

## Market Commentary

➔ **The View:** The PSEi slid by 69.07 points or 1.06% and ended last year at 6,450.04. The local barometer went down by 1.77% in a tumultuous 2023 for equities amidst developments in interest rates and inflation along with some unexpected turn of events which contributed to the volatility this year. In the US, the 3 major indices went down last Friday in the final trading session of 2023. The Dow slid by 0.05%, while the S&P500 and the Nasdaq Composite fell by 0.28% and 0.56%, respectively. For the week, the S&P500 added 0.3% and notched its 9<sup>th</sup> straight winning streak. It was its best streak since 2004. The Dow and Nasdaq gained 0.8% and 0.1%, respectively, securing their lengthiest weekly winning streaks since 2019. Meanwhile, European market ended strong last Friday and secured a good year for stocks after a tumultuous 2022. The Stoxx 600 climbed by 12.64% in 2023 after dropping by 12.9% in 2022. In the Asia-Pacific, markets had mixed results to finish last year. Australia's ASX200 and Japan's Nikkei had the biggest losses with 0.31% and 0.22%, respectively. South Korea's Kospi was the outlier with a 1.6% gain, followed by China's Shanghai Composite with 0.68%. In the local bourse, Holding Firms (-3.41%) and Property (-0.86%) were the losers among the sectors. Mining&Oil (+2.03%) had the biggest upswing while the rest had sub-1% additions. In the main index, NIKL (+5.18%), AGI (+4.44%), and GTCAP (+2.43%) were the top performers among 17 gainers. On the other hand, AEV (-10.80%), SMC (-8.02%), and JGS (-4.63%) had the biggest losses considering 13 laggards. The market's total turnover value went up to ₱4.88 billion. Net foreign buy increased to ₱208.97 million from ₱12.79 million last Thursday. The Philippine Peso strengthened by 11 cents against the US dollar and settled at ₱55.37. Positive market sentiment stemming from the expectations of the much-awaited interest rate cuts this year could continue to buoy the local bourse, which is still trading at bargain levels compared to the pre-pandemic averages. The Bangko Sentral ng Pilipinas (BSP)'s hawkish stance, stating that rate cuts are unlikely for the central bank in next few months, along with El Niño concerns affecting agricultural production could temper market expectations. However, the overall trajectory this year for equity markets remains upward.

## Stock Picks

Stock	Date	Initial Price	Current Price	Return since Recommendation	
				Stock	PSEi
TEL	3/13/20	1,279.00	24.30%	11.32%	12.52%
CNPF	3/13/20	30.95	136.26%	11.32%	12.52%
FGEN	9/23/20	17.40	-29.84%	9.46%	10.63%
AP	9/23/20	37.80	47.95%	9.46%	10.63%
BDO	11/17/20	130.50	40.93%	-6.77%	-5.77%
BPI	11/17/20	103.80	25.06%	-6.77%	-5.77%
MBT	11/17/20	51.30	15.67%	-6.77%	-5.77%
SECB	11/17/20	71.50	-31.18%	-6.77%	-5.77%
CNVRG	6/13/22	8.38	-62.76%	-0.26%	0.81%
ALI	6/13/22	34.45	14.64%	-0.26%	0.81%
SGP	6/13/22	6.55	-45.69%	-0.26%	0.81%
<b>Ave. Return</b>			<b>12.30%</b>	<b>1.25%</b>	<b>2.33%</b>

## PSEI INTRADAY



## INDICES

Index	Prev	Last	% Chg
PSEi	6,519.11	6,450.04	-1.06%
All Shares	3,440.59	3,424.59	-0.47%
Financial	1,736.83	1,738.88	0.12%
Industrial	9,008.21	9,075.91	0.75%
Holding Firms	6,321.60	6,106.00	-3.41%
Property	2,879.58	2,854.94	-0.86%
Services	1,593.34	1,604.99	0.73%
Mining & Oil	9,801.69	10,000.43	2.03%

