



Monthly Market Update

Fourth Issue:
September 2019

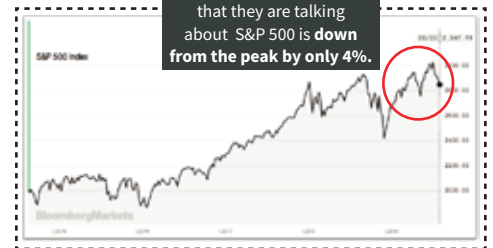
Uncertainties and risks are part of any financial investment that one makes, but decisions regarding where to invest or your next move are best taken when you are fully informed and armed with facts, rather than based on emotions and mere judgement.

Today, in the middle of the ongoing trade war between US and China and with what the media feeds us, it is hard to tell what our next best move should be to stay afloat.



Your investment decisions or actions that are based only on your emotions may affect your long-term investment goals

News today can generate fear. However, looking at the bigger picture and validating facts can lead to better investment decisions.



What are the facts?



GDP is composed of personal consumption, government spending, private spending (US), Capital formation (PH) and Net exports



Trade war only affects the net exports which only has a small impact



Biggest contributor to GDP is consumption which is growing



US Gross Domestic Product (GDP)
% change over previous quarter
+2.1%, \$19,023B



PH Gross Domestic Product (GDP)
% change from last year
+5.47%, ₱2.5B

Remains strong with unemployment at record lows

+4.3%
\$13,241B

PERSONAL CONSUMPTION

+5.56%
₱1,646B

+5%
\$3,298B

GOVERNMENT SPENDING

+6.95%
₱327B

-5.50%
\$3,432B

PRIVATE INVESTMENT

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-8.5%
₱624B

Worries due to the US-China Trade War

-1%
-\$978B

NET EXPORTS
(Goods and services)

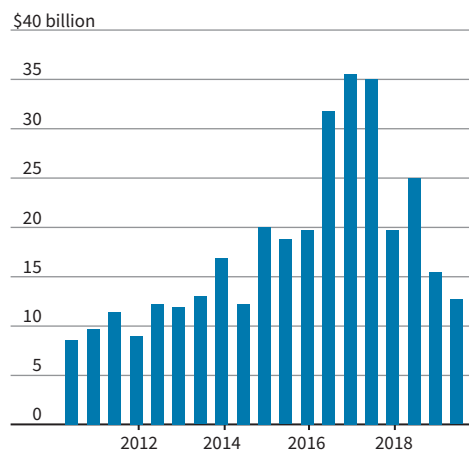
-4.4%
-₱127B

Don't worry about trade war as it has low impact to the economy.

*US-China trade war is also affecting the flow of investment money between the two countries. Cross border investments between US and China dried up and reverted to 2014 levels. However, capital from China constitutes only a small portion of private investment in the United States. Despite the decline in direct investments, private investments in the US remains at near all time highs.

