5 Nov 2018, 8.15am/11.15am Morning Call/Webinar

PhillipCapital
Your Partner In Finance

Sector Update

Land Transport

Singapore Banking Monthly

Company Results

UOB

OCBC

Raffles Medical Group Ltd

China Aviation (Singapore) Oil

Sheng Siong Group

Micro-Mechanics (Holdings) Ltd

Phillip Weekly Musings

China Weekly Musings

US Weekly Musings

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Land Transport Sector

New high for TDVL issued

Richard Leow
Phillip Securities Research Pte Ltd
5 November 2018

Highlights

Maintain Overweight on Land Transport sector: Positive industry restructuring and worst is over for the Taxi industry

Taxi population has reached an inflection, as Rental cars population start to contract

Robust momentum for TDVL issued suggest underlying demand for taxis

Launch of Go-Jek in Singapore slated for November; will be partnering car rental firms and commenced registering drivers

Maintain Accumulate on ComfortDelGro Corp; unchanged target price of $2.78 (last close $2.32)

What is the news?

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LTA published motor vehicle population and Taxi Driver Vocational Licence (TDVL) data for September 2018

Figure 1: Taxi and Rental cars population, Taxi Driver Vocational Licence (TDVL) data

Y/E Dec	Sep-18	Sep-17	YoY	Dec-17	YTD		Aug-18	MoM
Taxi	21,279	24,468	-13.0%	23,140	-8.0%		21,366	-0.4%
Rental cars	66,410	65,470	+1.4%	68,083	-2.5%		66,998	-0.9%
Valid TDVL holders	98,545	97,170	+1.4%	96,085	+2.6%		97,769	+0.8%
	Sep-18	Sep-17	YoY			9M18	9M17	YoY
TDVL issued	851	141	+504%			3,795	1,353	+180%

Source: Bloomberg, LTA, PSR

Go-Jek to launch in Singapore in November. Based on a media report, Go-Jek is said to be partnering six rental firms to supply vehicles to interested drivers. And more recently, Go-Jek has launched an online portal for drivers to pre-register on the ride-hailing platform.

How do we view this?

The Positives

- Taxi population still showing YoY contraction, but has reached an inflection
- We expect Rental cars population to contract YoY by end-2018, as demand shifts back to Taxis.
- TDVLs issued remains robust, making new high again; which should translate to demand for taxis by hirers
- Pressure on Taxi industry from Go-Jek's entry, should not be as significant or prolonged as the Grab-Uber era

The Negatives

- -0.4% MoM decline in Taxi population

Appendix

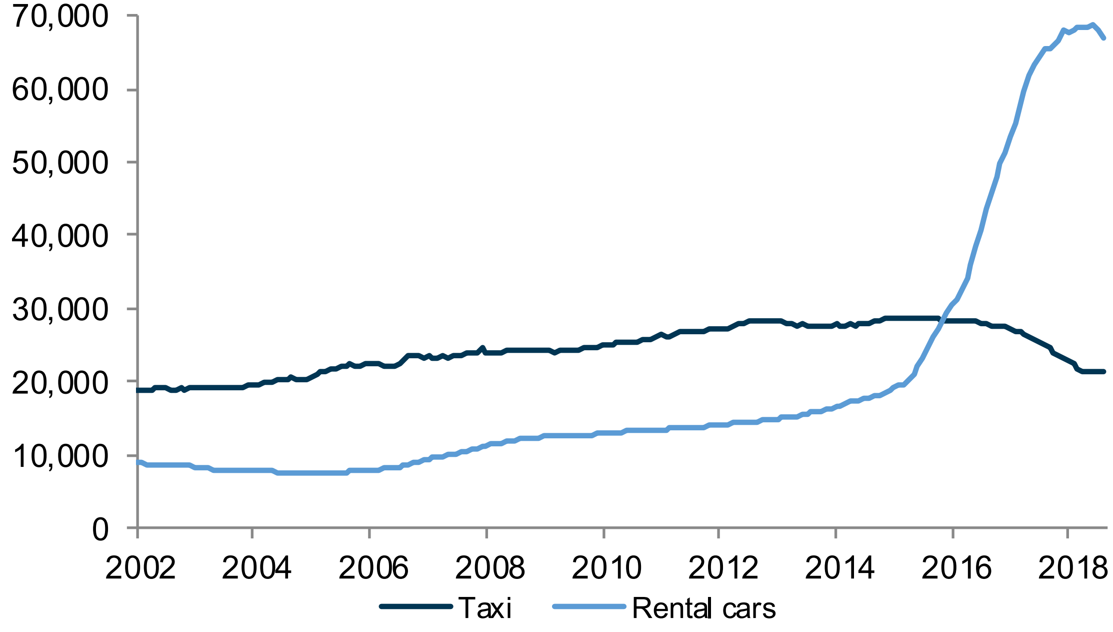
Decline in Taxi population is stabilising

Rental cars population has stagnated; third consecutive MoM contraction

Taxi population YoY contraction has slowed, but do not expect YoY expansion by end-2018

