

Market Commentary

➔ **The View:** The PSEi had modest gains of 3.28 points or 0.05% and finished last Friday at 6,266.34. Market activity went notably up as investors reacted to the latest US inflation print which came in slightly higher than expected in September. In the US, the Dow eked out a minor gain of 0.12% while the Nasdaq Composite and the S&P500 booked losses of 1.23% and 0.50%, respectively. On a weekly basis, the Dow and the S&P500 were positive by 0.79% and 0.45%, while the Nasdaq Composite was in the red by 0.2%. Investors assessed some big bank earnings last Friday including JPMorgan Chase and Wells Fargo. The earnings season continues this week with other big names like Bank of America, Johnson & Johnson, and Tesla among others. Investors continue to monitor the Israel-Hamas situation which appears to be escalating further as Israel looks is expected to conduct ground invasion in Northern Gaza. Meanwhile, European markets closed lower to end last week as global sentiment weakened. Bank of Latvia Governor Mārtiņš Kazāks, a notable hawk, stated that he is content with the European Central Bank (ECB)'s current policy rates but remains open for further hikes, if necessary, especially if oil prices surge significantly again. In the Asia-Pacific, markets traded lower last Friday as investors digested China's September inflation data and the US inflation data. China's consumer price index (CPI) was flat on a YoY basis, against the expected quickening of 0.2%. However, core CPI sped up by 0.8%. Hong Kong's Hang Seng led the decline with a 2.45% drop. China's CSI 300 fell by 1.05%. South Korea's Kospi and Japan's Nikkei went down by 0.95% and 0.65%, respectively. In the local bourse, sectors had mixed results. Services (+1.03%) gained the most while Holding Firms (-0.23%) had the biggest contraction. In the main index, ICT (+2.85%), WLCON (+2.34%), and CNPF (+1.55%) were the top performers among 14 gainers. On the other hand, ACEN (-1.71%) and TEL (-1.06%) declined the most while the rest of the 13 laggards had sub-1% contractions. The market's total turnover value rose by 66% to PHP5.32 billion, while total foreign activity increased by 48% to PHP4.69 billion. Foreigners continued as net buyers with a net buy of PHP81.53 million. The Philippine Peso weakened against the US dollar by 15 cents and settled at PHP56.811. Investors in the local bourse will likely keep an eye on the August remittances data this week. They will also be digesting upcoming gross domestic product (GDP) data. Majority of the markets' focus remain on the upcoming US Federal Reserve (Fed) in early November. Interest rates are expected to continue being the major driver market activity. The PSEi may continue trading on a narrow range ahead of catalysts.

PSEI INTRADAY



INDICES

Index	Prev	Last	% Chg
PSEi	6,263.06	6,266.34	0.05%
All Shares	3,383.41	3,384.57	0.03%
Financial	1,806.47	1,811.02	0.25%
Industrial	8,856.45	8,844.28	-0.14%
Holding Firms	5,959.00	5,945.38	-0.23%
Property	2,642.81	2,638.15	-0.18%
Services	1,515.78	1,531.33	1.03%
Mining & Oil	10,964.98	11,005.47	0.37%

TOP 10

ICT	2.85%	ACEN	-1.71%
WLCON	2.34%	TEL	-1.06%
CNPF	1.55%	URC	-0.78%
PGOLD	1.54%	JFC	-0.72%
GTCAP	1.06%	CNVRG	-0.71%
AGI	0.85%	SMPH	-0.64%
BDO	0.81%	SM	-0.60%
MER	0.59%	JGS	-0.52%
DMC	0.58%	BLOOM	-0.38%
AEV	0.30%	SMC	-0.29%

BOTTOM 10

Stock Picks

Stock	Date	Initial Price	Current Price	Return since Recommendation	
				Stock	PSEi
TEL	3/13/20	1,029.00	1,217.00	18.27%	8.15%
CNPF	3/13/20	13.10	29.45	124.81%	8.15%
FGEN	9/23/20	24.80	18.62	-24.92%	6.34%
AP	9/23/20	25.55	37.00	44.81%	6.34%
BDO	11/17/20	92.60	136.60	47.52%	-9.42%
BPI	11/17/20	83.00	107.70	29.76%	-9.42%
MBT	11/17/20	44.35	53.90	21.53%	-9.42%
SECB	11/17/20	103.90	79.05	-23.92%	-9.42%
CNVRG	6/13/22	22.50	9.85	-56.22%	-3.10%
ALI	6/13/22	30.05	29.30	-2.50%	-3.10%
SGP	6/13/22	12.06	7.95	-34.08%	-3.10%
Ave. Return				13.19%	-1.64%

MARKET DATA

Market Volume	1,090,544,695
Market Turnover (Value)	5,323,884,119
Foreign Buying	2,386,308,380
Foreign Selling	2,304,775,092
Net Foreign Buy / (Sell)	81,533,288

Mandarin Securities Corp.

