 13 markets in Asia Pacific, including Australia, China, Japan,

Philippines, Singapore, South Korea, Thailand, and Vietnam. UPS said this was the biggest expansion since UPS My Choice was launched seven years ago. Membership in UPS My Choice has surpassed the 52-million mark worldwide. "For consumers globally and in the Philippines, the growing demand for convenience and customization are top priorities when it comes to online shopping," Chris Buono, managing director of UPS Philippines, was quoted as saying in a statement.
<https://www.bworldonline.com/ups-my-choice-service-introduced-in-ph/>

- ✓ **DRINK Sustainability Communications is taking the lead in delivering sustainability reports for local firms, as more companies rush into incorporating sustainability programs into their business strategies.** Established in 2010, Drink started out as a creative advertising agency that came up with usual ad materials such as flyers, pamphlets, and brochures. About four years into the business, founder Harris Guevarra saw an opportunity to specialize in sustainability reporting with the growing demand for the service. "There's this new trend in business, a new service that nobody knows how to do, so I can study it, I can lead the game on that type of service. That was my mind-set... I started with a client (who first approached us to do it), and so we had a sample report. And then clients have been approaching us ever since to help them write the report," Mr. Guevarra told BusinessWorld in an interview in Makati City.
<https://www.bworldonline.com/drink-helps-firms-deliver-sustainability-reports/>
- ✓ **CEMEX Holdings Philippines, Inc. (CHP) is earmarking \$235 million for the new integrated cement production line at its subsidiary's plant in Antipolo City, Rizal.** In a disclosure to the stock exchange, the listed firm said Solid Cement Corp. signed project agreements with China's CBMI Construction Co., Ltd. for the procurement, construction and installation of the expanded cement production line at the Antipolo plant. "As of October 18, 2018, the estimated investment in the new integrated cement production line is approximately \$235 million," CHP said. The company said it will source funds from any of the combination of the following: "free cash flow, debt from any subsidiary of CEMEX, S.A.B. de C.V. (the ultimate parent company of CHP), debt from one or more financial institutions and/or proceeds from one or more capital market transactions."
<https://www.bworldonline.com/cemex-invests-235m-for-antipolo-plant-expansion/>
- ✓ **Ayala Land Inc., through mid-range brand Avida Land Corp., said it was spending about P7.4 billion for Avida Towers Verge, a three-tower project on Reliance Street corner Mayflower Street.** The builder said that the first tower, which will have 34 floors with over 1,000 units on offer, is expected to begin construction by early 2019 and is scheduled for completion in December 2023. "Mandaluyong is a prime real estate hotspot," Pol Tanco, Avida Land Vice President for Project and Strategic Management Group, said on Wednesday. "Its condo market is the country's most buoyant, with demand often outstripping supply."
<https://business.inquirer.net/259156/ayala-invests-p7-4b-in-avida-towers-verge>
- ✓ **Toshiba Energy Systems & Solutions Corp. has signed with National Electrification Administration a memorandum of understanding on jointly developing a project that will use hydrogen as fuel for generating electricity in the Philippines.** Under the MOU, Toshiba ESS and NEA will study the installation site, the optimum system specifications in the Philippines, and the operation system, including maintenance of the former's proprietary H2One technology. According to Toshiba ESS, the pact with NEA will accelerate business prospects for solutions to energy-related challenges in the Philippines.
<https://business.inquirer.net/259146/toshiba-nea-ink-mou-on-hydrogen-project>
- ✓ **The Asia Video Industry Association (AVIA) recently announced that Netflix has joined as a Patron member, alongside Globe Telecom as a Corporate member, strengthening the mandate of the Association to represent the interests of companies across the broader video industry in Asia.** Additionally, in joining AVIA, Netflix has increased their role in supporting the industry by committing to becoming a Steering Committee member for the Coalition Against Piracy (CAP); piracy being one of the central pillars of the newly refocused Association.
<https://business.inquirer.net/259122/avia-announces-new-members>



