DAILY REPORT

MANDARIN SECURITIES CORPORATION

October 14, 2024

Market Commentary

➡ **The View.** The PSEi declined sharply on Friday, shedding 101.15 points or 1.36% to close at 7,310.32. After five consecutive weeks of rallying, the local market retreated as investors took profits, pushing the index out of its previous 7,400-7,500 range. Trading volume thinned, and foreign investors have been net sellers for three straight sessions, highlighting reduced market enthusiasm. The peso's recent strength also failed to provide a significant lift to market sentiment, with investors instead opting for a more cautious stance amid global uncertainties. In the US, markets had a brighter session, buoyed by stronger-than-expected earnings reports from Wells Fargo and JPMorgan Chase. The Dow Jones rose by 0.97%, while the S&P 500 and Nasdaq Composite gained 0.61% and 0.33%, respectively. These gains came alongside a cooler-than-expected producer price index (PPI) report, providing hope that the US Federal Reserve (Fed) might achieve a soft landing for the US economy. In Europe, markets posted modest gains, with the Stoxx50 rising by 0.68% and the Stoxx600 up by 0.55%. Investors focused on UK GDP growth figures and awaited potential fiscal stimulus measures from China. APAC markets saw mixed performances on Friday. China's CSI300 slumped by 2.77%, leading regional declines as concerns over fading stimulus efforts weighed on sentiment. Japan's Nikkei managed to gain 0.57%, while South Korea's Kospi inched down by 0.09%. Meanwhile, Australia's S&P/ASX 200 dipped slightly by 0.1%, with Hong Kong markets closed for a public holiday. Locally, all sectors ended in the red, with Property (-2.20%) and Services (-1.70%) leading the declines. In the main index, CNPF (+2.09%), GLO (+1.26%), and DMC (+1.20%) were the top gainers. On the downside, ALI (-3.15%), ICT (-3.00%), and NIKL (-2.89%) were the main laggards. Market turnover was ₱5.51 billion, a slight 1% dip from the previous session, reflecting waning trading activity. Foreign investors continued to sell, though net foreign outflows narrowed to ₱27.44 million from ₱73.58 million in the prior session. Looking ahead, the market may see some rebound as bargain hunters emerge, especially with the upcoming policy review by the Bangko Sentral ng Pilipinas (BSP). Expectations of a rate cut could provide a boost, but investors will also closely monitor any hints about further policy easing. Rising geopolitical tensions in the Middle East and positive inflation data will likely factor into BSP's policy decision and market sentiment in the coming days.

PSEI INTRADAY

INDICES

Index	Prev	Last	% Chg
PSEi	7,411.47	7,310.32	-1.36%
All Shares	4,037.52	4,015.16	-0.55%
Financial	2,363.97	2,339.44	-1.04%
Industrial	9,935.63	9,907.71	-0.28%
Holding Firms	6,299.15	6,213.68	-1.36%
Property	2,950.95	2,886.16	-2.20%
Services	2,282.36	2,243.52	-1.70%
Mining & Oil	8,736.51	8,610.93	-1.44%

TOP 10		BOTTOM 10	
CNPF	2.09%	ALI	-3.15%
GLO	1.26%	ICT	-3.00%
DMC	1.20%	NIKL	-2.89%
LTG	1.00%	JGS	-2.59%
MER	0.84%	WLCON	-2.48%
CNVRG	0.25%	SMPH	-2.33%
EMI	0.11%	AEV	-2.01%
SCC	0.00%	GTCAP	-1.97%
BDO	-0.19%	URC	-1.84%
JFC	-0.36%	BPI	-1.70%

Stock Picks

Stock	Date	Initial Price	Current Price	Return since Recommendation	
				Stock	PSEi
TEL	3/13/20	1,029.00	1,510.00	46.74%	26.17%
CNPF	3/13/20	13.10	39.00	197.71%	26.17%
FGEN	9/23/20	24.80	17.88	-27.90%	24.06%
AP	9/23/20	25.55	37.70	47.55%	24.06%
BDO	11/17/20	92.60	156.50	69.01%	5.67%
BPI	11/17/20	83.00	138.60	66.99%	5.67%
MBT	11/17/20	44.35	78.50	77.00%	5.67%
SECB	11/17/20	103.90	94.20	-9.34%	5.67%
CNVRG	6/13/22	22.50	16.20	-28.00%	13.04%
ALI	6/13/22	30.05	35.35	17.64%	13.04%
SGP	6/13/22	12.06	9.67	-19.82%	13.04%
Ave. Return				39.78%	14.75%

