

Market Commentary

➔ **The View:** The PSEi gained 24.43 points or 0.37% and finished at 6,646.44 yesterday. The benchmark index's 2-day slump ended as investors welcomed the 6% gross domestic product (GDP) growth in 4Q 2023, despite the full year figure of 5.6% falling below the government's target of 6%-7%. The growth pushed the Philippines as the fastest growing economy among the Association of Southeast Asian Nations (ASEAN) in 2023 so far. In the US, the 3 major indices came off a losing session after US Federal Reserve (Fed) Chairman Jerome Powell stated in his post-meeting conference that a rate cut in March is unlikely. The Dow fell by 0.82%, marking its most significant single-day drop since December. The S&P500 experienced a 1.61% decline, representing its worst day since September. The Nasdaq Composite saw a 2.23% decrease, marking its most challenging session since October. Despite the recent decline, the major averages concluded January on a positive trajectory, with each major index posting gains exceeding 1% for the month. Looking ahead, investors will focus on Thursday's (US time) reports on weekly jobless claims, the ISM manufacturing index, and construction spending. Additionally, the January jobs report is scheduled for release on Friday (US time). Meanwhile, European markets mostly fell as well ahead of the conclusion of the Fed's meeting. However, the pan-European Stoxx600 had a marginal increase of 0.01%, pushing its January gain to 1.5%. In the Asia-Pacific, markets mostly ended in the red yesterday. China's CSI dropped to a 5-year low after China's purchasing managers' index (PMI) showed a contraction for the fourth consecutive month. Hong Kong's Hang Seng had the biggest decline of 1.78%, while Australia's ASX200 reached a fresh all-time high after gaining 1.06%. In the local bourse, sectors mostly ended higher. Holding Firms (-0.63%) and Industrial (-0.62%) declined. Property (+1.92%) led the gains while the rest had sub-1% contractions. In the main index, BLOOM (+4.10%), ALI (+3.33%), and CNPF (+2.97%) were the best performers among 19 gainers. On the other end, SCC (-2.52%), SM (-2.49%), and PGOLD (-2.11%) had the biggest declines among 10 laggards. The market's turnover value rose by 51% to ₱6.76 billion. Foreigners switched to being net buyers again, ending with a net inflow of ₱256.10 million, coming off a ₱566.33 net outflow last Tuesday. The local currency appreciated to ₱56.27 from ₱56.401 against the US dollar. Selling pressure could be expected to strengthen in today's session after the big drop in Wall Street yesterday amidst the Fed's continued reluctance to cut rates early despite the market's strong anticipation. A drop to the 6,500-level could be likely should broader profit taking take place.

PSEI INTRADAY



INDICES

Index	Prev	Last	% Chg
PSEi	6,622.01	6,646.44	0.37%
All Shares	3,487.71	3,499.49	0.34%
Financial	1,871.59	1,885.75	0.76%
Industrial	8,975.64	8,919.98	-0.62%
Holding Firms	6,369.44	6,329.07	-0.63%
Property	2,866.35	2,921.49	1.92%
Services	1,604.06	1,618.29	0.89%
Mining & Oil	9,241.94	9,247.39	0.06%

TOP 10

BLOOM	4.10%	SCC	-2.52%
ALI	3.33%	SM	-2.49%
CNPF	2.97%	PGOLD	-2.11%
AC	2.88%	JGS	-2.05%
MBT	1.78%	JFC	-1.93%
SMPH	1.63%	MER	-1.63%
ICT	1.50%	ACEN	-1.16%
MONDE	1.50%	URC	-0.89%
WLCON	1.15%	TEL	-0.24%
AEV	1.15%	SMC	-0.09%

BOTTOM 10

Stock Picks

Stock	Date	Initial Price	Current Price	Return since Recommendation	
				Stock	PSEi
TEL	3/13/20	1,029.00	1,272.00	23.62%	14.71%
CNPF	3/13/20	13.10	32.95	151.53%	14.71%
FGEN	9/23/20	24.80	18.22	-26.53%	12.79%
AP	9/23/20	25.55	38.00	48.73%	12.79%
BDO	11/17/20	92.60	145.00	56.59%	-3.93%
BPI	11/17/20	83.00	110.60	33.25%	-3.93%
MBT	11/17/20	44.35	57.10	28.75%	-3.93%
SECB	11/17/20	103.90	71.00	-31.67%	-3.93%
CNVRG	6/13/22	22.50	9.27	-58.80%	2.77%
ALI	6/13/22	30.05	34.10	13.48%	2.77%
SGP	6/13/22	12.06	7.65	-36.57%	2.77%
Ave. Return				18.40%	4.33%

