

## Market Commentary

➔ **The View:** The PSEi went up by 37.27 points or 0.56% and ended at 6,680.45 yesterday. The benchmark index is now on a 3-day winning streak as investors continue to be optimistic about the prospects of local equities this year. Increasing interest from foreign investors has also helped boost the market. However, the PSEi was unable to step over the hurdle to reach the 6,700-level. In the US, markets were closed yesterday due to the Martin Luther King, Jr. holiday. Investors are awaiting December retail sales data, expected to show a modest increase of 0.2%, potentially influencing recessionary fears and economic growth concerns. Bank earnings from Goldman Sachs, Morgan Stanley and others, and regional banks will also provide insights into consumer health. Meanwhile, European markets inched lower to start the week. Hawkish remarks from Robert Holzmann, a member of the European Central Bank (ECB), indicated that the bank might refrain from initiating interest rate cuts throughout 2024, defying market expectations. Holzmann stated that recent developments do not align with the need for rate cuts, expressing skepticism about discussing cuts soon. In the Asia-Pacific, markets had mixed results. Japan's Nikkei led the gains in the region with 0.91% uptick, pushing its record-breaking rally which saw it touched the 36,000-level during the day. China's Shanghai Composite booked a small gain of 0.15% after the People's Bank of China unexpectedly opted to keep its 1-year medium-term lending facility unchanged. Hong Kong's Hang Seng posted the biggest loss with 0.17%. In the local bourse, sectors were green across the board. Mining&Oil (+1.35%) and Services (+1.01%) had the best session while the rest had sub-1% additions. In the main index, GLO (+4.56%), SCC (+2.57%), and DMC (+2.38%) had the biggest upticks among 19 gainers. On the flip side, WLCON (-4.52%), MBT (-1.74%), and TEL (-1.47%) were the worst performers among 8 index laggards. The market's turnover value inched up by 3% to ₱5.82 billion. Foreigners turned to being net sellers after a 7-day streak of net buys. Net foreign selling amounted to ₱244.01 million, contrary to the ₱360.76 million last Friday. The Philippine Peso strengthened to ₱55.77 from ₱55.911 against the US dollar. The local stock market remains strong this year so far and could be poised to breach the 6,700-level given the better outlook now compared to the same period last year wherein the PSEi traded around 7,100 at its peak. Market participation looks more active as well, with increased foreign flows in the market. Some pullback could still occur but the overall trend in the medium to long-term remains upward as investors continue to be optimistic about interest rate cuts, which will bode well for equities.

## PSEI INTRADAY



### INDICES

Index	Prev	Last	% Chg
PSEi	6,643.18	6,680.45	0.56%
All Shares	3,506.61	3,523.77	0.49%
Financial	1,836.02	1,843.15	0.39%
Industrial	9,203.58	9,225.82	0.24%
Holding Firms	6,360.75	6,407.62	0.74%
Property	2,891.79	2,900.93	0.32%
Services	1,628.28	1,644.71	1.01%
Mining & Oil	9,508.89	9,637.49	1.35%

### TOP 10

GLO	4.56%	WLCON	-4.52%
SCC	2.57%	MBT	-1.74%
DMC	2.38%	TEL	-1.47%
ICT	2.20%	URC	-1.07%
JGS	1.99%	MONDE	-0.59%
BPI	1.87%	PGOLD	-0.52%
CNVRG	1.82%	NIKL	-0.20%
AEV	1.64%	ALI	-0.15%
ACEN	1.39%	BDO	0.00%
GTCAP	1.38%	AC	0.00%

### BOTTOM 10

## Stock Picks

Stock	Date	Initial Price	Current Price	Return since Recommendation	
				Stock	PSEi
TEL	3/13/20	1,029.00	1,271.00	23.52%	15.30%
CNPF	3/13/20	13.10	34.00	159.54%	15.30%
FGEN	9/23/20	24.80	17.90	-27.82%	13.37%
AP	9/23/20	25.55	38.35	50.10%	13.37%
BDO	11/17/20	92.60	139.00	50.11%	-3.43%
BPI	11/17/20	83.00	109.00	31.33%	-3.43%
MBT	11/17/20	44.35	56.40	27.17%	-3.43%
SECB	11/17/20	103.90	73.80	-28.97%	-3.43%
CNVRG	6/13/22	22.50	9.53	-57.64%	3.30%
ALI	6/13/22	30.05	34.00	13.14%	3.30%
SGP	6/13/22	12.06	7.41	-38.56%	3.30%
<b>Ave. Return</b>				<b>18.36%</b>	<b>4.86%</b>

### MARKET DATA

Market Volume	460,918,014
Market Turnover ( Value)	5,819,145,114
Foreign Buying	2,714,644,310
Foreign Selling	2,958,658,794
Net Foreign Buy / (Sell)	(244,014,483)

Mandarin Securities Corp.

