

# CONTRACTUALIZATION ISSUE WORRIES MARKET

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@Philbizwatcher The local stock barometer yesterday sagged for the third trading session as foreign funds continued to flow out of the local bourse while labor woes further dampened sentiment.

The main-share Philippine Stock Exchange index (PSEi) declined by 40.54 points or 0.53 percent to close at 7,602.36, tracking sluggish regional markets.

Local stock brokerage Papa Securities said the market had been lackluster due to lack of immediate catalysts alongside continued net foreign selling.

In a research note written by Gio Perez, Papa Securities cited jitters over the list of companies cited by the Department of Labor and Employment suspected of doing labor contractualization. There were several publicly listed companies on this list, including Jollibee Foods, PLDT and Sam Miguel Corp.'s Magnolia Inc.

Other non-PSEi stocks on the list included Century Pacific's General Tuna Corp., Nickel Asia's Hinatuan Mining and flag carrier PAL.

"This is negative for the companies as wage costs can rise by as much as 19 percent if employers include benefits such as SSS, Philhealth, Pag-IBIG and 13th month pay," Papa Securities said.

The day's decline was led by holding firms, whose counter faltered by 1.16 percent while the industrial, mining/oil and property counters also slipped.

On the other hand, the financial and services counters slightly firmed up.

Value turnover hit P6.1 billion. There was P169.13 million in net foreign selling.

There were 101 decliners that edged out 89 advancers while 54 stocks were unchanged.

The PSEi was weighed down by the country's largest conglomerate, SM Investments, which fell by 2.55 percent, while SM Prime also lost 1.32 percent.

URC fell by 2.58 percent due the decline in the sales of ready-to-drink tea C2 in the first quarter.

Ayala Land, Metro Pacific, BDO and DMCI also lost ground.

On the other hand, Metrobank, BPI, Ayala Corp., JG Summit, Meralco and Jollibee slightly gained.

Outside of PSEi, notable decliners included third-telecom player aspirant Now Corp.

Villar-led stocks sizzled. Starmalls surged by 50 percent while Golden Bria was up 1.96 percent.