

Market Commentary

➔ **The View:** The PSEi slid by 48.72 points or 0.80% and settled at 6,039.72 yesterday. The local market fell further to a new year-to-date low due to investors staying cautious while waiting for positive news. Ongoing concerns about the Israel-Hamas conflict, high interest rates, and increased inflation continue to put downward pressure on market sentiment. In the US, the 3 major stock indices posted gains on the back of a strong batch of corporate earnings. The Dow rose by 0.62%, while the S&P500 and the Nasdaq Composite went up by 0.73% and 0.93%, respectively. Microsoft spearheaded the mostly positive batch of earnings yesterday, while Alphabet tumbled despite beating revenue and earnings estimates due the miss on its cloud business projections. IBM and Meta are scheduled to lead today's US plate of corporate earnings. Meanwhile, European markets broke off a 5-day losing streak as it shrugged off the eurozone's flash purchasing managers' index (PMI) which indicated an almost 3-year low of 46.5 in October. Barring the COVID-19 period, it was the lowest PMI level since March 2013. In the Asia-Pacific, markets mostly snapped their losing streaks as well. South Korea's Kospi led the gains the region with 1.12%. Its producer price index (PPI) accelerated by 1.3% in September compared to 1% in August. China's CSI 300 also posted some recovery and went up by 0.37%. In the local bourse, it experienced a third consecutive session of sector-wide losses. Services (-1.32%) had the biggest loss while the rest had sub-1% contractions. In the main index, ALI (+0.89%), BDO (+0.79%), CNPF (+0.70%), and JFC (+0.48%) were the only gainers. On the other hand, JGS (-3.40%), CNVRG (-3.04%), and WLCON (-2.73%) were the worst performers among 23 laggards. The market's total turnover value slid further by 22% to PHP2.57 billion while total foreign activity went down by 20% to PHP2.55 billion. Net foreign selling continued and amounted to PHP633.34 million, 19% less than the previous day. The Philippine Peso appreciated by 8 cents to PHP56.76 against the US dollar. The Bangko Sentral ng Pilipinas (BSP)'s recent comments regarding the likelihood of an off-cycle rate hike as early as this week may add more downward pressure to the local bourse. A break below the 6,000-level could initiate another round of selling before a relief rally as overall outlook remains bearish.

PSEI INTRADAY



INDICES

Index	Prev	Last	% Chg
PSEi	6,088.44	6,039.72	-0.80%
All Shares	3,303.06	3,284.69	-0.56%
Financial	1,718.63	1,712.20	-0.37%
Industrial	8,664.20	8,638.32	-0.30%
Holding Firms	5,828.77	5,782.40	-0.80%
Property	2,594.51	2,572.41	-0.85%
Services	1,497.03	1,477.22	-1.32%
Mining & Oil	10,028.37	9,950.73	-0.77%

TOP 10

ALI	0.89%	JGS	-3.40%
BDO	0.79%	CNVRG	-3.04%
CNPF	0.70%	WLCON	-2.73%
JFC	0.48%	SMPH	-2.27%
URC	0.00%	PGOLD	-1.90%
SM	0.00%	AGI	-1.72%
NIKL	0.00%	SMC	-1.71%
AEV	-0.21%	BPI	-1.57%
LTG	-0.23%	GTCAP	-1.56%
EMI	-0.24%	ICT	-1.46%

BOTTOM 10

ALI	0.89%	JGS	-3.40%
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Stock Picks

Stock	Date	Initial Price	Current Price	Return since Recommendation	
				Stock	PSEi
TEL	3/13/20	1,029.00	1,204.00	17.01%	4.24%
CNPF	3/13/20	13.10	28.75	119.47%	4.24%
FGEN	9/23/20	24.80	18.02	-27.34%	2.49%
AP	9/23/20	25.55	36.00	40.90%	2.49%
BDO	11/17/20	92.60	127.40	37.58%	-12.70%
BPI	11/17/20	83.00	100.60	21.20%	-12.70%
MBT	11/17/20	44.35	52.15	17.59%	-12.70%
SECB	11/17/20	103.90	76.70	-26.18%	-12.70%
CNVRG	6/13/22	22.50	8.61	-61.73%	-6.61%
ALI	6/13/22	30.05	28.40	-5.49%	-6.61%
SGP	6/13/22	12.06	7.57	-37.23%	-6.61%
Ave. Return				8.71%	-5.19%

MARKET DATA

Market Volume	275,902,063
Market Turnover (Value)	2,570,275,512
Foreign Buying	959,310,721
Foreign Selling	1,592,649,929
Net Foreign Buy / (Sell)	(633,339,208)