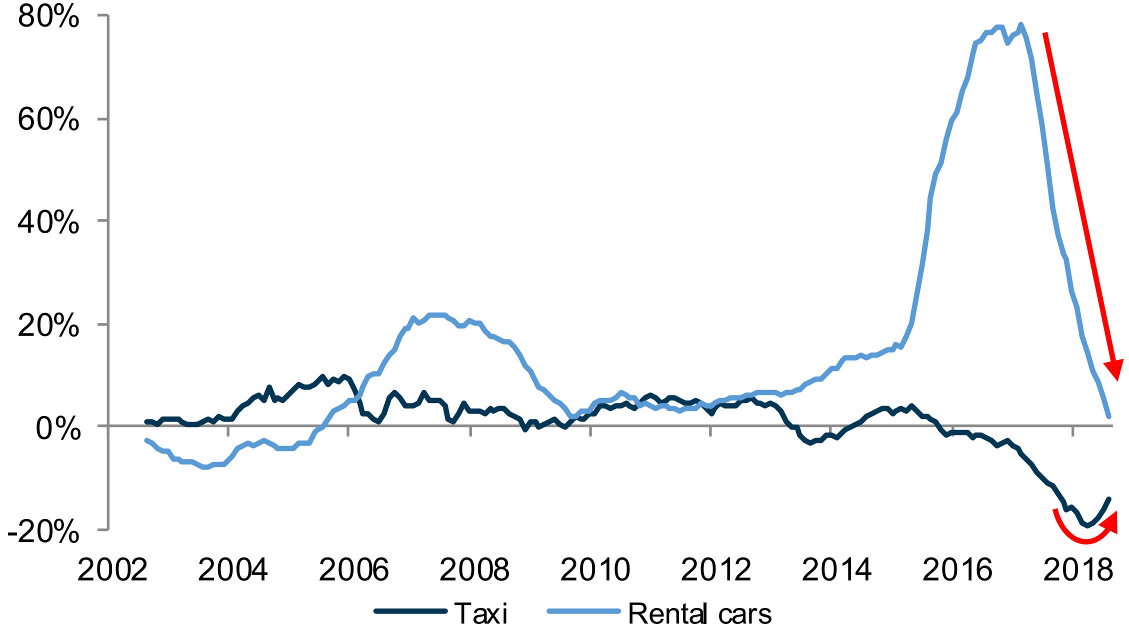
Rental cars YoY growth has tapered; population could contract YoY by end-2018

