

Market Commentary

➔ **The View:** The PSEi inched up by 27.12 points or 0.41% and ended at 6,629.64 last Friday. Investors in the local stock market reacted positively to the country's December consumer price index (CPI) data which showed that inflation further cooled down to 3.9% from 4.1% in November. In the US, the major indices posted minor gains but still concluded their long winning streaks. The Dow moved up by 0.07%, while the S&P500 and the Nasdaq Composite rose by 0.18% and 0.09%, respectively. The latter had the worst week with a 3.25% drop, its biggest weekly decline since September. The Dow and the S&P500 lost 0.59% and 1.52% last week. The latest US jobs report indicated a continued resilience of the US labor market which prompted bond yields to go up. The 10-year US Treasury yield ended at 4.051% but touched an intraday high of 4.103%. The recent jobs report also sparked worries that the US Federal Reserve (Fed)'s plans to reduce interest rates could be delayed which may disappoint market participants who have been expecting it since late last year. Meanwhile, European markets closed lower to round up a jittery first week of the year for equity markets. The flash estimate of the eurozone inflation in December yielded 2.9% which is hotter than the 2.4% print in November. While it still went below the 3% market forecast, investors are pondering how it would affect the European Central Bank (ECB)'s monetary policy path. In the Asia-Pacific, market ended with mixed results but the majority ended with a negative week to kick off 2024. China's Shanghai Composite was the main laggard with a -0.85% drop followed by Hong Kong's Hang Seng. Japan's Nikkei gained 0.27%. South Korea's Kospi led the week-on-week decline with more than 3%. In the local bourse, Financial (+1.15%) and Industrial (+1.15%) gained the most last Friday while Property (-1.13%) had the worst session. In the main index, ACEN (+5.42%), SCC (+4.52%), and JGS (+3.87%) were the top performers among 20 gainers. On the other hand, AC (-1.86%), SMPH (-1.78%), ALI (-1.44%), and ICT (-1.33%) had the biggest losses while the rest of the 8 laggards had sub-1% contractions. The market's turnover value rose by 1% to ₱5.26 billion. Net foreign buying fell by 45% to ₱420.61 million. The Philippine Peso depreciated by 7 cents to ₱55.57 against the US dollar. The PSEi stood out with a 2.78% gain in the first week of 2024. However, optimism for the much-anticipated interest rate cuts by the Fed in early 2Q2024 is likely to be tempered by the stronger-than-expected US jobs report. This could derail the timing of the Fed's rate reductions plans this year. Downward pressures from profit-taking could prevail following the strong start by the local bourse in 2024.

Stock Picks

Stock	Date	Initial Price	Current Price	Return since Recommendation	
				Stock	PSEi
TEL	3/13/20	1,029.00	1,280.00	24.39%	14.42%
CNPF	3/13/20	13.10	31.50	140.46%	14.42%
FGEN	9/23/20	24.80	17.82	-28.15%	12.51%
AP	9/23/20	25.55	38.25	49.71%	12.51%
BDO	11/17/20	92.60	133.10	43.74%	-4.17%
BPI	11/17/20	83.00	104.50	25.90%	-4.17%
MBT	11/17/20	44.35	54.45	22.77%	-4.17%
SECB	11/17/20	103.90	73.10	-29.64%	-4.17%
CNVRG	6/13/22	22.50	9.42	-58.13%	2.51%
ALI	6/13/22	30.05	34.30	14.14%	2.51%
SGP	6/13/22	12.06	6.70	-44.44%	2.51%
Ave. Return				14.61%	4.07%

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PSEI INTRADAY



INDICES

Index	Prev	Last	% Chg
PSEi	6,602.52	6,629.64	0.41%
All Shares	3,485.76	3,502.52	0.48%
Financial	1,754.47	1,774.71	1.15%
Industrial	9,137.63	9,242.31	1.15%
Holding Firms	6,360.48	6,420.27	0.94%
Property	2,907.31	2,874.38	-1.13%
Services	1,651.63	1,648.82	-0.17%
Mining & Oil	9,777.89	9,777.41	0.00%

