

Market Commentary

➔ **The View:** The PSEi went up by 81.35 points or 1.32% and ended at 6,259.95 last Friday. The benchmark index partially recovered following a steep decline as investors were spooked by the renewed acceleration of inflation last September. Still, the PSEi ended lower by 0.97% week-on-week. In the US, the 3 main indices ended strongly last Friday. The Dow rose by 0.87%, while the S&P500 and the Nasdaq Composite rallied by 1.18% and 1.60%, respectively. They shrugged off earlier losses after the latest US non-farm payrolls increased by 336,000 in September, almost double the projected 170,000 and more than 100,000 than in August. At the same time, the unemployment rate remained unchanged at 3.8%. Wage increases were also slightly lower than expected. The strong US jobs data could be expected to weigh on the chances of future rate hikes, despite the markets initially expecting only one more rate increase this year and the beginning of policy rate cuts in 2024. For last week, the S&P500 and Nasdaq were up by 0.48% and 1.60%, respectively. The Dow closed lower by 0.30% last week. Meanwhile, European markets also closed in the green last Friday led by retail stocks. Investors also tracked the release of US jobs data. In the Asia-Pacific, markets mostly ended higher. Japan's Nikkei was the lone decliner with 0.26%. Hong Kong's Hang Seng led the gains in the region with 1.58% with Australia's ASX200 and South Korea's Kospi following suit 0.41% and 0.21% gains of their own. In the local bourse, all sectors closed higher with Mining&Oil (+2.26%) and Property (+1.65%) moving most. In the main index, WLCON (+4.55%), SCC (+4.48%), and SMPH (+3.72%) were the best performers among Friday's 21 gainers. At the other end, CNPF (-3.11%) had the biggest loss while the other 6 laggards had sub-1% contractions. The market's total turnover value went down by 29% to PHP3.86 billion, while total foreign activity decreased by 40% to PHP3.82 billion. Net foreign selling continued for the 5th consecutive session and amounted to PHP150.99 million, lower compared to the PHP475.80 million in the previous session. The Philippine Peso appreciated by 5 cents against the US dollar and ended at PHP56.62. Concerns about further interest hikes by both the US Federal Reserve (Fed) and the Bangko Sentral ng Pilipinas (BSP) may continue weighing down on market sentiment despite the quick relief rally last Friday. The market will also digest the latest local unemployment data, along with the latest US jobs report. The eruption of conflict between Israel and Palestine over the weekend could also take a toll on concerns as investors initially react to the surprising developments in the Middle East and its impact on the oil markets.

PSEI INTRADAY



INDICES

Index	Prev	Last	% Chg
PSEi	6,178.60	6,259.95	1.32%
All Shares	3,348.75	3,379.27	0.91%
Financial	1,810.17	1,824.55	0.79%
Industrial	8,831.61	8,882.78	0.58%
Holding Firms	5,887.76	5,974.48	1.47%
Property	2,555.09	2,597.27	1.65%
Services	1,492.00	1,506.00	0.94%
Mining & Oil	10,601.28	10,841.29	2.26%

TOP 10

WLCON	4.55%	CNPF	-3.11%
SCC	4.48%	MBT	-0.76%
SMPH	3.72%	LTG	-0.66%
DMC	2.94%	ALI	-0.52%
TEL	2.82%	PGOLD	-0.52%
AC	2.56%	SMC	-0.19%
URC	2.43%	AGI	-0.17%
SM	2.33%	GTCAP	0.00%
BPI	1.87%	JGS	0.00%
BLOOM	1.58%	NIKL	0.17%

BOTTOM 10

Stock Picks

Stock	Date	Initial Price	Current Price	Return since Recommendation	
				Stock	PSEi
TEL	3/13/20	1,029.00	1,203.00	16.91%	8.04%
CNPF	3/13/20	13.10	28.00	113.74%	8.04%
FGEN	9/23/20	24.80	18.52	-25.32%	6.23%
AP	9/23/20	25.55	34.50	35.03%	6.23%
BDO	11/17/20	92.60	139.70	50.86%	-9.51%
BPI	11/17/20	83.00	109.00	31.33%	-9.51%
MBT	11/17/20	44.35	52.20	17.70%	-9.51%
SECB	11/17/20	103.90	77.00	-25.89%	-9.51%
CNVRG	6/13/22	22.50	9.39	-58.27%	-3.20%
ALI	6/13/22	30.05	28.45	-5.32%	-3.20%
SGP	6/13/22	12.06	8.28	-31.34%	-3.20%
Ave. Return				10.86%	-1.74%

