

Market Commentary

➔ **The View:** The PSEi gained 15.49 points or 0.26% and ended last week at 5,989.27. The benchmark index initially rallied back up to the 6,000-level but eventually slid due to some last minute selloffs. Investors cheered on the expected US Federal Reserve (Fed)'s recent decision keep policy rates unchanged, but more so on hints that the Fed's monetary tightening cycle have ended. In the US, the 3 main indices continued to go up last Friday after US payrolls increased by only 150,000 in October against the projected 170,000. The soft US jobs data caused bond yields to drop as well which made room for some advances in equities. The Dow went up by 0.66%, while the S&P500 and the Nasdaq Composite rose by 0.94% and 1.38%, respectively. Overall, US stocks had a strong week, with the Dow rising 5.07%, the S&P500 climbing 5.85%, and the Nasdaq gaining 6.61%. This marked their best weekly performance since November 2022, driven by optimism that the Fed may halt its rate hikes for good. Meanwhile, European markets also booked some modest gains last Friday to round up a positive week. A string of slightly dovish stance from central banks like the Bank of England, which also held its rates steady, helped boost market sentiment as well. In the Asia-Pacific, markets also ended the week strong. Hong Kong's Hang Seng led the gains in the region with 2.52%, followed by Australia's ASX200 with 1.14%. Investors digested a slew of fresh manufacturing data of the region. In the local bourse, Financial (-0.48%) was the lone sector to decline. Services (+1.64%) led the gains while the rest had sub-1% additions. In the main index, WLCON (+3.03%), TEL (+2.40%), and CNPF (+2.32%) were the top performers among 18 advancers. On the other end, GTCAP (-3.83%), MONDE (-3.66%), and JGS (-2.18%) had the biggest losses among 9 laggards. The market's total turnover value fell by 8% to PHP3.76 billion while total foreign activity slid by 14% to PHP4.55 billion. Net foreign selling grew by 22% to PHP506.65 million. The Philippine Peso surged by 63 cents against the US dollar and ended at PHP56.10. Despite the perceived dovish stance of the Fed in their last meeting, investors exercised cautious optimism as evident in some last minute profit taking last Friday. They may continue to do so while waiting for the latest PH inflation data due tomorrow. The Bangko Sentral ng Pilipinas (BSP) expects October inflation to be lower than the 6.1% last September. The inflation figure will be key in its own policy meeting later this month. The local bourse may experience increased market participation as trading returns to its regular 5-day spread. The short-selling kick off could have minor effects on volume given its current limitations at launch.

PSEI INTRADAY



INDICES

Index	Prev	Last	% Chg
PSEi	5,973.78	5,989.27	0.26%
All Shares	3,254.17	3,263.05	0.27%
Financial	1,712.36	1,704.16	-0.48%
Industrial	8,477.16	8,498.28	0.25%
Holding Firms	5,726.65	5,727.48	0.01%
Property	2,540.67	2,546.63	0.23%
Services	1,453.07	1,476.94	1.64%
Mining & Oil	9,782.95	9,807.15	0.25%

TOP 10

WLCON	3.03%	GTCAP	-3.83%
TEL	2.40%	MONDE	-3.66%
CNPF	2.32%	JGS	-2.18%
JFC	1.95%	SMC	-2.00%
ICT	1.89%	ALI	-1.80%
BLOOM	1.87%	BPI	-1.44%
PGOLD	1.85%	LTG	-0.68%
AC	1.73%	MBT	-0.57%
AGI	1.51%	AEV	-0.22%
ACEN	1.51%	SCC	0.00%

