

## Market Commentary

➔ **The View:** The PSEi inched down by 10.11 points or 0.16% and settled at 6,253.96 yesterday. The benchmark index continued to face jitters ahead of the release of the US inflation data today (US time). Last minute selling pulled the PSEi down to negative territory. In the US, the 3 main indices finished with sub-1% gains to mark a 4<sup>th</sup> straight winning session. The Dow rose by 0.19% while the S&P500 and the Nasdaq Composite went up by 0.43% and 0.71%, respectively. Investors had a mild reaction to the producer price index (PPI) rising by 0.5%, above the estimate of 0.3%. More focus is directed towards the much-awaited consumer price index (CPI) report which comes out today (US time). Inflation is projected to have slightly slowed to 3.6% in September from 3.7% in August. This will be vital to the US Federal Reserve (Fed)'s upcoming policy meeting in early November. Some Fed officials have signaled that interest rates may have already peaked but a surprising inflation figure could change the narrative and give the Fed some pressure to impose another policy rate increase. Meanwhile, European markets mostly closed higher. Investors digested some comments from Fed officials regarding inflation and interest rates. The situation in the Israel-Hamas conflict is also being closely monitored. The European Central Bank (ECB) expressed its willingness to hike interest rates further depending on data but is still leaning towards the position that its tightening cycle have peaked. In the Asia-Pacific, South Korea's Kospi led the gains in the region with 1.98%, fueled by the 2.71% surge in Samsung Electronics after the company's 3Q2023 forecast went slightly higher than expectations. Hong Kong's Hang Seng and Japan's Nikkei followed suit with gains of 1.4% and 0.6%, respectively. In the local bourse, sectors had sub-1% movements. Property (+0.22%) and Holding Firms (+0.15%) gained, while the rest contracted led by Mining&Oil (-0.81%). In the main index, MBT (+3.38%), MER (+2.74%), and BLOOM (+2.69%) had the biggest gains among 13 advancers. On the other hand, DMC (-2.78%), CNVRG (-2.64%), and URC (-2.46%) were the worst performers among 14 laggards. The market's total turnover value amounted to PHP10.70 billion. The spike was mainly due to the block sale of MWC shares amounting to PHP4.96 billion. Total foreign activity went up to PHP6.89 billion and net foreign selling fell to PHP160.31 million. The Philippine Peso strengthened against the US dollar and closed at PHP56.755 from PHP56.82. The local bourse could continue being jittery while waiting for the US inflation report which will give investors an insight as to how the Fed will act and to what effect it would influence the Bangko Sentral ng Pilipinas (BSP)'s own policy decision in mid-November.

## PSEI INTRADAY



### INDICES

Index	Prev	Last	% Chg
PSEi	6,264.07	6,253.96	-0.16%
All Shares	3,386.27	3,384.45	-0.05%
Financial	1,818.99	1,808.11	-0.60%
Industrial	8,907.88	8,869.95	-0.43%
Holding Firms	5,934.34	5,942.97	0.15%
Property	2,616.11	2,621.94	0.22%
Services	1,520.11	1,518.64	-0.10%
Mining & Oil	11,074.08	10,983.83	-0.81%

### TOP 10

MBT	3.38%	DMC	-2.78%
MER	2.74%	CNVRG	-2.64%
BLOOM	2.69%	URC	-2.46%
GTCP	2.40%	JFC	-2.39%
TEL	1.98%	BDO	-2.37%
PGOLD	1.55%	JGS	-2.21%
ACEN	1.30%	MONDE	-1.82%
SMC	1.06%	SCC	-1.77%
SM	0.85%	ICT	-1.46%
ALI	0.35%	WLCON	-1.35%

### BOTTOM 10

## Stock Picks

Stock	Date	Initial Price	Current Price	Return since Recommendation	
				Stock	PSEi
TEL	3/13/20	1,029.00	1,235.00	20.02%	7.94%
CNPF	3/13/20	13.10	29.00	121.37%	7.94%
FGEN	9/23/20	24.80	18.78	-24.27%	6.13%
AP	9/23/20	25.55	37.05	45.01%	6.13%
BDO	11/17/20	92.60	136.00	46.87%	-9.60%
BPI	11/17/20	83.00	108.40	30.60%	-9.60%
MBT	11/17/20	44.35	53.45	20.52%	-9.60%
SECB	11/17/20	103.90	77.95	-24.98%	-9.60%
CNVRG	6/13/22	22.50	9.95	-55.78%	-3.29%
ALI	6/13/22	30.05	28.65	-4.66%	-3.29%
SGP	6/13/22	12.06	8.16	-32.34%	-3.29%
<b>Ave. Return</b>				<b>12.94%</b>	<b>-1.83%</b>

### MARKET DATA

Market Volume	2,016,182,110
Market Turnover ( Value)	10,703,070,566
Foreign Buying	3,363,624,629
Foreign Selling	3,523,933,667
Net Foreign Buy / (Sell)	(160,309,038)

