

Philequity Corner (May 4, 2015)

By Valentino Sy

The day our country stood still

Filipino boxing icon Manny Pacquiao fought American boxing champion for 12 full rounds. The fight started out as a tactical battle, showcasing Pacquiao's trademark speed and volume punching against Mayweather's counter-punching and fortress defense. Though Pacquiao eventually lost a decision to boxing's reigning pound-for-pound king, he thrilled everyone by putting a valiant effort, showing his heart and resolve while also pushing his opponent to the edge. In our eyes, the loss did not diminish his status as one of the best fighters of this generation.

Many are probably wondering if the stock market will go down given the outcome of the fight yesterday. In this article, we look at the tale of the tape and show how the stock market reacted to Pacquiao's previous fights.

Stock market performance after Pacquiao fights

We reviewed the performance of the PSE Index after each of Pacquiao's fights. We tracked his last 30 fights, starting with his one-sided beatdown of Lehlo Ledwaba for a 122-pound title in 2001. Note that this was a breakout fight for Pacquiao as this was his first fight in the US.

Table 1 – Return of PSE Index the day after a Pacquiao fight

Date	Opponent	Result	Return	Date	Opponent	Result	Return
06/23/01	Lehlo Ledwaba	W	-1.06%	10/06/07	Marco Antonio Barrera	W	2.58%
11/10/01	Agapito Sanchez	D	-0.66%	03/15/08	Juan Manuel Marquez	W	-3.88%
06/08/02	Jorge Eliecer Julio	W	0.78%	06/28/08	David Diaz	W	-0.26%
10/26/02	Fahprakorb Rakkiatgym	W	1.45%	12/06/08	Oscar De La Hoya	W	1.04%
03/15/03	Serikzhan Yeshmagambetov	W	-0.45%	05/02/09	Ricky Hatton	W	1.62%
07/26/03	Emmanuel Lucero	W	-2.11%	11/14/09	Miguel Cotto	W	-0.76%
11/15/03	Marco Antonio Barrera	W	-1.25%	03/13/10	Joshua Clottey	W	0.13%
05/08/04	Juan Manuel Marquez	D	-2.99%	11/13/10	Antonio Margarito	W	1.54%
12/11/04	Fahsan 3K Battery	W	-0.29%	05/07/11	Shane Mosley	W	0.90%
03/19/05	Erik Morales	L	-0.80%	11/12/11	Juan Manuel Marquez	W	1.02%
09/10/05	Hector Velazquez	W	-0.84%	06/09/12	Timothy Bradley Jr	L	1.64%
01/21/06	Erik Morales	W	-0.41%	12/08/12	Juan Manuel Marquez	L	-0.63%
07/02/06	Oscar Larios	W	0.74%	11/24/13	Brandon Rios	W	-1.32%
11/18/06	Erik Morales	W	0.03%	04/12/14	Timothy Bradley Jr	W	-0.11%
04/14/07	Jorge Solis	W	1.58%	11/23/14	Chris Algieri	W	0.67%

Sources: *boxrec.com, Bloomberg, Wealth Securities Research*

Over this 30-fight stretch, Pacquiao compiled a record of 25 wins, 3 losses and 2 draws. Based on our data, a win resulted in a positive return the next day in 13 out of Pacquiao's last 25 wins (batting rate of 52%). While the sample size is significantly smaller, a Pacquiao loss resulted in a downmove in 2 out of his 3 losses (batting rate of 67%) over this stretch. Interestingly, his more recent wins show a higher batting rate. Starting in 2009, the stock market moved higher in 6 out of Pacquiao's last 9 wins (batting rate of 67%). This is probably due to the fact that we have been in a bull market since 2009.

Based on historical data, there appears to be no clear connection between a Pacquiao fight and the stock market. And though Pacquiao lost yesterday, we saw how big his fighting heart is. We believe that this will not diminish his legacy, nor will it dampen the momentum that our stock market has enjoyed over the recent years.