BOTTOM 10

Stock Picks

Stock	Date	Initial Price	Current Price	Return since Recommendation	
				Stock	PSEi
TEL	3/13/20	1,029.00	1,239.00	20.41%	3.37%
CNPF	3/13/20	13.10	28.65	118.70%	3.37%
FGEN	9/23/20	24.80	18.30	-26.21%	1.64%
AP	9/23/20	25.55	36.40	42.47%	1.64%
BDO	11/17/20	92.60	128.00	38.23%	-13.43%
BPI	11/17/20	83.00	99.05	19.34%	-13.43%
MBT	11/17/20	44.35	52.00	17.25%	-13.43%
SECB	11/17/20	103.90	75.00	-27.82%	-13.43%
CNVRG	6/13/22	22.50	8.43	-62.53%	-7.39%
ALI	6/13/22	30.05	27.35	-8.99%	-7.39%
SGP	6/13/22	12.06	7.30	-39.47%	-7.39%
Ave. Return				8.31%	-5.99%

MARKET DATA

Market Volume	301,346,747
Market Turnover (Value)	3,761,644,805
Foreign Buying	2,023,587,225
Foreign Selling	2,530,242,019
Net Foreign Buy / (Sell)	(506,654,794)

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Economic Developments

- ➔ **PH manufacturing PMI posted a 7-month high of 52.4 in October.** The Philippine manufacturing sector exhibited robust performance at the outset of the fourth quarter, marking its swiftest growth in seven months, with the Purchasing Managers Index (PMI) reaching 52.4 in October, up from September's 50.6, as reported by S&P Global Market Intelligence. Improvements in new orders and output underpinned this growth, demonstrating increased workloads that supported buying activity and employment. Moreover, the easing of strong inflationary pressures over the last two years was evident, with brisk sales bolstering employment, although job creation remained marginal, resulting in a fourth consecutive monthly fall in backlogs. Despite higher operating expenses, primarily driven by rising inflation in raw materials and energy costs, Philippine manufacturers maintained an optimistic outlook. They anticipate output growth in the coming year, although potential global headwinds and the delayed impact of monetary policy tightening pose downside risks to the sector. (*BusinessMirror*)
- ➔ **BOC exceeds October goal with ₱78.6-B take; 10-month target also breached.** The Bureau of Customs (BOC) in the Philippines has surpassed its collection targets for both October and the first 10 months of 2023 due to its intensified efforts to combat smuggling. In October 2023, BOC collected a total of ₱78.616 billion, exceeding the monthly target by 1.4% or ₱1.084 billion. Over the January to October period, BOC's revenues amounted to ₱739 billion, surpassing the target by 2.4% or ₱17.287 billion. BOC Commissioner Bienvenido Y. Rubio attributed the increased revenue collection to the bureau's relentless fight against smuggling and the implementation of trade efficiency measures. He emphasized that the achievement reflects BOC's commitment to enhancing trade facilitation and increasing revenue collection in support of the country's economic development. Additionally, BOC is working on digitalization efforts to streamline procedures and reduce processing times for import and export transactions, further improving trade facilitation. (*BusinessMirror*)
- ➔ **Renewables power up BOI approvals.** The Philippines has experienced a surge in approved investments in the renewable energy (RE) sector, with over 84% of the Board of Investments (BOI) approvals from January to October going to RE and power projects. The BOI reported that it approved ₱899.79 billion worth of RE and power projects during this period, representing a significant increase from last year's ₱313.07 billion. The approval of ₱1.07 trillion in investments by the BOI in the first ten months of 2023 marked an 86% increase from the previous year. The BOI attributes this growth to diverse projects in solar, wind, hydropower, and biomass, demonstrating the sector's growing prominence. One notable RE project that was recently approved is the offshore wind power project of Copenhagen Infrastructure New Markets Fund (CINMF) Corp., valued at ₱329.74 billion. In an effort to attract more investments in renewable energy, the Department of Energy issued a circular last year allowing 100% foreign equity in renewables. Trade Secretary Alfredo Pascual previously stated that RE projects were expected to account for a third of the projected ₱1.5 trillion in investment approvals for the year. Foreign investments played a significant role, with foreign capital accounting for the majority of the 10-month approvals, amounting to ₱757.33 billion. Germany was the leading source of foreign capital, contributing ₱393.28 billion, followed by the Netherlands, Singapore, the United States, France, and the United Kingdom. (*Philstar*)

