

## Market Commentary

➔ **The View:** The PSEi inched down by 7.79 points or 0.12% and closed at 6,252.16 yesterday. The local bourse saw shares closing lower as concerns over rising inflation and the ongoing Middle East conflict weighed on investor sentiment. The prospect of further monetary tightening in response to September's quickened inflation added to market caution. Additionally, the geopolitical tension in the Middle East raised concerns about its potential impact on global oil prices, contributing to market uncertainty. In the US, the 3 main indices went up. The S&P500 gained 0.63%, while the Dow and the Nasdaq Composite rose by 0.59% and 0.39%, respectively. The recent geopolitical events between Israel and Hamas have introduced jitters to financial markets, but historical trends suggest that the longer-term impact of such events tends to be relatively contained. However, there are concerns about how tougher sanctions on Iran could impact global oil supply. Tightened sanctions on Iran and disruptions to its oil supply could have a more significant impact on oil markets, even though they currently have some buffer. Meanwhile, European markets ended in the red as investors assessed the geopolitical situation in the Middle East. Still, oil and gas stocks went up on the back crude oil prices' surge. Travel and leisure stocks had the biggest declines followed by retail. In the Asia-Pacific, most markets shook off the pressures from the Israel-Hamas conflict. Japan's Nikkei led the gains in the region with 1.39% after coming off a public holiday. South Korea's Kospi also rose by 1.05%. Hong Kong market's session was cut short due to a typhoon warning. In the local bourse, sectors mostly went up with Financial (-0.86%) and Holding Firms (-0.25%) being the decliners. Mining&Oil (+0.92%) and Services (+0.41%) had the biggest upticks. In the main index, CNVRG (+5.22%), JGS (+3.29%), and CNPF (+3.21%) were the top performers among Monday's 12 gainers. On the other hand, WLCON (-3.04%), GTCAP (-1.75%), and BPI (-1.74%) had the biggest losses among 15 laggards. The market's total turnover value went up by 48% to PHP5.71 billion, while total foreign activity increased by 49% to PHP5.70 billion. PIZZA's block sale of PHP2.70 billion caused the increase. Foreigners ended with a net foreign selling of PHP2.98 billion. The Philippine Peso depreciated by 33 cents to PHP56.95 against the US dollar. The central bank may have to increase rates, more so to protect the local currency. The BSP has stated its intention to keep the exchange rate under control and below the PHP57-level. Market sentiment is likely to remain tilted downward due to the increasing concerns about inflation and interest rate hikes.

## PSEI INTRADAY



### INDICES

Index	Prev	Last	% Chg
PSEi	6,259.95	6,252.16	-0.12%
All Shares	3,379.27	3,380.05	0.02%
Financial	1,824.55	1,808.87	-0.86%
Industrial	8,882.78	8,911.59	0.32%
Holding Firms	5,974.48	5,959.36	-0.25%
Property	2,597.27	2,601.03	0.14%
Services	1,506.00	1,512.15	0.41%
Mining & Oil	10,841.29	10,940.66	0.92%

### TOP 10

CNVRG	5.22%	WLCON	-3.04%
JGS	3.29%	GTCAP	-1.75%
CNPF	3.21%	BPI	-1.74%
ACEN	3.07%	DMC	-1.52%
MONDE	2.35%	MER	-1.35%
TEL	1.41%	AGI	-1.35%
PGOLD	1.22%	SMC	-1.14%
ALI	0.88%	JFC	-0.90%
URC	0.85%	AEV	-0.81%
SCC	0.71%	AC	-0.73%

### BOTTOM 10

## Stock Picks

Stock	Date	Initial Price	Current Price	Return since Recommendation	
				Stock	PSEi
TEL	3/13/20	1,029.00	1,220.00	18.56%	7.91%
CNPF	3/13/20	13.10	28.90	120.61%	7.91%
FGEN	9/23/20	24.80	18.44	-25.65%	6.10%
AP	9/23/20	25.55	35.70	39.73%	6.10%
BDO	11/17/20	92.60	139.20	50.32%	-9.63%
BPI	11/17/20	83.00	107.10	29.04%	-9.63%
MBT	11/17/20	44.35	51.90	17.02%	-9.63%
SECB	11/17/20	103.90	76.50	-26.37%	-9.63%
CNVRG	6/13/22	22.50	9.88	-56.09%	-3.32%
ALI	6/13/22	30.05	28.70	-4.49%	-3.32%
SGP	6/13/22	12.06	8.29	-31.26%	-3.32%
<b>Ave. Return</b>				<b>11.95%</b>	<b>-1.86%</b>

### MARKET DATA

Market Volume	771,486,990
Market Turnover ( Value)	5,709,754,002
Foreign Buying	1,355,193,035
Foreign Selling	4,336,651,506
Net Foreign Buy / (Sell)	(2,981,458,471)