The day the country stopped

What is special to us is how everything stopped as the fight was happening. There was no traffic in major roads and everything that happened were only those that were related to the fight itself. Everyone was glued to their screens, whether they were watching in cinemas, bars, restaurants, hotels, village clubhouses, barangay centers or in their respective homes. The usual daily routines resumed only after the fight. For us, it is always a delight to see how Pacquiao unites 100 million Filipinos with each of his fights. We believe that this phenomenon is something unique to the Philippines.

Pacquiao, a typical Filipino

And though it is his boxing prowess and exciting fighting style that catapulted him to superstar status, it is Pacquiao's personality and other traits that have endeared him to the nation and to the rest of the world. Pacquiao possesses common Filipino traits. He is friendly, pleasant, good-humored and is easy to get along with. Moreover, his interests include common Filipino past-times. He plays darts and chess. He loves singing and music. He usually sings in *karaokes* and he also plays the piano and the guitar. He even recorded his own walkout song and has performed live in an American late night show. And though NBA stars admire him, Pacquiao is a huge basketball fan. He is known to play hours of basketball when he is away from boxing training. Incidentally, he is the playing coach for Kia Carnival, a basketball team in the PBA.

And this is why Filipinos are able to relate to him quite easily. Pacquiao not only typifies the common Filipino, but he is also *one of them*. Conversely, being a Filipino often involves an inevitable association with Pacquiao. Now, the whole world knows the Philippines because of the outstanding qualities and work habits of OFWs, BPOs and Manny Pacquiao. His immense popularity has helped bring the Philippines and Filipinos to the global stage.

A global celebrity

Pacquiao's meteoric rise to the top of the boxing ladder has made him a bona fide global celebrity. He is presently a congressman of the Sarangani province. More than that, he has starred in movies and movies about his life have been made. He has also made records and performed in concerts, endorsed major brands locally and globally and has appeared in popular talk shows here and abroad. Hollywood stars and NBA players are some of the prominent figures that are known to be his fans. In contrast to his fierce fighting style in the ring, he maintains a gentle, humble and pleasant demeanor outside boxing.

Everybody knows Manny

Everyone now knows who Manny Pacquiao is. Even his family name, though hard to pronounce for most foreigners (they pronounce it as “Pakeeyaw”), rings a bell and has a distinct sound to it. This holds true even for his countrymen, as his family name is pronounced as “pakyaw”, which means “buy in bulk” or “buy everything” in Filipino.

Even people around him are celebrities

Pacquiao’s celebrity status has also rubbed-off to the people around him. As a result of Pacquiao’s star power, his boxing coach – Freddie Roach, his best friend and assistant trainer – Buboy Fernandez, his mother – Mommy Dionisia and his wife – Jinkee , have also become quite popular and well-known. Even our fund manager’s 1-year old grandson recognizes Pacquiao and his pet dog, Pacman, which accompanies him during his customary training runs.

Still a hero in our eyes

Manny Pacquiao is a typical Filipino who worked extremely hard to overcome poverty and become a boxing champion. Aside from his exciting fighting style, his unique personality and the Filipino traits that he possesses have endeared him not only to his countrymen but also to fans around the globe. Whenever he fights, 100 million Filipinos rally behind him, cheering him on as if they were also in the ring, fighting with him. We always find it amazing how Pacquiao unites the country when he fights.

And though he lost yesterday, we admire Manny for putting a valiant effort in the toughest and biggest fight of his career. Further, we believe that his legacy has already transcended boxing. His popularity and influence has helped in putting the Philippines in the global map, thereby opening doors of opportunities for many of his countrymen. His generosity and good intentions have also served to uplift the lives of his constituents and poorer countrymen.

We will always look at Manny Pacquiao with the respect and admiration that a modern-day Filipino hero deserves. In fact, we consider ourselves lucky to be part of history and witness Manny Pacquiao fight. In our lifetime, we saw one of us rise to the top of the boxing world and become one of the best fighters of this generation. Similarly, we are also lucky to be part of one of the longest and strongest bull markets in history. Like the Pacquiao phenomenon, we believe that this bull market is something that will be remembered for generations to come.

Philequity Management is the fund manager of the leading mutual funds in the Philippines. Visit www.philequity.net to learn more about Philequity’s managed funds or to view previous articles. For inquiries or to send feedback, please call (02) 689-8080 or email ask@philequity.net.