Figure 2: Monthly Taxi and Rental cars population



Source: Bloomberg, LTA, PSR

Figure 3: Taxi and Rental cars YoY growth

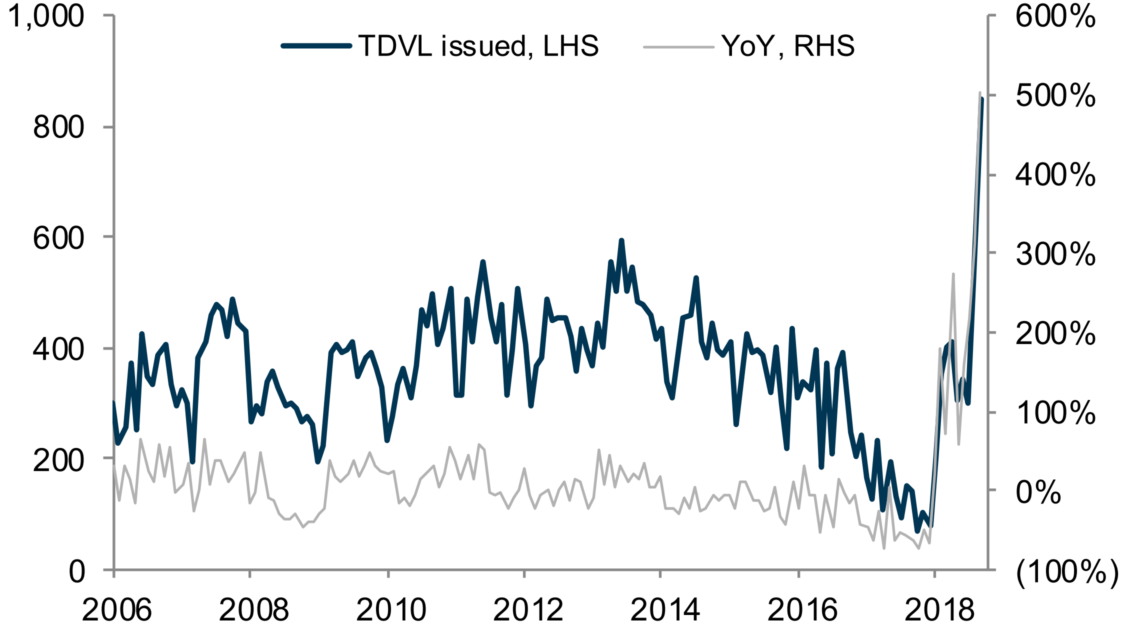


Source: Bloomberg, LTA, PSR

Appendix

851 TDVLs issued in September is the second consecutive month of a new high

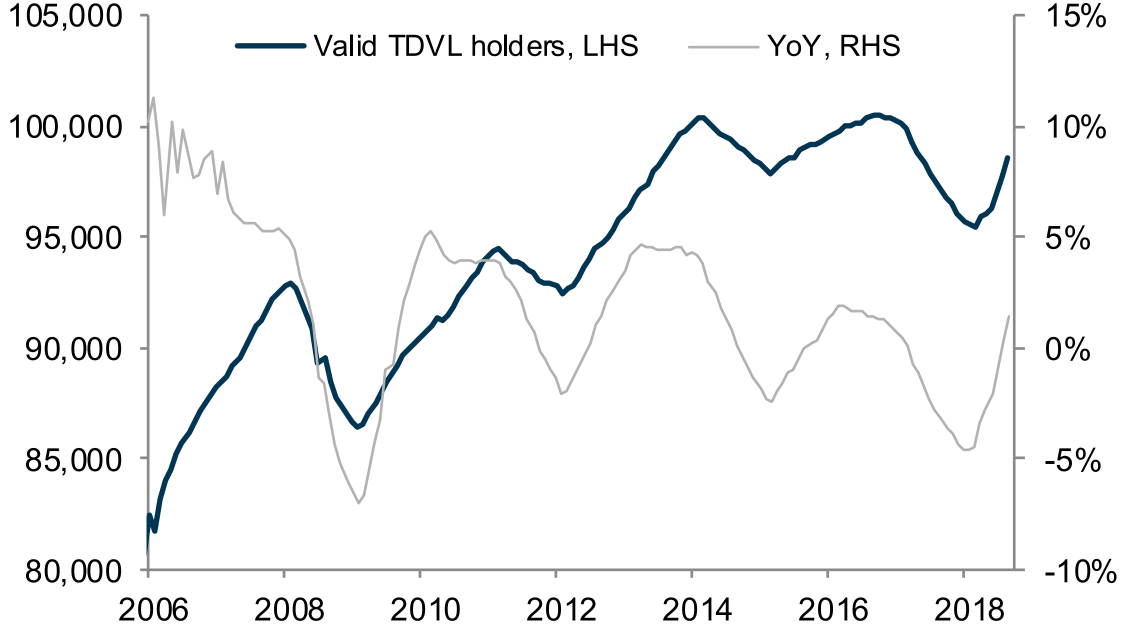
Figure 4: Monthly No. of TDVL issued



Source: LTA, PSR

Number of valid TDVL holders grew +2.6% YTD

Figure 5: Monthly total No. of valid TDVL holders



Source: LTA, PSR

Appendix

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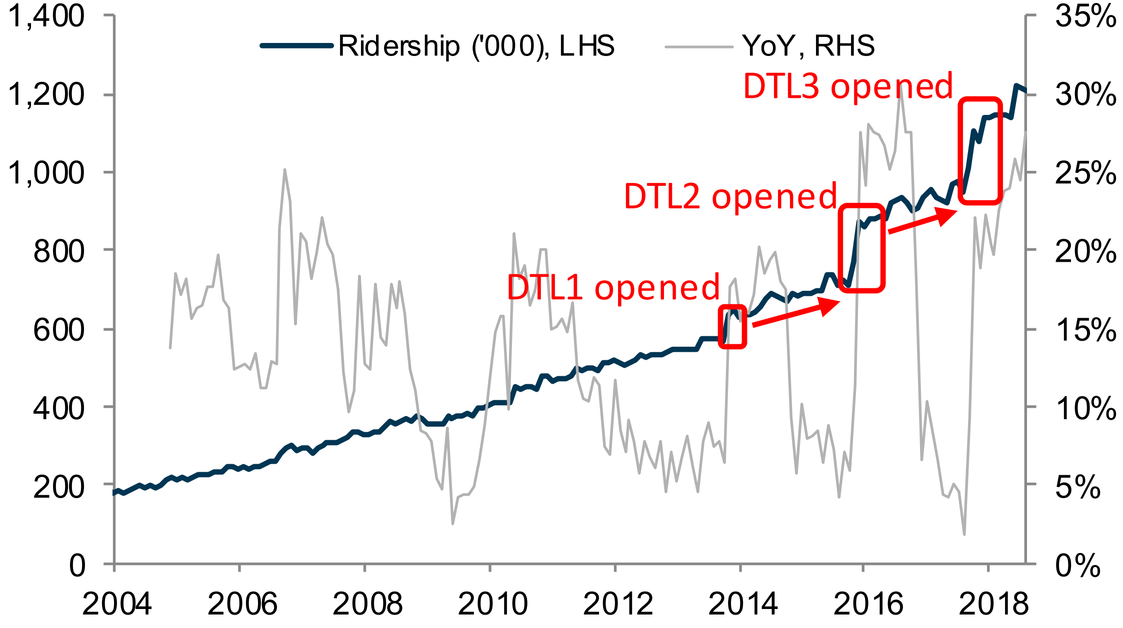
Average daily Rail ridership had maintained above 1.21mn in all three months of 3Q 2018 (about +26% YoY)

Figure 6: Monthly average daily ridership on NEL, DTL and SPLRT



Source: CEIC, SBS Transit, PSR

Singapore Banking Monthly Update

With great interest rates comes great pricing power

Tin Min Ying

Phillip Securities Research Pte Ltd

5 November 2018

Singapore

Figure 3: Singapore Domestic Loans Growth (% YoY)

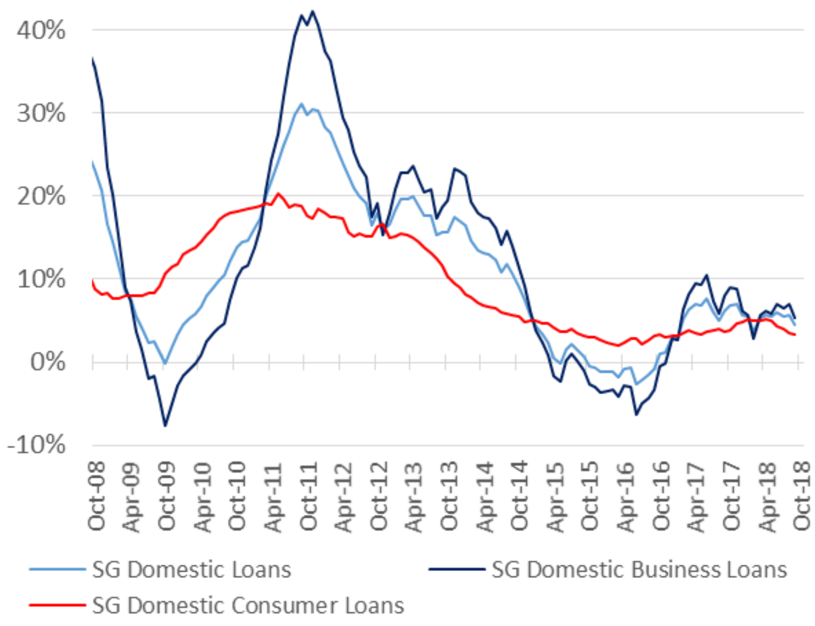
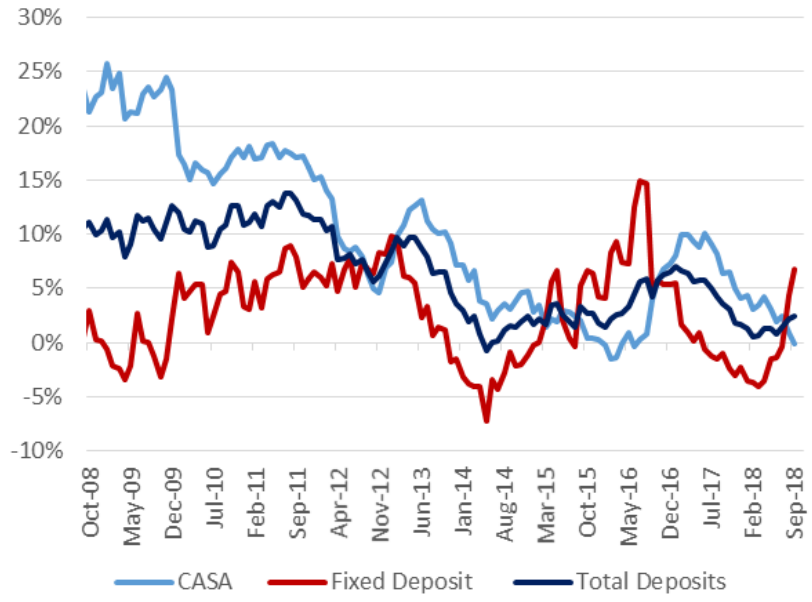