- ✓ **Asian stocks were capped and the dollar rose to a one week-high in early Thursday trade after the minutes of the Federal Reserve's latest meeting showed broad agreement among board members on the need to raise borrowing costs further.** The specter of rising US dollar yields, which along with global trade tensions were at the center of last week's global equities rout, kept riskier appetite in check in Asia. MSCI broadest index of Asia-Pacific shares outside Japan fell 0.2 percent, while the Australian benchmark also dropped 0.2 percent.
<http://www.gmanetwork.com/news/money/economy/671644/dollar-at-1-week-high-after-hawkish-fed-minutes-asia-stocks-capped/story/>
- ✓ **Japan's core consumer prices rose 1.0 percent in September from a year earlier, government data showed, a sign a moderate economic expansion continues to underpin inflation - but not yet enough to push it near the central bank's 2 percent target.** The increase was driven mostly by higher oil costs with other items showing only feeble price rises, underscoring the challenge the Bank of Japan faces in achieving its elusive price goal as the economy shows some signs of peaking. The rise in the nationwide core consumer price index (CPI), which strips away the effect of volatile fresh food costs, matched a median market forecast and slightly faster than a 0.9 percent gain in August. The pace of increase was the fastest since February, when core CPI also rose 1.0 percent.
<https://www.reuters.com/article/us-japan-economy-inflation/japan-inflation-ticks-up-as-oil-rises-boj-target-remains-elusive-idUSKCN1MS3BJ>
- ✓ **China's third-quarter GDP data on Friday is expected to show growth slipped to its weakest pace since the global financial crisis, as domestic demand faltered and exporters started to feel the pinch from a bitter Sino-U.S. trade dispute.** In a warning this week, Chinese Premier Li Keqiang said the Asian economic powerhouse faces increasing downward pressure, and pledged the government will take targeted measures to prevent large fluctuations in growth. A Reuters poll of analysts underscored the dimming outlook for the world's second biggest economy, with forecasts centering on growth at 6.6 percent in the June-Sept quarter from a year earlier - the weakest pace since the first quarter of 2009. The predicted third-quarter growth compared with 6.7 percent rate in the previous quarter but would still be

higher than the government's full-year target of around 6.5 percent.

<https://www.reuters.com/article/us-china-economy-gdp/chinas-third-quarter-gdp-growth-set-to-hit-weakest-since-2009-amid-trade-war-strain-idUSKCN1MS3B1>