MARKET DATA

Market Volume	423,549,835
Market Turnover (Value)	6,758,724,118
Foreign Buying	3,698,282,494
Foreign Selling	3,442,178,477
Net Foreign Buy / (Sell)	256,104,017

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Economic Developments

- ➔ **PH economy grew by 5.6% in 2023.** The Philippine economy expanded at a slower pace in 2023, recording a GDP growth of 5.6%, down from the 7.6% expansion in 2022 and below the government's target of six to seven percent. This slower growth is attributed to factors such as high inflation and interest rates affecting consumption. Household spending grew by 5.6% in 2023, a slowdown from the 8.3% growth in the previous year, possibly influenced by past increases in interest rates. Government spending contracted by 1.8% in the fourth quarter of 2023, and the weak global economy, especially the decline in the export sector, also contributed to the overall slower growth. The National Economic and Development Authority Secretary Arsenio Balisacan emphasized that despite falling short of the growth target, the Philippines remains one of the best-performing economies in Asia. The government is committed to managing inflation, especially for basic commodities like food, and addressing external challenges such as El Niño and geopolitical tensions. Balisacan stated that the government aims to achieve its growth targets, and despite threats to growth, there are strengths in the economy that can be maximized. Analysts suggest that, with the current economic trends, growth may reach 5.4%, driven by household spending, and anticipate that the central bank is likely done with interest rate hikes, with a potential rate cut delayed until the second half of the year. (*Philstar*)
- ➔ **Philippines debt hits record P14.6 trillion in 2023.** Since assuming office in July 2022, the Marcos administration has accumulated P1.82 trillion in debt, leading to the country's outstanding obligation reaching an all-time high of P14.62 trillion in 2023, as reported by the Bureau of the Treasury. This figure is 8.92% higher than the end-2022 debt of P13.42 trillion. The increased debt is primarily attributed to the high global interest rate environment, with central banks, including the Bangko Sentral ng Pilipinas, implementing rate hikes to address inflation. The debt-to-GDP ratio stands at 60.2%, slightly above the internationally accepted threshold of 60%, indicating the need for economic growth to outpace borrowing. Elevated interest rates, rising inflation, and pandemic-driven debt have contributed to the challenging fiscal landscape. Economists note that the debt could continue to rise, driven by factors such as the Russia-Ukraine war, increased national budget deficit, and the government's infrastructure projects. The government aims to carefully manage fiscal policies to maintain sovereign credit ratings. Despite the high debt levels, the debt-to-GDP ratio could improve with faster economic expansion, tax reform measures, and disciplined government spending. For December 2023, the government added P107.54 billion to the debt pile, with 68.5% coming from domestic borrowings. Total domestic debt slightly decreased on a monthly basis but increased by 8.79% from end-2022. (*Philstar*)

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Economic Developments

➔ **2023 debt-to-GDP ratio ends at 60.2%.** As of the end of 2023, the National Government's (NG) outstanding debt in the Philippines reached a record P14.62 trillion, a year-on-year increase of 8.92%, resulting in a debt-to-GDP ratio of 60.2%. This ratio is a slight improvement from 60.9% at the end of 2022 and is just above the internationally accepted threshold of 60%. The increase in debt was influenced by elevated global interest rates, with 68.5% of the debt sourced domestically and the remaining 31.5% from foreign creditors. The government aims to bring down the debt-to-GDP ratio to less than 60% by 2025 through careful fiscal management and ongoing consolidation efforts. The breakdown reveals that domestic debt rose by 8.79% to P10.02 trillion, while foreign borrowings increased by 9.21% to P4.6 trillion. The government's borrowing plan for 2024 is set at P2.46 trillion, with P1.85 trillion from domestic sources and P606.85 billion from external sources. While the debt-to-GDP ratio is on a steady decline, there is still a need to further bring it down to mitigate the risk of potential rating actions in case of a considerable slowdown in economic growth. (*BusinessWorld*)