Foreign-Money Decline

Combined direct investment and venture capital flows between the U.S. and China



Source: Rhodium Group

US Private Domestic Investment, in Billions USD

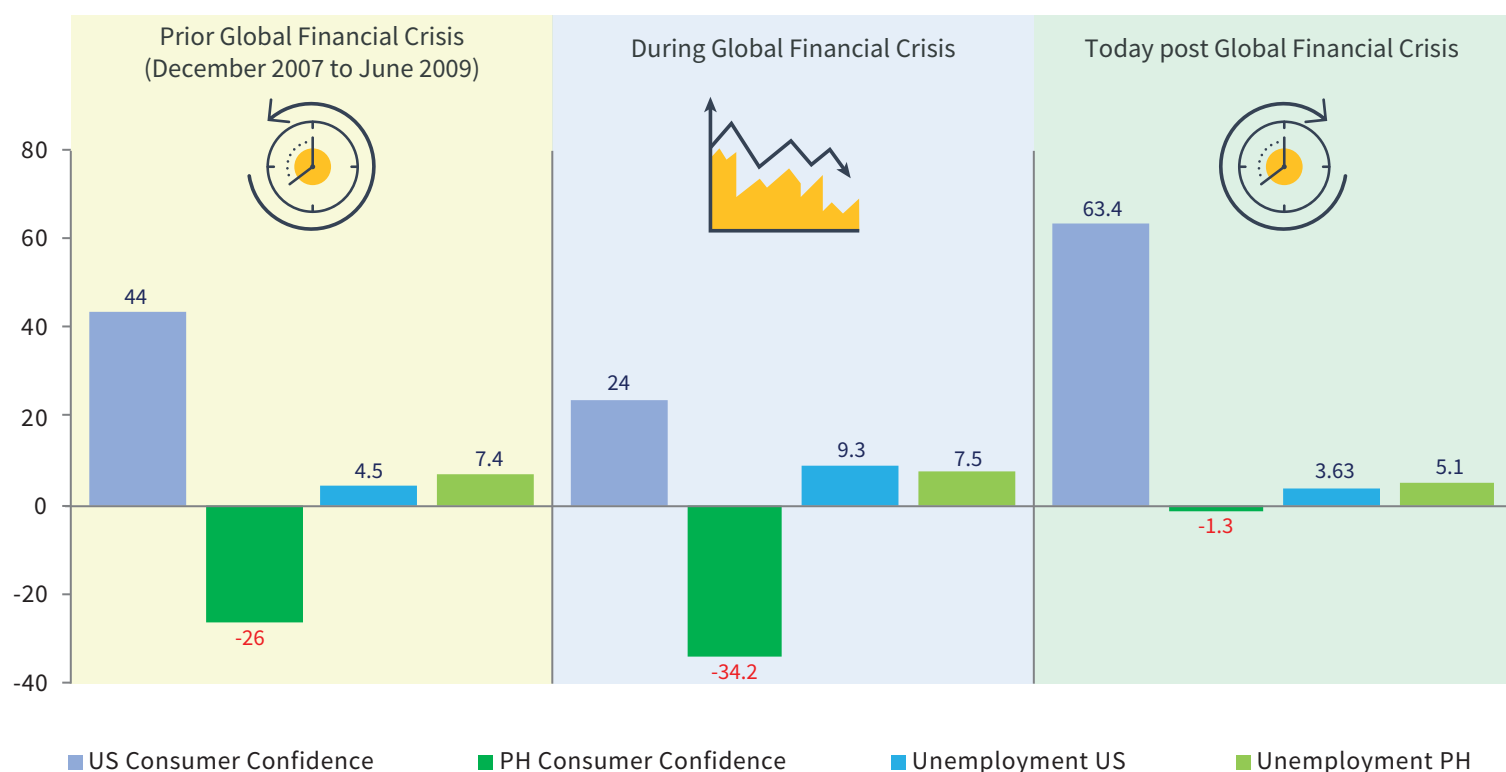
Still near all-time highs despite decline in China-sourced capital



The next rounds of US tariffs on Chinese imports is scheduled to go into effect on Dec. 15. The list of affected products covers about \$156 billion worth of total 2018 imports from China and includes a wide range of consumer goods. That is one of the reasons why we are constantly monitoring our leading economic indicators – as these figures have the potential to forecast where the economy is headed.

Other leading economic indicators are pointing towards slower growth.

Historically, looking at the trend from before the global financial crisis to present, it is evident that both US and PH are not affected. Both countries are on a strong recovery after the global financial crisis and consumer confidence is still growing despite the on-going trade war. Significantly, unemployment rate is currently low, thus improving consumers' purchasing power and fueling economic growth.



Note: In consumer confidence the higher number the better, while for unemployment rates the lower number, the better.

SUMMARY



The US and Philippine economies remain strong, mainly driven by consumption and less by the trade war concerns.



Stay on course on your investment goals. Don't be affected by the short-term market movements.



Invest regularly to minimize the ups and downs of the market.



Diversify your investments

HERE'S WHAT WE RECOMMEND FOR YOU

Wealth Balanced Fund

- The Wealth Balanced Fund gives you a diversified exposure to top corporations listed in the Philippine Stock Exchange and Philippine Government Bonds.
- The lower interest rate environment is beneficial for bond prices, while the equity exposure provides ample opportunities for growth.

Global Dynamic Allocation Fund – Multi Asset

- The Global Dynamic Allocation Fund provides a balanced investment in both global equities and fixed-income that are spread across both developed and emerging markets.
- Handled by top global fund managers.

**Worry less on the present market and focus on your long term investment goals.
Talk to your financial advisor to know more.**

Sources:

US unemployment <https://www.bls.gov/cps/>

PH Unemployment <http://www.psa.gov.ph/statistics/survey/labor-force>

Bloomberg Consumer Comfort Index - Bloomberg

Philippines Overall Consumer Outlook Composite Index - Bangko Sentral ng Pilipinas