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## Economic Developments

- ➔ **September GIR hits 7-month low on debt payments.** The Philippines' gross international reserves (GIR) decreased to below \$99 billion at the end of September, dropping by almost a billion dollars compared to the previous month's GIR of \$99.6 billion. This decline marks the lowest GIR level in seven months, with the last similar level recorded in February at \$98.216 billion. The decrease is attributed to the National Government's payments of foreign currency debt obligations and adjustments in the value of the Bangko Sentral ng Pilipinas' (BSP) gold holdings due to a decrease in the price of gold in the international market. Despite the decline, the country's import cover remains above seven months, representing a more than adequate external liquidity buffer. The GIR is equivalent to 7.3 months' worth of imports of goods and payments of services and primary income. Additionally, it is about 5.7 times the country's short-term external debt based on original maturity and 3.6 times based on residual maturity. The BSP's reserve assets consist of foreign investments, gold, foreign exchange, reserve position in the International Monetary Fund (IMF), and special drawing rights. Short-term debt based on residual maturity includes outstanding external debt with an original maturity of one year or less, plus principal payments on medium- and long-term loans of the public and private sectors due within the next 12 months. (*BusinessMirror*)
- ➔ **T-bill demand drops to lowest in 3 months.** Demand for the Philippines government's short-term securities, specifically Treasury bills (T-bills), saw a significant decline, reaching its lowest level in three months. The Bureau of the Treasury partially awarded only PHP12.518 billion out of the PHP15 billion worth of T-bills on offer in the latest auction. This marks the second consecutive week of partial awarding for T-bills. Overall demand for these short-term securities dropped by 18% to PHP22.564 billion compared to the previous week, although the auction was still oversubscribed by 1.504 times. The decline in demand and rising rates were influenced by September's higher-than-expected inflation rate of 6.1%, which raised expectations of potential rate hikes by the central bank. Rates across all tenors of T-bills increased compared to reference rates and previous auction results. For instance, the rates for 91-day T-bills rose by 9.4 basis points to 5.806%, the 182-day T-bills saw rates increase by 10.4 basis points to 6.115%, and rates for 364-day T-bills averaged 6.305%, which is 6.1 basis points higher than the secondary rate. These developments came after the inflation rate exceeded the central bank's forecast and market consensus, leading to speculation about a potential rate hike in November. The Philippine Treasury aims to raise PHP150 billion from the domestic debt market this month, with P60 billion expected to be borrowed from T-bills, and so far, they have raised PHP25.434 billion toward this goal. (*Philstar*)

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## Economic Developments

- ➔ **PH budget deficit seen further narrowing in 2023, 2024.** According to BMI Country Risk and Industry Research, the Philippine government's budget deficit is expected to continue narrowing in 2023 and 2024 due to improving revenue performance. The research firm forecasts the deficit to be 5.9% of gross domestic product (GDP) in 2023 and further decrease to 5.1% in 2024, down from 7.3% in 2022 and 8.6% in 2021. These projections are slightly narrower than the government's own estimate of 6.1% for 2023, thanks to better revenue growth. BMI anticipates further fiscal consolidation in the medium term, with the Philippines on track to achieve a deficit target of 3% by 2028, in line with the Marcos administration's goals. As a result, the public debt-to-GDP ratio is expected to decline to 59% in 2024. While the COVID-19 pandemic led to increased borrowing, bringing the debt ratio to 60.4% in 2021, efforts to address the situation and boost revenue are contributing to the reduction in the deficit. Despite challenges, the government is working toward its medium-term fiscal framework of reducing the debt stock to 51% of GDP by 2028. *(Inquirer)*
- ➔ **NFA ready to borrow funds to buy 500K MT palay from farmers.** The National Food Authority (NFA) in the Philippines is prepared to borrow funds from state-run banks if necessary to achieve its goal of procuring 500,000 metric tons (MT) of palay (unmilled rice) from local farmers during the current harvest season. Agriculture officials have stated that the NFA is eager to use its budget of around P10 billion for procurement, with the aim of boosting support for farmers by offering higher buying prices, which were recently increased to as much as PHP23 per kilogram. This move comes amid efforts to stabilize palay prices and ensure adequate supply. The NFA's budget was augmented by carryover funds from the previous year, resulting in a substantial budget for its procurement program in the fourth quarter. While the agency has access to credit lines with state-run banks like the Land Bank of the Philippines and Development Bank of the Philippines, this contingency plan is designed to ensure that the NFA can meet its ambitious procurement target, which exceeds its optimal level of 350,000 MT. The increase in the palay buying price is expected to attract farmers to sell to the NFA, providing them with more financial resources for the next planting cycle and aiding in price stabilization. However, some industry stakeholders are cautious about the NFA's borrowing plans, as they could increase the agency's existing debt. The NFA has been repositioned as a buffer stocking agency since the implementation of the rice trade liberalization law in 2019, with its role limited to procuring rice stocks exclusively from local farmers. These stocks are distributed primarily to local government units and government agencies for relief and disaster response efforts. *(BusinessMirror)*

