

Market Commentary

➔ **The View:** The PSEi went up by 79.93 points or 1.23% and closed at 6,583.47 yesterday. The benchmark index snapped its 4-day losing streak as investors picked up bargains from the 2.10% week-on-week drop. Bangko Sentral ng Pilipinas (BSP) Governor Eli Remolona's statement that the central bank still considers the possibility of interest rate cuts in the first half of 2024 provided some relief to investors. The rebound in the US markets may have also helped boost local sentiment. In the US, the 3 major indices still ended higher albeit with smaller gains. The Dow and the S&P500 inched up by 0.36% and 0.22%, respectively, while the Nasdaq Composite rose by 0.32%. Yesterday's uptick brought the Dow and the S&P500 to new record-highs. The latter have already clinched a bull market position last Friday. Investors are looking at upcoming corporate results headed by Johnson&Johnson, P&G, and Lockheed Martin, among others. Bigger profit taking could be in store, given the major averages' steep rise this year so far. Meanwhile, European markets mostly ended higher to kick off this week. The Stoxx600 went up by 0.78% led by technology and retail stocks. Investors are on wait-and-see mode for the European Central Bank (ECB)'s policy decision out on Thursday. ECB officials have remained hawkish in their recent statements but analysts are keen that it will have to recognize the inevitability of loosening monetary policy sooner as inflation continues to trend downward. In the Asia-Pacific, China's Shanghai Composite led the declines in the region with 2.68%, followed by Hong Kong's Hang Seng with 2.27%. The People's Bank of China opted to keep its 1-year and 5-year loan prime rates unchanged. Japan's Nikkei had the biggest gain with 1.62% as the Bank of Japan began its 2-day monetary policy meeting. The BoJ's decision will be announced today. In the local bourse, Industrial (-0.13%) was the only sector to decline. Mining&Oil (+1.65%) and Property (+1.52%) had the best sessions. In the main index, GTCAP (+4.90%), NIKL (+3.83%), and ALI (+3.09%) were the top performers among 24 gainers. On the other hand, JFC (-2.70%), SMC (-2.16%), and ACEN (-1.69%) had the biggest losses among 6 laggards. The market's turnover value decreased by 26% to ₱4.56 billion. Foreigners ended with a net inflow of ₱97.27 million, opposite the ₱802.43 million net outflows last Friday. The PSEi's recovery from last week's selloff could continue, but the upside may have been reduced by the escalation of existing geopolitical tensions overseas. The benchmark index will try climb back up to the 6,600-level ahead of much anticipated catalysts due on Thursday and Friday.

Stock Picks

Stock	Date	Initial Price	Current Price	Return since Recommendation	
				Stock	PSEi
TEL	3/13/20	1,029.00	1,296.00	25.95%	13.63%
CNPF	3/13/20	13.10	34.80	165.65%	13.63%
FGEN	9/23/20	24.80	18.00	-27.42%	11.72%
AP	9/23/20	25.55	38.00	48.73%	11.72%
BDO	11/17/20	92.60	140.60	51.84%	-4.84%
BPI	11/17/20	83.00	106.50	28.31%	-4.84%
MBT	11/17/20	44.35	56.90	28.30%	-4.84%
SECB	11/17/20	103.90	71.90	-30.80%	-4.84%
CNVRG	6/13/22	22.50	8.84	-60.71%	1.80%
ALI	6/13/22	30.05	33.35	10.98%	1.80%
SGP	6/13/22	12.06	7.78	-35.49%	1.80%
Ave. Return				18.67%	3.34%

PSEI INTRADAY



INDICES

Index	Prev	Last	% Chg
PSEi	6,503.54	6,583.47	1.23%
All Shares	3,451.78	3,479.82	0.81%
Financial	1,812.68	1,837.19	1.35%
Industrial	9,077.94	9,066.51	-0.13%
Holding Firms	6,222.45	6,317.30	1.52%
Property	2,816.68	2,859.62	1.52%
Services	1,595.09	1,610.32	0.95%
Mining & Oil	9,210.20	9,362.11	1.65%

TOP 10

GTCAP	4.90%	JFC	-2.70%
NIKL	3.83%	SMC	-2.16%
ALI	3.09%	ACEN	-1.69%
BDO	2.78%	URC	-1.22%
JGS	2.50%	LTG	-0.76%
AC	2.37%	AGI	-0.51%
CNPF	2.35%	WLCON	0.23%
DMC	2.16%	EMI	0.24%
MER	2.12%	BPI	0.28%
TEL	2.05%	AEV	0.41%