## TOP 10

NIKL	5.18%	AEV	-10.80%
AGI	4.44%	SMC	-8.02%
GTCAP	2.43%	JGS	-4.63%
ACEN	2.34%	AC	-3.40%
ICT	1.90%	SM	-2.46%
DMC	1.77%	PGOLD	-2.18%
URC	1.29%	SMPH	-2.08%
SCC	1.17%	CNVRG	-1.53%
BDO	1.08%	WLCON	-1.42%
LTG	0.90%	BPI	-0.67%

## BOTTOM 10

## MARKET DATA

Market Volume	385,529,202
Market Turnover ( Value)	2,801,001,099
Foreign Buying	1,260,598,164
Foreign Selling	1,247,811,586
Net Foreign Buy / (Sell)	12,786,578

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## Economic Developments

- ➔ **BSP forecast: Inflation likely settled at 3.6%-4.4% in December.** Inflation in the Philippines is anticipated to have fluctuated within the range of 3.6% to 4.4% in December, following a 20-month low of 4.1% recorded in November, according to the Bangko Sentral ng Pilipinas (BSP). The BSP attributed the potential increase to higher rice and meat prices, while lower prices for agricultural items like vegetables, fruits, and fish, along with reduced electricity rates and petroleum prices, contributed to downward price pressures. Governor Eli Remolona Jr. has suggested that inflation could return to the central bank's target range of 2% to 4% as early as December, barring any unforeseen supply shocks. The BSP has responded to inflation concerns by raising key policy rates by a total of 450 basis points, and the benchmark interest rate currently stands at a 16-year high of 6.50%. Inflation in the Philippines averaged 6.2% from January to November, well above the BSP's target range. Headline inflation had breached the target range for 20 months, peaking at 8.7% before easing to a 20-month low of 4.1% in November. Governor Remolona indicated that the country is "not yet out of the woods" regarding inflation, signaling a prolonged period of higher interest rates. The BSP has maintained a vigilant stance, with rates steady in November and December, emphasizing that interest rates could remain "higher-for-longer" as monetary authorities assess the potential impact of external factors, such as the El Niño weather phenomenon, on food and energy prices. The BSP has lowered its risk-adjusted inflation forecasts for 2023 and 2024 but retains a cautious approach to monetary policy. *(Philstar)*
- ➔ **LRT-2 revenue on track to hit ₱1 billion.** The Light Rail Transit Line 2 (LRT-2) in the Philippines is on track to recover its pre-pandemic revenue levels, as it earned ₱988.4 million from ticket collections between January and November 2023. The LRTA (Light Rail Transit Authority) needs to raise just ₱80.23 million in December to reach its pre-pandemic revenue target of ₱1.07 billion. With a 61% surge in ridership from January to November 2023 compared to the previous year, and ₱105.19 million in revenue generated in November alone, marking the fourth consecutive month exceeding the ₱100-million mark, the recent fare adjustment approved by the Department of Transportation in August 2023 allows LRT-2 to reduce reliance on government subsidies. The LRTA anticipates generating ₱1.2 billion in revenue from rail services in 2023, ₱1.66 billion in 2024, ₱2.19 billion in 2025, and ₱2.33 billion in 2026, following the fare increase. The funds raised will contribute to the operations, maintenance, and expansion projects, including the ₱10.12 billion LRT-2 West Extension Project. This extension aims to add new stops to the west of the Recto Station, serving Tutuban, Divisoria, and Pier 4, and estimates predict passenger traffic on LRT-2 to reach 55.91 million in 2023, 70.49 million in 2024, 92.89 million in 2025, and 98.69 million in 2026. *(Philstar)*

