

Morning Briefing

Top Stories:

- **All-time High PH Forex Reserves**
- **ALI Sells AirSWIFT to CEB**

Markets

<u>PSEi</u>	<u>PH10Y</u>	<u>DJIA</u>	<u>S&P500</u>	<u>NASDAQ</u>	<u>US10Y</u>	<u>Gold</u>	<u>Oil</u>
7,555	5.938%	41,954	5,696	17,924	4.028%	2,643	77.50
+1.16%	+0.214	-0.94%	-0.96%	-1.18%	+0.059	-0.36%	+4.19%

US Markets

US markets fell after crude oil prices jumped more than 4% rekindling inflation fears. Bond yields likewise rose as the favorable jobs report doused expectations of another half-point interest rate cut by the Fed. The average discount of the Mag7 to their consensus target prices rose to 7.8% after falling to 5% which **alerted a pullback** for the surging US markets.

PSEi

The PSEi jumped by 1.16% to 7,555 yesterday. This was led by index stocks PGOLD (+8.49% to PHP33.85), CNVRG (+5.04% to PHP17.10), and DMC (+3.81% to PHP11.98). The PSEi rose in morning trading and was met by some profit taking near the end of the day. Asian markets were also mainly up. The PH10YTN rate has remained depressed in the vicinity of 2024 lows. With this, we expect

the PSEi to rise in an uptrend towards our estimate of **7,626 at 14.21x PER.**



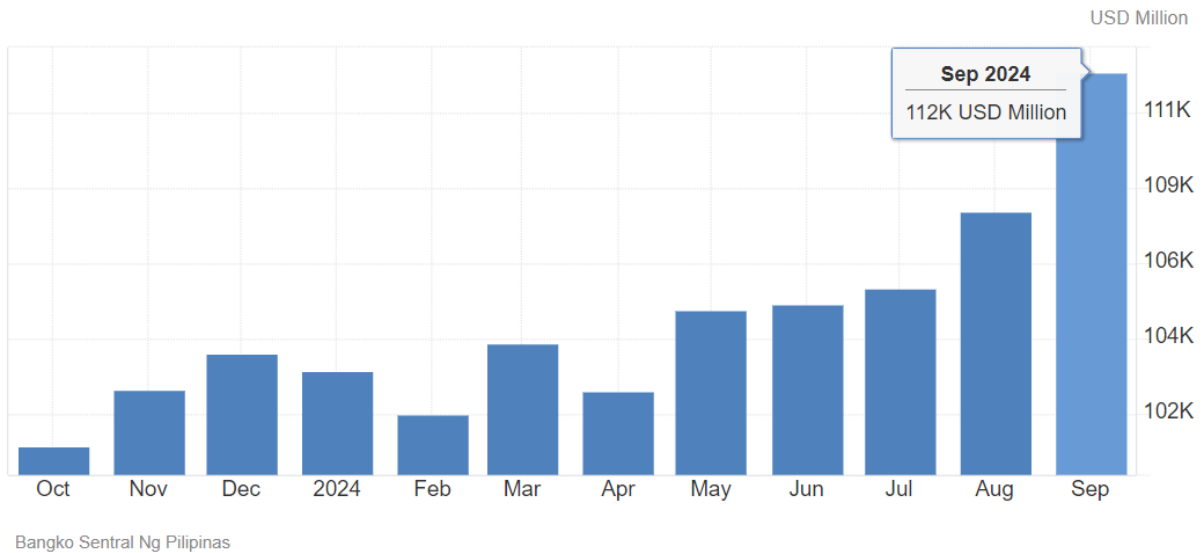
Source: [CNBC](#), [Trading Economics](#), [PSE/TradingView](#), and [Asiasec Research](#)

Economic News

Philippine Forex Reserves

Foreign Exchange Reserves in Philippines **increased to an all-time high of USD112B in September** from USD107.9B in August of 2024. Foreign Exchange Reserves in Philippines averaged USD226.74B from 1960 until 2024, reaching an all time high of USD112B in September of 2024 and a record low of USD44.07M in December of 1961.

