

Market Commentary

➔ **The View:** The PSEi shed another 64.49 points or 0.97% and settled at 6,572.51 yesterday. The benchmark index declined for the consecutive day as investors digested a weaker-than-expected 4Q2023 and FY2023 gross domestic product (GDP) growth of China. Worries over China's ability to solve its deeply embedded debt problems likely heightened after the latest GDP report. In the US, the 3 major averages had another losing day amidst the continued rise of bond yields again. The Dow fell by 0.25%, while the S&P500 and the Nasdaq Composite went down by 0.56% and 0.59%, respectively. The 10-year US Treasury yield have recently rose to 4% and even topped 4.1% already yesterday. The December retail sales report came in strong, and some analysts now worry how this might affect the aggregate amount of rate cuts by the US Federal Reserve (Fed) this year. Investors are projecting the first policy reduction in March. Weekly jobless claims will be out this Thursday (US time) along with building permits data. Meanwhile, European markets succumbed to selling pressure after UK inflation unexpected sped up in December to 4%, against expectations of a drop to 3.8% after a 3.9% print in November. Investors continue to monitor developments in the World Economic Forum in Davos as well. The continued tension in the Red Sea also remains as a caveat to the overall optimism of the global market evident in the final stretch of 2023 and at the start of 2024. In the Asia-Pacific, markets experienced notable losses. Hong Kong's Hang Seng fell by 3.71% and slid to its lowest level since November 2022. China's CSI300 traded close to a 5-year low after a 2.18% contraction. The Shanghai Composite went down by 2.09% while South Korea's Kospi lost 2.09%. In the local bourse, all sectors ended in the red again for the second consecutive session. Mining&Oil (-2.02%), Property (-1.61%), and Holding Firms (-1.19%) had the biggest losses while the rest had sub-1% contractions. In the main index, GTCAP (+1.78%) and CNPF (+1.18%) led the group of 10 gainers. On the other side, CNVRG (-5.48%), JGS (-4.53%), and ACEN (-4.46%) had the biggest declines among 17 losers. The market's turnover value rose by 12% to ₱6.68 billion. Net foreign inflow thinned to ₱63.22 million from ₱461.86 million last Tuesday. The local currency depreciated by 10 cents against the US dollar and ended at ₱55.93 yesterday. Some bargain hunting could happen following the PSEi's drop to the 6,500-level after getting close but failing to go over the 6,700-level. On the other hand, this correction could continue to the lower end of the 6,500-level as investors' worries continue to creep up the initial optimism experienced during the start of the year.

Stock Picks

Stock	Date	Initial Price	Current Price	Return since Recommendation	
				Stock	PSEi
TEL	3/13/20	1,029.00	1,284.00	24.78%	13.44%
CNPF	3/13/20	13.10	34.30	161.83%	13.44%
FGEN	9/23/20	24.80	17.92	-27.74%	11.54%
AP	9/23/20	25.55	38.00	48.73%	11.54%
BDO	11/17/20	92.60	139.20	50.32%	-4.99%
BPI	11/17/20	83.00	109.00	31.33%	-4.99%
MBT	11/17/20	44.35	55.50	25.14%	-4.99%
SECB	11/17/20	103.90	72.20	-30.51%	-4.99%
CNVRG	6/13/22	22.50	8.80	-60.89%	1.63%
ALI	6/13/22	30.05	32.30	7.49%	1.63%
SGP	6/13/22	12.06	7.65	-36.57%	1.63%
Ave. Return				17.63%	3.17%

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PSEI INTRADAY



INDICES

Index	Prev	Last	% Chg
PSEi	6,637.00	6,572.51	-0.97%
All Shares	3,506.23	3,476.66	-0.84%
Financial	1,838.97	1,838.20	-0.04%
Industrial	9,139.20	9,048.45	-0.99%
Holding Firms	6,366.19	6,290.34	-1.19%
Property	2,882.57	2,836.02	-1.61%
Services	1,636.40	1,624.33	-0.74%
Mining & Oil	9,497.39	9,305.75	-2.02%

