

## Market Commentary

➔ **The View:** The PSEi slid by 55.16 points or 0.84% and ended at 6,498.88 yesterday. Trading was temporarily halted at 9:32AM and resumed at 11:56AM. The PSE is yet to provide information regarding the root cause of the technical issue. The decline in the US markets appears to have casted a negative spell on the local bourse as well. The slowdown in factory activity in December also helped pull the market down. In the US, the 3 major indices fell off sharply yesterday after the 10-year US Treasury briefly topped 4%. The Dow fell by 0.76%, while the S&P500 and the Nasdaq Composite went down by 0.80% and 1.18%, respectively. Investors appear to book big gains from tech stocks which have strongly outperformed in 2023. The minutes of the US Federal Reserve (Fed)'s latest minute which signaled officials' reluctance to lower rates also added pressure to the market. While officials expect a 75-bps cut in 2023, uncertainty surrounds the timing of these potential cuts. Meanwhile, European markets also closed lower yesterday as investors continued to ease off after a strong start. In the Asia-Pacific, markets experienced a decline yesterday, with South Korea and Taiwan leading the drop. The downgrade of Apple by Barclays impacted major tech firms, particularly chipmakers. South Korea's Kospi closed 2.34% lower, with notable declines in technology and chip stocks like Samsung Electronics and LG Corporation. Australia's ASX200 followed suit with a 1.37% drop after hitting its all-time high in the previous day. Japan's market will remain closed today. In the local bourse, sectors were red across the board. Financial (-1.31%) and Services (-1.01%) took most of the hits while the rest had sub-1% contractions. In the main index, WLCON (+2.73%), MONDE (+1.18%), and ACEN (+1.16%) had the biggest advances among 7 gainers. On the other end, URC (-3.31%), ICT (-2.42%), and BPI (-2.17%) had the worst performances among Wednesday's 19 laggards. BLOOM, JGS, CNPF, and SMC ended unchanged. The market's total turnover value fell by another 15% to ₱3.11 billion. Foreigners switched to being net sellers with a net sell of ₱260.50 million, opposite of the ₱443.11 million net buy last Tuesday. The Philippine Peso appreciated by 10 cents and ended at ₱55.57 against the US dollar. The upbeat sentiment was tempered by the slide in US markets to start the year. The situation in the Israel-Hamas conflict is escalating, raising concerns about its potential spread. Additionally, the Russia-Ukraine conflict has intensified after a period of apparent calm. Ongoing turmoil in the Red Sea adds to investors' worries. Investors will be looking toward the PH inflation report on Friday for direction. The PSEi have been struggling to leap over to the 6,600-level and has pulled back to the 6,400-level for now.

## PSEI INTRADAY



## INDICES

Index	Prev	Last	% Chg
PSEi	6,554.04	6,498.88	-0.84%
All Shares	3,465.97	3,450.24	-0.45%
Financial	1,746.61	1,723.71	-1.31%
Industrial	9,161.62	9,104.49	-0.62%
Holding Firms	6,323.37	6,289.02	-0.54%
Property	2,835.61	2,828.95	-0.23%
Services	1,642.44	1,625.77	-1.01%
Mining & Oil	9,885.93	9,855.29	-0.31%

## TOP 10

WLCON	2.73%	URC	-3.31%
MONDE	1.18%	ICT	-2.42%
ACEN	1.16%	BPI	-2.17%
AGI	1.07%	AEV	-1.80%
DMC	0.71%	AC	-1.26%
PGOLD	0.37%	MER	-1.25%
CNVRG	0.12%	BDO	-1.25%
BLOOM	0.00%	ALI	-0.87%
JGS	0.00%	EMI	-0.72%
CNPF	0.00%	GLO	-0.69%

## BOTTOM 10

## Stock Picks

Stock	Date	Initial Price	Current Price	Return since Recommendation	
				Stock	PSEi
TEL	3/13/20	1,029.00	1,272.00	23.62%	12.17%
CNPF	3/13/20	13.10	31.00	136.64%	12.17%
FGEN	9/23/20	24.80	17.80	-28.23%	10.29%
AP	9/23/20	25.55	37.80	47.95%	10.29%
BDO	11/17/20	92.60	126.20	36.29%	-6.06%
BPI	11/17/20	83.00	103.50	24.70%	-6.06%
MBT	11/17/20	44.35	53.05	19.62%	-6.06%
SECB	11/17/20	103.90	71.55	-31.14%	-6.06%
CNVRG	6/13/22	22.50	8.51	-62.18%	0.49%
ALI	6/13/22	30.05	34.25	13.98%	0.49%
SGP	6/13/22	12.06	6.54	-45.77%	0.49%
<b>Ave. Return</b>				<b>12.32%</b>	<b>2.01%</b>