Hanz Elmer Torres

hanz.torres@mandarinsecurities.com

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## Economic Developments

- ➔ **Gaming revenue reaches ₱285 billion in 2023; ₱336 billion eyed for 2024.** The Philippine Amusement and Gaming Corp. (PAGCOR) reported a revenue of ₱285.27 billion for 2023, marking a 33.1% increase from the previous year and surpassing the 2023 revenue target of ₱272.74 billion. PAGCOR Chairman and CEO Alejandro H. Tengco noted that the integrated resorts contributed the most to revenue at ₱207.48 billion, followed by the electronic games sector at ₱58.16 billion. Tengco highlighted the exponential growth in electronic gaming revenue and expressed confidence in its continued expansion. For 2024, PAGCOR aims to generate ₱336.38 billion in gross gaming revenue, projecting contributions from licensed casinos in Entertainment City, Metro Manila, Clark, Cebu, and Fiesta Casinos in Rizal and Poro Point. (*BusinessWorld*)
- ➔ **Remittances ease to \$3 billion in November.** Remittances from Filipinos abroad in November 2023 reached \$3 billion, marking a six-month low despite the holiday season, according to data from the Bangko Sentral ng Pilipinas (BSP). The figure is 2.9% higher than the same period in 2022 but slower than the 3.1% expansion recorded in October 2023. The BSP attributed the slight increase to a 2.8% improvement in remittances from land-based workers with contracts of one year or more, amounting to \$2.3 billion. Remittances from sea and land-based workers with contracts of less than one year also grew by 3% to \$600 million. For the 11-month period of 2023, personal remittances increased by 2.9% to \$33.59 billion. Cash remittances coursed through banks improved by 2.8% to \$2.72 billion in November 2023, with land-based workers sending \$2.1 billion and sea-based workers sending \$600 million. From January to November 2023, cash remittances increased by 2.8% to reach \$30.21 billion. The United States, Saudi Arabia, and Singapore contributed mainly to the growth in cash remittances during this period. The US topped the list with a 41.2% share, followed by Singapore with 6.9%, and Saudi Arabia with 6%. Other top sources include Japan, the United Kingdom, United Arab Emirates, Canada, Qatar, Taiwan, and South Korea. (*Philstar*)
- ➔ **VAT exemption expires for drugs, equipment used to treat COVID-19.** The Bureau of Internal Revenue (BIR) in the Philippines has announced that capital equipment, drugs, and vaccines used for treating COVID-19 will no longer be exempt from value-added taxes (VAT) starting January 1, 2024. The change is in line with Republic Act No. 11534, which provided VAT exemptions for COVID-19-related medical items from January 1, 2021, to December 31, 2023. With the expiry of the exemption period, the sale or import of drugs, vaccines, and medical devices prescribed and directly used for COVID-19 treatment will be subject to VAT. The list of items no longer exempt includes spare parts for capital equipment, raw materials for producing personal protective equipment, and drugs approved by the Food and Drug Administration for COVID-19 treatment, along with their necessary raw materials. (*BusinessWorld*)

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hanz.torres@mandarinsecurities.com



## Economic Developments

### ➔ Nomura Global Markets Research bets on BSP rate cuts starting August 2024.

Nomura Global Markets Research suggests that the Bangko Sentral ng Pilipinas (BSP) is likely to begin easing its anti-inflation rate hikes around August this year, emphasizing that a premature rate cut could disrupt inflation expectations. Despite inflation easing to the target range of 2-4% in December, the research unit of the Japanese investment bank notes that the BSP continues to signal patience in adjusting monetary policy settings. Nomura reiterates its forecast for the BSP to start cutting rates in August, delivering a total of 150 basis points in rate cuts to 5% through 1Q 2025. While some groups anticipate a rate cut in the second half of 2024, Nomura emphasizes the need for patience until a sustained downtrend in inflation is evident, supporting the BSP's cautious approach to upside inflation risks. Inflation in the Philippines slowed down to 3.9% in December, the first time in 20 months that price increases were contained within the 2%-4% target range of the inflation-targeting BSP. The December print was also the lowest reading in 22 months. Despite the milder increase in prices, the BSP maintains its cautious stance, stating that it is necessary to "keep monetary policy settings sufficiently tight until a sustained downtrend in inflation becomes evident." Nomura supports this view, stating that inflation is unlikely to return to within the target before July 2024, and the BSP remains cautious of upside inflation risks, maintaining a hawkish stance. *(Inquirer)*