TOP 10

GTCAP	1.78%	CNVRG	-5.48%
CNPF	1.18%	JGS	-4.53%
TEL	0.63%	ACEN	-4.46%
EMI	0.48%	GLO	-3.16%
AC	0.44%	ALI	-3.00%
MBT	0.36%	URC	-2.75%
MER	0.27%	MONDE	-2.42%
DMC	0.19%	NIKL	-2.04%
AGI	0.17%	SM	-1.69%
SMC	0.16%	AEV	-1.63%

BOTTOM 10

MARKET DATA

Market Volume	590,133,053
Market Turnover (Value)	6,678,671,879
Foreign Buying	3,548,304,471
Foreign Selling	3,485,080,047
Net Foreign Buy / (Sell)	63,224,424

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Economic Developments

- ➔ **Government borrows ₱30 billion from T-bonds.** The Philippine government successfully raised ₱30 billion from the local debt market through the issuance of seven-year Treasury bonds (T-bonds). This marks the third consecutive week of a full award for T-bonds. The seven-year T-bonds fetched an average rate of 6.094%, slightly lower than the 6.123% BVAL Reference Rate. The coupon rate for the bonds is set at 6.125%. The auction attracted strong demand, with bids totaling ₱107.095 billion, oversubscribing the offering by 2.9 times. The Bureau of the Treasury aims to raise ₱195 billion from the local debt market this month, with ₱120 billion expected from T-bonds. So far, ₱90 billion has been raised. The successful auction indicates continued investor confidence in Philippine government securities. The demand for T-bonds has remained robust, with bids significantly exceeding the offering. The government's ability to secure funding at favorable rates reflects positive sentiment in the local debt market. The funds raised contribute to the government's financing requirements and support ongoing economic initiatives and projects. *(Philstar)*
- ➔ **Adjusted VAT exemption for housing seen to boost property sales.** The Bureau of Internal Revenue (BIR) in the Philippines has recently raised the selling price threshold for value-added tax (VAT) exemption on the sale of houses and other residential dwellings. The adjustment, outlined in Revenue Regulations No. 1-2024, increases the threshold to ₱3.6 million from ₱3.199 million, aiming to make economic and lower mid-income residential segments more accessible to Filipinos. Analysts suggest that this move will stimulate the real estate market, especially in key development hubs like Bulacan, Pampanga, Tarlac, Cavite, Laguna, and Batangas, potentially benefiting developers with significant exposure in affordable and economic housing segments. The adjustment is expected to encourage more residential property sales, driven by the incentive of VAT exemption with the higher threshold. This change is particularly significant for households receiving remittances from overseas Filipino workers, as it fuels demand for residential units. Despite the potential positive impact on property sales, some analysts highlight the need for developers to respond strategically, considering factors such as increased land values and construction material prices in recent years. Overall, the adjustment is seen as a positive step to make homeownership more attainable for a broader segment of the population. *(BusinessWorld)*
- ➔ **Vehicle sales exceed 2023 target.** In 2023, the Philippines' vehicle sales surpassed expectations, experiencing a robust 21.9% growth, reaching 429,807 units, exceeding the industry's initial forecast of 423,000 units. The positive performance is credited to sustained consumer demand, improved supply conditions, and increased accessibility to credit across various brands. December contributed to this growth with a 5.1% increase in vehicle sales, reaching 39,153 units. The annual sales figures highlighted a significant rise in passenger car sales, posting a 27.2% increase to 109,264 units. Toyota Motor Philippines Corp. continued to lead the market with a 46.54% share, selling 200,031 units in 2023, surpassing its 2022 sales of 174,106 units. Other major players in the top five included Mitsubishi Motors Philippines Corp., Ford Group Philippines, Nissan Philippines, and Suzuki Philippines. *(Philstar)*

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Economic Developments

- ➔ **Tourism, construction expected to drive growth this year — NEDA.** The National Economic and Development Authority (NEDA) in the Philippines anticipates that economic growth in 2024 will be fueled by a resurgence in tourism and construction. Undersecretary Rosemarie G. Edillon emphasized the role of international tourism, the Build Better More initiative, and public mass housing projects as pivotal drivers for accelerating growth. With a government target of 6.5-7.5% growth this year, the focus on these key sectors, along with the potential of the untapped blue economy, is expected to contribute significantly to the country's economic expansion. In addition to tourism and construction, the blue economy, encompassing various economic activities along the shore, coast, and waters, is seen as a promising sector. Edillon highlighted the importance of establishing a framework for the blue economy, ensuring sustainable development, and supporting activities such as resorts, diving spots, and ocean energy. The government aims to guide the blue economy's development through a comprehensive framework, promoting sustainable practices to preserve resources for future generations. (*BusinessWorld*)