MARKET DATA

Market Volume	730,180,331
Market Turnover (Value)	3,863,128,782
Foreign Buying	1,835,224,999
Foreign Selling	1,986,219,653
Net Foreign Buy / (Sell)	(150,994,654)

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Economic Developments

- ➔ **Jobless rate dips to 3-month low in August.** The Philippines experienced a significant drop in its jobless rate, reaching 4.4% in August, marking the lowest level in three months, according to preliminary results from the Labor Force Survey by the Philippine Statistics Authority (PSA). This figure was notably lower than July's 4.8% and August of the previous year's 5.3%. August also saw a boost in employment, with around 3.44 million Filipinos finding jobs compared to July, bringing the total employed to 48.07 million, surpassing last year's August figure of 47.87 million. Additionally, the underemployment rate, which indicates workers seeking more hours or better employment, dropped to 11.7% in August from 15.9% in the previous month, showcasing an improvement in job quality. The National Economic and Development Authority (NEDA) attributed this positive trend to the government's initiatives to create high-quality employment opportunities. NEDA Secretary Arsenio Balisacan emphasized the importance of attracting local and foreign investment to stimulate job growth and economic progress in the Philippines. The labor force also expanded by 3.38 million from July, reaching 50.29 million in August, although it contracted by 265,000 compared to August of the previous year. (*BusinessWorld*)
- ➔ **The government raised \$1.26 billion from retail dollar bonds.** The Philippine government has successfully raised \$1.26 billion from its inaugural retail dollar bond (RDB) issuance under the Marcos administration, surpassing the original \$1 billion target. The 5.5-year RDBs, priced at 5.75%, received strong demand, with total tenders reaching \$636.2 million and the Treasury accepting \$611.2 million. This marks the second RDB issuance for the Philippines, with the first occurring during the Duterte administration in 2021, which raised \$1.6 billion with a coupon of 1.375%. The RDB offering aims to diversify government funding sources, promote financial literacy and inclusion among Filipinos, and stimulate the domestic capital market by providing a low-risk investment option with competitive yields. In this latest issue, there was a notable increase in retail participation compared to the previous offering, with retail buyers playing a more significant role. The government's decision to upsize the offering and attract more retail investors aligns with its goal of making securities more accessible to individual investors and enhancing the diversification of its funding sources. (*Philstar*)
- ➔ **Philippine manufacturing output peaks in August.** Factory production in the Philippines surged by 8.5% in August, marking the highest growth rate of the year and surpassing last year's performance, according to the Philippine Statistics Authority (PSA). The volume of production index (VoPI) for the manufacturing sector reached a seven-month high, indicating stronger growth compared to the 4.6% recorded in the same month the previous year. This reading also exceeded the 4.9% growth seen in July and represented the fastest growth in seven months. For the year to date, average factory output growth stood at 5.8%, significantly lower than the 21.1% average growth recorded in the same period in 2022. Economists suggested that the uptick in August likely signifies a rebound in demand and possible operational efficiencies within the manufacturing sector. However, the lower average growth for the year may be attributed to base effects, slower trade, and inflation. The improved VoPI growth is seen as a positive sign for the economy, suggesting resilience in the manufacturing sector despite challenges such as minimum wage hikes and higher interest rates. (*BusinessWorld*)