### ➔ Renewables on pace to overtake coal as top power source by 2025.

The International Energy Agency (IEA) predicts that renewables will surpass coal as the largest source of power generation globally by 2025, driven by record growth in clean energy. The IEA's report reveals that global renewable energy capacity surged by 50% to 510 gigawatts (GW) in 2023, with solar power accounting for 75% of new capacities worldwide. The accelerated growth is expected to enable renewable energy to expand to 7,300 GW by 2029, with solar PV and wind projected to account for 95% of the expansion, leading to renewables overtaking coal in power generation. IEA Executive Director Faith Birol emphasizes that onshore wind and solar PV are now cheaper than new fossil fuel plants almost everywhere, contributing to the shift towards renewables. In the Philippines, the IEA projects that the share of renewables in the energy mix will rise to 27% by 2028 from the current 22%, with the government aiming for a 35% renewable share goal by 2030. The Green Energy Auction Program is expected to drive a 9 GW expansion of renewable energy from 2023 to 2028. However, IEA highlights challenges, including grid connection delays, high financing costs, lengthy permitting procedures, and inadequate transmission infrastructure. The report calls for the international community to rapidly scale up financing and deployment of renewables in emerging and developing economies, emphasizing the need for policy changes to fast-track renewable energy development. Following the UN Climate Change Conference (COP28) commitments in November 2023, countries aim to triple global renewable capacity by 2030, and the IEA stresses the importance of policy implementation to achieve this goal. *(Inquirer)*

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hanz.torres@mandarinsecurities.com



## Corporate Developments

- ➔ **ACEN Corporation (ACEN).** ACEN has committed to taking responsibility for the repayment of a \$320 million loan obtained by its subsidiary, ACEN Cayman. This commitment is in the event that ACEN Cayman is unable to fulfill its obligations. The loan is intended to redeem the redeemable preferred shares held by AC Energy Finance International Limited (ACEFIL) in ACEN Cayman. Philippine National Bank and Rizal Commercial Banking Corp. are the lenders for ACEN Cayman, and ACEN has executed guarantees in favor of these lenders. The proceeds from the loan will be used by ACEFIL to redeem its maturing green bonds, and ACEN becomes legally obligated to repay the loan if ACEN Cayman defaults. (*BusinessWorld*)
- ➔ **Converge ICT Solutions Inc. (CNVRG).** CNVRG is allocating up to ₱5 billion for the development of data centers over the next three years to support its planned digital platforms. The company aims to focus on product development and enhancement from 2024 onward. CNVRG plans to build data centers to house applications and information for its digital channels, anticipating increased demand for innovative services in the evolving digital landscape. The company has previously announced plans to invest at least \$20 million in each of the data centers to be built in Cebu, Pampanga, and Quezon City, and it will leverage these facilities for its digital platforms catering to both consumers and enterprises. (*Philstar*)

## Other Developments

- ➔ **China central bank holds medium-term rate but adds liquidity.** The People's Bank of China (PBOC) has decided not to cut the medium-term policy rate, contrary to market expectations, as the weakened Chinese yuan and a narrowing interest rate margin at commercial banks limit the scope for monetary easing. The central bank opted to keep the rate on 995 billion yuan (\$138.84 billion) worth of one-year Medium-Term Lending Facility (MLF) loans unchanged at 2.50%. Analysts suggest that avoiding additional pressure on the yuan's depreciation might be a key factor influencing the decision, and despite some market participants anticipating an MLF rate cut, the PBOC has refrained from such measures. Market watchers now anticipate a potential reduction in banks' reserve requirements to inject fresh funds into the economy and stimulate credit and growth. The PBOC's decision resulted in a net 216 billion yuan fresh fund injection into the banking system, with 779 billion yuan worth of MLF loans set to expire this month. While expectations for a rate cut remain, seasonal factors, as financial institutions assess their profitability and clients' loan appetite ahead of the Lunar New Year holiday, could delay monetary easing measures. Upcoming data releases on December industrial output, investment, and retail sales, along with fourth-quarter gross domestic product, are expected to provide insights into whether further economic support is needed. (*Reuters*)

Mandarin Securities Corp.