BOTTOM 10

GTCAP	4.90%	JFC	-2.70%
NIKL	3.83%	SMC	-2.16%
ALI	3.09%	ACEN	-1.69%
BDO	2.78%	URC	-1.22%
JGS	2.50%	LTG	-0.76%
AC	2.37%	AGI	-0.51%
CNPF	2.35%	WLCON	0.23%
DMC	2.16%	EMI	0.24%
MER	2.12%	BPI	0.28%
TEL	2.05%	AEV	0.41%

MARKET DATA

Market Volume	301,169,424
Market Turnover (Value)	4,563,141,661
Foreign Buying	2,338,845,237
Foreign Selling	2,241,573,115
Net Foreign Buy / (Sell)	97,272,122

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Economic Developments

- ➔ **BSP rate cut still possible in 1H2023 according to BSP Governor Remolona.** Bangko Sentral ng Pilipinas (BSP) Governor Eli Remolona Jr. mentioned the possibility of initiating an easing episode in the first half of the year, although he also emphasized that monetary authorities remain cautious about risks that might affect the inflation outlook. Despite inflation returning within the target range in December 2023, the BSP has maintained a tight monetary policy to observe a sustained downtrend in inflation before considering changes. Remolona acknowledged the positive trend in price growth but suggested a rate cut in the first half of 2024 is possible but not likely. HSBC Research noted that the local labor market has endured the high-interest rate environment, particularly in the digital space, where Filipinos are leveraging opportunities in the gig economy. The Philippines is experiencing a "labor boom," with people finding innovative ways to work and contribute to the country's large informal sector. The resilience of the labor market is seen as a result of the population adapting to the digital space and entering the gig economy. Despite the tight monetary policy, the robust labor market has contributed to a reduction in unemployment rates and increased labor force participation. *(Inquirer)*
- ➔ **PNOC eyes JV for small-scale LNG terminal in Bataan.** The Philippine National Oil Corp. (PNOC) is exploring a potential joint venture with Samat LNG Corp. to construct a small-scale liquefied natural gas (LNG) receiving terminal in Bataan province. PNOC President Oliver B. Butalid mentioned that they are in the stage where they will invest, and whether they come in as a minority shareholder or not will be determined in the next two months. The LNG terminal, planned to be completed within the next two years, will have the capacity to import 200,000 to 400,000 tons of LNG annually, catering to small-scale independent power producers, manufacturing firms, and transport fleets. Construction is expected to start in March 2024, and the estimated project cost is around \$120 million. The facility aims to make LNG accessible to various users on a firm on-site basis, bringing flexibility to LNG utilization beyond large power plants. *(BusinessWorld)*
- ➔ **10 offshore wind projects to generate power by 2028.** At least 10 offshore wind projects with a combined capacity of 6.72 gigawatts (GW) are expected to generate power in the Philippines by 2028, according to Energy Undersecretary Rowena Cristina Guevara. The Department of Energy (DOE) has awarded 82 offshore wind energy service contracts with a total capacity of 63.36 GW as of November 2023. The projects are primarily located in north Luzon, west of Metro Manila, and various areas in Mindoro, Panay, and Guimaras Strait. Developers have identified key elements for short-to-medium term success in offshore wind projects, including a clear regulatory framework, dedicated market support, timely transmission system and interconnection facilities, and supportive ports for storage, assembly, construction, and operation of offshore wind farms. The DOE is coordinating with the Department of Transportation and the Philippine Ports Authority to identify potential ports and private investors for upgrading ports needed for large offshore wind projects. The agency is also advancing offshore wind development through funded programs, including marine spatial planning, a study on permitting and consenting, and grid integration and transmission planning. Offshore wind energy is a top priority in the country's renewable energy sector, and the DOE aims to have the Philippines' first offshore wind project operational before the end of the current administration's term. *(Philstar)*