MARKET DATA

Market Volume	692,949,133
Market Turnover (Value)	5,511,752,393
Foreign Buying	2,930,233,498
Foreign Selling	2,957,674,790
Net Foreign Buy / (Sell)	(27,441,292)

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Economic Developments

- **To cover price hikes, airlines to slap new fee.** Philippine Airlines (PAL), Cebu Pacific, and AirAsia Philippines are requesting approval from the Civil Aeronautics Board (CAB) to impose a terminal enhancement fee, which could increase plane ticket prices by up to ₱300 per flight. This proposed fee aims to offset rising operational costs at Ninoy Aquino International Airport (NAIA), following significant fee hikes imposed by New NAIA Infrastructure Corp. (NNIC), now managing the ₱170.6-billion NAIA upgrade project. The airlines are proposing additional fees of ₱75 for domestic flights and up to ₱300 for international flights. These cost adjustments come in response to soaring airport charges, which for Cebu Pacific alone could result in an annual increase of ₱3.39 billion—43% of its 2023 profit. While airlines may cover part of the cost, the fee would still be listed separately on booking receipts alongside other charges like base fare and fuel surcharge. CAB will review the fee proposal in a meeting later this month, as travelers prepare for a potential rise in passenger service charges by September 2025. *(Philstar)*

- **PH internet to get a boost with $287-million World Bank loan.** The World Bank has approved a €268.22 million ($287.24 million) loan to support the Philippines' broadband internet connectivity project, aiming to benefit 20 million Filipinos, especially in underserved areas. The project, called "Philippine Digital Infrastructure," will fund key investments in the national fiber optic backbone and extend middle-mile and last-mile connectivity. The initiative also includes measures to protect these infrastructures from cybersecurity and climate risks. This financing will further bolster access to essential services such as education, healthcare, and government programs, particularly benefiting rural regions in Mindanao. The World Bank's investment will support the construction of the remaining parts of the country's fiber optic network, connecting international landing stations in Luzon and Mindanao. Middle-mile infrastructure will also extend connectivity to localized areas in Visayas and Mindanao, creating a foundation that links public institutions and provides free Wi-Fi access in schools and hospitals. According to Zafer Mustafaoğlu, the World Bank's country director, the project seeks to ensure that even the most vulnerable Filipinos can benefit from improved internet connectivity, fostering inclusivity and equitable access to technology. *(Inquirer)*

- **Digital banks face asset quality risks.** Digital banks in the Philippines are tapping into the country's large unbanked and underbanked population but are facing challenges in managing credit risk. According to Fitch Ratings, these banks are lending to customers with limited credit histories, making it difficult to price loans appropriately. This has resulted in a surge in non-performing loans, which jumped to 14.1% by July 2024 from 5.9% in December 2022. The increase in bad loans has driven up credit costs, nearly offsetting the interest income that these banks generate, particularly as economic volatility and rising interest rates add further pressure. Despite these challenges, Fitch remains optimistic about the future of digital banks in the Philippines. With improved data collection and enhanced risk screening capabilities, these banks could eventually strengthen their credit management practices. The fast-growing digital banking sector is also intensifying competition with traditional banks, as digital lenders aggressively offer higher deposit rates. While this may temporarily squeeze net interest margins for smaller incumbents, digital banks' ability to innovate and adapt will be key to their long-term profitability and market position. *(Philstar)*