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## Economic Developments

- ➔ **Meralco rates go up in October.** Manila Electric Company (MER) has announced an increase in electricity bills for residential customers in its service areas. A typical household is set to see an uptick of about PHP84 in their total electricity bill for October. The overall rate for these customers has risen by PHP0.4201 per kilowatt-hour (kWh) to PHP11.8198/kWh, compared to the previous month's rate of PHP11.3997/kWh. The increase varies for different consumption levels, with households using 300 kWh, 400 kWh, and 500 kWh experiencing a rise of PHP126, PHP168, and PHP210, respectively, in their October billing. Meralco attributes this increases in power rates to higher generation charges, resulting from power supply agreements and independent power producers, which offset reduced coal prices. Charges from the Wholesale Electricity Spot Market (WESM) also inched up as the supply situation in the Luzon grid improved last month, contributing to the overall increase in electricity bills. In more detail, Meralco indicated that the generation charge increased by PHP0.3015 to PHP7.1267 per kWh due to higher charges from power supply agreements (PSA) and independent power producers (IPP). PSAs, which made up 47% of Meralco's energy requirements, were affected by the forced shutdown of the FirstNatGas-San Gabriel power plant after gas supply from Malampaya was restricted, despite lower coal prices. Additionally, charges from IPPs rose due to the rising cost of fuel used by the First Gas plants. The higher generation and transmission charges also led to net increases in taxes and other charges. Universal charges saw an increase due to a higher universal charge for missionary electrification. The collection of the feed-in tariff allowance (FIT-All) was suspended, which is typically collected from on-grid electricity customers to fund renewable energy development. On a positive note, the two upcoming liquefied natural gas (LNG) terminals in Batangas City are expected to ensure reliable LNG supply in the grid when Malampaya gas supply is unavailable. (*BusinessWorld*)
- ➔ **Philippines seeks better financing terms from multilaterals.** Finance Secretary Benjamin Diokno has called on multilateral development banks (MDBs) to improve their financing terms to support emerging and developing economies in a high-interest rate environment and volatile global market. Speaking during the Intergovernmental Group of Twenty-Four (G-24) Ministerial Meeting on the sidelines of the 2023 Annual Meetings of the World Bank and International Monetary Fund, Diokno proposed that MDBs introduce reforms, including greater concessionality in their financing models, to address current global challenges. He emphasized that the rapid increase in the secured overnight financing rate (SOFR) posed significant risks to countries like the Philippines, making it necessary for MDBs to provide better financing terms. The body approved the G-24 Communiqué, which conveyed the members' positions on reforming the financial models and terms of MDBs to ease access to financing and enhance the voice and representation of member countries. (*Philstar*)

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## Economic Developments

➔ **GFI seek regulatory relief for MIF contributions.** Government financial institutions (GFIs) in the Philippines, including Land Bank of the Philippines (LANDBANK) and Development Bank of the Philippines (DBP), are seeking regulatory relief from the Bangko Sentral ng Pilipinas (BSP) concerning their contributions to the sovereign wealth fund. They want the BSP to waive the requirement to deduct these contributions from their capital computation, fearing it could lead to capital deficiencies that could impact their compliance with capital requirements. While the BSP suggested that they could provide temporary forbearance, these GFIs will ultimately be expected to comply with the capital requirements, though they do not want to significantly reduce their capital position as they continue to contribute to the sovereign wealth fund. The request for regulatory relief comes amidst discussions regarding the merger of LANDBANK and DBP. Finance Secretary Benjamin Diokno has been pushing for this merger to create the largest bank in the country, and this combined entity aims to achieve synergies and enhanced efficiency. Despite the request for relief, the Philippine banking system remains solid, with growth in assets, loans, and deposits, coupled with strong capital adequacy and liquidity ratios, suggesting a robust financial sector in the country. *(Philstar)*

## Corporate Developments

- ➔ **PSE seeks to widen investors' access to the stock market.** The Philippine Stock Exchange (PSE) is looking to lower the required minimum units to trade a company's share to make it more accessible to smaller investors and boost market liquidity. The proposal suggests revising the board lot sizes to accommodate a minimum investment of PHP100 (\$1.80). This move aims to democratize stock trading and follows the PSE's efforts to increase liquidity by introducing short selling and stock trading through mobile apps. Additionally, the PSE is set to launch stock trading via the popular fintech app GCash this month, which could further promote stock market participation. *(BusinessWorld)*
- ➔ **Ayala Corporation (AC), Manila Water Company (MWC).** AC has divested a further 10.5% of its stake in Manila Water Company (MWC) for approximately PHP5.7 billion (about \$108 million). The sale reduces AC's ownership in the East Zone concessionaire as part of its strategy to rationalize its portfolio and generate PHP50 billion in proceeds. Following this transaction, AC will hold an effective 23.5% voting stake and an effective 22.5% economic stake in MWC. The proceeds from the sale will be used to pare down debt and fund future investments. MWC provides water treatment, distribution, sewerage, and sanitation services to more than 7 million people in the eastern side of Metro Manila, covering 24 cities and municipalities. The East Zone concession agreement, which allows the company to provide water and wastewater services, was extended by MWSS and the Philippine government in 2009, extending the term from May 2022 to May 2037. *(BusinessMirror)*

