

## Market Commentary

➔ **The View:** The PSEi slid by 49.11 points or 0.78% and ended at 6,219.16 yesterday. The benchmark index went down for the second consecutive session, tracking the performance in the US markets amidst rising US Treasury yields. In the US, markets continued to decline yesterday. The Dow was down by 0.75%, while the S&P500 and the Nasdaq Composite fell by 0.85% and 0.96%, respectively. US 10-year Treasury yields hit 4.996%, last seen in 2007, causing stock market turmoil following remarks by US Federal Reserve (Fed) Chairman Jerome Powell. Powell acknowledged high inflation and suggested lower economic growth may be necessary to combat it, but he did not advocate raising rates now. However, he also thinks that current policy rates are not “too high”. The market still anticipates the Fed may not raise rates in November. Meanwhile, European markets extended their decline for a third consecutive session on Thursday. The pan-European Stoxx 600 index provisionally closed 1.16% lower, marking its lowest close since March 15. The automotive sector was hit the hardest, with a 2.12% drop, primarily due to Renault shares falling 7% after missing revenue expectations. In contrast, tech stocks stood out with a 0.6% increase, providing a slight respite from the overall negative trend. In the Asia-Pacific front, markets experienced a significant sell-off with South Korea, Hong Kong, and mainland Chinese markets all declining by approximately 2%. This was driven by a similar trend in Wall Street, where US Treasury yields surged to multiyear highs, notably the 10-year Treasury yield surpassing 4.9% for the first time since 2007. In the local bourse, sectors mostly fell with only Property (+0.14%) eking out a small gain. Financial (-1.58%) and Services (-1.35%) had the biggest contractions. In the main index, SMC (+0.97%), SM (+0.92%), and GLO (+0.83%) were the top performers among Thursday’s 6 gainers. On the other hand, CNVRG (-3.81%), MER (-3.35%), and MBT (-2.59%) had the biggest losses among 24 laggards. The market’s total turnover value dropped further by 17% to PHP4.24 billion, while total foreign activity fell by 28% to PHP5.18 billion. Net foreign selling increased to PHP524.69 million yesterday. The Philippine Peso weakened to PHP56.87 from PHP56.70 last Wednesday. The PSEi may continue facing selling pressure as investors’ sentiment remains tilted downward. Another negative performance in the US markets could spill over to the local bourse. With bond yields rising to record levels, investors are likely to remain risk-off on equities. On a positive note, bargain hunters may take advantage of the drops in the two previous sessions.

## PSEI INTRADAY



### INDICES

Index	Prev	Last	% Chg
PSEi	6,268.27	6,219.16	-0.78%
All Shares	3,385.40	3,365.79	-0.58%
Financial	1,799.46	1,770.99	-1.58%
Industrial	8,916.02	8,824.68	-1.02%
Holding Firms	5,907.47	5,897.06	-0.18%
Property	2,652.59	2,656.40	0.14%
Services	1,541.10	1,520.26	-1.35%
Mining & Oil	10,853.49	10,830.69	-0.21%

### TOP 10

SMC	0.97%	CNVRG	-3.81%
SM	0.92%	MER	-3.35%
GLO	0.83%	MBT	-2.59%
SMPH	0.64%	BDO	-2.31%
URC	0.62%	ACEN	-2.12%
EMI	0.24%	LTG	-2.00%
SCC	-0.14%	ICT	-1.96%
CNPF	-0.17%	WLCON	-1.79%
DMC	-0.19%	TEL	-1.63%
BLOOM	-0.30%	AC	-1.53%

### BOTTOM 10

## Stock Picks

Stock	Date	Initial Price	Current Price	Return since Recommendation	
				Stock	PSEi
TEL	3/13/20	1,029.00	1,206.00	17.20%	7.34%
CNPF	3/13/20	13.10	29.95	128.63%	7.34%
FGEN	9/23/20	24.80	18.10	-27.02%	5.54%
AP	9/23/20	25.55	36.80	44.03%	5.54%
BDO	11/17/20	92.60	131.30	41.79%	-10.10%
BPI	11/17/20	83.00	106.80	28.67%	-10.10%
MBT	11/17/20	44.35	52.55	18.49%	-10.10%
SECB	11/17/20	103.90	77.05	-25.84%	-10.10%
CNVRG	6/13/22	22.50	9.60	-57.33%	-3.83%
ALI	6/13/22	30.05	29.50	-1.83%	-3.83%
SGP	6/13/22	12.06	7.84	-34.99%	-3.83%
<b>Ave. Return</b>				<b>11.98%</b>	<b>-2.38%</b>

### MARKET DATA

Market Volume	575,679,587
Market Turnover ( Value)	4,236,754,789
Foreign Buying	2,325,181,565
Foreign Selling	2,849,870,308
Net Foreign Buy / (Sell)	(524,688,743)

