

US markets recovered losses, with the Dow Jones closing slightly higher +0.01% to 17,789.67, the S&P +0.11% to 2,099.33, on the first trading day of June, helped by an intraday recovery in oil prices (US crude oil futures -0.18% to \$49.01/bbl) and better-than-expected manufacturing data (51.3 vs. consensus est. 50.5).

PSEi bucked downturn in international markets, surging 99 pts. or 1.34% to 7,500.79.

China's manufacturing index expands for third straight month in May (PMI 50.1 vs. median est. 50). China's economy has been described as - operating steadily, but lacking upward momentum.

Vietnam's Ministry of Health fines URC unit 5.8b dong (\$258,000) for producing, selling products with excessive lead content

MER subsidiary M-Spectrum (vehicle for solar rooftop and utility-scale investments) eyes to build 20MW solar portfolio on its first year of operations

Meralco is actively pursuing RE investments, among other technologies, as part of its diversification from the distribution business.

Moody's: TEL's purchase os SMC telco assets credit negative

Moody's cites possible downgrade as partially debt-funded transaction will raise leverage to 2.5x by year-end, which is upper range of leverage tolerance for its Baa2 issuer rating. Likewise, positive rating action over the next 12 months is unlikely.

TEL's to pay SMC P35 billin - P26 billion cash payment and P9 billion peso assumed debt.

First payment P13.2 billion done May 30; Second payment P6.6 bilion due Dec. 1; Remaining balance due May 30, 2017.

NTC approves co-use by TEL, GLO of frequencies assigned to SMC's ell Telecommunications Philippines Inc. on conditions the broadband and Internet access speed would improve in a year

The cos. are required to submit a progress report on a quarterly basis.

PSE drafts new framework to encourage listing of companies under Public-Private Partnership

Salient items in the proposed rules include easing of track record and operating history requirements. PPP contract must have at least 15 years remaining period of effectivity, setting a minimum project cost of P5 billion, and requiring additional disclosures.

RCB's board of directors approved the hiring of Chester Luy as senior executive vice president and treasurer (effective June 7). RCB also hired Margarita Lopez as first senior vice president and head of the Digital Banking Group.

PSEi	7,500.79 +99.19 +1.34%
Day Range	7,434.55 - 7,507.47
52wk Range	6,084.28 - 7,697.33
Advances - Declines - Unchanged	104 - 73 - 56
Volume (shares)	2.004 billion
Value (Php)	8.170 billion
Block Sale Value (Php bn)	0.894
Foreign Buying (Php)	5.49 billion
Foreign Selling (Php)	5.02 billion
Net Foreign B(S) (Php)	468 million

Most Active	Change	Advancers / Decliners	Change
SMPH	+1.25%	MER	+3.82%
TEL	+2.37%	SM	+3.72%
SECB	-1.38%	BDO	2.87%
JGS	+0.61%	ALI	+2.80%
ALI	+2.80%	TEL	2.37%
GLO	+1.66%	BLOOM	-2.86%
URC	+1.95%	SMC	-2.74%
MPI	+0.66%	MEG	-2.22%
AC	-0.18%	AEV	-1.46%
PGOLD	-0.24%	EDC	-0.88%

WORLD INDICES

Dow Jones	17,789.67	+0.01%
S&P 500	2,099.33	+0.11%
NKY 225	16,955.73	-1.62%
SSEC	2,913.51	-0.11%

CURRENCIES (USD:)

PHP	46.62	
JPY	109.19	
EUR	0.90	
CNY	6.58	

COMMODITIES

WTI Crude (USD/bbl.)	48.90	-0.22%
Brent Crude (USD/bbl.)	49.72	-0.34%
Gold (USD/oz.)	1,212.38	-0.05%
Copper (USD/lb.)	207.45	+0.07%
Nickel (USD/lb)	3.8132	-0.0295
Laterite Nickel Ni 1.5%, Fe15-25% (USD/wmt)	20 - 21	Average 20.5
Laterite Nickel Ni 1.8%, Fe15-20% (USD/wmt)	34 - 36	Average 35

Remittances, BPO Revenues may top \$51 billion this year

ING Bank Manila estimates OF remittances to grow at least 3% to \$26.6 billion, BPO remittances to grow 16% to \$24 billion

BSP reported that OF cash remittances was up 4.4% to \$6.56 billion (1Q16)

Moody's downplayed impact on remittances from the ME due to softening oil prices, citing robust BPO industry, estimating the latter to average growth at 15% in the next 4 years.

Looser fiscal policy: Incoming administration plans to cut income taxes, widening fiscal deficit to the highest since 2010, ramp up on infrastructure spending

Incoming administration seeks to cut personal and corporate taxes within six months. Incoming Budget Secretary Ben Diokno said a comfortable deficit target is 3%. Diokno est. GDP to grow at 6.2% for the year, with expansion slowing in 2H after election spending tapers off.

The incoming administration will also consider revenue-enhancing measures such as higher levies on petroleum products, reduced perks for companies, and an increase in sales tax, once the effect of income-tax cuts on state coffers can be assessed.

Outgoing Finance Minister Cesar Purisima will submit tax reform recommendations to the new administration, including a proposal to lower personal and corporate income taxes to 25% from as much as 32% and 30%, respectively.

REFERENCES Philippine Dailies, PSE, Bloomberg, Reuters, DA Market Securities, Inc. **DISCLAIMER** This report is provided for informational purposes only and is not intended to solicit buying and selling of securities or to participate in any particular trading strategy. DA Market Securities, Inc. (DMSI) makes reasonable effort to use reliable, comprehensive information, but makes no representation or warranties as to the accuracy, completeness, or timeliness of the data provided. DMSI shall not have liability for any damages of any kind relating to such data. This report may not be reproduced or published for any purpose. DA market officers, directors and employees, including persons involved in the preparation or issuance of this report, may have investments in securities or derivatives of securities of the companies mentioned in this report.