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## Economic Developments

- ➔ **Colliers sees better Philippine office take-up in 2024.** Colliers Philippines forecasts an optimistic trajectory for the Philippine office property market in 2024, fueled by increased demand for office spaces and the resurgence of real estate plans by companies. The net take-up is expected to stay positive, with expansions and new setups constituting 70% of transactions in the third quarter of 2023. Net take-up in 2024 is projected to reach 300,000 square meters, reflecting a substantial 36.4% growth from the previous year. The information technology and business process management sector are anticipated to be key drivers of growth, with Colliers expecting companies to continue implementing "flight-to-value" strategies, leveraging lower-priced quality office spaces in prime locations. Additionally, tenants are exploring new locations outside Metro Manila for expansion, incorporating satellite offices into their real estate strategy to retain talent as some employees return to their provinces amid the ongoing pandemic. (*BusinessWorld*)

## Corporate Developments

- ➔ **Ayala Corporation (AC).** Ayala Healthcare Holdings (AC Health), the healthcare arm of AC, is set to pursue more mergers and acquisitions (M&A) in 2024, targeting opportunities across the Philippines in hospitals, clinics, and pharmaceuticals. Paolo Maximo F. Borromeo, President and CEO of AC Health, noted a rich pipeline of M&A prospects, indicating a strategic expansion plan. AC Health presently operates six hospitals, and its subsidiary, Healthway Medical Network, expects two to three M&As in the coming year, aiming to become a majority owner or secure a path to majority ownership in significant investments. Additionally, AC Health expressed interest in participating in public-private partnerships (PPPs), eyeing the ₱6-billion University of the Philippines-Philippine General Hospital Cancer Center and exploring smaller PPPs with local government units. (*BusinessWorld*)
- ➔ **Globe Telecom (GLO).** GLO's cloud unit, Cascadeo, anticipates a broader adoption of artificial intelligence (AI) among Philippine companies in 2024. Cascadeo's President and CTO, Jared Reimer, foresees a shift toward generative AI, emphasizing that it will complement, rather than replace, digital transformation and managed services. The company expects businesses to fully embrace AI across various roles and aspects due to growing interest in AI-enabled applications. A Gartner study cited by GLO indicates that approximately 80% of enterprises are projected to adopt AI application programming interfaces by 2026. Cascadeo aims to assist companies in adopting generative AI, guiding them through implementation and supporting their transition to scalable and adaptive cloud environments. (*BusinessWorld*)

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## Corporate Developments

➔ **SP New Energy Corporation (SPNEC), Manila Electric Company (MER).** SPNEC has initiated the construction of the Terra Solar development in Nueva Ecija and Bulacan, which is heralded as the world's largest solar project. The groundbreaking ceremony marks the commencement of site clearing activities for the approximately 3,500-hectare project. SPNEC aims to complete the first phase by the first quarter of 2026, expediting site clearing ahead of constructing interconnection facilities with the national grid and installing over five million solar panels. The Terra Solar project, with an estimated cost of ₱200 billion, will comprise 3,500 megawatts of solar panels and 4,000 megawatt-hours of battery storage. It is expected to generate over five billion kilowatt-hours annually, constituting about five percent of the total volume of the Philippine grid and 12% of its total demand. SPNEC's accelerated work on the project follows the completion of the ₱15.9-billion investment from MGen Renewable Energy Inc. (MGreen) on December 27, with the proceeds primarily allocated for the Terra Solar project. MGreen is the renewable energy development arm of Meralco Powergen Corp., a subsidiary of MER. *(Philstar)*

## Other Developments

➔ **Oil prices shed 10% in 2023 as supply and demand concerns weigh.** Crude futures faced a turbulent year in 2023, marked by geopolitical uncertainties and concerns about global oil output levels. On the last trading day of the year, Brent crude settled at \$77.04 per barrel, while U.S. West Texas Intermediate crude settled at \$71.65 per barrel, both reflecting over a 10% decline throughout the year. The decline follows the previous year's increase of 10% for Brent and 7% for WTI, fueled by supply concerns amid Russia's invasion of Ukraine. Analysts predict that Brent crude will average \$82.56 in 2024, citing weak global growth as a limiting factor, though ongoing geopolitical tensions may provide support to prices. The Organization of the Petroleum Exporting Countries and allies (OPEC+) face challenges in committing to supply cuts, with a current output reduction of about 6 million barrels per day, representing 6% of global supply. Geopolitical events in the Middle East, including attacks on shipping vessels and escalating tensions in the region, are expected to contribute to continued oil price volatility in 2024. *(Reuters)*