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Corporate Developments

- ➔ **Manila Electric Company (MER).** MER anticipates a 4.5% increase in energy sales volume for the year 2024, according to Ferdinand O. Geluz, MER's First Vice-President and Chief Commercial Officer. Geluz expects a rebound in energy sales from the industrial sector after a 1% decrease in the first nine months of 2023. The company recorded an energy sales volume of 38,164 gigawatt-hours for January to September 2023, a 4% increase from the previous year. The company has initiated bidding processes to secure its energy requirements, with the submission of lowest offers from GNPowr Dinginin Ltd. Co., Mariveles Power Generation Corp., and Excellent Energy Resources, Inc., to supply the 1,800-megawatt capacity requirement. Additionally, bidding for the 1,200-MW energy supply is ongoing until January 23, and MER has launched bidding for interim power supply agreements to cover 260-MW peaking requirements and 400-MW base-load requirements, preparing for the expected increase in demand during the dry months. *(BusinessWorld)*
- ➔ **Petron Corporation (PCOR).** The Court of Tax Appeals (CTA) in the Philippines has affirmed a ruling allowing PCOR to claim a refund of ₱55.7 million (\$1.09 million) in excise tax wrongly paid for alkylate imports in 2012. The CTA stated that Petron's alkylate imports are not subject to excise tax, citing the Tax Code and recent Supreme Court jurisprudence. According to the law, excise tax applies to certain distillation products, exempting raw materials and ingredients composing these gases from taxes. The CTA noted that alkylate is not like naphtha or regular gasoline and is not a product of distillation, therefore not subject to excise tax. Petron paid the excise tax on alkylate importation, resulting in an erroneous or illegal collection of tax, and is entitled to the claim for a refund or issuance of a tax credit certificate. *(BusinessWorld)*

Other Developments

- ➔ **China's working age population is shrinking.** China's working-age population, defined as those between 16 to 59 years old, has declined as a share of the total population, falling from 62% in the prior year to 61.3% in 2023, according to data from the National Bureau of Statistics. This decline is attributed to the country's rapidly aging population, decreasing birth rates, and extended lifespans. The aging demographic poses challenges such as a shrinking labor force, increased care demands for the elderly, and potential economic implications. China's total population dropped by over 2 million people in 2023, reaching 1.41 billion, marking a significant decrease compared to the 850,000 declines in 2022. The shrinking working-age population has prompted accelerated adoption of technology, including automation, robotics, digitalization, and AI, to address labor needs, improve productivity, and reduce costs. The decline in China's working-age ratio is significant as it reflects the impact of demographic changes and the country's efforts to manage its population. This trend has broader implications for the economy, including potential labor shortages, increased demand for elder care, and changes in productivity patterns. As China's population ages, there will be a need for innovative solutions and policies to address the challenges associated with an older demographic, such as adjustments to retirement ages, investments in healthcare, and adaptations to the changing labor market. The data also underscores the importance of technology adoption to compensate for a shrinking workforce and maintain economic growth. *(CNBC)*

