

US stocks slightly lower (well off session lows) as gains in utilities offset declines in financials after a sharp miss on the May jobs report lowering expectations of an earlier rate hike. ISM non-manufacturing came in at 52.9 for May, well below April's 55.7 print. The employment component fell to 49.7 from 53.0 in April. RBS said markets are pricing in an 8% chance of a June rate hike, and 33% in July, 54% in September and 90% in December. Meanwhile, the first full rate hike is now factored in for March 2017

PSEi inched up 0.06% to 7,514.22 on Friday. Week-on-week, the index increased 1.38%.

#### MAXS looking to source fresh and dried agricultural products from Leyte, as as part of thrust towards sourcing more ingredients from local suppliers

The Max's Group is looking at buying 3,000 kilos of danggit (sun-dried rabbitfish) a month from the Palompon Women Workers Association (PAWWA).

#### ERC asks MER to support retail competition and open access (RCOA) scheme

On May 27, MER asked a court to rule whether the three resolutions issued by the ERC on RCOA were in accordance with Republic Act No. 9136, or the Electric Power Industry Reform Act (EPIRA) of 2001, and its IRR; as well as temporary restraining order and/or writ of preliminary injunction.

The RCOA allows customers to have the choice as to who will supply their power requirements.

#### SMC plans to build a P100-million 1.9-kilometer toll bridge that will connect the beach community to the mainland, Caticlan.

#### SMPH hires 4 banks to handle sale of fixed-rate bonds (due 2026) in July - P5 billion + oversubscription option of another P5 billion

The bonds are under the property firm's P60-billion fixed-rate bonds shelf registration filed earlier with SEC. The offer period is set between last week of June and early part of July to finance capital expenditures for the expansion of the group's commercial and hotel operations.

#### MEG's subsidiary Suntrust Properties Inc. (Listed: SUN) enjoys brisk sales for Davao Project

SUN hit P1 billion in sales (from January - May) for its One Lakeshore Drive condominium project, the four-tower residential complex will be located inside MEG's 7.2ha Davao Park District township project. Plans for the new cluster have already been submitted to the HLURB and may be launched by August.

MEG also announced last week that it will build 2 more office towers, in addition to the P1.2-billion, 15-storey Davao Finance Center (20,000 sq.m. leasable space), which is now under construction. The whole township complex is expected to fully "mature" within the next 10 years along with the continued growth of the the BPO industry.

PSEi	7,514.22 +49.63 +0.06%
Day Range	7,497.53 - 7,533.48
52wk Range	6,084.28 - 7,697.33
Advances - Declines - Unchanged	100 - 72 - 52
Volume (shares)	1.096 billion
Value (Php)	6.222 billion
Block Sale Value (Php bn)	0.00
Foreign Buying (Php)	3.56 billion
Foreign Selling (Php)	3.12 billion
Net Foreign B(S) (Php)	0.465 million

Most Active	Value (mn)	Price Change	Advancers / Decliners	Change
TEL	747.777	+1.54%	LTG	+3.61%
SMPH	420.302	+0.60%	BLOOM	+2.82%
URC	370.371	+1.99%	URC	+1.99%
ALI	312.348	-1.08%	AEV	+1.90%
LTG	301.652	+3.61%	SMC	+1.90%
JGS	292.062	+0.18%	GLO	-2.08%
SM	246.377	+1.88%	ALI	-1.08%
BDO	223.590	+1.46%	SCC	-0.93%
JFC	211.155	0.00%	EMP	-0.56%
GLO	209.162	-2.08%	AP	-0.44%

#### WORLD INDICES

Dow Jones	17,807.60	-0.18%
S&P 500	2,099.13	-0.29%
NKY 225	16,642.23	+0.48%
SSEC	2,938.68	+0.46%

#### CURRENCIES (USD:)

PHP	46.51	
JPY	106.53	
EUR	0.88	
CNY	6.55	

#### COMMODITIES

WTI Crude (USD/bbl.)	48.62	-1.12%
Brent Crude (USD/bbl.)	49.64	-0.80%
Gold (USD/oz.)	1,244.20	+2.74%
Copper (USD/lb.)	211.30	+2.08%
Nickel (USD/lb)	3.8155	0.00
Laterite Nickel Ni 1.5%, Fe15-25% (USD/wmt)	18 - 20	Average 19 (0.00%)
Laterite Nickel Ni 1.8%, Fe15-20% (USD/wmt)	32 - 34	Average 33 (0.00%)

**BDO gives up inactive thrift bank license**

BSP recently approved the revocation of authority of BDO Saving Bank Inc. (formerly Citbank Savings, acquired in 2013), to operate as a thrift bank and conduct trust and fiduciary business effective May 16. Operations of the thrift bank will eventually be merged with another subsidiary, BDO Capital & Investment Corp. BDO expects to add 50-100 to its current 1,000-branch network and Net Profit hitting record P26 billion (+4%) from core lending. As of 1Q16, Net Profit -11% to P5.5 billion from lower treasury earnings.

**May Inflation likely rose 1.4% from 1.1% due to comparatively lower fuel and electricity prices from May last year**

From a year ago, Electricity rate at the franchise area of MER, was about 15% lower while diesel prices also went down by 15.1% to an average of P26.40 per liter

The est. is slower than the 1.6% price increase registered in the same month last year. This would also mark the 13th straight month that inflation rate settled below 2% since April 2015, when it averaged 2.2%.

BSP expects May inflation to range between 1.1-1.19%. For 2016, inflation is expected to average 2.1% in 2016, before rising to 3.1% in 2017.

**BSP Gov. Tetangco says no asset bubble is occurring in the Philippines despite the 9.2% increase in residential real estate prices in 1Q16 from 5.5% last year.**

BSP released the maiden nationwide Residential Real Estate Price Index. 1Q16 growth is also significantly higher than the 5.1% expansion in 4Q2015.

**Banks showed strong interest in the maiden auction of BSP's reverse repurchase facility under the interest rate corridor system**

The P305 billion worth of RRP facility offered to the public on June 3 was oversubscribed.

The daily auction of RRP facility is a part of the interest rate corridor system which BSP started implementing June 3, Friday. The rate on the overnight lending facility of 6% was reduced to 3.5%, while the overnight borrowing rate was adjusted to 3% from 4%. The special deposit account rate was maintained at 2.5%.

IRC is a system for guiding short-term market rates toward the BSP policy interest rate which is the RRP rate. Over time, the corridor would allow reduction in banks' reserve requirements.

**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.