Figure 1: Singapore Domestic Deposits Growth (YoY)



Source: CEIC, Bloomberg, PSR

Loans

- Sep domestic loans +5.6% YoY (Aug: +5.6% YoY)
- Driven by Business loans +5.3% YoY (Aug: +7.0%)
- Consumer loans +3.3% YoY (Aug: 3.5% YoY)
  - Car loans growth remained strong +8.1% YoY (Aug: 8.0% YoY)
  - Mortgage loans +3.5% YoY (Despite 52bps increase in SIBOR YTD).

Deposits

- Domestic deposits +2.4% YoY in September (CASA -0.2%; Fixed deposit +6.8%)
- Fixed deposits growth spiked in September, higher than the ten-year average growth of 2.8% YoY.
- Shoring up of Fixed Deposits could result in near-term squeeze in NIM.

Interest Rates

Figure 5: SIBOR, SOR and Bank Savings Deposit Rate (%)

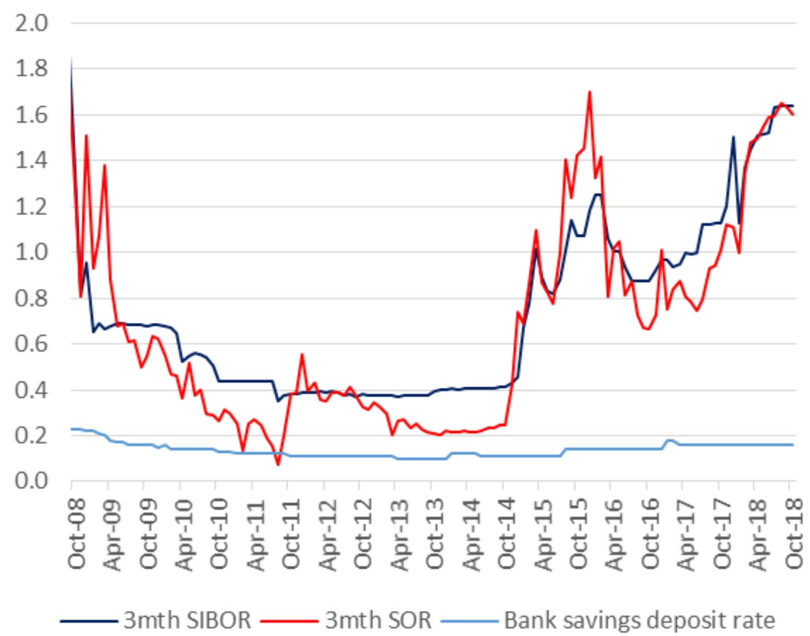
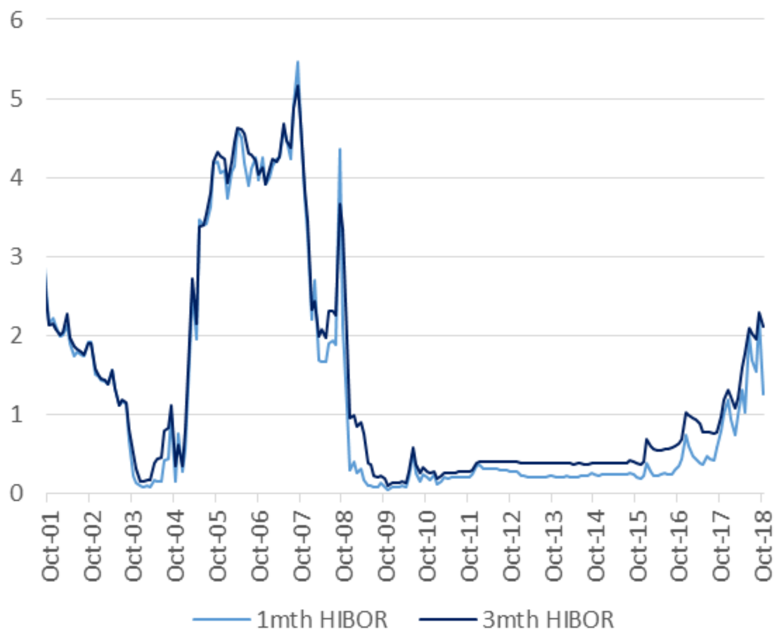


Figure 6: HIBOR (%)



Source: CEIC, Bloomberg, PSR

Singapore

- NIM will continue to expand as banks reprice their loans as interest rates rise.
- Banks' repricing will exceed the funding costs to give us NIM expansion.
- Expect 1 more rate hike in December and 3 in 2019.

Hong Kong

- A rising HIBOR will benefit net interest income (the difference between what banks earn by paying depositors and interest earnings on loans).

Investment Action

Maintain Singapore Banking Sector to BUY.

Expectations:

- We are positive on the sector's continued NIM expansion, loans growth and rising dividend as a share price catalyst.
- Key catalyst for NIM expansion lies in rising interest rates.
- The 3 big boys have the ability to suppress their cost of funds low enough to achieve sequential NIM expansion in the next few quarters.
- The long-term trend of NIM expansion may offset downsides in trade loans growth, if any.