TOP 10

ACEN	5.42%	AC	-1.86%
SCC	4.52%	SMPH	-1.78%
JGS	3.87%	ALI	-1.44%
CNVRG	3.52%	ICT	-1.33%
PGOLD	3.13%	MONDE	-0.58%
WLCON	2.17%	NIKL	-0.58%
BDO	1.91%	TEL	-0.31%
SM	1.82%	SMC	-0.18%
LTG	1.78%	BLOOM	0.00%
CNPF	1.61%	AEV	0.00%

BOTTOM 10

MARKET DATA

Market Volume	520,190,454
Market Turnover (Value)	5,256,860,259
Foreign Buying	2,761,895,717
Foreign Selling	2,341,288,990
Net Foreign Buy / (Sell)	420,606,727

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Economic Developments

- ➔ **Inflation further eases to 3.9% in December.** Inflation slowed to 3.9% in December, marking the first time in nearly two years that it settled within the central bank's 2-4% target range. The preliminary data from the Philippine Statistics Authority (PSA) showed a year-on-year increase in prices of goods and services easing from 4.1% in November and 8.1% a year ago. However, inflation averaged 6% for 2023, slightly higher than the 5.8% in 2022, making it the second straight year that inflation breached the Bangko Sentral ng Pilipinas' (BSP) 2-4% target band. The BSP noted that the latest inflation outcome is consistent with projections of moderation in the near term due to easing supply-side pressures and negative base effects. The core inflation, which discounts volatile prices of food and fuel, stood at 4.4% in December, slower than the previous month's 4.7% and the 6.9% a year earlier. The BSP indicated that risks to the inflation outlook remain significantly on the upside, citing possible inflationary pressures from higher transport charges, increased electricity rates, rising oil prices, and elevated food prices due to strong El Niño conditions. Despite the recent moderation, the BSP emphasized the necessity to keep monetary policy settings sufficiently tight until a sustained downtrend in inflation becomes evident, and it will continue to monitor inflation expectations and second-round effects. (*BusinessWorld*)
- ➔ **Wholesale goods price growth slows to 4.2% in November.** In November, the growth in the wholesale prices of general goods in the Philippines eased to its weakest pace in five months, according to preliminary data from the Philippine Statistics Authority (PSA). The general wholesale price index (GWPI) slowed by 4.2% year-on-year, significantly lower than the 7.2% recorded in November 2022 and 4.4% in October. The November reading was the slowest since the 4% recorded in June 2023. The slowdown in wholesale prices might be attributed to the economy adjusting post-pandemic, returning spending patterns to normal, and reduced demand pressures. Factors such as improved supply chain conditions, stabilization or decline in global commodity prices, and government or central bank policies that reduce inflationary pressures could have contributed to the moderation in bulk prices. The trend in wholesale prices might remain stable or continue to ease slightly if observed trends in November persist, barring unforeseen supply shocks or significant policy changes. (*BusinessWorld*)

Corporate Developments

- ➔ **PSE: Trading glitch due to mobile app.** The Philippine Stock Exchange (PSE) revealed that the technical glitch on January 3 was caused by a problem with its mobile trading application. The glitch affected at least one-third of trading participants, preventing them from connecting to the PSE's front-end order management system (FEOMS) and sending orders to the trading system. The trading halt lasted from 9:32 a.m. to 11:55 a.m. The PSE stated that the issue was related to the mobile trading application's process of authenticating all accounts, including inactive ones, which led to stalled processes in one of the four silos in the FEOMS. (*Philstar*)

