

Market Commentary

➔ **The View:** The PSEi inched up by 9.30 points or 0.14% yesterday and settled at 6,618.52. The benchmark index went as high as 6,678.35 before succumbing to some profit taking in the run-off period. The latest PH jobs report, which showed that the unemployment rate shrank to an 18-year low of 3.6% in November, provided upward momentum to the local bourse. In the US, the Dow and the S&P500 fell by 0.42% and 0.15%, respectively, while the Nasdaq Composite ended with a minute 0.09% gain. The major indices had a relatively flat session ahead of big inflation data towards the end of the week. Consumer price index (CPI) and producer price index (PPI) data are due on Friday and Saturday (both in US time). These are likely to be key in the thought process of the US Federal Reserve (Fed) as to when interest rate reductions could be implemented. Meanwhile, European markets ended in the red anew after a relief uptick in the previous session. Mining stocks led the declines. German industrial production unexpectedly declined in November by 0.7% compared to the previous month, its 6th consecutive monthly decline, which also contributed to negative sentiment. In the Asia-Pacific, most markets ended higher. Japan's Nikkei went up by 1.16% and struck a fresh 33-year, powered by technology stocks. The cooldown of Tokyo inflation in December was also welcomed by investors. South Korea's Kospi and Hong Kong's Hang Seng booked losses of 0.26% and 0.21%, respectively. The former was dragged down after Samsung Electronics downwardly revised its earnings forecast for 4Q 2023. In the local bourse, sectors mostly closed in the red. Financial (+1.13%) and Property (+0.63%) gained. Mining&Oil (-1.20%) led the losses while the rest had sub-1% contractions. In the main index, SMC (+4.11%), MBT (+2.21%), and WLCON (+2.13%) were the top performers among 13 gainers. On the flip side, CNVRG (-3.61%), JGS (-3.25%), and AEV (-2.80%) had the biggest losses among 14 laggards. The market's turnover value increased by 34% to ₱5.75 billion. Net foreign buying spiked anew to ₱915.94 million from only ₱160.66 million last Monday. Meanwhile, the Philippine Peso greatly weakened against the US dollar from ₱55.69 to ₱56.01 yesterday. The PSEi continues to display resilience amidst strong optimism for a better business environment for local companies once interest rates ease. Finance Secretary Benjamin Diokno's expectation of a 100-bps cumulative cut by the Bangko Sentral ng Pilipinas (BSP) this year help boost sentiment. The benchmark index could test the 6,700-level should momentum continue, but a pullback to the 6,500-level may occur should broader profit taking take place.

Stock Picks

Stock	Date	Initial Price	Current Price	Return since Recommendation	
				Stock	PSEi
TEL	3/13/20	1,029.00	1,297.00	26.04%	14.23%
CNPF	3/13/20	13.10	32.50	148.09%	14.23%
FGEN	9/23/20	24.80	17.96	-27.58%	12.32%
AP	9/23/20	25.55	38.10	49.12%	12.32%
BDO	11/17/20	92.60	133.60	44.28%	-4.33%
BPI	11/17/20	83.00	105.00	26.51%	-4.33%
MBT	11/17/20	44.35	55.40	24.92%	-4.33%
SECB	11/17/20	103.90	74.00	-28.78%	-4.33%
CNVRG	6/13/22	22.50	9.35	-58.44%	2.34%
ALI	6/13/22	30.05	34.50	14.81%	2.34%
SGP	6/13/22	12.06	7.44	-38.31%	2.34%
Ave. Return				16.42%	3.89%

PSEI INTRADAY



INDICES

Index	Prev	Last	% Chg
PSEi	6,609.22	6,618.52	0.14%
All Shares	3,499.51	3,503.68	0.12%
Financial	1,766.66	1,786.60	1.13%
Industrial	9,258.45	9,199.61	-0.64%
Holding Firms	6,386.39	6,378.27	-0.13%
Property	2,879.44	2,898.02	0.65%
Services	1,641.73	1,639.56	-0.13%
Mining & Oil	9,736.97	9,620.02	-1.20%

TOP 10

SMC	4.11%	CNVRG	-3.61%
MBT	2.21%	JGS	-3.25%
WLCON	2.13%	AEV	-2.80%
CNPF	1.56%	ACEN	-2.63%
ALI	1.47%	JFC	-1.56%
TEL	1.33%	ICT	-1.04%
SM	1.12%	MER	-1.01%
AGI	1.04%	NIKL	-0.98%
BDO	0.98%	AC	-0.78%
BPI	0.96%	GTCAP	-0.49%

BOTTOM 10

MARKET DATA

Market Volume	405,368,982
Market Turnover (Value)	5,747,500,240
Foreign Buying	3,486,035,098
Foreign Selling	2,570,097,071
Net Foreign Buy / (Sell)	915,938,027