## MARKET DATA

Market Volume	182,699,766
Market Turnover ( Value)	3,112,981,772
Foreign Buying	1,380,802,155
Foreign Selling	1,641,302,433
Net Foreign Buy / (Sell)	(260,500,279)

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## Economic Developments

- ➔ **Factory activity growth slows in December.** Factory activity in the Philippines expanded at a slower pace in December, with the S&P Global Philippines Manufacturing Purchasing Managers' Index (PMI) registering 51.5, down from November's nine-month high of 52.7. The modest improvement reflected softer growth in new orders and output across the sector. The easing manufacturing growth in December was primarily attributed to a notable softening in new orders, which grew at the slowest pace in four months. Additionally, total sales growth was focused domestically, as the demand picture across international export markets deteriorated, with manufacturers reporting a solid fall in new export sales in December. Despite the slowdown, Filipino manufacturers remained optimistic for the new year, with business confidence rising to a four-month high, according to S&P Global. While sluggish demand from overseas markets and tight borrowing conditions may act as headwinds in 2024, inflationary pressures are expected to pose less of a threat than seen at the start of 2023. The Philippines recorded the second-highest PMI reading among six Southeast Asian countries in December, just behind Indonesia. The recovery in the manufacturing sector is anticipated to contribute to the Philippines' faster GDP growth, with a forecasted average of 5.8% in the fourth quarter of 2023. (*BusinessWorld*)
- ➔ **Philippines' outstanding debt balloons to ₱14.51 trillion.** As of the end of November 2023, the Philippines' outstanding debt reached a record ₱14.51 trillion, reflecting an increase of ₱27.92 billion. The debt stock comprises 30.91% from external debts and 69.09% from domestic borrowings. The country's domestic debt at the end of November totaled ₱10.02 trillion, marking a 1.23% increase from the previous month. This growth is attributed to the net issuance of government securities worth ₱171.091 billion, with principal payments amounting to ₱45.14 billion, resulting in net payments of ₱125.95 billion. Meanwhile, the country's external debt, amounting to ₱4.48 trillion, decreased by 2.06% compared to the end of October, mainly due to the government's net repayment of foreign loans and favorable foreign exchange movements. Total debt guaranteed obligations dropped by 2.18% month-over-month to ₱353.14 billion as of end-November 2023, attributed to the government's net repayment of both domestic and external guarantees. (*Philstar*)

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## Economic Developments

➔ **Bank loans to MSME grew by 22% in January-September 2023, but still short of threshold.** Loans extended by banks to micro, small, and medium enterprises (MSMEs) in the Philippines rose by 21.6% to reach ₱552.41 billion from January to September 2023, showing a notable increase of ₱98.1 billion compared to the same period in 2022. Despite this surge, the banking sector's overall compliance ratio stood at 4.63% as of end-September, falling short of the mandated 10% under the Magna Carta for SMEs. The law requires banks to allocate eight percent of their total loan portfolio for micro and small enterprises and two percent for medium enterprises. The total loan book of the industry, excluding exclusions, also increased by 29.1% to ₱11.93 trillion during the same nine-month period, signaling that allocations for the MSME sector should have reached ₱1.19 trillion. Specifically, disbursements to micro and small enterprises increased by 18.3% to ₱214.75 billion, but this fell short of the mandated ₱954.82 billion or eight percent compliance. Funds allocated to medium enterprises surged by 23.4% to ₱337.66 billion, exceeding the required ₱238.71 billion and resulting in a 2.83% compliance ratio, which is higher than the mandated two percent. MSMEs play a crucial role in the Philippines, constituting 99.5% of total establishments, employing 62.8% of the total labor force, and contributing 35.7% of the total value-added to the economy. Despite their significance, MSMEs face challenges in accessing credit and financial resources, especially during the COVID-19 pandemic. While the Bangko Sentral ng Pilipinas adopted regulatory relief measures to alleviate financial burdens on MSMEs during the pandemic, these measures have been withdrawn as the economy fully reopens. (*Philstar*)

## Corporate Developments

➔ **Axelum Resources Corporation (AXLM).** AXLM has unveiled a significant infrastructure and service project – the San Isidro Polymedic General Hospital in Gingoog City, Misamis Oriental. The hospital, developed through AXLM's civic affiliate, AMDG Foundation, is the first secondary-level hospital in the city. It features state-of-the-art facilities with 100 beds, offering a comprehensive range of services, including hemodialysis, emergency room, intensive care, laboratory and diagnostics, radiology, surgery, delivery room, neonatal care, outpatient clinics, pharmacy, and other essential amenities. The hospital, operated in partnership with the Cagayan de Oro Polymedic Medical Group, is expected to serve over 350,000 residents and has long-term aspirations to become a premier end-referral hospital in Northern Mindanao. (*AXLM Disclosure*)