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## Corporate Developments

- ➔ **DITO CME Holdings Corp. (DITO)**. DITO has announced the appointment of Ernesto “Eric” R. Alberto as CEO of its subsidiary, DITO Telecommunity. He replaces Dennis A. Uy, who will continue as Chairman of DITO Telecommunity. The Chief Operating Officer of DITO CME, Donald Patrick L. Lim, will serve as the acting President of DITO CME. Alberto's extensive experience in banking and telecoms sectors will be valuable in his new role as CEO, and his appointment coincides with the company's aim to maintain its high-growth trajectory, following recent equity infusions at the DITO CME level and the signing of a \$3.9 billion long-term project finance facility to support network expansion and refinance some of its debts. *(DITO Disclosure)*

## Other Developments

- ➔ **Wholesale inflation rose 0.5% in September, more than expected.** The U.S. producer price index (PPI) for September exceeded expectations, revealing ongoing inflation pressures for the American economy. The PPI, which measures costs for finished goods that producers pay, increased by 0.5% in the month, higher than the anticipated 0.3% rise. This was slightly less than the 0.7% increase seen in August. Excluding food and energy, the core PPI rose by 0.3%, surpassing the forecast for a 0.2% increase. Inflation pressures primarily stemmed from final demand goods, which surged by 0.9% in the month. Services prices increased by 0.3%, indicating that inflation may continue to be a concern for the U.S. economy. Despite the PPI's influence on policy decisions by the Federal Reserve, which has been raising interest rates to combat inflation, markets only showed a mild reaction to the data release. The Fed has been raising rates aggressively, but recent indications suggest that further hikes may not be necessary as Treasury yields have risen sharply on their own. This has eased market fears and driven stock prices higher. The Fed aims for a 2% annual inflation rate but doesn't anticipate reaching that target for several years. *(CNBC)*
- ➔ **Fed officials see ‘restrictive’ policy staying in place until inflation eases, minutes showed.** The minutes from the US Federal Reserve (Fed)'s September meeting revealed a split among officials on whether more interest rate hikes would be necessary. While there were varying opinions on the need for additional tightening, a majority of the members of the Federal Open Market Committee (FOMC) indicated that one more rate increase would likely be appropriate at a future meeting. However, some members believed that no further hikes would be warranted. The minutes also emphasized that the policy should remain restrictive until the FOMC is confident that inflation is moving down sustainably toward its 2% target. In the dot plot of individual members' expectations, about two-thirds of the FOMC indicated that one more rate hike would be needed before the end of the year. The FOMC has raised interest rates 11 times since March 2022, bringing the targeted range to 5.25%-5.5%, the highest level in 22 years. Despite some members signaling the need for further hikes, financial conditions have been tightening due to rising Treasury yields, and a few officials have suggested that this may negate the need for additional rate increases. This division within the FOMC highlights the challenges the central bank faces in managing inflation and economic growth. *(CNBC)*

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## Other Developments

- ➔ **China's consumer spending isn't roaring back to pre-pandemic levels yet.** China's consumer spending still isn't rebounding to pre-pandemic levels, as retail sales during a recent holiday period in October rose by 9% year-on-year, showing a slowdown in consumption growth. Since the start of the pandemic, retail sales have been growing at less than 3% annually, a stark contrast to the 8% growth recorded in 2019. Factors contributing to this subdued consumption include the impact of a property market slump, reduced government spending due to local debt troubles, and regulatory tightening, all of which have left consumers cautious about their future incomes. While there are signs of recovery in some sectors, the overall picture is one of gradual and subdued growth in consumer spending. This data comes as the Chinese government has been encouraging domestic tourism as overseas travel is yet to fully recover to 2019 levels due to economic uncertainties. The Chinese Golden Week holiday did see domestic tourism rebound to pre-pandemic levels, with Hainan province, known for its duty-free shopping and natural scenery, emerging as a popular destination. However, consumers remain cautious in their spending habits, showing that economic uncertainties and lingering impacts of the pandemic are affecting their confidence and purchasing power. (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
SCC	Semirara Mining and Power Corporation	Php3.50	Special Cash	Common	10/20/23	10/23/23	11/08/23
DMC	DMCI Holdings, Inc.	Php0.72	Special Cash	Common	10/23/23	10/24/23	11/09/23
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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