- ✓ **U.S. stocks fell more than 1 percent on Thursday as the European Commission issued a warning regarding Italy's budget and concerns mounted over the possibility of strained relations between the United States and Saudi Arabia, further denting investors' appetite for risk amid global trade tensions and rising interest rates.** The benchmark S&P 500 index closed just above its 200-day moving average, a key indicator of long-term price trends. S&P 500 technology and consumer discretionary stocks fell more than 2 percent, as did the tech-heavy Nasdaq. Among the S&P's major sectors, only utilities and real estate, considered defensive, avoided losses.
<https://www.reuters.com/article/us-usa-stocks/wall-st-slides-as-saudi-arabia-italy-add-to-economic-concerns-idUSKCN1MS1Q1>
- ✓ **European shares swung back into the red on Thursday as fears of rising rates and disappointing earnings from U.S. industrials dragged Wall Street down, while HeidelbergCement's profit warning sank European construction stocks.** The euro zone's leading stocks index .STOXX50E attempted a recovery but finished the day down 1 percent while the pan-European STOXX 600 index slipped 0.5 percent and Germany's DAX .GDAXI slid 1.1 percent. A weaker open on Wall Street sent European stocks south. U.S. stocks fell across the board as weak earnings reports from industrial firms triggered worries over climbing costs and the impact of tariffs.
<https://www.reuters.com/article/us-europe-stocks/european-shares-surrender-to-falling-bank-tech-stocks-as-wall-street-slides-idUSKCN1MS0Z0>
- ✓ **US central bankers see no reason to pause the current course of gradual rate hikes that have infuriated President Donald Trump and some even say the Federal Reserve may soon need to slow the economy, according to meeting minutes released Wednesday.** But, amid brisk American expansion, some Fed policymakers also warned of looming dangers to the world economy, such as the potential for a strengthening US dollar and possible contagion from sputtering emerging markets, according to minutes from the Fed's most recent meeting three weeks ago. The Federal Reserve's steady increases in benchmark lending rates have enraged the president, who has called the bank "crazy," "loco" and his "biggest threat," in contrast to previous presidents who in recent decades refrained from comment on decisions of the independent Fed.
<https://business.mb.com.ph/2018/10/18/further-us-rate-hikes-most-likely-needed-fed-minutes/>
- ✓ **Goldman Sachs economists on Thursday said the firm remained "comfortable" with its call for five more interest rate hikes — two more than priced in financial markets — through the end of 2019.** In a note to clients, Goldman said it feels the Federal Reserve needs to generate a significant tightening in financial conditions to slow the economy to its potential growth pace sooner rather than later, and "that this will require delivering significantly more hikes than priced in the curve."
<https://www.reuters.com/article/us-goldman-sachs-fed/goldman-sachs-sees-five-more-fed-rate-hikes-through-end-of-2019-idUSKCN1MS31J>
- ✓ **New applications for U.S. unemployment benefits dropped last week and the number of Americans on jobless rolls fell back to levels last seen in 1973, suggesting a further tightening in labor market conditions.** The labor market strength was also underscored by another report on Thursday from the Philadelphia Federal Reserve showing manufacturers in the mid-Atlantic region boosting employment and increasing hours for workers in October. That, together with a robust economy likely keep the Federal Reserve on course to increase interest rates again in December. The U.S. central bank raised rates in September for the third time this year and removed the reference to monetary policy remaining "accommodative."
<https://www.reuters.com/article/us-usa-economy/u-s-weekly-jobless-claims-data-bolsters-labor-market-outlook-idUSKCN1MS1ZY>
- ✓ **The United States is requesting that a World Trade Organization dispute resolution panel get involved in a clash over international retaliation over U.S. tariffs on steel and aluminum, according to a U.S. official familiar with the matter.** The requests, filed on Thursday, cover tariffs by China, the European Union, Canada and Mexico, which followed the United States imposing a 25 percent duty on steel imports and a 10 percent tariff on aluminum imports, which it justified on national security grounds.
<https://www.reuters.com/article/us-usa-wto-metals-exclusive/exclusive-u-s-asks-for-wto-panel-over-metals-tariff-retaliation-idUSKCN1MS39E>
- ✓ **The Trump administration announced Wednesday that it plans to withdraw from an international treaty on postal rates in another move aimed at pressuring China amid broader trade and political disputes.** The United States intends to exit the system of setting postal rates for smaller packages under the Universal Postal Union "as soon as practical" and no later than Jan. 1, 2020, said a statement released by the White House press secretary. The United States will also file notice formally withdrawing from the union, which dates to 1874, the statement added. The UPU, which comprises 192 countries, sets lower prices for small packages coming from emerging and developing countries, a group that still includes China. The UPU, which is based in Berne, Switzerland, confirmed that it received official notice of the US plans. UPU Director General Bishar Hussein "regrets" the decision and will seek to meet with US representatives to "further discuss the matter," the UPU said in a press release.
<https://business.mb.com.ph/2018/10/18/trump-plans-us-exit-from-international-postal-treaty/>