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Corporate Developments

- ➔ **Philippine Business Bank (PBB)**. PBB has demonstrated robust performance in terms of net interest income and net income, with both showing double-digit growth. Net interest income increased by 18.0% to ₱4.74 billion, primarily due to a 46-basis points improvement in net interest margin to 4.79%. The bank's core income reached ₱2.21 billion in the first nine months of 2023, and its pre-tax pre-provision profit was ₱2.12 billion, a 13.3% increase from the same period last year. Net income also grew significantly, rising by 23.6% to ₱1.14 billion from ₱926.6 million. This strong financial performance is attributed to the bank's balance sheet expansion and enhanced operating efficiency. The bank achieved a lower cost-to-income ratio of 41.8% in the first nine months of 2023, down from 51.8% in the same period the previous year. The bank's focus on cost efficiency and productivity has allowed its revenue to grow by 40.0%, outpacing the 13.3% increase in operating expenses. Total loans and receivables, net of provisions, reached ₱106.6 billion, and total resources stood at ₱140.1 billion as of the end of September 2023. The bank also maintains a healthy capital adequacy ratio of 13.30% and a minimum liquidity ratio of 23.06%, well above the statutory requirements. *(PBB Disclosure)*
- ➔ **First Gen Corporation (FGEN)**. The Department of Energy (DOE) has declared Energy Development Corp. (EDC) and two other companies as winning bidders in the 4th Open and Competitive Selection Process (OCSP4) for geothermal and wind energy resources in the Philippines. The DOE offered 20 Pre-Determined Areas (PDAs) for potential renewable energy (RE) development, with 14 designated for hydropower, three for geothermal, and three for wind resources. EDC secured geothermal PDAs number 1 (Buguias-Tinoc) and 3 (Mt. Sembrano). Meanwhile, Freya Renewables Inc. will develop wind power project PDA no. 2 (Pantabangan), and South Luzon Energy Solutions Inc. will receive PDA no. 3 (Bagac) for wind resource development. The DOE targets the formal awarding of RE contracts on November 24, 2023, for the successful bidders. *(BusinessMirror)*
- ➔ **Manila Electric Company (MER)**. S&P Global Ratings has upgraded MER's rating outlook from stable to positive while affirming its "BBB-" long-term issuer credit rating. The upgrade is attributed to the company's stable cash flow and stronger financials. S&P expects MER's credit profile to improve, driven by the improved profitability of its unregulated power generation business and stable cash flow from its distribution business. The positive rating outlook reflects the expectation that MER's improving operating performance and regulatory clarity could lead to stronger financial metrics over the next 12 to 24 months. S&P anticipates that MER will benefit from an earnings recovery in its power generation business and supportive regulatory tariffs. Steady cash flow from its regulated power distribution business, along with strong dividends from associate/joint-venture companies in the power generation sector and contributions from commissioned renewable plants, will also enhance the company's earnings over the next two years. Moreover, MER's capital spending is expected to remain elevated due to sustained capex and significant investments in power generation. The company's major spending on the A1E power plant is expected to begin in 2026, with annual spending forecasted at ₱5 billion to ₱20 billion from 2026 onward as MER pursues cleaner and greener energy. *(Philstar)*