Corporate Developments

- ➔ **SEC green lits Citicore Renewable IPO.** The Securities and Exchange Commission (SEC) has granted approval for Citicore Renewable Energy Corp.'s (CREC) initial public offering (IPO) worth ₱11.252 billion. The IPO is set to take place from March 4 to 8, with the goal of listing its shares on the main board of the Philippine Stock Exchange on March 15. CREC, a subsidiary of Citicore Power, plans to offer 2.9 billion common shares at ₱3.88 per share, including an additional 435 million outstanding common shares for over-allotment. The company aims to raise over ₱10.71 billion from the primary offer, which will be utilized for capital expenditures, pipeline development for solar energy power plants, and general corporate purposes. UBS AG and BDO Capital & Investment Corp. are serving as the global coordinator and joint bookrunner, and domestic lead manager and joint bookrunner, respectively, for the IPO. (*Philstar*)
- ➔ **Aboitiz Equity Ventures, Inc. (AEV).** The Department of Transportation (DoTr) in the Philippines has announced that the New Bohol-Panglao International Airport will be ready for the Swiss challenge, allowing companies to submit alternative proposals for the operation, maintenance, and expansion of the airport. The Swiss challenge for Bohol Airport is expected to take place in the first quarter of this year. Aboitiz InfraCapital, which owns a 33% stake in the Mactan Cebu International Airport, has already submitted proposals for the operations, maintenance, and development of Bohol Airport, as well as Bicol International Airport and Laguindingan International Airport. Transportation Secretary Jaime J. Bautista mentioned that negotiations for the Bohol Airport are ongoing, and Aboitiz InfraCapital president and CEO, Cosette V. Canilao, confirmed that the Swiss challenge would likely take place within the first quarter of 2024. AEV holds the original proponent status for the New Bohol-Panglao International Airport's operations and maintenance under a 25-year concession period, and the Swiss challenge will allow other companies to submit alternative proposals, with the Aboitiz group having the right to match them. The Bohol Airport project is valued at ₱4.5 billion and is expected to serve around 3.9 million passengers per year once completed. (*BusinessWorld*)

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Corporate Developments

➔ **AREIT, Inc. (AREIT).** AREIT has successfully concluded the acquisition of Seda Lio in El Nido, Palawan, from Ayala Land Inc. (ALI)'s subsidiary Econorth Resort Ventures, Inc. The cash transaction, valued at ₱1.19 billion, adds a 153-room resort hotel to AREIT's portfolio. Seda Lio primarily serves leisure tourists, families, social and corporate events, among other visitors. The acquisition includes a guaranteed building lease for AREIT from the hotel operator, Econorth Resort Ventures, spanning the next 25 years starting from January 2024. This strategic move aligns with AREIT's 2024 growth plans, which involve infusions from its Sponsor, ALI, including flagship buildings in the Makati Central Business District, such as Ayala Triangle Gardens Tower 2, Greenbelt wings 3 and 5, Holiday Inn and Suites at Ayala Center, Makati, and Seda Hotel at Ayala Center Cebu, amounting to ₱21.8 billion. Additionally, AREIT will acquire a 276-hectare industrial land in Zambales, currently leased by Giga Ace 8, Inc. from Buendia Christiana Holdings Corp. (BCHC), through a property-for-share swap with ALI and its subsidiaries. The asset diversification and expansion are seen as strategic moves to reduce concentration risk and enhance AREIT's overall portfolio. Apart from Seda Lio, the mentioned assets will be acquired through a property-for-share swap with ALI and its subsidiaries, Greenhaven Property Ventures, Inc., and Cebu Insular Hotel Co., Inc. The exchange involves subscribing to AREIT primary common shares at an exchange price of ₱34.00 per share, subject to approval by AREIT shareholders at their Special Stockholders Meeting on February 12, 2024, and relevant regulatory approvals. The acquisition of Seda Lio and the planned asset infusions are expected to significantly grow AREIT's Assets under Management from ₱87 billion to ₱117 billion, marking a substantial expansion since its listing in August 2020. *(AREIT Disclosure)*