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Economic Developments

- ➔ **NAIA's passenger volume for the first 9 months of 2023 breaches 2022's full-year total.** The Manila International Airport Authority (MIAA) reported over 337 million passengers during the first nine months of 2023, surpassing the total passenger count for both domestic and international travelers at the Ninoy Aquino International Airport (NAIA) for the entire year. The MIAA recorded 33,757,646 domestic and international passengers from January to September 2023, a 9% increase from the 30,943,105 passengers in the same period the previous year. This figure is also equivalent to 95% of the first nine-month performance of 2019, prior to the COVID-19 lockdowns. Flight movements at NAIA also grew significantly, with 206,050 flights recorded in the past nine months, marking a 31% increase from the same period in the previous year. MIAA Officer-in-Charge Bryan Co welcomed the consistent growth in passenger volume and flight movements, expressing confidence that the agency is on track to achieve its year-end projections of 45 million passengers and 275,000 flights by the end of 2023. The aviation industry in the Philippines is showing signs of resilience and recovery, surpassing pre-pandemic levels from 2019. The MIAA has also improved its on-time performance (OTP), achieving an average OTP rate of 80% in the past month, matching the highest average OTP rate recorded in March of the same year. This improvement is attributed to a strategic blend of software solutions, technology, real-time monitoring systems, and collaboration with airlines and aviation stakeholders to support flight schedules and mitigate disruptions. *(Philstar)*
- ➔ **PSE to introduce cross-border trading.** The Philippine Stock Exchange (PSE) is planning to introduce new products and initiatives to enhance market liquidity and attract more investors. One of its key plans is to introduce depository receipts (DRs) in the market, allowing for cross-border trading of Philippine securities and shares of foreign-listed companies. These DRs will enable local investors to diversify their portfolios and potentially generate liquidity in the market. The PSE aims to launch this initiative in the fourth quarter of 2024 after finalizing the regulatory framework with the Securities and Exchange Commission (SEC). Additionally, the PSE is collaborating with the Hong Kong stock exchange to develop and introduce derivatives in the stock market. Derivatives are financial instruments based on the price movement of an underlying asset and can be used by investors to manage risk and provide market-based pricing information. The PSE also plans to ease listing rules for small and medium enterprises and launch the second phase of its PSE EASy platform, which is a mobile application for stock market investors. Furthermore, it will launch a new in-app stock market platform called GStocks in partnership with GCash. *(Philstar)*

Corporate Developments

- ➔ **PLDT, Inc. (TEL).** TEL has raised PHP2.8 billion from an asset sale to Frontier Tower Associates Philippines, with expectations of gaining another PHP9 billion from the transaction in the coming months. The initial transfer includes 230 towers, with the master services agreement for the leaseback of these towers taking effect. The remaining 782 towers will be handed over to Frontier once conditions are met, allowing TEL to accelerate its shift towards becoming an asset-light company. This move will enable TEL to focus on improving network coverage and reliability of its connectivity services, in line with the government's digital infrastructure program to provide affordable and reliable internet access to Filipinos. *(TEL Disclosure)*

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Corporate Developments

- ➔ **Union Bank of the Philippines (UBP)**. UBP has received approval from the Bangko Sentral ng Pilipinas (BSP) to invest an additional PHP900 million in its digital banking subsidiary, UnionDigital Bank Inc. This capital infusion will further support the expansion of UnionDigital Bank's digital banking operations. UnionBank had previously injected PHP2 billion in additional capital into the wholly owned digital bank in June 2022. UnionDigital Bank is among the six entities that have received digital banking licenses from the BSP, enabling them to operate as fully digital banks in the Philippines. As of the end of May, UnionDigital Bank had disbursed PHP13 billion in loans, capturing a 75% market share of the industry's lending business, and doubled its deposit base to PHP20 billion, securing a 25% market share. *(Philstar)*

Other Developments

- ➔ **'Knee-jerk surge': Oil experts predict market impact of Israel-Hamas conflict.** Energy experts suggest that crude oil prices may experience a short-term surge in response to the recent attack on Israel by Palestinian militants, Hamas. However, the overall impact on oil prices is expected to be limited unless the conflict escalates further into a regional war involving major players like the US and Iran. While Israel and Palestine are not major oil producers, the conflict is geographically close to an important oil-producing and exporting region, raising concerns about potential disruptions. The global oil market is already dealing with low inventories and production cuts by key players like Saudi Arabia and Russia, which could lead to further inventory reductions in the coming months. Analysts emphasize that the key to significant oil price impacts lies in whether the conflict remains localized or escalates into a larger regional war. While the initial market reaction may include a risk premium due to uncertainty, a sustained and substantial increase in oil prices would require a more widespread and prolonged conflict that disrupts oil production and supply chains in the region. *(CNBC)*
- ➔ **Chinese EV makers on course to smashing 8.5 million 2023 sales target for mainland.** China's electric vehicle (EV) market, already representing 60% of the global total, is expected to maintain strong growth in the fourth quarter of 2023. This growth is attributed to new launches and discounts offered by carmakers, along with government efforts to promote EV use in rural areas. The China Passenger Car Association (CPCA) set a lofty full-year growth target of 8.5 million EVs sold, which industry observers believe can be achieved with a sales boom expected between October and December. Chinese EV manufacturers delivered 4.44 million vehicles to mainland customers from January to August, a 36% YoY increase, and the industry will need to sell another 4 million cars in the final quarter to meet the CPCA target. Major EV players like BYD and Li Auto are expected to achieve record deliveries, with BYD reporting sales of 287,454 units in September, up 4.8% from August, and Li Auto delivering 36,060 vehicles in the same month, a 3.3% increase from August. Analysts anticipate that monthly sales could reach 1 million units between September and December. The strong interest of Chinese motorists in owning an EV is driving this growth, making one out of every three vehicles sold in China battery-powered. Car manufacturers are also offering discounts to stimulate sales. The expansion of charging infrastructure in remote regions is further expected to boost EV adoption in underdeveloped areas, contributing to the achievement of the 8.5-million-unit target. *(South China Morning Post)*