Target prices:

- ❑DBS: S$33.32
- ❑UOB: S$32.52
- ❑OCBC: S$13.70

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United Overseas Bank Limited

Stable Outlook Despite NIM Contraction

Tin Min Ying

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5 November 2018

United Overseas Bank Limited
(BUY (Maintained), TP: S$32.52, Last: S$25.22)

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Results at a glance

(SGD mn)	3Q18	3Q17	YoY (%)	2Q18	QoQ (%)	Comments
Net interest income	1,599	1,408	14%	1,542	4%	Driven by loans growth of 9% YoY. NIM rose 2bps YoY to 1.81%.
Fees & Comm	484	477	1%	498	-3%	Higher fee income was driven by broad-based growth in Credit Card, Loan-related and Trade-related fees of 7%, 11% and 9% YoY respectively.
Other Non Int Income	243	279	-13%	302	-20%	Decrease was mainly due to 81% YoY decline in net gain from Investment Securities.
Total Revenue	**2,327**	**2,164**	**8%**	**2,342**	**-1%**	
Expenses	1,011	973	4%	1,022	-1%	Expenses increased due to Staff costs and IT investment costs rising 15% YoY and 18% YoY respectively.
Allowances	95	221	-57%	90	6%	Credit costs declined to 18 bps from 32 bps a year ago (Substantial allowances provided for impaired loans from the O&G sectors in 3Q17).
PATMI	**1,037**	**883**	**17%**	**1,077**	**-4%**	

Source: Company, PSR

Positives

- Net interest income benefited from 9% YoY loans growth
- Lower credit costs at 18 bps (3Q17: 32 bps)
- NPL ratio stable at 1.6% (3Q17: 1.6%)
- Higher dividends still in the picture. 3Q18 CET 1 ratio at 14.1%. (We forecast FY18e S$1.20 DPS, Div Yield 4.8%)
- CIR remains stable at 43.4%. Increase in costs mainly due to performance-related staff cost.

Negatives

- NIM contracted 2 bps QoQ due to funding pressure as UOB bulks up on deposits in anticipation of higher interest rates.
- Fees and Commission income flat YoY. Improvements in Loan-related, trade finance and credit card fees was offset by decline in wealth management fees (investors appetite for financial products turned more cautious).

United Overseas Bank Limited
(BUY (Maintained), TP: S$32.52, Last: S$25.22)

Outlook

- Expect loans growth to remain on target.
  - With the build up of a stronger funding base, UOB will deploy these funds progressively for loans growth.
- Trade war (at current magnitude) not expected to pose significant risks. However, expect slower transaction volumes in the near term.
  - Bulk of UOB’s loans book anchored out of SEA, with majority from Singapore (52% of total loans)
  - An escalation in trade war might benefit SEA countries as an alternative supply chain option as compared to US and China.
- Rising interest rates still a key factor.
  - Majority of loans portfolio pegged to floating rate.
  - Ability to reprice loans as interest rates rise.
  - Short-term squeeze in margins but long term NIM expansion trend intact.

United Overseas Bank Limited
(BUY (Maintained), TP: S$32.52, Last: S$25.22)

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Investment Actions

•**Maintain BUY** with lower **target price of S$32.50** (previous TP S$33.70).

•We derived our revised target price following our earnings adjustments based on the Gordon Growth Model.

•TP revised to account for AFS movements.

•Potential re-rating catalyst: (i) higher impairments and (ii) continuous NIM contraction.

Oversea-Chinese Banking Corp Ltd

Long Awaited NIM Expansion

Tin Min Ying

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5 November 2018

Oversea-Chinese Banking Corp Ltd

(BUY (Maintained), TP: S$13.70, Last: S$11.47)

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Results at a glance

(SGD mn)	3Q18	3Q17	YoY (%)	2Q18	QoQ (%)	Comments
Net interest income	1,505	1,382	9%	1,450	4%	NIMs +6bps YoY. Loans +10.4% YoY.
Fees & Comm	502	488	3%	518	-3%	Underpinned by growth in Wealth management, Trade and Loan related fee income of 6%, 11% and 7% respectively.
Insurance	225	290	-22%	234	-4%	Decrease mainly due to a fall of 28% profit from Life Assurance (3Q17 recorded higher marked-to-market gains due to favourable market conditions).
Other NII	312	257	21%	272	15%	Increase in net trading income of 81% YoY offset the 94% YoY decrease in net realised gains from investment securities.
Total income	**2,544**	**2,417**	**5%**	**2,474**	**3%**	
Expenses	(1,069)	(1,001)	7%	(1,035)	3%	Staff costs rose 7% YoY; while property & equipment related and other expenses rose 3% and 10% YoY respectively.
Allowances	(49)	(156)	-69%	(21)	133%	Large decrease due to provisions set aside for O&G sector last year.
PATMI	**1,245**	**1,108**	**12%**	**1,209**	**3%**	

Source: Company, PSR

Positives

- NIM expanded 6bps YoY.
- Robust loans growth +10.4% YoY.
- NPL stable at 1.4%; Credit costs normalized to 14 bps.
- Non-interest income achieved stability +0.4% YoY; despite market volatility.

Negatives

- CASA ratio dipped to 47.5% in 3Q18 (3Q17: 50.5%).
- CIR increased to 42.0% (3Q17: 41.4%).

Oversea-Chinese Banking Corp Ltd
(BUY (Maintained), TP: S$13.70, Last: S$11.47)

Outlook

- NIM for 4Q18 likely to continue to expand, but not of the same magnitude in 3Q18.
  - OCBC reiterated their repricing stance of ensuring that the rise in interest is sustainable enough before repricing to avoid instability to customers.
  - Hence, NIM improvements might be bumpy in the next few quarters.
  - The full impact of NIM repricing will be seen in 4Q18 as Hong Kong reprices its loans.
- O&G sector’s NPL might only see a recovery in 2H19 because the increase in oil prices are not substantial enough to reflect a rise in charter rates.
- If the Trade War escalates, the management expects China and Hong Kong to be most impacted, followed by Singapore and Malaysia.