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Other Developments

- ➔ **US payrolls increased by 150,000 in October, less than expected.** The US economy faced a slowdown in job creation in October, as nonfarm payrolls increased by 150,000, falling short of the expected 170,000 and contributing to an uptick in the unemployment rate to 3.9%, the highest level since January 2022. The Labor Department's report indicated that the United Auto Workers strikes were mainly responsible for the lower-than-anticipated job growth, resulting in a net loss of manufacturing jobs. Additionally, average hourly earnings grew by 0.2% for the month and 4.1% year-on-year, a critical measure for the Federal Reserve's inflation assessment. The jobs data suggest that the US labor market may be experiencing a slowdown, as the hiring frenzy seen in the post-pandemic recovery has cooled, and companies are now retaining employees. The Federal Reserve has been closely monitoring wage data as part of its efforts to combat inflation, and despite the strong inflationary pressures in recent years, the central bank has refrained from raising interest rates. The latest jobs report has reduced market expectations for a December rate hike, with the probability dropping to just 10%. *(CNBC)*
- ➔ **China's factory activity unexpectedly shrinks in October, dents recovery momentum.** China's manufacturing activity unexpectedly contracted in October, with the official purchasing managers' index (PMI) falling to 49.5 from 50.2. This drop is significant because it dipped below the 50-point level that marks the boundary between contraction and expansion, and it was worse than analysts' predictions. A slowdown in the vast service sector and construction also contributed to the drop in the non-manufacturing PMI from 51.7 to 50.6. Several factors, including a housing slump, slowing infrastructure spending, and weak global demand, are affecting China's economic growth. Chinese sellers at the recent Canton Fair reported low orders, and analysts believe more policy support may be needed to reach China's annual GDP target of around 5%. These disappointing PMI figures highlight the challenges facing China's policymakers as they attempt to rejuvenate economic growth amid a variety of domestic and international issues. Although China has implemented numerous policy measures to stabilize its economy, including modest interest rate cuts, increased cash injections, and fiscal stimulus, some experts are suggesting that additional policy support might be necessary to achieve Beijing's annual GDP goal. The real estate sector remains a major concern, as home prices have fallen for the third consecutive month, and sales and investment have also seen significant declines. High youth unemployment, increased debt levels, and a weakened yuan further complicate China's efforts to stimulate economic activity. To address these challenges, China's top parliamentary body recently approved a \$137 billion sovereign bond issue for the fourth quarter, and a bill allowing local governments to bring forward part of their 2024 bond quotas to boost investment and economic growth. Additionally, the central bank has injected substantial cash support to allow banks to extend credit and keep interest rates low. *(Reuters)*

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Other Developments

➔ **US regulators agree to ramp up oversight of systemically risky non-banks.** US regulators are set to increase oversight of non-bank financial institutions, such as asset managers and hedge funds, that they consider to be potential threats to the financial system. The Financial Stability Oversight Council (FSOC), led by the Treasury Department, will be taking a tougher stance on the regulation of such non-banks, subjecting them to greater scrutiny, including U.S. Federal Reserve oversight and stricter capital and liquidity requirements. The changes to the oversight process reverse a policy that was put in place during the Trump administration, which focused on regulating risky activities rather than identifying specific firms as threats. The new approach has drawn criticism from the financial industry, with industry groups arguing that non-banks do not pose the same risks as traditional banks. The move to increase oversight of non-banks comes as regulators are concerned about the growing shift of financial activity to non-bank entities, which often have less transparency and are not as strictly regulated as traditional banks. While the FSOC has not yet identified specific non-banks as "systemically important financial institutions" (SIFIs), major global asset managers and hedge funds, such as BlackRock and Bridgewater, are expected to be a focus of its efforts. These changes are part of an ongoing effort to address potential systemic risks in the financial system and ensure greater stability. *(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
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
ALI	Ayala Land, Inc.	Php0.2231	Cash	Common	11/10/23	11/13/23	11/24/23
ALCPD	Arthaland Corporation	Php7.50	Cash	Preferred	11/10/23	11/13/23	12/04/23
REG	Republic Glass Holdings Corporation	Php0.03	Cash	Common	11/14/23	11/15/23	11/28/23
LFM	Liberty Flour Mills, Inc.	Php0.20	Cash	Common	11/14/23	11/15/23	12/06/23
ACPAR	Ayala Corporation	Php39.741875	Cash	Preferred	11/15/23	11/16/23	11/29/23
APB2R	Ayala Corporation	Php6.02675	Cash	Preferred	11/15/23	11/16/23	11/29/23
ACENA	ACEN Corporation	Php17.8325	Cash	Preferred	11/16/23	11/17/23	12/01/23
ACENB	ACEN Corporation	Php20.0000	Cash	Preferred	11/16/23	11/17/23	12/01/23
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
ALCPC	Arthaland Corporation	Php1.7319	Cash	Preferred	11/28/23	11/29/23	12/27/23
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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