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## Other Developments

- ➔ **Gold to enter 2024 with sights set on record highs.** Gold investors are anticipating record-high prices in 2024 due to several factors. The dovish pivot in US interest rates, ongoing geopolitical risks, and continued central bank buying are expected to support the market. In 2023, gold saw a 13% annual rise, its best performance since 2020, and it is currently trading around \$2,060 per ounce. Analysts predict that gold will see further price gains in 2024 driven by momentum-chasing hedge funds, central banks' continued purchase of physical gold, and renewed demand from ETF investors. The expectation of rate cuts and safe-haven demand triggered by geopolitical conflicts are also contributing to the positive outlook for gold. Various forecasts suggest that gold prices could reach new highs, with targets ranging from \$2,150 to \$2,300 per ounce. While the outlook for gold appears optimistic, there are potential risks. Gold prices could face pressure if there is an inflation resurgence that forces the U.S. Federal Reserve to abandon its plans for a policy pivot in 2024. Additionally, if inflation cools faster than the Fed trims rates, it may slow the economy and impact retail buying of gold. In contrast to gold, silver is expected to experience a slight decline in 2023 but is projected to trend towards \$26 per ounce in 2024, benefiting from improved industrial demand. Platinum is expected to hold a range between \$800 and \$1,100 per ounce in 2024. Palladium, which faced significant declines in 2023 due to the impact of the energy transition, is expected to average around \$750 per ounce in 2024, subject to any major supply cuts. *(Reuters)*
- ➔ **China's manufacturing PMI falls for third month in a row highlighting 2024 challenges for world's second-biggest economy.** China's official manufacturing Purchasing Managers' Index (PMI) for December contracted for the third consecutive month, dropping to 49 from November's 49.4, indicating a weaker-than-expected recovery in the world's second-largest economy. A reading below 50 suggests contraction, and the December figure was worse than the median forecast of 49.5 in a Reuters poll. The statistics bureau cited an "increasingly complicated, tough and uncertain" external environment as a key reason for the continued fall, noting a reduction in overseas orders and insufficient demand from the domestic market. While the non-manufacturing PMI improved slightly to 50.4, the overall composite PMI fell slightly to 50.3. The past year started on an optimistic note as the country started reopening following years of strict Covid controls. But the rebound was weaker than expected in the face of headwinds such as a bleak export outlook, weak confidence in the private sector, and a local government debt crisis. In recent months, the central government has unveiled a series of measures to prop up growth. Beijing also pledged to make development the biggest political priority at the central economic work conference earlier this month, vowing to counter a slew of risks in its vast economy and lift confidence in the coming year. Beijing is widely expected to announce a GDP growth target of "around 5 per cent" for next year, a similar target to that for 2023, on the condition of more expansionary policies, according to several economic and government advisers. *(South China Morning Post)*