- **Basic Leadership and Effective Supervision Seminar (BLESS Program) for Bank Supervisors – 19 Oct 2018**
- **Related Party Transactions – 19 October 2018**
- **Interest Rate Swaps/Currency Swaps – 20 October 2018**
- **Signature Verification and Forgery Detection – 20 October 2018**
- **BSP Cir. No. 1011: Guidelines on the Adoption of the Philippine Financial Reporting Standard (PFRS) 9 - Financial Instruments – 26 October 2018**
- **Bootstrapping/Forward Rate Agreements – 27 October 2018**
- **Developing the Courses on Finance and Audit in the Banking Community: A Program for Subject Matter Experts-Day 2 – 27 October 2018**
- **Interest Rate Options, Eurodollar Futures – 10 November 2018**
- **Embedding Risk in New Product Development – 15 November 2018**
- **Accounting for Non-Accountants with Financial Statements Analysis – 16 & 17 November 2018**
- **Fraud Risk Management – 17 November 2018**
- **Financials Options – 17 November 2018**
- **Know Your Cybersecurity Resiliency – 22 November 2018**
- **Identity Theft: How to Effectively Combat It – 24 November 2018**
- **Counterfeit Detection (Includes Third Currencies) – 24 November 2018**

- **BSP Cir. No. 1011: Guidelines on the Adoption of the Philippine Financial Reporting Standard (PFRS) 9 - Financial Instruments – 26 November 2018**
- **BSP Cir. No. 706 as Amended by BSP Cir. No. 950, AMLA Law, and the AML Risk Rating System – 07 December 2018**
- **Signature Verification & Forgery Detection – 12 January 2019**
- **Minimum Prudential Liquidity Requirements and Risk Management Guidelines (Highlighting BSP Cir. Nos. 981 & 996) - For Universal Banks and Commercial Banks – 18 January 2019**
- **Compliance with Operational Risk Management Guidelines – 22 February 2019**
- **Signature Verification & Forgery Detection – 13 April 2019**

For details, please contact BAIPHIL via telephone (853-4457/519-2433) or email (training@baiphil.org).





BANKERS INSTITUTE OF THE PHILIPPINES, INC.
invites you to its
4th General Membership Meeting

BAP DIRECTIONS FOR 2019 AND BAIPHIL LINKAGES

MR. BENJAMIN P. CASTILLO
Managing Director
Bankers Association of the Philippines

26 October 2018, Friday, 12:00NN

Legaspi I, Makati Diamond Residences
118 Legaspi St., Legaspi Village, Makati City



BANKERS INSTITUTE OF THE PHILIPPINES, INC.

30TH BAIPHIL CONVENTION

14-16 March 2019, Thursday-Saturday

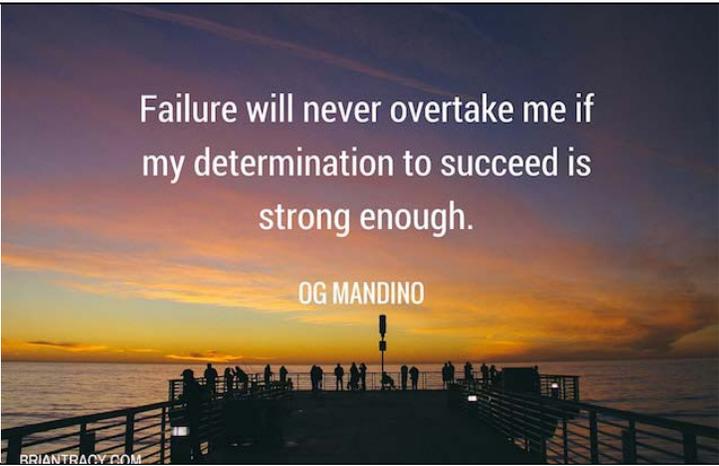
Baguio Country Club, Country Club Rd.
Camp John Hay, Baguio City

OCTOBER BIRTHDAY CELEBRANTS

OCTOBER 16-31



Anna Lorraine J. Maur – Rizal Bank, Inc.
Aristeo P. Zafra, Jr. – BancNet, Inc.
Andres M. Cornejo – Producers Savings Bank Corp.
Ofel M. Gonzalez – Associate Life Member
Belinda C. Rodriguez – Philippine Business Bank
Jose Q. Dy – Philippine Clearing House Corp.
Maria Rachelle A. Fajatin – Equicom Savings Bank
Irma C. Surtida – United Coconut Planters Bank
Benedict A. Ame – CARD SME Bank, Inc.
Catalina R. Avila – Development Bank of the Philippines
Jose Misael B. Moraleda – Camalig Bank, Inc.