Oversea-Chinese Banking Corp Ltd

(BUY (Maintained), TP: S$13.70, Last: S$11.47)

Investment Actions

- **Maintain BUY** with a lower target price of S$13.70 (previous TP S$14.90).
- As we roll over our valuation to 2019e, we revised our target price lower following adjustments to our beta and terminal growth rate assumption.
- We are incorporating a more volatile and slower economic growth environment.

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Raffles Medical Group Ltd

China and Insurance the next pillars

Tin Min Ying

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5 November 2018

Raffles Medical Group Ltd

(ACCUMULATE (Maintained), TP: S$1.16, Last: S$1.09)

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Results at a glance

SGD mn	3Q18	3Q17	YoY (%)	Comments
Revenue	**121.0**	**119.6**	**1.2**	Higher contribution from clinics (+8.0%) offset by decrease in revenue from hospital services (-3.8%)
EBITDA	23.9	22.1	8.5	Higher depreciation due to expansion of medical centres in the new Raffles Specialist Centre; and lower staff cost
Operating profits	19.2	18.4	4.5	Operating margins increased to 15.9% (3Q18:15.4%)
PBT	19.1	18.6	2.8	Higher net finance expense
PATMI	**16.4**	**16.4**	**0.1**	

Source: Company, PSR

Positives

- **Healthcare Services (clinics) continued its strong performance.**
  - Insurance income + new corporate clients + new Air Borders Screening contract with MOH.
- **Cost management fairly executed.** Staff cost managed to contract 0.5% YoY and 3.5% QoQ despite the expansion in facilities.
  - Staff costs made up 51.5% of revenue.
  - To remain above 50% of the Group's revenue in the coming quarters until patient volume picks up in *RafflesHospital Extension*, MCH and the two new hospitals in China.

Negatives

- **Continued pressure from public hospitals and medical tourism resulted in decline in Hospital revenues.**
  - Refurbishment of the current inpatient facilities + decelerating foreign patient load + public hospitals.
  - Public hospitals account for 80% of the total beds, and more price competitive.
  - Foreign patients growth decelerating due to stronger SGD + cheaper alternative in the region.

Raffles Medical Group Ltd
(ACCUMULATE (Maintained), TP: S$1.16, Last: S$1.09)

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Outlook

China:

▪Chongqing Hospital to receive its first patient before the end of 2018.
- Expect start-up losses in the initial 1-3 years.

▪Shanghai Hospital expected to open in 2H19.

Health insurance:

▪Optimistic about Raffles Medical's move into health insurance in Singapore and China.

Singapore:

▪In collaboration with MOH, RafflesHospital opened a new patient ward this quarter for the Emergency Care collaboration.

▪Renovations expected in the next quarter to add more facilities to support growth.

Investment Action

Maintain ACCUMULATE with lower TP of S$1.16 (previous TP S$1.32). We trim our FY18-19e revenue estimates by 3-9% to account for slower Singapore revenue growth.

China Aviation (Singapore) Oil

Under unfavourable market conditions

Chen Guangzhi

Phillip Securities Research Pte Ltd

5 Nov 2018

China Aviation (Singapore) Oil
(BUY (Maintained), TP: S$1.76)

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Results at a glance

(US$ mn)	3Q18	3Q17 (Restated)	YoY (%)	Comments
Revenue	6,332.4	5,223.1	21.2	Higher oil prices (Brent: 3Q18: US$78.1/bbl vs 3Q17: US$54.2/bbl) offesting the drop in total supply and trading volume of middle distillates and other oil products (3Q18: 10.47mn tonnes vs 3Q17: 13.46mn tonnes)
Gross profit	**11.1**	**4.3**	**155.7**	Higher jet fuel volume supplied to China and higher profits from trading and optimisation activities
Operating profit	2.9	0.5	513.0	Higher interest income partially offset by foreign exchange loss compared to foreign exchange gain for 3Q 2017
Associates and JVs	**17.5**	**21.5**	**(18.7)**	Lower profit contributions from Pudong and OKYC
Net profit	**18.9**	**20.6**	**(8.0)**	In line with the above

Source: Company , PSR

Outlook

•Global trading risks are expected to persist in the near term

•Management is reviewing the crude oil supply business

•Rising FX risk is a headwind for the business

Positives

Supply and trading margin improved

•Gross profit/tonne: US$1.06/tonne in 3Q18 (3Q17: US$0.32/tonne)

Negatives

Supply and trading volume dipped

(mn tonnes)	3Q18	3Q17	YoY (%)
Middle distillates	**5.1**	**5.2**	**(1.5)**
Jet fuel	4.0	4.4	(10.1)
Other oil products	**5.3**	**8.2**	**(35.3)**
Total	**10.5**	**13.5**	**(22.2)**

Source: Company , PSR

A moderate drop in profits from associates

•Profit from Pudong: US$16.5mn (-12.6% YoY)

•Profit from OKYC: US$260k (3Q17: US$1.8mn)

Sheng Siong Group

Upfront drag from record store expansion

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Sheng Siong Group
(Accumulate (Maintained), TP: S$1.13, Last: S$1.05)

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SGD mn	3Q18	3Q17	YoY	Comments
Revenue	227.9	210.9	8.0%	New stores +10.6%, SSSG +0.2%, ex. Woodlands 6A and Verge stores -4%, Kunming store +1.2%
Gross profit	60.3	54.5	10.7%	*Gross margin +0.4pp to 26.5%*
EBITDA	23.8	23.2	2.7%	
EBIT	20.8	21.0	-1.2%	Dist. expenses +8% YoY and Admin. Expenses +16%
PATMI	17.8	19.7	-9.4%	Down YoY due to S$2.2mn tax credit in 3Q17

Source: Company, PSR

Positives

- 2018 record store opening of 10 stores. Taking market share from 3Q18 tracking at negative 2%
- Gross margins still record September quarter or on annualised basis.