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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
PRF4A	Petron Corporation	Php16.76975	Cash	Preferred	12/12/23	12/13/23	01/08/24
PRF4B	Petron Corporation	Php16.99300	Cash	Preferred	12/12/23	12/13/23	01/08/24
PRF4C	Petron Corporation	Php17.71525	Cash	Preferred	12/12/23	12/13/23	01/08/24
MONDE	Monde Nissin Corporation	Php0.12	Cash	Common	12/13/23	12/14/23	01/11/24
AGI	Alliance Global Group, Inc.	Php0.15	Cash	Common	12/15/23	12/18/23	01/12/24
SMC2F	San Miguel Corporation	Php1.27635	Cash	Preferred	12/20/23	12/21/23	01/04/24
SMC2I	San Miguel Corporation	Php1.18790625	Cash	Preferred	12/20/23	12/21/23	01/04/24
SMC2J	San Miguel Corporation	Php0.890625	Cash	Preferred	12/20/23	12/21/23	01/04/24
SMC2K	San Miguel Corporation	Php0.84375	Cash	Preferred	12/20/23	12/21/23	01/04/24
SMC2M	San Miguel Corporation	Php1.5703125	Cash	Preferred	12/20/23	12/21/23	01/04/24
AC	Ayala Corporation	Php3.806	Cash	Common	12/22/23	12/27/23	01/10/24
CREIT	Citicore Energy REIT Corp.	Php0.049	Cash	Common	12/22/23	12/27/23	01/22/24
MWP5	Megawide Construction Corporation	Php1.97605	Cash	Preferred	12/27/23	12/28/23	01/17/24
PGOLD	Puregold Price Club, Inc.	Php0.97	Cash	Common	12/27/23	12/28/23	01/18/24
KEEPR	The Keepers Holdings, Inc.	Php0.077	Cash	Common	12/27/23	12/28/23	01/18/24
COSCO	Cosco Capital, Inc.	Php0.197	Cash	Common	12/29/23	01/02/24	01/23/24
JFCPA	Jollibee Foods Corporation	Php8.20525	Cash	Preferred	01/02/24	01/03/24	01/15/24
JFCPB	Jollibee Foods Corporation	Php10.60125	Cash	Preferred	01/02/24	01/03/24	01/15/24
SMC	San Miguel Corporation	Php0.35	Cash	Common	01/04/24	01/05/24	01/26/24
GTPPB	GT Capital Holdings, Inc.	Php12.73725	Cash	Preferred	01/04/24	01/05/24	01/29/24
TFC	PTFC Redevelopment Corporation	Php2.00	Cash	Common	01/08/24	01/09/24	02/02/24
STI	STI Education Systems Holdings, Inc.	Php0.030	Cash	Common	01/09/24	01/10/24	01/31/24
MARC	Marcventures Holdings, Inc.	Php0.10	Cash	Common	01/11/24	01/12/24	01/26/24
DDMPR	DDMP REIT, Inc.	Php0.0256820	Cash	Common	01/19/24	01/22/24	02/14/24
8990B	8990 Holdings, Inc.	Php1.375	Cash	Preferred	01/26/24	01/29/24	02/10/24
PRF3A	Petron Corporation	Php17.17825	Cash	Preferred	02/29/24	03/01/24	03/25/24
PRF3B	Petron Corporation	Php17.84575	Cash	Preferred	02/29/24	03/01/24	03/25/24
PRF4A	Petron Corporation	Php16.76975	Cash	Preferred	03/12/24	03/13/24	04/08/24
PRF4B	Petron Corporation	Php16.99300	Cash	Preferred	03/12/24	03/13/24	04/08/24
PRF4C	Petron Corporation	Php17.71525	Cash	Preferred	03/12/24	03/13/24	04/08/24
GTPPB	GT Capital Holdings, Inc.	Php12.73725	Cash	Preferred	04/04/24	04/05/24	04/29/24
GTPPB	GT Capital Holdings, Inc.	Php12.73725	Cash	Preferred	07/04/24	07/05/24	07/29/24
GTPPB	GT Capital Holdings, Inc.	Php12.73725	Cash	Preferred	10/04/24	10/07/24	10/28/24

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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) BHD 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	12/21/23	12/22/23	01/04/24
CEI	Crown Equities, Inc.	10%	Stock	Common	TBA	TBA	TBA
SBS	SBS Philippines Corporation	22%	Stock	Common	TBA	TBA	TBA
AUB	Asia United Bank Corporation	50%	Stock	Common	12/15/23	12/18/23	12/22/23

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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