➔ **House of Investments, Inc. (HI).** A unit of HI has acquired a 184-hectare property in Tarlac province, Philippines, for ₱2.7 billion (\$53 million). Tarlac Terra Ventures purchased the land from Rizal Commercial Banking Corp. (RCBC) as part of HI's strategy to enhance its property portfolio and diversify revenue streams. The acquired property is situated in Central Techno Park within the Luisita Industrial Park. The transaction was executed through a deed of conditional sale, and Tarlac Terra Ventures has three years to complete the payment. HI sees the acquisition as an opportunity to own an appreciating asset in a prime location with future development potential, expecting it to contribute to future revenues for the company. (*BusinessWorld*)

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## Other Developments

- ➔ **Fed officials in December saw rate cuts likely, but the path is highly uncertain, minutes show.** The US Federal Reserve (Fed) officials in December signaled the possibility of interest rate cuts in 2024, according to minutes from the meeting released on Wednesday. The Federal Open Market Committee (FOMC) agreed to keep the benchmark rate within a range of 5.25% to 5.5% but suggested the potential for three quarter-point cuts by the end of 2024. The minutes revealed a high level of uncertainty regarding the timing and manner of these cuts, emphasizing the importance of a data-dependent approach to monetary policy decisions. While participants acknowledged progress in controlling inflation and balancing the labor market, they highlighted the unusually elevated uncertainty surrounding the policy path. The "dot plot" projections indicated that most participants expected a lower target range for the federal funds rate by the end of 2024, but caution was expressed, emphasizing the need for a careful and data-dependent approach until inflation is sustainably moving toward the FOMC's objective. Markets currently anticipate the Fed to cut rates aggressively in 2024, with Fed funds futures trading pointing to six quarter-point cuts this year. (CNBC)
- ➔ **Killing of senior Hamas leader in Lebanon stokes fears of Gaza war spreading beyond enclave.** The killing of senior Hamas leader Saleh al-Aroui in Beirut has raised concerns about the potential spread of the Israel-Hamas conflict beyond Gaza. Al-Aroui, the deputy political head of Hamas, was killed in a drone strike on his home, along with six other Hamas members. While Lebanon has accused Israel of being responsible for the blast and attempting to drag Beirut into a regional war, Israel has not claimed responsibility for the strike. Analysts suggest that the attack could provoke a response from Hezbollah, the Iranian-backed militant group based in Lebanon, potentially escalating the conflict. Sanam Vakil, director of the Middle East and North Africa program at Chatham House, believes that the Israeli government may be trying to goad Hezbollah into a broader war and weaken Hamas and its proxies in the region. However, Vakil also notes that Hezbollah is likely to exercise caution in its response. The United Nations peacekeeping force in Lebanon has expressed deep concern about the potential escalation and warned of devastating consequences for both Israel and Lebanon. The killing of al-Aroui comes after Israel's military campaign in Gaza in October, and the ongoing tensions between Hezbollah and Israel along the Israel-Lebanon border have heightened the risk of a wider conflict. (CNBC)

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## Other Developments

- ➔ **Saudi Arabia's sovereign wealth fund overtakes Singapore's GIC to top spending table.** In 2023, Saudi Arabia's Public Investment Fund (PIF) took the lead as the top spender among global sovereign wealth funds, accounting for approximately 25% of the \$124 billion deployed by state-owned investors, according to a preliminary report by research consultancy Global SWF. The Saudi fund significantly increased its deal activities from \$20.7 billion in 2022 to \$31.6 billion in 2023, outpacing most other sovereign wealth funds in terms of spending. Despite a rally in major stock markets, sovereign wealth funds globally deployed 20% fewer funds compared to 2022, with PIF standing out as a notable exception. The report highlighted PIF's active pursuit of deals and joint ventures as part of Saudi Arabia's Vision 2030, a plan aimed at diversifying the economy away from oil. Notable overseas investments for PIF in 2023 included ventures in Japan with Nintendo and in Brazil with Vale Basic Materials. PIF's substantial spending surpassed long-time leader Singapore's GIC, which reduced its investment activity by 37% in terms of volume despite receiving significant inflows from the central bank. The report also noted a renewed interest in emerging markets among several sovereign investors and anticipated the formation of more sovereign wealth funds in 2024, including Hong Kong's HKIC, the Philippines' Maharlika, and Pakistan's PSWF. (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
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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