Negatives

- Sudden drop in same-store sales from +4% in 2Q18 to +0.2%; due to weaker consumer sentiment, competition in older stores and declining resident pool (esp. foreign workers).
- Operating margins hurt by S$6mn rise in admin or staff cost that wiped an rise in gross profits.

Maintain ACCUMULATE: Maintain target price despite reducing earnings. Expect resilient growth in 2019 from new stores and market share gains. Still a 25% ROE business with net cash balance sheet.

Micro-Mechanics (Holdings) Ltd

Cyclical slowdown, but still attractive metricstions

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Micro-Mechanics (Holdings)

(Buy (Maintain), TP: S$2.05, Last: S$1.80)

Results at a glance

S$ mn	1Q19	1Q18	YoY (%)	4Q18	QoQ (%)	Comment
Revenue	16.9	17.7	-4.6%	15.7	7.5%	1st YoY deceleration in 2 years.
Gross profit	10.0	10.8	-6.8%	8.6	17.2%	Affected by depreciation and headcount.
Admin. Exp.	(2.4)	(2.5)	-3.6%	(2.1)	17.9%	
PATMI	4.5	5.2	-12.8%	4.0	13.0%	Higher effective tax due to dividend withholding tax
Gross margin	59.5%	60.9%	-2.3%	54.6%	9.0%	Margins still at record levels.
DPS (cents)	0.0	0.0	n.m.	6.0	n.m.	

Source: Company, PSR

Positives

- Gross margins remain close to record levels.
- Net cash balance sheet ~S$24mn

Negatives

- Revenue first decline in 2-years

Maintain to BUY: Cyclical slowdown for FY19e. But still one of the most attractive metrics - highest gross margins and ROE in the semiconductor back-end industry; pays an attractive dividend yield of 5.6%. In-line with our lower earnings estimate, we have reduced our target price on MMH (previously S$2.30) to S$2.05.

Week 45 - Phillip Weekly Musings

Paul Chew

Phillip Securities Research Pte Ltd

5 Nov 2018

Week 45 – Short-term Views

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Macro Last Week

- **SG macro:** Oct18 new orders PMI slipped to 53.6 (Oct17:53.6);

Corporate/Sector Last Week

- **Creative Technology Super X-Fi Headphone AMP**

a) Marketing: offline distributors expensive and losing share to online channels; to create viral marketing and early adopters; challenging to sell product experience because benefits not obvious; media buy-in
b) Other channels: create the market first for better negotiations; sell chip/solution to other headphone or mobile phone makers

Tactical

- Politics: Republican lose Lower House = impeachment noise + less likely fiscal stimulus + weak USD + less bold on protectionist policy; positive for EM/Asia; unclear all the talk about negotiations with China is for pre-mid-term elections
- Defensive (against rising yields) dividend stocks: SGX + UOB + CCT; STI valuations have turned attractive

Week(s) Ahead

- 4Nov: Iran oil sanction / 6Nov: US mid-term election / 8Nov: China trade; FOMC meeting
- 30Nov-1Dec: G20 Summit

Week 45 – China Weekly Musings

Jieyuan Zheng

Phillip Securities Research Pte Ltd

29 Oct 2018

China Week 45 – Government Focus Shift

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Macro Last Week

- **Fiscal Policy:** 1. Oct. 29th – Nov 2nd: China want to solve share pledging problem
  2. Oct 31st: The Political Bureau of the CPC Central Committee meeting
  3. Oct 31st： *Guiding opinions on maintaining the strength of infrastructure*
  4. Nov 1st： Xi Jinping presided over private enterprise Symposium
  5. Nov 1st :Xi and trump had phone call
  Focus: Cost reduction, Boost Consumption

- **Monetary policy**: Oct. 29th – Nov 2nd: : Central bank **net returned of about CN 490 billion**
  Highlight: Helping private enterprises financing

- **Economic indicators: China October PMI 50.2% VS expectation 50.6% VS September 50.8%**

- Corporate
- **H&H (1112.HK): HK Recommendation:** Buy; HK PSR target price HKD 39.95
  P/B: 4.22(FY18E), 3.28(FY19E)
- **Shanghai Pharma (2607.HK) : HK Recommendation:** Buy; HK PSR target price HKD 24
  P/B: 1.04(FY18E), 0.97(FY19E)

Week(s) Ahead

- China October CPI/PPI/ October foreign exchange reserve

US Weekly and Earnings Release

Market Summary

Edmund Xue

Phillip Securities Research Pte Ltd

5 November 2018

US Weekly

Macro Last Week

- Average hourly earnings increase 3.1% yoy, which is the biggest increase since Sep 2008.
- US GDP grew faster than expected in Q3 2018. US GDP growth was 3.5% last quarter, as compared to the estimate of 3.3%.
- ISM Manufacturing Index declined 2.1 percentage points to 57.7 in October as compared to 59.8 in September. This is the weakest in 18 months.

Corporate

- Apple revealed new Macbook Air, Mac Mini and 2 iPad Pro models with huge upgrades from their predecessors. But Apple lost more than 7% after its muted earnings results.
- Alibaba's quarterly revenue falls short of estimates. Revenue rose 54.5% to $85.2 billion yuan (Estimates: $86.5 billion yuan). It also reported Q3 EPS of $1.40 (Estimate of $1.06)
- Exxon Mobil posted EPS of $1.46 on revenue of $76.6B (Estimates: EPS of $1.22 on revenue of $75.2B)

Week(s) Ahead

- US Mid-term elections – 6 Nov 2018

US Earnings Release for Tech Sector

Sep 2018 Quarter

Name	Adjusted EPS Actual	Expected	Surprise Amount
Amazon	7.88	5.62	40.2%
Netflix	1.04	0.81	27.3%
Intel	1.40	1.15	21.5%
Microsoft	1.14	0.96	18.1%
Alphabet	14.74	12.82	15.1%
MASTERCARD	1.78	1.68	5.8%
Nvidia	1.94	1.85	5.0%
APPLE	2.91	2.78	5.0%
Texas Instruments Inc	1.64	1.58	4.0%
Oracle	0.71	0.68	3.8%
Adobe	1.73	1.69	2.4%
CISCO	0.70	0.69	1.9%
VISA	1.21	1.20	1.1%
IBM	3.42	3.41	0.4%
Facebook	1.76	1.85	-4.6%
	2.93	2.58	9.8%

