

## Daily Notes

19 July 2019

Ref: Claire T. Alviar, 588-1925

### OUR VIEW

Lock in profits as we may track overseas equity markets amid trade uncertainties.

- Australia created 500 new jobs in June, far below 10,000 expectation from Reuters.
- Bank of Korea announced to cut base rate by 25 bps to 1.5%.
- Japan's exports fell 6.7% in June vs a year ago.
- WSJ: Trade negotiations with China stalled over Huawei restrictions.
- Businesses plea End of ENDO to veto.

### MARKET WRAP

- The local bourse ended at 8,258.05, (0.30%) or 24.57 points up as investors picked up bargains after the two-day sell-off.
- Value turnover was at P5.60 billion.
- Most sectors are in the green territory. Miners had the biggest gain climbing 1.46% 7,950.72 while Industrials lost the most by -0.42% to 11,756.98.
- Winners led losers at 115 to 79; 52 were unchanged.
- Security Bank Corporation [PSE: SECB] was at index forefront, gaining 2.91% to P187.40; LT Group, Inc. [PSE: LTG] was at tail-end, losing -1.88% to P15.64.
- Roxas Holdings, Inc. [PSE: ROX] had the biggest gain of 18.56% to P2.30 while Oriental Petroleum & Mineral A [PSE: OPM] had the biggest loss of -7.69% to P0.0120.

### LOCAL NEWS:

**S&P sees virtual banking to arise in emerging markets.** S&P Global ratings seen Virtual Banking in emerging markets to pick up large unbanked populations and greater adoption of technologies present opportunities for the success of digital banks. The global debt watcher said that virtual banking facilitates the introduction of simple banking products and it added that "EM nations in Asia-Pacific are home to vast numbers of 'underbanked' customers, which provides opportunities for virtual banks to gain a foothold and scale up their business models." (Businessworld)

**Philstocks: It will tighten the competition in the banking industry but it could be good for the economy as it encourages unbanked citizens to save in banks as it offers better return than the traditional banks.**

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## GLOBAL NEWS:

**Foreign purchases of American homes declined 36%.** Foreign demand for American homes significantly declined by 36% vs the previous year due to a drop in the number and average price of purchases. Foreigners bought 183,100 properties with a total value of \$77.9 billion, down 266,800 valued at \$121 billion in the previous period. Contributed to the pullback of foreign buyers are slower economic growth abroad, tighter capital controls in China, stronger US dollar and a low inventory of homes for sale. Chinese were the leading buyers for the 7th consecutive year, purchasing \$13.4 billion worth of properties. (CNBC)

**Philstocks: The adverse effect of trade war broadens from companies to homes sales. Both would harm the overall economy of the US as it hinders expansion and development.**

## COMPANY NEWS:

**Cirtek Holdings Philippines Corporation [PSE: TECH]**

**Philstocks On-Balance View: TRADE**

**Initial Target Price: P20.00**

Cirtek Electronics Corp. was recently engaged by a US based Chipmaker & Technology Company to manufacture modules and chip sets that will go into 5G wireless systems. This expected to generate revenues to Cirtek of up to US\$3M per year starting 2020," Cirtek said. Meanwhile, Cirtek Advanced Technology and Solutions, Inc. (CATSI), also a wholly owned subsidiary of CHPC, expects to expand its RF board Module Assembly manufacturing business in 2019 to US\$ 4 M revenue, or a 33% increase year-on-year.

**Philstocks: Before the company realize or generate the possible revenues of US\$3M starting next year, there would be a lot of spending needed for the plan. We think that the costs may come from its Cash because debt ratio of the company increase to 1.12 in 2018 from 0.73 the previous year. Moreover, the company is highly affected by the US-China trade war so we advise to be updated on the global news if we invest in this stock. On the flip side, we expect this innovation to drive the revenue growth of the company and this may help for the recovery of its share price. It has been declining since June 2018 and as of now, candles are on the consolidation phase and volume is increasing as shown in the OBV, which makes this stock tradable.**

Cirtek Holdings Philippines Corporation	
Last Traded Price	17.50
% from 52 wk High	-60.23%
% from 52 wk Low	11.32%
Free Float Shares	127,688,604
Foreign Limit	100.00%
Trailing 12M PE	1750.00
RSI (14)	36.30
OBV Bias	Neutral (+)
Support	16.00
Resistance	18.00-20.00
Potential Upside	14.29%



## TABLES & CHARTS

DAILY MARKET STATS				
INDEX	VALUE	PTS	PCT	YTD %
PSEI	8,258.05	24.57	0.30%	10.61%
ALL	5,008.98	7.44	0.15%	10.87%
FIN	1,871.02	19.38	1.05%	5.12%
IND	11,756.98	-50.18	-0.42%	7.36%
HDG	7,934.25	22.65	0.29%	8.07%
PRO	4,412.36	-4.67	-0.11%	21.62%
SVC	1,682.12	5.42	0.32%	16.59%
M&O	7,950.72	114.78	1.46%	-3.05%
INTERNALS				
VOL	975,568,904.00		ADV	115
VAL	5,600,501,660.97		DEC	79
BLOCK	469,464,660.95		UNCH	52
TOP 5 GAINERS		TOP 5 LOSERS		
SECB 2.91%		LTG -1.88%		
BPI 2.34%		URC -1.11%		
GLO 2.29%		SMPH -1.03%		
RLC 2.27%		AP -0.80%		
GTCAP 2.14%		JFC -0.71%		
ASIAN MARKETS (As of 03:07 PM)				
INDEX	VALUE	PTS	PCT	YTD %
Nikkei225	21,046.24	(422.94)	-1.97%	5.15%
Hang Seng	28,394.77	(198.40)	-0.69%	9.86%
Shanghai	3,351.48	(13.39)	-0.40%	34.39%
KOSPI	2,066.55	(6.37)	-0.31%	1.25%
HCM	976.10	(6.47)	-0.66%	9.36%
SET	1,724.45	5.60	0.33%	10.27%
STI	3,351.48	(13.39)	-0.40%	9.21%
KLCI	1,653.66	(3.87)	-0.23%	-2.18%
JCI	6,397.43	2.82	0.04%	3.28%
COMMODITIES & CURRENCIES (As of 03:14 PM)				
Brent Crude	63.66		0.00%	
WTI Crude	56.70		-0.14%	
Gold	1,423.25		0.00%	
Silver	16.04		0.45%	
Copper	2.70		-0.18%	
US\$:Php	50.98		-0.23%	

### Rating Definitions:

BUY – More than 15% upside base on the target price in the next 9-12 Months

HOLD – 15% or less upside or downside in the next 9-12 Months

SELL - More than 15% downside base on the target price in the next 9-12 Months

TRADE - A potential 10% and above short-term upside base on entry price and selling price.