Hanz Elmer Torres

hanz.torres@mandarinsecurities.com



## Other Developments

➔ **IMF warns AI to hit almost 40% of jobs worldwide and worsen overall inequality.**

The International Monetary Fund (IMF) has warned that almost 40% of jobs globally could be affected by the rise of artificial intelligence (AI), with high-income economies facing greater risks than emerging markets and low-income countries. The IMF assessed the potential impact of AI on the global labour market and found that, in most cases, the technology is likely to worsen overall inequality. IMF chief Kristalina Georgieva urged policymakers to proactively take steps "to prevent the technology from further stoking social tensions," emphasizing the need to address this "troubling trend" as the world stands on the brink of a technological revolution that could boost productivity, global growth, and raise incomes. The report highlights that about 60% of jobs in high-income nations could be impacted by AI, with roughly half of these potentially benefiting from AI integration to boost productivity. In comparison, AI exposure was estimated at 40% in emerging markets and 26% in low-income countries, suggesting that these nations may face fewer short-term disruptions from AI. The IMF notes that many emerging markets and low-income countries lack the infrastructure and skilled workers to harness the immediate benefits of AI, raising the risk that the technology could worsen inequality in these regions. The report also underscores the potential for AI to affect income and wealth inequality within countries, leading to "polarization within income brackets," where workers able to access AI benefits may increase their productivity and salary, while those who cannot risk falling further behind. (CNBC)

➔ **China's military and government acquire Nvidia chips despite US ban.**

Chinese military entities, state-run AI research institutes, and universities have been purchasing Nvidia semiconductors, including the A100 and H100 chips that were banned from export to China and Hong Kong in September 2022, and the A800 and H800 chips developed for the Chinese market, which were banned in October 2022, according to a Reuters review of tender documents. The sales were made through largely unknown Chinese suppliers, highlighting the challenges the US faces in cutting off China's access to advanced U.S. chips. Despite the bans, buying or selling high-end US chips is not illegal in China, and the tender documents reveal that dozens of Chinese entities have acquired Nvidia semiconductors, including those subject to US export restrictions. These chips are essential for AI work due to their superior processing capabilities, and the continued demand for and access to banned Nvidia chips underscores the lack of good alternatives for Chinese firms. An underground market for such chips has emerged in China, with Chinese vendors reportedly snatching up excess stock that finds its way to the market or importing through companies locally incorporated in places like India, Taiwan, and Singapore. The US has vowed to close loopholes in export restrictions, but analysts suggest that achieving watertight export controls for small chips is unrealistic. (Reuters)

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hanz.torres@mandarinsecurities.com



## Other Developments

➔ **German economy dodges recession despite shrinking 0.3% in 2023.** The German economy contracted by 0.3% in 2023, as reported by the Federal Statistics Office, with factors like persistent inflation, high energy prices, and weak foreign demand contributing to the decline. While the full-year decrease in GDP aligns with analysts' expectations, the economy managed to avoid a technical recession. The downturn was evident in various sectors, including a 2.0% decline in economic performance in the industrial sector, excluding construction, primarily due to reduced production in the energy supply sector. Household consumption fell by 0.8%, and government expenditure decreased by 1.7%. The subdued global economy and weak domestic demand impacted foreign trade, leading to a 3.0% contraction in imports and a 1.8% decline in exports. Despite the recent fall in inflation providing some relief for households, concerns remain about the ongoing recessionary conditions. The global economic slowdown, alongside challenges like rising interest rates and tightening fiscal policies, may contribute to continued economic struggles in Germany in 2024. While the economy managed to avoid a more severe recession, experts highlight the need for caution, emphasizing the risk of another recession in the coming year, particularly if the existing drags on growth persist or strengthen. *(Reuters)*

Mandarin Securities Corp.

**Hanz Elmer Torres**

hanz.torres@mandarinsecurities.com



## 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
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
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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hanz.torres@mandarinsecurities.com

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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
CEI	Crown Equities, Inc.	10%	Stock	Common	TBA	TBA	TBA
SBS	SBS Philippines Corporation	22%	Stock	Common	TBA	TBA	TBA

Note: AC  
Sripless 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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28/F LKG TOWER, 6801 AYALA AVENUE, MAKATI CITY : OFFICE: +63 (02) 884-1271 : FAX +63 (02)884-1384