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Economic Developments

- ➔ **Jobless rate down to 3.6% in November —PSA.** The Philippines experienced a decrease in the number of unemployed individuals, with the seasonal boost in economic activity during the holiday season leading to increased hiring. According to a nationwide survey of 11,233 households, the Philippines recorded 1.83 million unemployed or out-of-business individuals in November, a decline from the 2.09 million reported in October, resulting in an unemployment rate of 3.6%, down from the previous month's 4.2%. On an annual basis, the industries witnessing the most significant increase in employment were agriculture and forestry, construction, and transportation and storage. Meanwhile, the number of employed individuals seeking additional working hours slightly decreased from 5.60 million in October to 5.79 million in November, maintaining an underemployment rate of 11.7%, unchanged from the previous month. (*BusinessWorld*)
- ➔ **Factory output growth rises faster in November.** In November, the Philippines experienced an increased growth rate in manufacturing output compared to the previous month, driven by improvements in the beverage, transport equipment, and chemical industry divisions. The Volume of Production Index (VoPI) for manufacturing showed a 1.9% growth in November, faster than the 1.5% increase in October of the same year. This growth, however, was lower than the 6.4% uptick in November 2022. The faster VoPI growth in November was attributed to the performance of three industry divisions, with the manufacture of beverages, transport equipment, and chemical products contributing positively. The Value of Production Index (VaPI) also expanded at a quicker pace of 2.2%, with growth driven mainly by the slower decline in the beverages industry division. The November VaPI growth, however, was slower than the 13.2% increase in the same month in 2022. The average capacity utilization rate for manufacturing in November 2023 was 74.8%, slightly up from 74.3% in October 2023, according to the Monthly Integrated Survey of Selected Industries by the Philippine Statistics Authority. (*Philstar*)
- ➔ **Banks' NPL ratio eases to 3.41% in November.** The Philippines observed a decline in the non-performing loan (NPL) ratio to 3.41% in November, down from a 5-month high of 3.44% in the previous month, according to the Bangko Sentral ng Pilipinas (BSP). The NPL ratio, a measure of soured loans to the total loan book of the banking sector, was the lowest in two months. After hitting a 9-month high of 3.46% in May, it improved to 3.43% in June and July, 3.42% in August, and 3.40% in September but increased to 3.44% in October. The industry's NPL ratio had steadily improved to a 2-year low of 3.16% in December 2022 after peaking at 4.51% in July and August 2021 due to the pandemic's impact. Soured loans rose by 11.3% to ₱454.28 billion in November 2023 from ₱408.08 billion a year earlier. Loan disbursements increased by 9.3% to ₱13.34 trillion in November 2023 due to the lifting of COVID quarantine and lockdown protocols. The banking sector's past due loans increased by 14.4% to ₱563.38 billion, and restructured loans declined by 6.7% to ₱305.81 billion. Philippine banks increased loan loss reserves by 6.8% to ₱460.95 billion in November from ₱431.5 billion in the same month in 2022. This translated to a loan loss reserve level of 3.46% and an NPL coverage ratio of 101.47%. Despite the challenges, Philippine banks consider NPLs to be under control, and they continue to monitor the situation as interest rates remain elevated. (*Philstar*)

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Economic Developments

➔ **Government raises ₱30 billion from T-bond sale.** The Philippine government successfully raised ₱30 billion (\$593.3 million) from the local debt market through the issuance of five-year Treasury bonds (T-bonds) with a coupon rate set above the secondary markets. This marks the second consecutive week of full award for T-bonds. The five-year T-bonds fetched an average rate of 6.073%, up by 4.3 basis points from the 6.03% BVAL Reference Rate, which is the standard for securities. The coupon rate is set at 6.125%. Demand for the securities attracted ₱74.329 billion in bids, oversubscribing the auction by 2.48 times. The latest offering has a maturity date of January 11, 2029. The government aims to raise ₱195 billion from the local debt market this month, with ₱120 billion expected to come from T-bonds. So far, it has raised ₱60 billion. (*Philstar*)

Corporate Developments

- ➔ **BDO Unibank, Inc. (BDO).** BDO is set to issue Peso-denominated Fixed-Rate Sustainability Bonds with a minimum aggregate size of ₱5 billion. This marks the bank's second venture into Peso-denominated Sustainability Bonds following a successful ₱52.7 billion issue in January 2022. The net proceeds from this upcoming issuance will be utilized to diversify the bank's funding sources and finance or refinance eligible assets, as defined in BDO's Sustainable Finance Framework. The proposed bonds, with a tenor of 1.5 years, will bear a coupon rate of 6.025% per annum, and investors can participate with a minimum investment amount of ₱500,000 during the offer period from January 9 to 22, 2024. The issue, settlement, and listing are scheduled for January 29, 2024. BDO reserves the right to amend the terms and timing of the issuance as deemed necessary. Standard Chartered Bank is the Sole Arranger, with BDO Unibank, Inc. and Standard Chartered Bank as the Selling Agents, and BDO Capital & Investment Corporation as the Financial Advisor. (*BDO Disclosure*)
- ➔ **RL Commercial REIT, Inc. (RCR).** RCR has appointed Faraday D. Go as the new chairman of its board of directors, effective January 8. Faraday D. Go takes on the role as chairman following the recent departure of Frederick D. Go, who stepped down as president and CEO of Robinsons Land Corp. (RLC) and resigned as RCR's chairman and board member. Frederick D. Go has been appointed as the special assistant to President Ferdinand Marcos, Jr. for investment and economic affairs. (*BusinessWorld*)

