



ASIASEC EQUITIES, INC.

Market Wrap

Thursday, Nov 18, 2021

Stocks decline

US shares fell on concern that inflation could pose a challenge to the global economic rebound, forcing central banks to raise interest rates sooner than expected. Traders took some risk off the table as data signaled homebuilders are struggling to break ground on projects amid high material prices and ongoing labor shortages. Target Corp. issued a warning that cost pressures are creeping up, stoking fears they will dent profits at retailers.

Meantime, there is a growing chorus of Wall Street banks that are wagering that the Federal Reserve will hike rates faster-than-expected, with Citigroup already joining Morgan Stanley in backing that the central bank does that. Spread on Eurodollar futures is a popular method used to position for trades on the Fed's expected path. Yesterday, Citi's analysts recommended a June 2022-June 2025 Eurodollar steepener, a trade that would profit if the additional rate-hike premium is priced into that part of the yield curve. Those at Morgan Stanley are currently backing a similar trade, but targeting steeper spread between Sept 2022- Dec 2023 contracts.

Local shares ended lower for the 3rd time this week as investors are waiting for development on the BSP's Monetary Board meeting today. The main index fell 0.7% to 7,299.34 to close at its lowest level since Nov 4. Value turnover hit P7.82bn but net foreign activity reverted back into NFS of P590mn. Back to the MB meet, the consensus is that the central bank will keep rates status quo even though there is the threat of inflation. The BSP had previously reiterated that it wants to keep interest rates low in order to support the economic recovery. We think any upward adjustments will be avoided particularly with the national elections in May next year.

MONDE ended most active as it dropped 1.6% to P17.84. Among index stocks, it was telecom shares that led the fall with CNVRG declining 5% to P32.30, TEL -0.6% to P1698, and GLO -0.8% to P3440. JFC managed to buck the weakness as it increased 1.8% to P249.20. Today is the ex-date for JFC's cash dividend of P0.89/share. VLL also increased 1.9% to P3.83 as the company said that 9M21 income rose 9% to P6bn. Officials said that improving margins helped attain the result as it implemented various operational efficiency programs during the pandemic. Outlook for the company remains positive given the increase in OFW remittances, which is still their key driver for their sales.

Meantime, the final month for the year will be busy for additional IPOs and FOO with the SEC green-lighting the offers of Citicore Energy REIT, Figaro Coffee and Arthaland's FOO. This still excludes Medilines (MEDIC), which will already start its offer period next week. MEDIC is the first pure-play on healthcare to be listed as it distributes medical equipment. The 2-decade old company is owned by Virgilio Villar, younger brother of ex-Senate President Villar.

Daily Advances & Declines

Day	Mon	Tue	Wed	Thu	Fri
PSEi	7,342.37	7,367.42	7,349.82	7,299.34	
Change in PSEi	-40.47	+25.05	-17.60	-50.48	
Cumulative change	-40.47	-15.42	-33.02	-83.50	
Value turnover (Pm)	7,956	9,518.7	7,456.8	7,820	
Issues traded	237	247	246	241	
Advances	71	88	101	55	
Declines	124	113	87	141	
Unchanged	42	46	58	45	
Net advances	-53	-25	+14	-86	
Cumulative net advances	-53	-78	-64	-150	
Net Foreign Buying/ (Selling) (Pm)	(342.4)	863	183.9	(589.9)	

Top Ten Actives	Close	% Change	Value (PhPmn)
MONDE	17.84	-1.55	829.32
CNVRG	32.30	-5.00	620.29
SGP	15.38	-2.41	310.51
URC	131.30	-1.28	308.96
ACEN	12.04	+0.33	291.75
GLO	3440.00	-0.81	287.00
SM	975.00	0.00	257.92
JFC	249.20	+1.75	226.64
TEL	1698.00	-0.59	218.40
ICT	192.90	-0.98	214.78

Asian Markets			Asian Currencies		
	Last	% Change	Last	% Change	
Japan	29470.44	-0.73	Yen	114.07	+0.01
Hongkong	25305.07	-1.35	HK\$	7.76	0.00
Singapore	3234.08	+0.04	Sing\$	1.3565	-0.06
Philippines	7299.34	-0.69	Peso	50.26	+0.13
Malaysia	1521.68	-0.23	Ringgit	4.1806	+0.04
Thailand	1649.71	+0.31	Baht	32.614	+0.05
Indonesia	6630.031	-0.69	Rupiah	14266	+0.06
Australia	7385.500	+0.21	Aus\$	0.7274	+0.10
Korea	2957.49	-0.17	Won	1179.20	+0.12

Peso/Dollar Update			
PDS Weighted Ave.	50.309	High	50.375
Change	+0.13 %	Low	49.255
Volume	809.7mln	Close	50.26

As of 2pm

Overnight Foreign Quote	Close	Change
Dow Jones	35931.05	-211.17
NASDAQ	15921.57	-52.29
S&P 500	4688.67	-12.23
PHI (PLDT-US)	US\$34.18 (P1719.25)	-\$0.48
Manulife (MFC-US)	US\$20.31 (P1021.59)	-\$0.23
Sun Life (SLC-US)	US\$56.15 (P2824.35)	-\$0.07
NY Gold Spot	US\$1865.90	-\$1.60
NY Copper	US\$425.50	-\$1.70
LME Nickel	\$19350	-\$40
LME Nickel WH Level	126090	-0.01%
Nymex	\$77.48	-\$0.88
Crude (Dubai)	\$80.76	-\$0.91