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Other Developments

- ➔ **US nonfarm payrolls soared by 336,000 in September, defying expectations for a hiring slowdown.** In September, the US labor market exceeded expectations by adding 336,000 nonfarm payrolls, outpacing the Dow Jones consensus estimate of 170,000 and marking the strongest monthly figure since January. Despite this robust job growth, wage increases fell slightly short of expectations, with average hourly earnings rising 0.2% for the month and 4.2% year-on-year, compared to estimates of 0.3% and 4.3%, respectively. The unemployment rate also came in slightly higher than forecast at 3.8%, compared to the predicted 3.7%. This strong labor market performance suggests that the US economy remains resilient, although it has raised concerns that the US Federal Reserve (Fed) may need to maintain or even increase high-interest rates to combat persistently high inflation. As a result, traders in the fed funds futures market have increased the likelihood of a rate hike before the end of the year to approximately 43%. Investors have been apprehensive lately about the potential for a robust economy to compel the Fed to keep interest rates elevated, which could also lead to further hikes due to persistent inflation. Wage growth is a central factor in the interest rate equation, as policymakers believe that a tight labor market will continue to push wages higher, contributing to rising prices. (CNBC)

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CASH DIVIDEND SCHEDULE

*Arranged by ex-date

Ticker	Company	Amount/ Rate	Dividend Type	Share	Ex-date	Record Date	Payment Date
ABA	AbaCore Capital Holdings, Inc.	Php0.01	Cash	Common	06/23/22	06/28/22	TBA
PRF4A	Petron Corporation	Php16.76975	Cash	Preferred	09/13/23	09/14/23	10/09/23
PRF4B	Petron Corporation	Php16.99300	Cash	Preferred	09/13/23	09/14/23	10/09/23
PRF4C	Petron Corporation	Php17.71525	Cash	Preferred	09/13/23	09/14/23	10/09/23
MWP5	Megawide Construction Corporation	Php1.97605	Cash	Preferred	09/25/23	09/26/23	10/17/23
CPG	Century Properties Group, Inc.	Php0.006055	Cash	Common	09/28/23	09/29/23	10/13/23
DDPR	DoubleDragon Corporation	Php2.42125	Cash	Preferred	09/28/23	09/29/23	10/16/23
LPZ	Lopez Holdings Corporation	Php0.10	Cash	Common	09/28/23	09/29/23	10/25/23
FEU	Far Eastern University, Inc.	Php16.00	Cash	Common	10/02/23	10/03/23	10/18/23
JFCPA	Jollibee Foods Corporation	Php8.20525	Cash	Preferred	10/03/23	10/04/23	10/16/23
JFCPB	Jollibee Foods Corporation	Php10.60125	Cash	Preferred	10/03/23	10/04/23	10/16/23
GTPPA	GT Capital Holdings, Inc.	Php11.57475	Cash	Preferred	10/04/23	10/05/23	10/27/23
GTPPB	GT Capital Holdings, Inc.	Php12.73725	Cash	Preferred	10/04/23	10/05/23	10/27/23
SMC	San Miguel Corporation	Php0.35	Cash	Common	10/05/23	10/06/23	10/27/23
MWP4	Megawide Construction Corporation	Php1.325	Cash	Preferred	10/09/23	10/10/23	10/30/23
VLL	Vista Land & Lifescapes, Inc.	Php0.062	Cash	Common	10/13/23	10/16/23	10/31/23
BKR	Bright Kindle Resources & Investments Inc.	Php0.0037	Cash	Common	10/13/23	10/16/23	TBA
8990B	8990 Holdings, Inc.	Php1.375	Cash	Preferred	10/24/23	10/25/23	11/10/23
BRNP Series A	A Brown Company, Inc.	Php1.75	Cash	Preferred	10/30/23	10/31/23	11/29/23
DDMPR	DDMP REIT, Inc.	Php0.0254766	Cash	Common	11/03/23	11/06/23	11/29/23
TCB2A	Cirtek Holdings Philippines Corporation	US\$0.0228125	Cash	Preferred	11/23/23	11/24/23	12/11/23
TCB2C	Cirtek Holdings Philippines Corporation	Php0.8233	Cash	Preferred	11/28/23	11/29/23	12/14/23
TCB2D	Cirtek Holdings Philippines Corporation	Php0.968825	Cash	Preferred	11/28/23	11/29/23	12/14/23
TCB2B	Cirtek Holdings Philippines Corporation	US\$0.025	Cash	Preferred	11/30/23	12/01/23	12/18/23
8990B	8990 Holdings, Inc.	Php1.375	Cash	Preferred	01/26/24	01/29/24	02/10/24