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Other Developments

- ➔ **Global economy set for its worst half decade of growth in 30 years, World Bank says.** The World Bank's "Global Economic Prospects" report indicates that the global economy is set to experience its most challenging half-decade of growth in the last 30 years. The forecast suggests a third consecutive year of slowing global growth in 2024, with a projected rate of 2.4%, down from 2.6% in 2023. While a marginal increase to 2.7% is expected in 2025, the overall growth trajectory over the five-year period remains nearly three-quarters of a percentage point below the average rate of the 2010s. Geopolitical tensions are cited as presenting new challenges, potentially leading to slower growth in most economies in 2024 and 2025 compared to the preceding decade. The report underscores the need for a "major course correction" to avoid characterizing the 2020s as a "decade of wasted opportunity." On a regional basis, North America, Europe, Central Asia, and the Asia-Pacific are expected to witness weakened growth in 2024, particularly due to slower growth in China. Latin America and the Caribbean may see a slight improvement, while the Middle East and Africa are anticipated to experience more pronounced growth. Developing economies are projected to face the greatest impact in the medium term, with sluggish global trade and tight financial conditions weighing on growth. The report emphasizes that, without timely government intervention, developing economies may remain stuck in a cycle of weak growth, high debt levels, and limited access to resources for a significant portion of their populations. It calls for comprehensive policy packages to strengthen fiscal and monetary frameworks, improve the investment climate, and enhance institutional quality to mitigate the projected slowdown in potential growth throughout the rest of the decade. (CNBC)
- ➔ **Hottest year on record puts Earth in touching distance of critical warming threshold.** The European Union's Copernicus Climate Change Service (C3S) has confirmed that 2023 has become the hottest year on record, highlighting the planet's proximity to exceeding the critical warming threshold of 1.5 degrees Celsius. C3S reported that 2023 was the warmest calendar year in global temperature data dating back to 1850, with a global average temperature of 14.98 degrees Celsius, almost 0.2 degrees Celsius higher than the previous record set in 2016. The report noted that 2023 was the first time on record that every day within a year surpassed 1 degree Celsius above the preindustrial reference period of 1850 to 1900, with almost 50% of days exceeding 1.5 degrees Celsius. Additionally, two days in November surpassed 2 degrees Celsius for the first time ever. This confirmation of 2023 as the hottest year underscores the urgency of addressing the climate crisis. The 1.5 degrees Celsius threshold is considered crucial to avoid increasingly harmful climate impacts. The findings emphasize the need for global efforts to reduce greenhouse gas emissions and fulfill the goals of the Paris Agreement, which aims to limit global warming to well below 2 degrees Celsius, preferably to 1.5 degrees Celsius, compared to pre-industrial levels. The report reinforces the scientific consensus that human activities, particularly the burning of fossil fuels, are driving extreme heat and climate change, and urgent action is required to mitigate further warming and its associated impacts. (CNBC)

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Other Developments

➔ **Norway poised to open vast ocean area to controversial deep-sea mining.** Norway is on the verge of becoming one of the first countries to approve deep-sea mining, with a parliamentary vote expected to pass the government's proposal to open Norwegian waters for commercial-scale deep-sea mining. The move, which received cross-party support late last year, aims to extract critical minerals like cobalt, nickel, copper, and manganese from the ocean's seabed, deemed necessary for the global shift away from fossil fuels. Proponents argue that deep-sea mining is less environmentally damaging than land-based mining, citing the potential benefits for electric vehicle batteries, wind turbines, and solar panels. However, critics, including environmental groups and scientists, raise concerns about the extreme destructiveness of deep-sea mining and emphasize the difficulty in predicting its full environmental impacts. The approval of Norway's plan would set the country at odds with the UK and the European Commission, both advocating for a temporary ban on deep-sea mining due to environmental concerns. Norway's proposal, if approved, would allow companies to apply for licenses to mine critical minerals in its national waters near the Svalbard archipelago. The plan has faced opposition from the Norway Environment Agency, and 120 EU lawmakers wrote an open letter urging Norway's parliament to reject the project, citing risks to marine biodiversity, climate change acceleration, and traditional activities like fisheries. Over 800 marine science and policy experts globally have also called for a pause to deep-sea mining, emphasizing the need for more robust research to understand the potential risks to deep-sea habitats and biodiversity. (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
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
MWPS	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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