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Other Developments

- ➔ **Moody's is negative on Asia's sovereign creditworthiness in 2024 as China growth slows.** Moody's Investors Service has a negative outlook for sovereign creditworthiness in the Asia-Pacific region in 2024, citing China's slower economic growth, tight funding conditions, and geopolitical risks. Moody's predicts China's real GDP growth to slow to 4% in 2024 and the following year, down from an average of 6% between 2014 and 2023. The agency highlights that China's growth slowdown significantly influences Asia-Pacific economies due to the country's strong integration into global supply chains. Tight funding conditions and the lack of decoupling from global liquidity conditions by Asia-Pacific central banks are expected to weigh on the region's sovereigns. Moody's also notes that strategic tensions between China and the U.S. are likely to persist, impacting countries that balance economic relations with both nations. The report suggests that opportunities may arise for countries with large manufacturing bases and improving infrastructure, such as India, Malaysia, Thailand, and Vietnam, as companies diversify supply chains away from China to mitigate geopolitical risks. *(CNBC)*
- ➔ **Blockchain, the tech behind bitcoin, may have found its 'killer use case' by keeping AI in check.** Blockchain technology could emerge as a "killer use case" for preventing biases in artificial intelligence (AI) models by serving as a tamper-proof and transparent ledger for training data. Executives, including Medha Parlika, CTO and Co-founder of Casper Labs, suggested that AI training data could be checkpointed and stored on the blockchain, enabling developers to track and verify the data used in AI model training. This approach allows for transparency and traceability, and if an AI model begins to exhibit biased behavior, developers can roll back the model to a previous version stored on the blockchain. Sheila Warren, CEO of the Crypto Council for Innovation, emphasized the potential for blockchain to provide verification and checks and balances within AI systems, making it a crucial application for the technology. The partnership between Casper Labs and IBM aims to create a system where AI datasets are stored on the blockchain, offering proof of how the AI is trained. If an AI system begins to "hallucinate" or provide false information, developers can utilize the blockchain to undo some of the learning and revert to a previous, more accurate version of the AI model. This use of blockchain in AI training data management addresses concerns about biases and misinformation in AI models, providing a transparent and auditable ledger for tracking the training process. *(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
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
PSB	Philippine Savings Bank	Php0.75	Cash	Common	02/01/24	02/02/24	02/19/24
MWP2B	Megawide Construction Corporation	Php1.4375	Cash	Preferred	02/06/24	02/07/24	02/27/24
TCB2A	Cirtek Holdings Philippines Corporation	US\$0.0228125	Cash	Preferred	02/21/24	02/22/24	03/08/24
TCB2C	Cirtek Holdings Philippines Corporation	Php0.8233	Cash	Preferred	02/27/24	02/28/24	03/14/24
TCB2D	Cirtek Holdings Philippines Corporation	Php0.968825	Cash	Preferred	02/27/24	02/28/24	03/14/24
TCB2B	Cirtek Holdings Philippines Corporation	US\$0.025	Cash	Preferred	02/29/24	03/01/24	03/18/24
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
SMC2F	San Miguel Corporation	Php1.27635	Cash	Preferred	03/20/24	03/21/24	04/04/24
SMC2I	San Miguel Corporation	Php1.18790625	Cash	Preferred	03/20/24	03/21/24	04/04/24
SMC2J	San Miguel Corporation	Php0.890625	Cash	Preferred	03/20/24	03/21/24	04/04/24
SMC2K	San Miguel Corporation	Php0.84375	Cash	Preferred	03/20/24	03/21/24	04/04/24
SMC2M	San Miguel Corporation	Php1.5703125	Cash	Preferred	03/20/24	03/21/24	04/04/24
SMC2N	San Miguel Corporation	Php1.5649875	Cash	Preferred	03/20/24	03/21/24	04/04/24
SMC2O	San Miguel Corporation	Php1.611300	Cash	Preferred	03/20/24	03/21/24	04/04/24
GTPPB	GT Capital Holdings, Inc.	Php12.73725	Cash	Preferred	04/04/24	04/05/24	04/29/24
TCB2A	Cirtek Holdings Philippines Corporation	US\$0.0228125	Cash	Preferred	05/23/24	05/24/24	06/10/24
TCB2C	Cirtek Holdings Philippines Corporation	Php0.8233	Cash	Preferred	05/29/24	05/30/24	06/14/24
TCB2D	Cirtek Holdings Philippines Corporation	Php0.968825	Cash	Preferred	05/29/24	05/30/24	06/14/24
TCB2B	Cirtek Holdings Philippines Corporation	US\$0.025	Cash	Preferred	05/31/24	06/03/24	06/18/24
GTPPB	GT Capital Holdings, Inc.	Php12.73725	Cash	Preferred	07/04/24	07/05/24	07/29/24

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CASH DIVIDEND SCHEDULE

*Arranged by ex-date

Ticker	Company	Amount/ Rate	Dividend Type	Share	Ex-date	Record Date	Payment Date
TCB2A	Cirtek Holdings Philippines Corporation	US\$0.0228125	Cash	Preferred	08/22/24	08/23/24	09/09/24
TCB2C	Cirtek Holdings Philippines Corporation	Php0.8233	Cash	Preferred	08/29/24	08/30/24	09/16/24
TCB2D	Cirtek Holdings Philippines Corporation	Php0.968825	Cash	Preferred	08/29/24	08/30/24	09/16/24
TCB2B	Cirtek Holdings Philippines Corporation	US\$0.025	Cash	Preferred	09/02/24	09/03/24	09/18/24
GTPPB	GT Capital Holdings, Inc.	Php12.73725	Cash	Preferred	10/04/24	10/07/24	10/28/24
TCB2A	Cirtek Holdings Philippines Corporation	US\$0.0228125	Cash	Preferred	11/21/24	11/22/24	12/09/24
TCB2C	Cirtek Holdings Philippines Corporation	Php0.8233	Cash	Preferred	11/28/24	11/29/24	12/16/24
TCB2D	Cirtek Holdings Philippines Corporation	Php0.968825	Cash	Preferred	11/28/24	11/29/24	12/16/24
TCB2B	Cirtek Holdings Philippines Corporation	US\$0.025	Cash	Preferred	12/02/24	12/03/24	12/18/24

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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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