Other Developments

➔ **UK inflation rate surprises with rise to 4%, led by alcohol and tobacco.** UK inflation unexpectedly rose to 4% year-on-year in December, marking the first increase in the annual consumer price index since February 2023. Economists had anticipated a modest decline to 3.8%, following a sharper-than-expected fall in November to 3.9%. The month-on-month headline CPI rose by 0.4%, surpassing the consensus forecast of 0.2%, with alcohol and tobacco prices being the primary contributors to the increase. The closely watched core CPI, excluding volatile items, came in at an annual rate of 5.1%, above the 4.9% Reuters forecast and unchanged from November. The unexpected rise in inflation has prompted discussions about the ongoing struggle against soaring inflation, despite earlier efforts by the Bank of England to tame it through interest rate hikes. Finance Minister Jeremy Hunt emphasized the need to stick to the government's plan, including competitive tax levels, to support growth and control borrowing. The Bank of England is set to hold its next monetary policy meeting on February 1, with expectations that it may respond to easing inflation pressures by lowering projections in the February Monetary Policy Report, potentially paving the way for rate cuts later in the year. Despite the inflation increase, the labour market poses challenges for the central bank, with a decline in job vacancies and slowing pay growth observed in recent data. *(CNBC)*

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Other Developments

- ➔ **US retail sales rose 0.6% in December, topping expectations for holiday shopping.** In December, US retail sales surpassed expectations, rising by 0.6%, beating the Dow Jones estimate of 0.4%. The growth was fueled by increased purchases at clothing and accessory stores and online nonstore businesses. Excluding auto sales, the increase was 0.4%, exceeding the 0.2% estimate. These stronger-than-expected retail sales suggest a resilient consumer base, potentially influencing the Federal Reserve's approach to interest rates. The year-over-year comparison showed a 5.6% increase in retail sales for 2023, highlighting the strength of consumer spending and providing positive momentum for the economy heading into the new year. Despite concerns about economic momentum in 2024, the robust performance in retail sales could impact the US Federal Reserve (Fed)'s decisions on monetary policy. Market participants are closely watching the Fed's stance, and the strong consumer spending data may add to the ongoing debate about the pace and direction of interest rate changes in the coming months. *(CNBC)*
- ➔ **US manufacturing output ekes out small gain in December.** US factory production showed minimal growth in December, with a meager 0.1% increase, according to the Federal Reserve. The modest uptick was hindered by declines in machinery, electrical equipment, appliances, and components, partially offsetting the growth in motor vehicle output. The data for November was revised down to a 0.2% rise from the previously reported 0.3%. Overall, manufacturing output expanded 1.2% year-on-year in December. However, production contracted at a 2.2% rate in the fourth quarter, likely influenced by strikes against major automakers, impacting the sector's recovery. Despite some pockets of strength in areas like motor vehicles and furniture, manufacturing faces challenges, and the New York Fed's Empire State survey indicates a further decline in factory activity, with measures such as new orders and employment dropping. Industrial production gained 0.1% in December, with capacity utilization remaining unchanged at 78.6%. The manufacturing sector's operating rate also stayed the same at 77.1%. *(Reuters)*
- ➔ **China's economy grew 5.2% in 2023.** China's economy faced one of its weakest annual performances in more than three decades, with Gross Domestic Product (GDP) expanding by 5.2% in 2023, reaching 126 trillion yuan (\$17.6 trillion), according to the National Bureau of Statistics (NBS). Despite being an improvement from the 3% growth in 2022, which was impacted by pandemic-related restrictions, this performance, excluding the pandemic years, represents the weakest since 1990. Factors such as a challenging property crisis, sluggish consumption, record youth unemployment, and global economic turmoil contributed to the economic challenges faced by China. The country's exports also experienced a decline last year for the first time since 2016, and geopolitical tensions with the United States and efforts by some Western nations to reduce dependence on China have further added to the economic headwinds. *(Agence France-Presse)*

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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
CREIT	Citicore Energy REIT Corp.	Php0.049	Cash	Common	12/22/23	12/27/23	01/22/24
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
MWP2B	Megawide Construction Corporation	Php1.4375	Cash	Preferred	02/06/24	02/07/24	02/27/24
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
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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