

**PSEi recovers after Brexit concerns ease after Friday's sell-off, gaining 86.18 pts. or 1.13% to 7,715.90. This Thursday is the inauguration of incoming president Duterte happens on Thursday.**

**US markets fell sharply, China devalues Yuan further, Britain Ratings get cut, but no crisis**

Dow -1.50%, S&P -1.81% while safe-haven 10-year Treasury bond yield fell 1.46%, the pound to the US\$ fell another 1.7% hitting a new 31-year low of \$1.32. The People's Bank of China (PBoC) devalues Yuan by 0.1% to 6.6375 to the US\$, the biggest downward move since August when it devalued the stable Yuan down ~5% in over a week.

S&P lowered Britain's Rating to AA (from AAA), 2 notches below US AA+ rating. Fitch Ratings cut British credit rating to AA from AAA.

US Treasury Sec. Jacob J. Lew acknowledged Brexit as a "headwind" but said it should not trigger a crisis.

Analysts say the Brexit vote could push Britain into a recession, impact on European economic growth and hurt the US economy, but should not cause a recession.

The uncertainty probably will lead Federal Reserve policymakers to hold off on another interest rate hike when they meet next month.

**EDC signs with UBP for P5 billion loan to partly fund P14 billion 2016 capex.**

EDC also has a debt service of P11 billion this year. 1Q16 Net Income +7% P2.63 billion.

**AUB to double branch network and maintain long-term profitability at 10-15% ROE**

1Q16 Net Income +27%; AUB has 222 branches and employs around 1,800 people. After posting a NIM of 4.3% last year, AUB thinks it can maintain NIMs above industry average close to 3%.

Currently, 80% of earnings base is from lending while 20% is from the treasury business, a reversal of the mix years ago which used to be as much as 70% reliant on the volatile treasury business.

In 2015, AUB was the 15th largest bank among UKBs with 151.36 billion in assets.

Last June 26, AUB declared 20% cash dividends or P325 million or P0.67/sh.

**MER seeks compensation for excess MMPC supply**

MER seeks regulatory clearance to charge P12.38 million (additional P0.005 per kwh to consumers for one month) to compensate Montalban Methane Power Corp. (MMPC) for the excess capacity it injected to the distribution system beyond agreed supply contract.

Despite termination of Contract for Supply of Electricity (CSE) on Jan. 26, 2015 after MMPC decided to register in the WESM, participate in the FIT scheme, MMPC was still able to generate and inject energy to the distribution system of Meralco.

**HSBC: Brexit may have little to no effect on the flow of overseas Filipino remittances**

However, there may be a "counterbalancing effect" coming from a stronger US dollar.

Cash remittances from the UK accounted for 5.4% of total money or \$466.74 million of \$8.67 billion sent home by Filipinos abroad as of April.

HSBC says remittances from other territories may offset remittances from the UK; "Risk aversion will continue and as a result flight to quality will persist,"

For equities, HSBC is "overweight" in the Philippines, Singapore, Indonesia and China.

PSEi	7,715.90 +86.18 +1.13%
Day Range	7,538.18 - 7,813.58
52wk Range	6,084.28 - 7792.34
Advances - Declines - Unchanged	120 - 74 - 38
Volume (shares)	1.61 billion
Value (Php)	6.81 billion
Block Sale Value (Php bn)	395 million
Foreign Buying (Php)	3.35 billion
Foreign Selling (Php)	2.86 billion
Net Foreign B(S) (Php)	496 million

Most Active	Value (mn)	Price Change	Advancers / Decliners	Change
BPI	1,059	+0.93%	BLOOM	+6.23%
SMPH	382	+2.14%	SCC	+5.13%
AC	335	0.00%	FGEN	+3.68%
ALI	311	+3.14%	ALI	+3.14%
MEG	272	-0.22%	BDO	+2.80%
URC	246	+0.88%	EMP	-2.37%
MPI	221	+0.76%	AGI	-1.41%
GTCAP	209	+0.14%	ICT	-0.89%
MBT	170	-0.86%	MBT	-0.86%
BLOOM	169	+6.23%	JFC	-0.77%

WORLD INDICES	06-27	06-28	Chg
Dow Jones	17,400.75	17,140.24	-1.50%
S&P 500	2,037.41	2,000.54	-1.81%
NKY 225	14,952.02	15,309.21	2.39%
SSEC	2,854.29	2,895.70	1.45%
CURRENCIES (USD:)	06-27	06-28	Chg
PHP	46.86	47.09	0.49%
JPY	102.22	101.79	-0.42%
EUR	0.90	0.91	1.11%
CNY	6.61	6.64	0.45%
COMMODITIES	06-27	06-28	Chg
WTI Crude (USD/bbl.)	47.64	48.85	2.54%
Brent Crude (USD/bbl.)	48.41	47.16	-2.58%
Gold (USD/oz.)	1,322.40	1,327.70	0.40%
Copper (USD/lb.)	211.60	212.85	0.59%
Nickel (USD/lb)	4.0751	4.0500	-0.62%
Laterite Nickel Ni 1.5%, Fe15-25% (USD/wmt)	18 - 20 Ave. 18.5	18 - 20 Ave. 18.5	0.00%
Laterite Nickel Ni 1.8%, Fe15-20% (USD/wmt)	32 - 34 Ave. 32.5	32 - 34 Ave. 32.5	0.00%

**DOE asked power plant operators to look for other sources of coal such as Australia, Vietnam and Russia, after Indonesia stopped its vessels from sailing to the Philippines.**

The Philippines imported 16.4 million metric tons or 95% of its coal requirements from Indonesia in 2015. About 80% of the volume was used for power generation. The country imported the remaining 5% from Vietnam, Russia and Australia.

SCC which supplies coal to power plants said it can "...always shift exportable coal to local. Some power plants cannot use Semirara coal or at reduced capacity. Currently, we can channel all production of one million tons a month locally."

AP VP Luis Miguel Aboitiz said the company was still using Indonesian coal.

**RCB appoints new board, institutes reforms**

Outgoing SSS chair Juan B. Santos, CEU School of Accountancy and Management Dean Melito Salazar join RCB board

Joins former Insurance Commissioner Atty. Adelita Vergel De Dios (Independent Director), Outgoing Development Bank of the Philippines (DBP) CEO Gil Buenaventura (President & CEO)

Since the \$81 million money laundering scandal, RCB has instituted reforms to tighten banking security and strengthening the process of escalating and reporting unusual transactions.

**CAL partners with Pessl Instruments GmbH of Austria to introduce data driven farming practices to the Philippine agriculture sector.**

CAL aims to lead the "Agricultural Internet of Things" in the Philippines - intelligence-based farming that relies on real-time field data to improve decision-making across the entire supply chain.

Pessl Instruments helps farmers around the world improve yields, while saving on energy, water, and fertilizer costs by providing weather stations, automatic insect traps, high resolution field cameras, soil moisture monitoring devices, and irrigation automation controllers.

**UP and VLL forges partnership to develop country's first school of Technopreneurship. The Villar Family donated the 5ha property within Vista City's University Town.**

**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.