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Economic Developments

- ➔ **Off-cycle rate hike likely this week – BSP.** The Bangko Sentral ng Pilipinas (BSP) is considering an off-cycle interest rate hike, with Governor Eli M. Remolona Jr. suggesting that such a move is "on the table" if data indicates a significant inflation risk. An off-cycle rate hike could take place as early as this week, during the Monetary Board's policy-setting meeting on November 16, or in the following week. The central bank has already increased rates by 425 basis points between May 2022 and March 2023, bringing the benchmark rate to a near 16-year high of 6.25%. Economic managers have expressed concerns that further rate hikes may negatively impact the economy and consumers who are already grappling with high inflation. The BSP's forecast for average inflation in 2023 is 5.8%, moderating to 3.5% in 2024 and 3.4% in 2025. However, external forecasters' average inflation projections have been rising, indicating potential upward risks to the inflation outlook next year. (*BusinessWorld*)
- ➔ **PesoNet, InstaPay transactions hit PHP9.2 trillion as of end-September.** Electronic fund transfers in the Philippines, conducted through PESONet and InstaPay, saw a robust increase of over 30%, surging to PHP9.24 trillion from January to September 2023, compared to the previous year's PHP7.08 trillion, according to data from the Bangko Sentral ng Pilipinas (BSP). During this nine-month period, transaction volumes on PESONet and InstaPay also grew significantly, with a 40.4% surge to 638.9 million transactions this year, up from 454.9 million in the same period last year. These automated clearing houses are part of the BSP's National Retail Payment System, aimed at establishing a secure, efficient, cost-effective, inclusive, and reliable retail payment system, catering to various types of transactions. PESONet handles high-value transactions and offers an electronic alternative to the paper-based check system, while InstaPay is a real-time, low-value electronic fund transfer system mainly used for remittances and e-commerce. From January to September, the value of PESONet transactions rose by 24% to PHP5.69 trillion compared to the previous year's PHP4.58 trillion, while the value of InstaPay transactions grew by 42% to PHP3.55 trillion from PHP2.5 trillion. The combination of PESONet and InstaPay transactions reached PHP9.94 trillion in 2022, up 36% from PHP7.24 trillion in 2021, with transaction volumes increasing by 21%. The growing preference for online transactions among Filipinos because of COVID-19 restrictions contributed to the rising popularity of digital payments. Under its Digital Payment Transformation Roadmap, the central bank aims to shift 50% of total retail transactions to electronic channels and onboard at least 70% of Filipino adults to the financial system through the ownership and use of a transaction account by 2023. (*Philstar*)

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Economic Developments

➔ **Infrastructure spending surges 66% to PHP122 billion in August.** In August, the Philippines witnessed a substantial 65.8% surge in infrastructure spending as the government accelerated the implementation of various projects. Capital outlays for infrastructure and other projects reached PHP 122.1 billion in August, marking a significant increase from the PHP 73.7 billion spent in the same month the previous year. This surge in spending was also reflected on a month-on-month basis, with a 10% increase from July when infrastructure spending amounted to PHP 111 billion. The primary driver of this surge was the disbursements made by the Department of Public Works and Highways for its completed projects, which included national roads, bridges, infrastructure projects, flood control projects, convergence programs, and payment of right-of-way claims. Additionally, payments from development partners for the Department of Transportation's railway projects, such as the Malolos-Clark Railway Project and South Commuter Railway Project, contributed to the increase. However, lower capital outlay disbursements in the Department of National Defense were noted, mainly due to the timing of releases for the Revised Armed Forces of the Philippines Modernization Program. In the first eight months of 2023, infrastructure spending in the Philippines surged by 19.2% to reach PHP 740.3 billion, compared to PHP 621.2 billion in the same period the previous year. The Department of Budget and Management attributed this growth to the robust spending performance by the Department of Public Works and Highways. This performance was driven by the accelerated implementation of projects related to roads and bridges, closer monitoring of construction work, and expedited processing of billings by implementing offices. Moreover, direct payments made by foreign creditors for the Department of Transportation's foreign-assisted rail transport projects also contributed to the higher infrastructure spending during this period. The government's commitment to ramp up spending for the remainder of the year to support economic growth and recovery, along with lower base effects following election-related spending in 2022, contributed to the substantial year-on-year growth in infrastructure spending. (*BusinessWorld*)

Corporate Developments

➔ **Puregold Price Club, Inc. (PGOLD).** PGOLD reported muted earnings growth for the first nine months of the year, largely due to cost pressures. Net income during this period increased by 2.1% to PHP6.6 billion. PGOLD attributed the modest earnings growth to compressed margins and higher operating expenses. However, the company's total revenues grew by 9.2% to PHP139.3 billion, primarily driven by the opening of new stores. During the first three quarters of the year, Puregold expanded by opening 30 new stores, including Puregold outlets, S&R Membership Shopping Warehouses, and S&R New York Style quick-service restaurants. The company currently operates a total of 558 stores nationwide. (*Philstar*)