Corporate Developments

- ➔ **Aboitiz Equity Ventures, Inc. (AEV).** AEV, in partnership with Coca-Cola Europacific Partners plc (CCEP), has secured approval from the Philippine Competition Commission (PCC) for their joint acquisition of Coca-Cola Beverages Philippines, Inc. for \$1.8 billion. AEV revealed that it will hold a 40% beneficial ownership in Coca-Cola Beverages Philippines, while CCEP will possess a 60% stake. As the exclusive bottler and distributor of The Coca-Cola Co. products in the country, Coca-Cola Beverages Philippines is deemed to have attractive profitability and growth prospects. The transaction, aligned with AEV's strategy of diversifying its portfolio and entering the branded consumer goods sector, is expected to be finalized by the end of February 2024, subject to the completion of remaining conditions post-PCC approval. (*BusinessWorld*)
- ➔ **PLDT, Inc. (TEL).** TEL's board of directors has given approval to subscribe to 2.49 million shares in Radius Telecom, Inc., representing 34.9% of its equity interest, for ₱2.12 billion. This strategic investment is aimed at expanding TEL's market share by leveraging Radius Telecom's fiber facilities. The proposed investment involves the subscription to common stock shares priced at ₱849.28 each, pending the execution of definitive agreements. Radius Telecom, a wholly-owned subsidiary of Paragon Vertical Corp., provides data, internet, and cloud services to businesses and SMEs. The move is seen as a strategic step for TEL to rapidly expand in the broadband market, potentially leading to synergies and cost efficiencies for both companies. China Bank Capital Corp. Managing Director Juan Paolo E. Colet suggested that TEL might fully acquire Radius Telecom in the future, benefiting from TEL's broadband expertise and allowing for significant influence on Radius Telecom's operations. The move is expected to enhance TEL's market position and network coverage, serving both enterprise and residential customers. (*BusinessWorld*)

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Corporate Developments

➔ **Concepcion Industrial Corporation (CIC).** CIC closed the year with strong financial results, reporting unaudited consolidated earnings of ₱177.9 million in Q4. This represents a remarkable 195% increase from the previous year, driven by improved margins and solid sales performance. CIC achieved a 9% increase in net sales for Q4, reaching ₱3.8 billion, with notable growth in the Commercial business, which generated ₱1.4 billion in net sales, reflecting a significant 33% increase. The Consumer business, contributing ₱2.4 billion in net sales, experienced a slight decline of 1%, mitigated by growth in specific product segments. Including its associate Concepcion Midea, Inc. (CMI), the group achieved a 14% increase in net sales, totaling ₱4.7 billion. The strong Q4 performance contributed to CIC's overall positive trajectory for the year, concluding with ₱14.7 billion in net sales and ₱667.3 million in consolidated earnings, representing 11% and 86% growth, respectively. Raul Joseph Concepcion, Chairman & President, expressed confidence in CIC's ability to overcome challenges, adapt quickly, and capitalize on emerging opportunities in 2024. *(CIC Disclosure)*

Other Developments

➔ **Fed Chief Jerome Powell says a March rate cut is not likely.** US Federal Reserve Chairman Jerome Powell stated on Wednesday that the central bank is unlikely to feel confident enough about the trajectory of inflation to cut interest rates by its next meeting in March. Powell emphasized that, based on the current circumstances, he doesn't think the committee will reach a level of confidence by March to identify it as the time to cut rates. While Powell indicated that rate cuts are likely to begin at some point this year, his comments at the news conference after the Fed's January meeting dampened hopes of traders who were expecting a rate cut sooner. The Federal Reserve has been cautious in its approach, aiming to avoid repeating the mistake of underestimating inflation's persistence in the past, and Powell emphasized that the decision to cut rates would depend on the data available at the time. This stance from Powell came after the Federal Reserve's January meeting where the central bank left its benchmark interest rate unchanged. Powell's comments clarified that the Fed is not yet ready to cut rates, at least not by the March meeting. Powell's remarks about waiting for more data and not committing to a series of rate cuts suggest that the Fed is closely monitoring economic conditions, particularly inflation and job growth, before making any significant policy adjustments. *(CNBC)*

➔ **Japan's January factory activity shrinks modestly on softer demand.** Japan's factory activity contracted for the eighth consecutive month in January, according to the final Jibun Bank Japan manufacturing purchasing managers' index (PMI). The index rose slightly to 48.0 in January from 47.9 in December but remained below the 50.0 threshold that separates growth from contraction. The contraction was attributed to depressed economic conditions both domestically and globally, impacting output and new orders. Concerns over manufacturing activity persist into the coming months as outstanding business shows the sharpest depletion since August 2020, and manufacturers face additional pressures from rising costs of raw materials, labor, and fuel, along with supply disruptions caused by the crisis in the Red Sea. Despite these challenges, manufacturers' confidence remained strong, led by hopes for improved demand in markets such as semiconductors. *(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
TFC	PTFC Redevelopment Corporation	Php2.00	Cash	Common	01/08/24	01/09/24	02/02/24
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
RFM	RFM Corporation	Php0.074194	Cash	Common	02/06/24	02/07/24	03/05/24
ACPAR	Ayala Corporation	Php39.741875	Cash	Preferred	02/13/24	02/14/24	02/29/24
APB2R	Ayala Corporation	Php6.02675	Cash	Preferred	02/13/24	02/14/24	02/29/24
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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