

Philequity Corner (August 19, 2013)

By Valentino Sy

Historic Moments in Philippine Basketball and Stocks

Last August 10, 2013, the Philippine national basketball team, Gilas Pilipinas, won against South Korea. It was a momentous game in Philippine basketball history, one that is considered a once-in-a-generation achievement. With the win, the team assured itself of at least a silver medal finish in the 2013 FIBA Asia Championship. More importantly, the win allowed the team to qualify for the World Championships after a 35-year absence. It also marked the 1st time that the Philippines defeated South Korea in a high-level basketball game since 1985.

Beating the Perennial Tormentor

Before this game, South Korea had been a perennial tormentor of the Philippines in basketball. South Korea defeated the Philippines in the 1986 Asian Games, 1987 Asian Basketball Confederation Championship, 1998 Asian Games, 2002 Asian Games, 2009 FIBA Asia Championship, 2010 Asian Games and 2011 FIBA Asia Championship.

This time around, the Koreans, with their size, seamless execution and smooth outside shooting, were poised to deal the Philippine squad another heartbreaking loss. The outlook got particularly bleak when the Philippine team's naturalized center, Marcus Douthit, went down with a calf injury and sat down the game's entire 2nd half. With the odds stacked against it, Gilas miraculously found a way to fight back and fight strong. The team rallied behind the strength of its 6th man – the hometown crowd.

The Strength of a Nation

The 20,000-strong crowd in the MOA Arena supported their team through and through. They cheered every time Gilas had possession and jeered every time Korea had the ball. The raucous crowd cheered with a purpose, repeatedly chanting the words "puso" and "laban." The crowd's support was so strong that the Korean coach later on admitted that the pressure affected their ability to focus and execute in the last quarter. As Gilas team captain Jimmy Alapag said, "We had the strength of a nation behind us. It was only us in the team who played but we represented millions of Filipinos."

All Heart

Korea proved to be a formidable opponent. Even as it was playing against the hometown crowd, the Korean team continued its flawless execution and cold-blooded shooting down the stretch. But this time around, the heart of the Filipinos would not be denied. Gilas was spurred by the daredevil drives of guard Jayson Castro, the savvy plays of forward Ranidel de Ocampo, the clutch triples of guard Jimmy Alapag and the never-say-die attitude of injured forward Marc Pingris. The Filipinos more than matched the Koreans – basket for basket and hustle for hustle – in order to win the game. In the end, Marc Pingris summarized what drove the team's efforts: "We did this for our country. We made a lot of sacrifices. In the PBA, we play for pay. But here, we'll die to win for our country."

Writing Your Own History

The Philippine team's win against South Korea put Philippine basketball back on the world map. Below, we summarize some of the more memorable quotes from the players and coach of Gilas as they weighed in on this historic achievement.

Gilas team captain Jimmy Alapag: It's the most precious moment in my career. This means more than a PBA championship. This is so much deeper. This is for our country.

Gilas forward Japeth Aguilar: It wasn't only our dream that was fulfilled but the dream of every Filipino.

Gilas center Marcus Douthit: Everybody on this team and the organization are now part of history – that's the most amazing feeling.

Gilas coach Chot Reyes: There's no greater opportunity in life than to write your own history. This team just wrote it tonight.

Historic Moments for the Economy

Just like the Philippine team's achievement in basketball, our country was able to deliver a number of historic feats in the financial and economic fronts. We are fortunate to have witnessed these in our lifetime. We enumerate these below.

- 1. Fastest Growing Country in Asia.** In 1Q2013, the Philippines became the fastest growing country in Asia. Our country's 7.8% 1Q2013 GDP growth edged China's 7.7%. With problems hounding most emerging markets, our country's high growth rate stands out as something exceptional.
- 2. Investment Grade.** In 1H2013, our country received its 1st and 2nd investment grade rating upgrades from Fitch Ratings and Standard & Poors. These credit rating upgrades are affirmations of the magnificent economic turnaround that our country has undergone.
- 3. Peso Tops Out.** We saw the bottom of the peso vs. the US dollar at 56.50 in October 2005. We wrote about it and we cited the reasons why the peso will continue to strengthen for years to come (*Peso, the Strongest Currency in Asia*, October 24, 2005). After eight long years of strengthening, we may have witnessed history again as the peso may have topped-out at 40.45 last March 2013 (*The Peso Tops Out*, May 27, 2013).
- 4. Worldwide Recognition for Finance Leaders.** Two of the country's important finance leaders have recently received international acclaim. Department of Finance Secretary Cesar Purisima was named Finance Minister of the Year 2012 by Euromoney. Also, Bangko Sentral ng Pilipinas Governor Amando Tetangco, Jr. was named Central Banker of the Year for Asia Pacific by the Banker, while being consistently rated as one of the world's top central bankers by Global Finance.

Historic Moments in the Stock Market

The resurgence of the Philippine economy has fueled the strong performance of our stock market. Below, we enumerate some of the important milestones that our stock market has achieved.

- 1. Opportunity of a Generation.** Amidst the carnage of the 2008 Global Financial Crisis, we said that the bear market would present a once-in-a-lifetime opportunity to make huge amounts of money in

the stock market (*Opportunity of a Generation*, November 3, 2008). The important and ominous bottom of the S&P500, which we correctly called in 2009 (*666 on 3-6-9*, April 13, 2009), marked the start of the very powerful bull market that we are witnessing now.

2. **111 New All-Time Highs.** The PSE Index rebounded strongly from the 2008 global bear market and eventually topped its October 2007 high of 3,897. Past that previous record high, the PSE Index established 111 new record highs as it reached the new all-time high of 7,404. The current all-time high is 90% higher than the 2007 high and 339% higher than the last bear market bottom.
3. **Silver Medal in the Stock Market.** Even as most global indices moved higher in 2012, the Philippine stock market still managed to stand out. Last year, the PSE Index delivered a return of 33.0%, 2nd best in the world.
4. **Largest Trading Volume.** The local stock market's year-to-date value traded for 2013 has already exceeded P890B. Even though we are not yet done with the year, 2013 value traded has already surpassed the full-year trading volume of any of the previous years.
5. **Largest IPO / re-IPO.** Last April 2013, LT Group (LTG) set the record for the largest IPO or re-IPO in the Philippines. Its P37.7B equity offering was many times oversubscribed and was well-received by global investors. This showed the growing awareness and interest of foreign investors in the Philippines and the local stock market.

Selfless Leaders Write History

The monumental achievement of Gilas Pilipinas would not have been possible if not for the efforts, dedication and resources of Manny Pangilinan (MVP). His dream was to bring Philippine basketball back in the world map. More importantly, he had the long-term vision to stick with this dream through thick and thin. We are fortunate to have MVP because he is someone who has a deep love for country and is willing to work for something beyond himself. It was MVP that put the national team in the position to achieve beyond expectations and write history anew.

This is the same type of vision, dedication and love of country that has driven our country to turn. From the late President Cory Aquino to current President Noynoy Aquino, we benefited from the efforts of dedicated and selfless leaders who dreamed of a better Philippines. This is why our economy and our stock market can perform strongly and continue to defy expectations.

Learning From History

As we witness history unfold for Philippine basketball, it is important for us to appreciate the national team's achievements and understand why these milestones were attained. This appreciation may similarly be applied to better understand the reasons behind the historic events that take place in the local stock market, the Philippine peso and our economy. A deeper understanding of history and the causes of the lows, highs and turns of the stock market and the Philippine peso, as we have explained in our previous Philequity Corner articles, can give one the rationale for one's investment decisions.

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