➔ **Cebu Air, Inc. (CEB).** CEB's Cebu Pacific is seeking long-term supply agreements with sustainable aviation fuel (SAF) providers as part of its effort to operate more flights using SAF. The airline has already flown its second commercial flight powered by a blend of SAF and plans to explore supply agreements with companies like Neste, Itochu, and Shell. While the airline acknowledges the initial costs of integrating SAF into its operations can be high, it hopes that the costs of SAF will decrease in the coming years as production facilities come online, and it is also in discussions with Philippine firms for the supply of raw materials for SAF. (*BusinessWorld*)

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Corporate Developments

➔ **Phoenix Petroleum Philippines, Inc. (PNX).** PNX is planning to divest from its subsidiary, PNX Petroleum Singapore Pte. Ltd., through a share buyback arrangement. The company's board of directors has approved this move as part of its Liability Management Exercise, which aims to generate additional working capital to support its core business operations. While the value of the shares bought back remains undisclosed, this action is in line with PNX's financial management program, focusing on debt management and funding activities. As of June, the parent company held an 85% stake in the subsidiary, which operates as the regional trading arm, enabling it to purchase directly from regional refineries and distribute to local and regional buyers. This strategic decision follows PNX's prior authorization of its management to transfer, sell, and dispose of specific corporate properties, assets, and investments, signifying a shift towards enhancing financial flexibility and focusing on its core business operations. In addition to its traditional oil operations, PNX has been exploring downstream marketing businesses and related technology solutions in collaboration with Malaysian state oil firm Petronas. (*BusinessWorld*)

Other Developments

➔ **Eurozone October PMI at near 3-year low, stirring recession worries.** Eurozone business activity unexpectedly declined in October, with a broad-based downturn affecting the region. The flash Eurozone Composite Purchasing Managers' Index (PMI), a measure of overall economic health, fell to 46.5, its lowest level since November 2020, down from 47.2 in September. This was well below the 50 level that indicates growth, and it took the Eurozone into a potential economic downturn. The decline in business activity in Germany, the largest European economy, for the fourth consecutive month, indicated that a recession may be underway. German consumer sentiment was also expected to decline for the third consecutive month, further hampering hopes of an economic recovery this year. France, the Eurozone's second-largest economy, also experienced a significant reduction in business activity in October, which was the second-steepest decline in close to three years. In addition, outside the European Union, businesses in the UK reported another decline in activity this month, raising concerns about the risk of recession. The World Bank President noted that geopolitical tensions in the Middle East and other risks are threatening the global economy. Despite narrowly avoiding a recession, the Eurozone's economy was expected to remain stagnant for the current quarter, and Eurozone banks further limited access to credit as demand fell due to high borrowing costs and a deteriorating economic outlook. The negative trend in Eurozone business activity raises concerns about the region's economic health and potential challenges ahead. (*Reuters*)

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Other Developments

➔ Qualcomm's getting in on the AI craze with new chips for phones and PCs.

Qualcomm has unveiled two new chips, the X Elite chip for PCs and laptops and the Snapdragon Series 8 Gen 3 for high-end Android phones, that are designed to run AI software without the need for an internet connection. These chips will enable devices to process AI models faster and more efficiently, making AI capabilities a key feature battleground for smartphones. Qualcomm's latest Snapdragon chip can generate an image from a language model in less than a second, a significant improvement from the previous version that took 15 seconds. The ability to run AI models locally on devices instead of relying on cloud computing is expected to enhance the responsiveness and privacy of AI applications. Qualcomm's chips can handle AI models with up to 10 billion parameters, enabling the execution of larger AI models used in generative AI. This advancement is seen as a strategic move to tap into the growing demand for AI capabilities in consumer devices, offering a competitive advantage for Android phones and PCs. It reflects the increasing importance of AI features in consumer electronics, with Qualcomm anticipating the development of custom AI models by smartphone manufacturers. The chips are expected to appear in premium Android devices and laptops early next year.

(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
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	10/31/23	11/03/23	11/29/23
DDMPR	DDMP REIT, Inc.	Php0.0254766	Cash	Common	11/03/23	11/06/23	11/29/23
MWP2B	Megawide Construction Corporation	Php1.4375	Cash	Preferred	11/06/23	11/07/23	11/28/23
ASLAG	Raslag Corp.	Php0.05	Cash	Common	11/06/23	11/07/23	11/29/23
PSB	Philippine Savings Bank	Php0.75	Cash	Common	11/07/23	11/08/23	11/20/23
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
SECB	Security Bank Corporation	Php1.50	Cash	Common	11/09/23	11/10/23	11/24/23
EURO	Euro-Med Laboratories Phil., Inc.	Php0.035	Cash	Common	11/09/23	11/10/23	11/27/23
LFM	Liberty Flour Mills, Inc.	Php0.20	Cash	Common	11/14/23	11/15/23	12/06/23
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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