



Market Update

First Issue: April 2019

Stock prices of local companies increased in 2019 due to the Net Foreign Purchases of \$816.6M as of April 30. Investor sentiment is generally positive as trade negotiations between US and China has continued to move smoothly. Concerns about high consumer prices last year have also been mitigated as inflation came back to manageable levels.

Recently, S&P Global Ratings has given the highest long-term credit rating on the Philippines to 'BBB+' from 'BBB' as they continue to see above-average economic growth, healthy external position, and sustainable public finances.




Featured Topic : Credit Rating

What are credit ratings?

Credit ratings are opinions about the ability and willingness of a borrower, such as a corporation or a government, to pay back their debt and interest in full and on time.

How does a credit rating upgrade affect the Philippine markets?

A credit rating upgrade is a vote of confidence from an international rating organization of our country's strong ability to pay debt. This potentially lowers the government's loan interests allowing projects to be funded at a lower cost. The country's improved economic and financial outlook also tend to attract capital from foreign investors.

| Name | YTD Performance | Key Updates |
|--|-----------------|--|
|  Chinese Tycoon Fund | +5.7% | Inflation came in at a manageable 3.0% for April 2019, coming from a high 6.7% last year and back within the target 2-4% of Bangko Sentral ng Pilipinas for 2019. The Chinese Tycoon fund which is filled with consumer giants such as SM Prime Holdings, JG Summit and Jollibee is poised to benefit from this breathing space. |
|  Spanish American Fund | +7.3% | The Spanish American Fund has concentration on property and utility companies. As a result of the national budget delay, public spending growth slowed to 7.4% after growing 14% last year. With the budget recently approved, the Philippine government aims to accelerate implementation to catch up. |
|  Wealth Equity Fund | +5.7% | Backed by positive global investor sentiment and manageable inflation, foreign buying of local stocks reached US\$817M – on track to fully reverse last year's total net outflow of US\$1.08B. |

Sources:

https://www.spratings.com/en_US/understanding-ratings#firstPage

<https://www.bworldonline.com/sp-upgrades-philippine-debt-rating/>

<https://asia.nikkei.com/Economy/Philippine-economy-expands-at-slowest-pace-in-four-years>