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Corporate Developments

➡ **Bank of the Philippine Islands (BPI).** BPI has received approval from the Bangko Sentral ng Pilipinas (BSP) to sell its 15% stake in GoTyme Bank for ₱902.47 million. The transaction, which involves selling 752.06 million shares at ₱1.20 per share to GoTyme Financial Pte Ltd. and Giga Investments Holdings Inc., is aimed at addressing potential conflicts of interest due to the overlap in product offerings between GoTyme Bank and BPI. GoTyme Bank, a joint venture involving Tyme Investments Pte. Ltd., JG Summit Group, and Robinsons Retail Holdings Inc. (RRHI), is one of the entities with a BSP digital banking license. BPI initially acquired its stake in GoTyme Bank following its merger with Robinsons Bank Corp. in a ₱32-billion deal earlier this year. GoTyme Bank, with 3.7 million customers and expecting to reach 5 million by year-end, made headlines by being the first digital bank in the Philippines to introduce automated teller machine (ATM) services in partnership with Euronext Technology Services Inc. *(Inquirer)*

➡ **MREIT, Inc. (MREIT).** MREIT has secured approval from the Securities and Exchange Commission (SEC) to acquire six prime office properties, which are PEZA-accredited, valued at ₱13.15 billion. This acquisition will expand MREIT's portfolio by 156,631 square meters, boosting its total gross leasable area by 48% to 482,055 square meters. The properties include Two West Campus, Ten West Campus, and One Le Grand in McKinley West; One Fintech and Two Fintech in Iloilo Business Park; and the Davao Finance Center in Davao Park District. In return, MREIT will issue 926.2 million primary shares at ₱14.20 per share, based on appraisals and fairness opinions approved by its RPT Committee and Board of Directors. MREIT's President and CEO, Kevin L. Tan, emphasized that this acquisition aligns with the company's growth strategy and will further solidify its standing as one of the leading REITs in the Philippines. The new assets, which are expected to contribute to MREIT's income by Q4 2024, will enhance shareholder value and support sustained dividend growth. The deal brings MREIT's portfolio to 24 prime office properties located across five major Megaworld townships, enabling it to strengthen its presence in the office leasing market and provide enhanced returns through diversified, high-quality assets. *(MREIT Disclosure)*

➡ **Aboitiz Equity Ventures, Inc. (AEV).** Aboitiz Foods has inaugurated its largest investment in Vietnam to date, a $45 million feed mill in Long An. The new Gold Coin Long An Feed Mill spans 3.8 hectares and is capable of producing 300,000 metric tons of livestock and animal feed annually, bringing the company's total feed production capacity in Vietnam to 1.1 million metric tons. The facility, replacing the older Dong Nai mill, will complement the operational Binh Duong plant, strengthening Aboitiz's presence in Vietnam. Strategically located near a river route with a private port, the feed mill will enhance trade efficiency for finished goods and raw materials, while improving food supply chains across southern and central Vietnam. Aboitiz Foods President and CEO, Tristan Aboitiz, emphasized the importance of Vietnam as a key market and highlighted the mill's role in meeting the increasing demand for high-quality animal nutrition. *(The Manila Times)*

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Other Developments

➡ **US producer prices flat; higher monthly core inflation expected in September.** US producer prices remained unchanged in September, as the cost of services edged up slightly by 0.2%, while the prices of goods, particularly energy and gasoline, fell by 2.7% and 5.6%, respectively. This flat reading in the producer price index (PPI) suggests a still-controlled inflation environment, supporting expectations of a modest 25 basis point interest rate cut by the Federal Reserve next month. The PPI increased 1.8% year-over-year, down from August's 1.9%, while core inflation metrics showed a mild firming in certain components, like healthcare and portfolio management fees, raising some concerns about underlying price pressures. Despite this, most economists view the inflation outlook favorably, anticipating a gradual return to the Federal Reserve's 2% target by early next year. Wholesale goods prices fell 0.2%, while food prices surged by 1.0%, reflecting higher costs for staples like eggs. Trade services, which measure margins received by wholesalers and retailers, inched up 0.2%, but the overall cooling of housing inflation and consumer sentiment data showing a decline to 68.9 in October point to a continued easing of price pressures in the US. *(Reuters)*