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Corporate Developments

- ➔ **Semirara Mining and Power Corporation (SCC)**. SCC achieved a record-breaking coal sales volume of 15.8 million metric tons (MT) in 2023, marking a 6% increase from the previous year. The growth was driven by a 13% rise in export sales, reaching 8.1 million MT, while domestic sales remained flat at 7.7 million MT. The majority of Semirara coal exports went to China (65%), followed by South Korea (27%) and Brunei (4%), with shipments to Japan, India, and Vietnam making up the remainder. SCC president and COO Maria Cristina C. Gotianun stated that the company's goal for 2024 is to ship at least 15 million metric tons of Semirara coal, focusing on the domestic market to contribute to national energy security. *(SCC Disclosure)*
- ➔ **D&L Industries, Inc. (DNL)**. The Department of Energy (DOE) in the Philippines has released a draft circular outlining guidelines for increasing the biodiesel blend from 2% (B2) to 3% (B3) starting July 1, 2024. The blend is set to further increase to 4% (B4) in 2025 and 5% (B5) in 2026. Chemrez Technologies, the country's largest biodiesel manufacturer and a subsidiary of DNL, views this development as a significant step forward for the biodiesel and coconut industry. Chemrez President & CEO Dean Lao, Jr. emphasized the positive impact on energy self-sufficiency and the reduction of the country's carbon footprint. The move to B5 from B2 is expected to displace approximately 450 million liters of diesel annually, resulting in a substantial reduction of the Philippines' greenhouse gas emissions, estimated at about 1.1 million metric tons of Carbon dioxide equivalent (CO₂e) annually. *(DNL Disclosure)*
- ➔ **Cebu Landmasters, Inc. (CLI)**. CLI has received approval from corporate regulators to amend its articles of incorporation, allowing the creation of a new class of preferred shares. This involves the reclassification of one billion unissued common shares with a par value of ₱1 per share to one billion Series "A" preferred shares with a par value of ₱1 apiece. The Series "A" preferred shares, which are redeemable, cumulative, and non-voting, among other features, will be offered for private and/or public offering, subject to necessary regulatory approvals. *(CLI Disclosure)*
- ➔ **Cebu Air, Inc. (CEB)**. CEB is in discussions with Airbus and Boeing for a substantial order of 150 aircraft, marking the most extensive plane order in the Philippines' aviation history, valued at least \$18 billion. The airline aims to finalize the order within the first half of the year. Cebu Pacific plans to allocate ₱50 billion for capital expenditures in 2024, nearly a 20% increase from 2023, with the additional funds intended for the purchase of new planes. The airline, owned by the Gokongwei family, is considering financing the pre-delivery payment for the aircraft through a combination of cash flow and loans from local and foreign banks. *(Philstar)*

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Other Developments

- ➔ **US payrolls increased by 216,000 in December, much better than expected.** The US labor market closed out 2023 on a strong note, with employers adding 216,000 jobs in December, surpassing economists' expectations. The unemployment rate remained at 3.7%, and the report showed broad-based hiring in government, health care, leisure and hospitality, social assistance, and construction sectors. Despite the strong job gains, concerns about inflation lingered as average hourly earnings rose 0.4% on the month, exceeding estimates, and were up 4.1% from a year ago. This data complicates the US Federal Reserve (Fed)'s path, which has been aggressively tightening monetary policy, as it navigates between managing inflation and supporting economic growth. The report challenges expectations of a substantial easing by the Fed and raises questions about the timing of potential interest rate cuts in the coming months. *(CNBC)*
- ➔ **China to sanction 5 US manufacturers over arms sales to Taiwan.** China has announced sanctions on five US military manufacturers, including BAE Systems Land and Armaments, Alliant Techsystems Operations, AeroVironment, Viasat, and Data Link Solutions. The move is in response to the recent approval by the US State Department of a \$300 million arms sale to Taiwan, a longstanding point of contention between the U.S. and China. Beijing views Taiwan as part of its territory and has criticized such arms sales as a threat to its sovereignty and security interests. The sanctions involve freezing the assets of the companies and prohibiting individuals or organizations in China from engaging with them. This development adds to the ongoing geopolitical tensions between the two nations. *(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
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
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
MWP4	Megawide Construction Corporation	Php1.325	Cash	Preferred	01/19/24	01/22/24	01/29/24
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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