Hanz Elmer Torres

hanz.torres@mandarinsecurities.com

Information and opinions presented represent the judgment of the author and securities offered and sold by Mandarin Securities Corp. are subject to price movements and possible loss of amount invested. The information is based upon sources we believe to be reliable and has been obtained from public sources. Opinions and estimates are subject to change without notice. Mandarin Securities, and/or its employees may act or take a view in a different and inconsistent way contained in this report. This report is for informational purposes only, and is not an offer or solicitation to buy or sell any financial instrument or product or financial security.



Economic Developments

- ➔ **Foreign borrowings hit \$11 billion as of end-September.** The Philippines saw a 29% increase in foreign borrowings approved by the Bangko Sentral ng Pilipinas (BSP) from January to September, reaching \$10.99 billion compared to last year's \$8.52 billion. During the third quarter alone, the BSP approved \$2.7 billion in public sector foreign borrowings, which included four project loans totaling \$1.95 billion and one program loan worth \$750 million. These funds will be allocated to various government programs, including economic recovery, environmental protection, climate resilience, transportation, and agriculture. The national government is increasing its foreign borrowing, having raised \$1.26 billion from the sale of retail dollar bonds in October and planning to issue \$1 billion in Islamic or sukuk bonds by the end of November. Despite the economic challenges posed by the pandemic and increased budget deficits, the Philippines is borrowing from foreign and domestic creditors to sustain government operations. Last year, the budget deficit as a percentage of GDP decreased from an all-time high of 8.6% in 2021 to 7.3%. The government aims to further reduce this deficit, targeting 6.1% in 2023 and 5.1% in 2024, as it continues to grapple with the economic impacts of the ongoing pandemic. *(Philstar)*
- ➔ **PEZA investment approvals hit PHP132 billion as of the first week of October.** The Philippine Economic Zone Authority (PEZA) is making significant progress in achieving its annual investment target, approving investments totaling PHP131.76 billion in the first week of October. The PEZA Board greenlit 25 new projects, including large-scale investments by Japan's Murata Manufacturing Co., Ltd., and American company Analog Devices, Inc., with a focus on the export sector, information technology, and logistics. While PEZA is confident of surpassing its PHP154-billion target for the year, the agency holds a "fearless target" of approving up to PHP300 billion in new investments, demonstrating investor confidence in the Philippine economy and domestic market. Additionally, PEZA is collaborating with business groups to propose amendments to the CREATE Act, aiming to secure work-from-home eligibility for its locators and create an equal footing with the Board of Investments, which can offer incentives for IT and business process management firms with a 100% work-from-home scheme. The proposed CREATE Act amendments seek to address various issues, such as a longer sunset period, separate Customs territory status, removal of the cap for tax- and duty-free importation and investment threshold of IPAs, and a longer fiscal incentives period. PEZA aims to ensure a competitive investment environment, especially for IT companies, by providing locators with the flexibility to adopt a work-from-home model without losing incentives, as PEZA-approved locator investments under the IT sector reached PHP7.13 billion, comprising 36 projects and 1.05 million direct employments. *(BusinessWorld)*

Mandarin Securities Corp.

Hanz Elmer Torres

hanz.torres@mandarinsecurities.com



Economic Developments

➔ **BSP Monetary Board greenlights \$2.7 billion in government foreign borrowings.**

The Monetary Board of the Philippines has approved \$2.7 billion of public sector foreign borrowings in the third quarter of 2023, marking a significant increase compared to the \$178.1 million approved in the same period last year. These approved borrowings, consisting of four project loans and one program loan, will fund various government programs, including economic recovery, environmental protection, and climate resilience, as well as projects in the transport and agricultural sectors. The increased borrowing activity reflects the need for external funds to support the country's recovery and development initiatives. The Philippines has been actively seeking external financing to meet its funding requirements, as the government plans to borrow a total of PHP2.207 trillion in 2023, with 75% of the funds expected to be sourced domestically and the remaining 25% from overseas. This level of borrowing highlights the government's commitment to secure financial resources to address pressing economic and infrastructure needs. Despite increased borrowing, the country's outstanding external debt has been carefully managed, with the BSP ensuring external debt sustainability by promoting judicious resource utilization. (*BusinessWorld*)

Corporate Developments

➔ **Globe Telecom, Inc. (GLO).** 917Ventures, GLO's corporate incubator, is turning to generative artificial intelligence (AI) to develop products and services aimed at bolstering the tech capabilities of the Globe Group. This initiative aligns with GLO's strategy to evolve from a wireless giant into a tech provider. The company is exploring generative AI's potential to create media, including images, texts, and videos, from available data. While the benefits of generative AI are promising, 917Ventures will need to address potential risks, such as job displacement and copyright concerns. It will also need to navigate international debates about regulating generative AI, given its impact on content creation, disinformation, and privacy. (*Philstar*)