➡ **China's consumer inflation cools in September, PPI deflation deepens.** The U.K. economy grew by 0.2% in August, marking a return to growth after two months of stagnation, according to the Office for National Statistics. This slight boost comes just ahead of Labour's first budget under Finance Minister Rachel Reeves, as the government faces the challenge of addressing an estimated £22 billion ($29 billion) budget deficit. The services sector grew modestly by 0.1%, while production and construction output increased by 0.5% and 0.4%, respectively, signaling resilience despite economic headwinds. Economists caution that while the U.K. showed robust growth in early 2024, the economy is unlikely to maintain the same pace in the second half of the year. ING's James Smith predicts 0.2% growth for Q3, down from earlier quarters' stronger performances. As the Labour government prepares for fiscal tightening measures, concerns grow that efforts to close the budget gap may stifle further economic expansion, with balancing growth and austerity a key challenge for the administration. *(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
CPG	Century Properties Group, Inc.	Php0.015989	Special Cash	Common	09/27/24	09/30/24	10/14/24
JFCPB	Jollibee Foods Corporation	Php10.60125	Cash	Preferred	09/27/24	09/30/24	10/15/24
FEU	Far Eastern University, Incorporated	Php16.00	Cash	Common	09/30/24	10/01/24	10/17/24
MWP5	Megawide Construction Corporation	Php1.97605	Cash	Preferred	10/01/24	10/02/24	10/17/24
DDPR	DoubleDragon Corporation	Php2.42125	Cash	Preferred	10/02/24	10/03/24	10/14/24
GTPPB	GT Capital Holdings, Inc.	Php12.73725	Cash	Preferred	10/04/24	10/07/24	10/28/24
MWP4	Megawide Construction Corporation	Php1.325	Cash	Preferred	10/11/24	10/14/24	10/29/24
BALAI	Balai Ni Fruitas Inc.	Php0.005	Cash	Common	10/23/24	10/24/24	11/08/24
CPGPB	Century Properties Group, Inc.	Php1.8858000	Cash	Preferred	10/25/24	10/28/24	11/22/24
DDMPR	DDMP REIT, Inc.	Php0.0235610	Cash	Common	10/30/24	10/31/24	11/26/24
BRNPB Series B	A Brown Company, Inc.	Php2.0625	Cash	Preferred	11/04/24	11/05/24	11/25/24
BRNPC Series C	A Brown Company, Inc.	Php2.1875	Cash	Preferred	11/04/24	11/05/24	11/25/24
BRNP Series A	A Brown Company, Inc.	Php1.75	Cash	Preferred	11/04/24	11/05/24	11/29/24
DD	DoubleDragon Corporation	Php0.2648000	Cash	Common	11/05/24	11/06/24	11/29/24
HTI	Haus Talk, Inc.	Php0.02	Cash	Common	11/07/24	11/08/24	12/02/24
FCG	Figaro Coffee Group, Inc.	Php0.027	Cash	Common	11/13/24	11/14/24	12/04/24
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
EEIPA	EEI Corporation	Php1.441025	Cash	Preferred	11/29/24	12/02/24	12/23/24
EEIPB	EEI Corporation	Php1.73485	Cash	Preferred	11/29/24	12/02/24	12/23/24
TCB2B	Cirtek Holdings Philippines Corporation	US$0.025	Cash	Preferred	12/02/24	12/03/24	12/18/24
BRNPB Series B	A Brown Company, Inc.	Php2.0625	Cash	Preferred	02/07/25	02/10/25	02/24/25
BRNPC Series C	A Brown Company, Inc.	Php2.1875	Cash	Preferred	02/07/25	02/10/25	02/24/25

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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	10/25/24
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	Greenergy 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) BHDI 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
LFM	Liberty Flour Mills, Inc.	97 common shares of LPC for every 1 common share of LFM	Property	Common	06/18/24	06/19/24	TBA
BDO	BDO Unibank, Inc.	TBA	Property	Treasury	TBA	TBA	TBA
CEI	Crown Equities, Inc.	0.10 common share for every one (1) CEI common share	Property	Common	TBA	TBA	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	09/16/24	09/17/24	10/11/24
CEI	Crown Equities, Inc.	10%	Stock	Common	TBA	TBA	TBA
SBS	SBS Philippines Corporation	22%	Stock	Common	TBA	TBA	TBA
MFIN	Makati Finance Corporation	0.7127962684%	Stock	Common	08/21/24	08/22/24	09/18/24
COL	COL Financial Group, Inc.	25%	Stock	Common	10/22/24	10/23/24	11/14/24
CEU	Centro Escolar University	20%	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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