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## Economic Developments

- ➔ **Philippines' BoP posts \$1.7 billion surplus in 9 months.** The Philippines reported a balance of payments (BoP) surplus of \$1.74 billion in the first nine months of the year, a significant turnaround from the \$7.83 billion deficit recorded in the same period last year. This surplus was attributed to improved trade balances, higher inflows from personal remittances, trade in services, and foreign borrowings by the national government, according to the Bangko Sentral ng Pilipinas (BSP). The country experienced a trade deficit reduction and an increase in remittances from overseas Filipino workers. The trade deficit narrowed by 13.4% in the first eight months, and OFW remittances grew by 2.9%. Despite recording deficits over the past six months, the Philippines aims to end the year with a BOP surplus of \$1 billion, turning around a \$500 million deficit last year. While the gross international reserves declined to \$98.1 billion in September, they still provide a substantial external liquidity buffer, equivalent to 7.3 months' worth of imports, ensuring financial stability. The central bank anticipates the GIR to fall below \$100 billion this year but rise to \$102 billion in 2024. (*BusinessWorld*)
- ➔ **Freeze on FIT-All collection stays for now, ERC says.** The Energy Regulatory Commission (ERC) of the Philippines is considering extending the suspension of the Feed-in Tariff Allowance (FIT-All) collection until the end of the year to alleviate the financial strain on consumers due to rising electricity costs. The FIT-All is a standardized charge imposed on the electricity bills of all on-grid consumers, with the proceeds allocated to payments for renewable energy developers who are guaranteed a fixed rate per kilowatt-hour (kWh) generated by their projects for 20 years. The current FIT-All rate, set at PHP0.0364 per kWh, has been suspended multiple times, providing consumers with reduced electricity expenses. The ERC intends to closely monitor the situation to ensure the FIT-All fund remains adequately funded. This extension may be supported until the suspension is lifted. The decision to extend the suspension of FIT-All collection aligns with efforts to mitigate the financial impact on consumers amid rising electricity costs and inflation. (*BusinessMirror*)
- ➔ **Higher air fares loom in November.** In November, Filipino travelers can expect an increase in airfares as airlines have been permitted to raise fuel surcharges. The Civil Aeronautics Board (CAB) announced an increase from Level 6 to Level 7 for fuel surcharge rates. Under Level 7, airlines may collect a fuel surcharge of PHP219 to PHP739 for domestic flights and PHP722.71 to PHP5,373.69 for international trips. Airlines must file their applications with CAB before implementing the new rates, and a conversion rate of 56.77 to \$1 for fuel surcharge in foreign currency will be applied. This increase comes after CAB observed a Level 6 fuel surcharge in October and September, following several months at Level 4, which kept airfares relatively affordable. Airlines add fuel surcharges to passenger bills to compensate for price fluctuations in jet fuel. Philippine Airlines (PAL) and Cebu Pacific, the country's major carriers, anticipate a strong fourth quarter, potentially reaching pre-pandemic passenger levels by the end of the year, with projected load factors of up to 90% for the fourth quarter. This optimism is supported by the recovery in air travel demand, with Ninoy Aquino International Airport already surpassing 2022's total passenger count as of September. (*Philstar*)

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## Corporate Developments

- ➔ **Bank of the Philippine Islands (BPI).** BPI reported a historic high in its nine-month net income, reaching PHP38.6 billion, marking a 26.4% increase from the previous year, with a Return on Equity (ROE) of 15.6%. This robust financial performance was primarily driven by sustained loan and margin growth, along with moderated provisions. BPI's total revenues increased by 15.3% to PHP100.9 billion year-to-date, boosted by a 24.5% growth in net interest income, reaching PHP76.8 billion, due to an expanding average asset base and a net interest margin widening by 54 basis points to 4.07%. This was offset by a 6.6% decrease in non-interest income to PHP24.1 billion, partly due to the prior-year gain from property sales, without which non-interest income would be up by PHP3.3 billion or 15.7%, driven by higher fees from credit cards, bancassurance, service charges, and trading gains. Operating expenses for the nine-month period rose by 21.3% to PHP48.6 billion due to increased spending on manpower, technology, and marketing, resulting in a Cost-to-Income ratio of 48.2%. BPI's asset quality experienced a slight weakening, with a Non-Performing Loan (NPL) Ratio of 1.97%, although the coverage remained adequate at 158.95% NPL Coverage Ratio. Over the year-to-date period, the bank set aside provisions of PHP3.0 billion, which is a 60.0% reduction from the PHP7.5 billion recognized during the same period last year. BPI also revealed that all three major international credit rating agencies reaffirmed the bank's credit ratings, with S&P at BBB+ (matching the Philippine Sovereign), Moody's at Baa2, and Fitch at BBB-. All three agencies have a Stable Outlook for the bank. *(BPI Disclosure)*
- ➔ **San Miguel Corporation (SMC), Vista Land & Lifescapes, Inc. (VLL).** The Securities and Exchange Commission (SEC) has given the green light to San Miguel Corp. (SMC) and Vista Land and Lifescapes, Inc. (VLL) for their planned fund-raising activities. SMC, led by Ramon Ang, plans to raise as much as PHP65 billion, while VLL seeks to raise up to PHP35 billion. These offerings will be conducted in multiple tranches over the next three years. SMC's registration statement covers 866.67 million of its Series 2 preferred shares, with an initial offering of 400 million shares at PHP75 each, totaling PHP30 billion, and an option to oversubscribe up to 266.67 million preferred shares worth more than PHP20 billion. VLL will initially offer fixed-rate bonds worth PHP6 billion, with an oversubscription option of up to PHP4 billion, part of the company's debt securities program with a principal amount of PHP35 billion. SMC intends to use a portion of the net proceeds to repay short-term loan facilities and previously issued bonds, as well as to invest in airport and airport-related projects. The bonds offered by VLL will be used primarily to refinance maturing obligations and for general corporate purposes. *(BusinessWorld)*