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Stocks Dividends/Property Dividends

Ticker	Company	Amount/Rate	Dividend Type	Share Type	Ex-date	Record Date	Payment Date
PNB	Philippine National Bank	0.156886919 shares of PHC for every 1 share of PNB	Property	Common	05/13/21	05/18/21	TBA
AC	Ayala Corporation	3 ACEN shares per 1 AC common share	Property	Common	05/24/22	05/27/22	01/09/23
ABA	AbaCore Capital Holdings, Inc.	0.0009 PRIDE shares per 1 ABA common share	Property	Common	06/23/22	06/28/22	TBA
GREEN	Greenery Holdings Incorporated	0.0561786222 share of ANI for every 1 share of the company	Property	Common	06/27/22	06/30/22	TBA
BKR	Bright Kindle Resources & Investments Inc.	(1) BHDI share for every three (3) common BKR shares	Property	Common	10/13/23	10/16/23	TBA
MACAY	Macay Holdings, Inc.	0.936 common share of ARC for every 1 common share of MACAY	Property	Common	10/20/23	10/23/23	TBA
MFIN	Makati Finance Corporation	0.5435056706%	Stock	Common	08/22/22	08/25/22	TBA
LPC	LFM Properties Corporation	60%	Stock	Common	TBA	TBA	TBA
VMC	Victorias Milling Company, Inc.	100%	Stock	Common	TBA	TBA	TBA
UBP	Union Bank of the Philippines	27%	Stock	Common	TBA	TBA	TBA
CEI	Crown Equities, Inc.	10%	Stock	Common	TBA	TBA	TBA
SBS	SBS Philippines Corporation	22%	Stock	Common	TBA	TBA	TBA
CDC	Cityland Development Corporation	2.5%	Stock	Common	07/03/23	TBA	TBA
LAND	City & Land Developers, Incorporated	5%	Stock	Common	07/10/23	TBA	TBA
AUB	Asia United Bank Corporation	50%	Stock	Common	TBA	TBA	TBA
MFIN	Makati Finance Corporation	0.9944770554%	Stock	Common	08/18/23	TBA	TBA

Note: AC
Scripless shareholders will have a moving payment date for their property dividends

Stocks Rights/Follow-on Offering

Ticker	Company	Offer Price	Ratio	Offer Shares	Ex-date	Offer Start	Offer End	Listing Date
MA	Manila Mining Corporation	Php0.01	1:5	51,917,357,741	04/26/22	05/16/22	05/20/22	TBA
ANI	AgriNurture, Inc.	Php1.00	1:2.5	288,000,027	TBA	TBA	TBA	TBA
LC	Lepanto Consolidated Mining Company	Php0.12	1:3.95	16,803,989,391	TBA	TBA	TBA	TBA
PBB	Philippine Business Bank	Php10.00	1:4.6428	50,000,000	03/07/2023	03/10/2023	03/17/2023	TBA

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