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## Corporate Developments

- ➔ **Shakey's Pizza Asia Ventures, Inc. (PIZZA).** PIZZA announced that Century Pacific Group (CPG) and JE Holdings (JE) have acquired the stake of long-standing strategic investor GIC, a Singaporean sovereign wealth fund, through affiliate Arran Investment. CPG and JE represent the private holding companies of the Po and Gokongwei families, respectively. This transaction involved CPG purchasing 185 million shares, raising its holdings to 62%, while JE Holdings acquired 98 million shares, securing a 14.9% stake in PIZZA at PHP9.50 per share. GIC, which had held 283 million shares, equivalent to a 16.8% stake in the company, exited its investment. PIZZA Chairman Chris Po expressed gratitude for GIC's support and emphasized the positive gains generated for the strategic investor. He also expressed enthusiasm for the company's prospects and increased investments. Lance Gokongwei, Chairman and President of JE, praised PIZZA's resilience during the pandemic and its diversified growth, expressing confidence in the company's vision and capabilities. JE Holdings had previously invested PHP1.25 billion in the company in 2021 and has since expanded its portfolio by acquiring Potato Corner, a leading kiosk-based flavored fries' chain in the Philippines and realizing synergies within the Gokongwei Group. The company currently operates nearly 2,000 stores and outlets worldwide under five Wow Brands, with strong year-on-year growth in systemwide sales and net income for the first half of the year. *(PIZZA Disclosure)*
- ➔ **Concepcion Industrial Corporation (CIC).** CIC has announced a strategic partnership with JS Global APAC Pte Ltd. to exclusively distribute "Shark" and "Ninja" branded products in the Philippines. Shark and Ninja are renowned global brands known for their innovative and high-quality home appliances. This collaboration underscores CIC's commitment to delivering cutting-edge and top-quality products to the Philippine market. SharkNinja, the company behind these brands, has a rich history of pioneering small household appliances in America and has expanded its portfolio of trusted home appliance brands, driving innovation in the US and UK markets. Raul Joseph A. Concepcion, Chairman & CEO of CIC, expressed excitement about the partnership, highlighting their shared commitment to improving the lives of Filipino consumers. The introduction of SharkNinja products to the Philippine market is expected to revolutionize home maintenance and cooking, offering innovative technology and user-friendly designs to enhance the home experience. *(CIC Disclosure)*

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## Other Developments

- ➔ **OPEC sees oil demand growth continuing until 2045.** The Organization of the Petroleum Exporting Countries (OPEC) has projected that global demand for crude oil will continue to grow for the next two decades, reaching 116 million barrels per day (mbd) by 2045, representing a 16.5% increase from 2022. This forecast is outlined in OPEC's 2023 annual report, and it marks an increase of 6 mbd from its previous estimate. OPEC chief Haitham Al Ghais emphasized that the world's energy needs will continue to rise in the coming decades, particularly in emerging and developing nations like India. OPEC expects the growth in oil demand to come from these developing nations, while demand in advanced economies in the OECD is predicted to decline from 2025. To meet this growing demand, OPEC estimates that an additional \$14 trillion in investment in fossil fuel production will be required by 2045, roughly \$610 billion per year. Al Ghais cautioned against calls to stop investments in new oil projects, arguing that such actions could lead to energy and economic chaos. This perspective from OPEC contrasts with the International Energy Agency's (IEA) 2021 call to halt new investments in fossil fuel production to achieve carbon neutrality by 2050. (AFP)
- ➔ **China's domestic tourism is finally back to pre-pandemic levels.** During China's "Golden Week" holiday, domestic tourism rebounded to nearly pre-pandemic levels, with a 1.5% increase in tourism revenue compared to 2019, reaching 753.43 billion yuan (\$103.24 billion), according to the Ministry of Culture and Tourism. The number of domestic tourist trips rose by 4.1% from 2019 to 826 million during the eight-day holiday. Although these figures were lower than earlier government predictions, they marked the first return to 2019 levels since China ended its COVID-19 restrictions. On a per capita basis, spending reached 98% of 2019 levels, likely boosted by the extended holiday period that encouraged long-distance travel. While domestic tourism showed a strong recovery, overseas travel had not fully rebounded, with 85.1% of 2019 levels recorded during the holiday. Top destinations for outbound travel included Thailand, Singapore, Malaysia, South Korea, Switzerland, Spain, Turkey, the U.K., and France. Visa application wait times, especially for European destinations, were cited as a factor limiting international travel. The tourism data suggests that China's services recovery has decelerated but continues, and further policy easing may be necessary for a stronger consumption and services recovery amid challenges like the property market slump. (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
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
JFPCA	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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