➔ **Manila Electric Company (MER), San Miguel Corporation (SMC).** The Energy Regulatory Commission (ERC) has approved the termination of the power supply agreements (PSAs) between the MER and two power units of SMC's San Miguel Global Power Holdings Corp. This decision enables the initiation of a new competitive selection process (CSP) for 1,800 megawatts (MW) of power generation capacity, with 1,200 MW from Excellent Energy Resources Inc. (EERI) and 600 MW from Masinloc Power Partners Co. Ltd. (MPPCL). The move to terminate the PSAs was prompted by the ERC's failure to act on their applications within the specified six-month period, giving the power supplier the right to terminate the PSA. MER plans to replace the terminated capacity through the CSP process. The new CSP guidelines have introduced mechanisms for distribution utilities to file protests and remedies in case a winning bidder fails to deliver the agreed supply, including the blacklisting of suppliers. Additionally, Senator Sherwin Gatchalian has called for improved accountability in the implementation of PSAs to ensure a steady supply of electricity at affordable rates for consumers. Gatchalian suggested that the ERC encourage consumer groups to participate in the bidding process to enhance transparency and accountability in every PSA. (*BusinessMirror*)

Mandarin Securities Corp.

Hanz Elmer Torres

hanz.torres@mandarinsecurities.com



Corporate Developments

- ➔ **DigiPlus Interactive Corp. (PLUS).** PLUS is exploring the possibility of resuming its \$500 million casino project on Boracay Island in the Philippines in collaboration with Macau-based Galaxy Entertainment Group. The decision to move forward with the integrated casino development hinges on the government's willingness to welcome casino development. Bacolod City Mayor Alfredo "Albee" Benitez, the founder of PLUS, is in discussions with his foreign partner to ascertain their "comfort level" to reengage with the project. This initiative was initially put on hold after the Duterte administration closed Boracay Island for rehabilitation in 2018. Benitez highlighted the potential for international tourism to boost the country's economic prospects and suggested the government is more open to partnering with world-class operators to attract tourists. *(Philstar)*

Other Developments

- ➔ **China consumer prices were unexpectedly flat, as economic recovery remains fragile.** China's latest economic data indicates a somewhat uneven post-COVID recovery in the world's second-largest economy. The country's consumer prices remained flat in September, marking a stark contrast to many other major economies still grappling with high inflation. On the other hand, China's factory gate prices saw annual declines slow for the third consecutive month, showing signs of improvement in the industrial sector. Despite these figures, tepid consumer prices have raised concerns about potential deflationary pressures, which are perceived as a real risk to China's economy. An ongoing property sector slowdown and weaker consumer demand continue to impact household spending. China's leaders have been cautious in their policy support measures, and ongoing issues with real estate developers have further dented consumer confidence. Weaker food prices were a significant factor in September's flat consumer prices, particularly a substantial drop in the price of pork and other meat products. The country's services inflation reached a 19-month high, indicating that China's low overall inflation is largely related to excess capacity in the industrial sector, driven by a reversal in the pandemic-induced surge in global goods demand. *(CNBC)*
- ➔ **China's exports and imports drop again in September.** China's trade data for September shows a smaller-than-expected decline in exports but missed forecasts for imports, highlighting the ongoing challenges in the world's second-largest economy. Exports in US dollar terms fell by 6.2% YoY, less than the anticipated 7.6% drop, while imports declined by 6.2%, slightly worse than the predicted 6% decline. China's trade performance has been impacted by weak global demand for its products and subdued domestic consumption. Exports to the U.S. were down by 16.4% in the first three quarters of the year, while imports declined by 6% during the same period. Notably, China's imports from the European Union increased slightly in September, underlining the complexity of its trade relationships with various regions. While exports remain a crucial growth driver for China, the country is also making efforts to boost trade with regional partners in Southeast Asia and promote its Belt and Road Initiative (BRI) to develop regional infrastructure and connectivity. However, the slowing recovery in China, particularly due to challenges in the real estate sector, has led to a slight downgrade in the country's growth forecast, with the International Monetary Fund revising it to 5% for 2023. *(CNBC)*

Mandarin Securities Corp.