REFERENCES

- 1 Reuters: <https://www.reuters.com/finance/currencies>
- 2 Philippine Dealing System: <http://www.pds.com.ph/>
- 3 Philippine Stock Exchange: <http://www.pse.com.ph/stockMarket/home.html>
- 4 Reuters: <https://www.reuters.com/markets/stocks>
- 5 Bloomberg: <https://www.bloomberg.com/markets/commodities>
- 6 CNN Money: <https://money.cnn.com/data/bonds/>

OTHER REFERENCES / EXTERNAL LINKS

- | | |
|--|--|
| <ul style="list-style-type: none"> ➢ Philippine Stock Exchange: http://www.pse.com.ph/stockMarket/home.html ➢ Philippine Dealing System: http://www.pds.com.ph/ ➢ GMA News Online: http://www.gmanetwork.com/news/ ➢ BPI Asset Management: https://www.bpiassetmanagement.com/ ➢ Business World: http://bworldonline.com/ ➢ Philippine Daily Inquirer: http://business.inquirer.net/ ➢ Philippine Star: https://www.philstar.com/business/ ➢ ABS-CBN News: http://news.abs-cbn.com/business/ ➢ Manila Bulletin: https://mb.com.ph/ ➢ Manila Standard: http://manilastandard.net/ ➢ Philippine News Agency: www.pna.gov.ph ➢ AutoIndustriya: https://www.autoindustriya.com/ ➢ The Wall Street Journal: https://www.wsj.com/asia/ ➢ Reuters: https://www.reuters.com/ ➢ Bloomberg: https://www.bloomberg.com/markets/ ➢ Business Mirror: https://businessmirror.com.ph/ | <ul style="list-style-type: none"> ➢ CNN Money: http://money.cnn.com/ ➢ Bangko Sentral ng Pilipinas: http://www.bsp.gov.ph/ ➢ Bankers Association of the Philippines: http://bap.org.ph/ ➢ Bureau of Treasury: http://www.treasury.gov.ph/ ➢ Philippine Statistics Authority: https://psa.gov.ph/ ➢ Trading Economics: https://tradingeconomics.com/ ➢ South China Morning Post: http://www.scmp.com/ ➢ Japan Times: https://www.japantimes.co.jp ➢ The Japan News: http://www.the-japan-news.com ➢ Market Watch: https://www.marketwatch.com/ ➢ Asia Nikkei: https://asia.nikkei.com/ ➢ Straits Times: https://www.straitstimes.com/global ➢ Channel News Asia: https://www.channelnewsasia.com/ ➢ CNBC: https://www.cnbc.com/ ➢ The New York Times: https://www.nytimes.com/ ➢ Gulf News: https://gulfnews.com/ ➢ KGFO: http://kfgo.com/news/ |
|--|--|

COMPILED AND PREPARED BY: CARLOTA BACANI, CORPORATE COMMUNICATIONS AND INFORMATION EXCHANGE COMMITTEE

DISCLOSURE: The BAIPHIL Market Watch (BMW) is for informational purposes only. The content of the BMW is sourced from third party websites and may be subject to change without notice. Although the information was compiled from sources believed to be reliable, no liability for any error or omission is accepted by BAIPHIL or any of its directors, officers or employees, and BAIPHIL is not under any obligation to update or keep current this information.

[Go To Homepage](#)