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## Other Developments

- ➔ **Powell says inflation is still too high and lower economic growth is likely needed to bring it down.** US Federal Reserve (Fed) Chairman Jerome Powell delivered a speech at the Economic Club of New York, acknowledging signs of moderating inflation. He emphasized the central bank's commitment to achieving its 2% inflation target, indicating a willingness to be patient in evaluating future policy decisions. Powell noted progress in taming inflation but cautioned that sustainable downward momentum was required. While Powell's speech appeared to reduce market expectations for immediate rate hikes, he refrained from committing to a specific policy path. The Federal Reserve has raised rates multiple times to combat rising inflation, with concerns about its impact on the job market and economic growth. Powell emphasized that future policy decisions would be data-dependent, and the Fed would remain vigilant in its commitment to achieving its dual mandate of maximum employment and stable prices. The speech helped ease market concerns and stabilize stock prices, indicating a cautious approach to future interest rate adjustments. *(CNBC)*
- ➔ **The world's largest chipmaker TSMC sees the biggest drop in profit in nearly five years.** Taiwan Semiconductor Manufacturing Company (TSMC) reported a third-quarter profit of 211 billion New Taiwan dollars (\$6.69 billion) despite a substantial decline in profits. TSMC, the world's largest contract chipmaker, faced weak demand for consumer electronics, but it exceeded analysts' expectations. Revenue for the third quarter fell 10.83% from the previous year to NT\$546.73 billion, while net income dropped 24.87% from the previous year to NT\$211 billion. However, TSMC pointed out that revenue increased by 13.7% in the third quarter compared to the second quarter, with some early signs of demand stabilization in the PC and smartphone market. The chip giant remains cautious due to weaker macroeconomic conditions and slower demand recovery in China, and it expects inventory digestion to continue in the fourth quarter. TSMC, known for producing the world's most advanced processors, has been affected by weaker demand for chips in consumer electronics despite strong AI-related demand. The company anticipates fourth-quarter revenue between \$18.8 billion and \$19.6 billion and is continuing to receive exemptions from U.S. trade sanctions on China for its chip equipment shipments. *(CNBC)*
- ➔ **US weekly jobless claims unexpectedly fall.** The number of Americans filing new claims for unemployment benefits unexpectedly fell last week, indicating ongoing strong job growth despite the labor market gradually cooling. Initial claims for state unemployment benefits dropped by 13,000 to 198,000 for the week ending October 14, beating economists' expectations. While the labor market is showing signs of easing, conditions remain tight, and the United Auto Workers (UAW) strikes have had limited impact thus far. The US Federal Reserve (Fed)'s Beige Book report mentioned that labor market tightness continued to ease in early October, indicating cooling wage pressure. The labor market's strength persists despite the Fed raising interest rates significantly, contributing to consumer spending and keeping inflation elevated. Next week's data on the number of people receiving benefits after the initial week will provide further insights into the health of the labor market in October. *(Reuters)*

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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
LPZ	Lopez Holdings Corporation	Php0.10	Cash	Common	09/28/23	09/29/23	10/25/23
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
ASLAG	Raslag Corp.	Php0.05	Cash	Common	11/06/23	11/07/23	11/29/23
FRUIT	Fruitas Holdings, Inc.	Php0.01	Cash	Common	11/07/23	11/08/23	11/29/23
HTI	Haus Talk, Inc.	Php0.01	Cash	Common	11/07/23	11/08/23	12/08/23
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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