Hanz Elmer Torres

hanz.torres@mandarinsecurities.com



Other Developments

- ➔ **Key takeaways from the IMF-World Bank meetings.** The annual meetings of the International Monetary Fund and World Bank, held in Marrakech, Morocco, concluded with several key takeaways. The outlook for the global economy includes a slowdown in growth, a decrease in global inflation, and central bankers' readiness to end interest rate hikes if inflation is tamed. Heavy debt burdens in advanced economies were discussed, and concerns about US bond yields rising were raised. Additionally, addressing climate change is challenged by the debt squeeze, and new policies with carbon pricing at the center are needed. Turkey emphasized reform efforts, while Kenya plans to buy back a quarter of its international bonds. Zambia reached a debt restructuring deal, but the situation in Sri Lanka remained unclear. The IMF warned about the risks associated with high interest rates, particularly for banks, and the lack of consensus among countries was evident in the absence of a final communique. Discussions also revolved around revamping the IMF and World Bank to better reflect emerging economies, with a US proposal gaining support but receiving skepticism from anti-poverty groups regarding tangible progress. *(CNBC)*
- ➔ **Oil prices spike as G7 enforces Russian export price caps, Israel-Hamas war continues.** Oil prices surged over 5% on Friday in response to several factors, including the Israeli-Hamas conflict and a clampdown on Russian crude export price caps imposed by the US. West Texas Intermediate (WTI) and Brent International crude oil settled at \$87.69 and \$90.89 per barrel, respectively. Concerns about the Israeli-Hamas conflict broadening and potential US sanctions on Russia and Iran, leading to reduced oil supplies, contributed to the surge. The enforcement of Russian oil export price caps by the G7, aimed at limiting funds to Russia for its war against Ukraine, also influenced the market. The G7 identified the owners of vessels carrying Russian oil priced above the \$60 price cap, reaffirming their commitment to imposing sanctions and economic measures against Russia. The volatility in oil prices this week reflects worries about a broader Middle East conflict following the worst assault on Israel in decades. While prices initially rose amid the conflict, they fell on Wednesday due to speculation about Iran's involvement in the October 7 surprise attack. If evidence emerges connecting Iran to the attack, there is a higher likelihood of military action against Iranian targets. The situation complicates matters for the US administration, as restricting oil supplies will lead to higher gasoline prices, which are politically unpopular. These developments come at a time when US gasoline prices have been declining in recent weeks. *(Yahoo! Finance)*
- ➔ **Fed officials prepare to extend rate pause without saying hikes are done.** The US Federal Reserve (Fed) is likely to hold interest rates steady for the second consecutive meeting in November, but it is not ruling out further rate hikes. Even though the Fed is concerned about the recent rise in bond yields and tightening financial conditions, strong labor market and inflation data indicate that the US economy is still performing well. Policymakers are cautious about signaling an end to tightening, as they want to balance the risk of overshooting and triggering a possible recession against the need to bring inflation back to the target. The Fed's projections indicate that 12 out of 19 officials expect another rate hike before the end of the year, which means that they are not ready to signal the end of the rate-hiking cycle. Clear communication regarding the end of tightening poses risks, as it could lead to a powerful market rally, increased consumption, and growth at a time when the Fed is trying to moderate demand. *(Bloomberg)*

Mandarin Securities Corp.

Hanz Elmer Torres

hanz.torres@mandarinsecurities.com

Information and opinions presented represent the judgment of the author and securities offered and sold by Mandarin Securities Corp. are subject to price movements and possible loss of amount invested. The information is based upon sources we believe to be reliable and has been obtained from public sources. Opinions and estimates are subject to change without notice. Mandarin Securities, and/or its employees may act or take a view in a different and inconsistent way contained in this report. This report is for informational purposes only, and is not an offer or solicitation to buy or sell any financial instrument or product or financial security.



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
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
FRUIT	Fruitas Holdings, Inc.	Php0.01	Cash	Common	11/07/23	11/08/23	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

Mandarin Securities Corp.

Hanz Elmer Torres

hanz.torres@mandarinsecurities.com

Disclaimer:

Information and opinions presented represent the judgment of the author and securities offered and sold by Mandarin Securities Corp. are subject to price movements and possible loss of amount invested. The information is based upon sources we believe to be reliable and has been obtained from public sources. Opinions and estimates are subject to change without notice. Mandarin Securities, and/or its employees may act or take a view in a different and inconsistent way contained in this report. This report is for informational purposes only, and is not an offer or solicitation to buy or sell any financial instrument or product or financial security.



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

Mandarin Securities Corp.

Hanz Elmer Torres

hanz.torres@mandarinsecurities.com

Disclaimer:

Information and opinions presented represent the judgment of the author and securities offered and sold by Mandarin Securities Corp. are subject to price movements and possible loss of amount invested. The information is based upon sources we believe to be reliable and has been obtained from public sources. Opinions and estimates are subject to change without notice. Mandarin Securities, and/or its employees may act or take a view in a different and inconsistent way contained in this report. This report is for informational purposes only, and is not an offer or solicitation to buy or sell any financial instrument or product or financial security.

28/F LKG TOWER, 6801 AYALA AVENUE, MAKATI CITY : OFFICE: +63 (02) 884-1271 : FAX +63 (02)884-1384