Name	Revenue/millions Actual	Expected	Surprise Amount
Intel	19,163	18,123	5.7%
Microsoft	29,084	27,922	4.2%
APPLE	62,900	61,445	2.4%
Adobe	2,291	2,252	1.7%
MASTERCARD	3,898	3,860	1.0%
CISCO	12,844	12,766	0.6%
Nvidia	3,123	3,105	0.6%
Netflix	3,999	3,995	0.1%
VISA	5,434	5,440	-0.1%
Facebook	13,727	13,802	-0.5%
Oracle	9,201	9,260	-0.6%
Alphabet	27,158	27,334	-0.6%
Amazon	56,576	57,067	-0.9%
Texas Instruments Inc	4,261	4,299	-0.9%
IBM	18,756	19,085	-1.7%
	17,519	17,382	0.7%

- All FAANG Stocks, especially Amazon, exceeded EPS expectations for Q3 2018. However, only Apple is able to meet revenue targets.
- Amazon's strong EPS largely due to a 6.3% decline in general/admin operating expenses and 30% growth in AWS compared to last quarter.
- Facebook fell short of expectations for both EPS and revenue. Its MAU grew by 1.79%, slightly better than Q2's 1.73% and Q1's slowest growth of 1.54%.

October Performance: DJIA: -5.76% S&P 500: -7.28% Nasdaq 100: -8.87%

US Guidance for Tech Sector

Dec 2018 Quarter

Name	EPS Guidance	Est EPS Before results	% Change
IBM	NA	4.3	NA
VISA	NA	1.3	NA
MASTERCARD	NA	1.6	NA
Alphabet	NA	11.1	NA
Facebook	NA	2.2	NA
Microsoft	NA	1.1	NA
Oracle	NA	0.6	NA
APPLE	NA	4.9	NA
Nvidia	NA	1.8	NA
Amazon	NA	5.8	NA
CISCO	0.7	0.6	22.9%
Intel	1.2	1.0	11.0%
Adobe	1.4	1.5	-3.1%
Texas Instruments Inc	1.2	1.4	-9.9%
Netflix	0.2	0.5	-54.5%
	1.0	2.5	NA

Name	Revenue Guidance /millions	Est Revenue Before results /millions	% Change
IBM	NA	21,928	NA
VISA	NA	5,454	NA
MASTERCARD	NA	3,848	NA
Alphabet	NA	31,507	NA
Facebook	NA	16,447	NA
Microsoft	NA	32,258	NA
Oracle	NA	9,821	NA
Intel	19,000	18,409	3.2%
CISCO	12,864	12,590	2.2%
Adobe	2,420	2,414	0.2%
Netflix	4,199	4,233	-0.8%
APPLE	91,000	92,742	-1.9%
Nvidia	3,250	3,346	-2.9%
Amazon	69,500	73,779	-5.8%
Texas Instruments Inc	3,750	4,000	-6.3%
	21,998	19,959	NA

- Muted guidance for tech stocks. Few upgrades except for Cisco and Intel.
- Share price of Amazon has fallen ~10% following earnings announcement. Revenue guidance for next quarter (Q4 2018) missed consensus by 6%.
- Netflix missed EPS and revenue guidance for Q4 2018 by 55% and 1% respectively despite its terrific earnings for Q3 2018.

October Performance: DJIA: -5.76% S&P 500: -7.28% Nasdaq 100: -8.87%

US Earnings Release for Financials Sector*

PhillipCapital
Your Partner In Finance

Dec 2018 Quarter

	Adjusted EPS		
Name	Actual	Expected	Surprise Amount
Progressive Corp	1.3	1.1	18.0%
GOLDMAN SACHS	6.3	5.4	16.8%
Morgan stanley	1.2	1.0	15.5%
Blackrock	7.5	6.8	9.9%
Metlife Inc	1.4	1.3	9.3%
Bank of America	0.7	0.6	7.5%
PNC Financials	2.9	2.7	6.7%
American Express	1.9	1.8	6.5%
Marsh & Mclennan	0.8	0.7	5.1%
JP Morgan	2.4	2.3	4.4%
Citigroup	1.7	1.7	3.0%
Bank NY Mellon	1.1	1.0	2.3%
US BANCORP	1.1	1.0	1.5%
Schwab Charles	0.6	0.6	0.4%
Wells Fargo	1.2	1.2	-1.7%
	2.0	1.8	-37.6%

	Revenue/millions		
Name	Actual	Expected	Surprise Amount
Metlife Inc	21216	16489	28.7%
Goldman Sachs	8646	8357	3.5%
Morgan stanley	9872	9558	3.3%
Progressive Corp	8496	8324	2.1%
Bank of America	23027	22628	1.8%
Marsh & Mclennan	3504	3448	1.6%
JP Morgan	27822	27440	1.4%
Blackrock	3576	3535	1.2%
PNC Financials	4386	4345	0.9%
American Express	10144	10067	0.8%
US BANCORP	5699	5686	0.2%
Schwab Charles	2579	2580	-0.0%
Citigroup	18389	18456	-0.4%
Wells Fargo	21464	21802	-1.6%
Bank NY Mellon	4074	4149	-1.8%
	11526	11124	2.8%

- Wide variation in EPS and revenue for financial institutions.
- Top banks Goldman Sachs and JP Morgan reported better-than-expected earnings
- Banks benefited from the higher interest rates and lower federal taxes.
- Goldman's profit in the company's biggest division, consumer banking, surged 60% while JP Morgan reported a 6% rise in its core loan portfolio and a 12% increase in credit card sales volume.

*Guidance for the financials sector is unavailable

October Performance: DJIA: -5.76% S&P 500: -7.28% Nasdaq 100: -8.87%

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