Source: [Bangko Sentral Ng Pilipinas](#)



Source: [Trading Economics](#)

Economic Calendar

Day / Time	Previous	Consensus	Forecast
Tuesday October 08 2024			
9:00 am Unemployment Rate AUG	4.70%		
9:00 am Industrial Production YoY AUG	4.70%		
Thursday October 10 2024			
9:00 am Balance of Trade AUG	\$-4.868B		
9:00 am Exports YoY AUG	0.10%		
9:00 am Imports YoY AUG	7.20%		
Friday October 11 2024			
9:00 am Foreign Direct Investment JUL			
Wednesday October 16 2024			
Cash Remittances AUG	\$3.08B		
Thursday October 17 2024			
3:00 pm Interest Rate Decision	6.25%		

Source: [Trading Economics](#)

H2-2024 Market Events Timeline and Outlook

July	August	September	October	November	December
Q2 earnings (late Jul-Aug)		US Fed 50 bps	Q3 earnings (late Oct-Nov)		Yearend window
- post-pandemic growth momentum	BSP 0.25% Rate Cut to 6.25%	Rate Cut Sep. 18	- post-pandemic growth momentum	Nov. 2 Fed Policy Meeting	dressing
- Ave rev +5.1%	- Flattish	- US markets up	Oct. 17 BSP Policy Meeting	- likely rate cut	Dec. 18 Fed Policy Meeting
- Ave net inc +4.9%	PH10YTN rate	decline	- likely rate cut	US Presidential Elections Nov. 5	Dec. 19 BSP Policy Meeting
	- Month long	- PH10YTN rate decline		- US markets up	- likely rate cuts
	PSEi increase	- PSEi increase			- markets up

Source: Asiasec Research

Company News

ALI Sells AirSWIFT to CEB

ALI's wholly owned subsidiary ALI Capital Corp. signed a share purchase agreement (SPA) with CEB to acquire 100% of AirSWIFT Transport Inc. for PHP1.75B in cash.

AirSWIFT operates flights from Manila and Clark to El Nido in northern Palawan, and from El Nido to other major tourist destinations in the country,

including Cebu, Boracay, Coron and Bohol.

We believe both companies will benefit from the sale with ALI using the proceeds of PHP1.75B for property development projects. It is significant to note that the amount is near ALI's capex for malls of PHP1.8B and for offices of PHP1.9B in H1-2024.

CEB, meanwhile, obtains AirSWIFT's aircraft and routes. AirSwift operates a fleet of five ATR 42-600 and 72-600 aircraft with an average age of 6.1 years configured in a single class layout.



Source: [AirSWIFT](#)

At PHP35.80 per share, CEB is trading at a 13% discount to its target price of PHP41.09 per share. It is also trading at 3.17x 2024F PER, a discount to the Services Index's 16.09x PER. With a highly leveraged position, CEB is a **LONG-TERM BUY**.

At PHP38.25 per share, ALI is trading at a 17% discount to its target price of PHP46.09 per share. It is also trading at 19.95x 2024F PER, a premium to the Property Index's 12.53x PER. ALI is a **BUY**.

Source: [PSE/ALI/CEB](#)



Oher Economic, Sector, and Corporate News

PHL, Korea to study Bataan Nuclear Power Plant revival

THE PHILIPPINES and South Korea on Monday signed six agreements, including one that calls for a feasibility study on the rehabilitation of the mothballed Bataan Nuclear Power Plant (BNPP), as they upgraded bilateral ties to a strategic partnership.

Source: [Businessworld](#)

Economic managers may meet to review targets before yearend

THE DEVELOPMENT Budget Coordination Committee (DBCC) may raise the gross domestic product (GDP) growth target for this year amid slowing inflation and improved government spending, Budget Secretary Amenah F. Pangandaman said on Monday.

Source: [Businessworld](#)

T-bill rates rise as bets of big Fed cut fade

The Bureau of the Treasury (BTr) raised PHP20B as planned from the T-bills it auctioned off on Monday as total bids reached PHP38.5B, nearly twice as much as the amount on offer but lower than the PHP76.445B in tenders seen the previous week.

Source: [Businessworld](#)

Alternergy unit seeks approval for PHP1.85B connection facility

THE SUBSIDIARY of Alternergy Holdings Corp. is seeking the approval of the Energy Regulatory Commission (ERC) to develop and operate a transmission facility to connect its wind power project in Quezon province to the Luzon grid.

Source: [Businessworld](#)

San Miguel Food resolves 12 trademark disputes with Gold Label, IPOPHL says

THE Intellectual Property Office of the Philippines (IPOPHL) said San Miguel Food and Beverage, Inc. (SMFB) settled 12 trademark disputes with Gold Label Resources, Inc. (GLRI).

Source: [Businessworld](#)

Gov't revenue seen taking hit from House capital reform bill

THE Department of Finance (DoF) said on Monday that the House of Representatives version of a capital markets reform bill could result in a PHP140B reduction in government revenue over four years, further limiting the fiscal space available.

Source: [Businessworld](#)

Commodities

Significant Commodities Biggest Daily Movers: Natural Gas (-4.01%), Steel (+6.78%), Cotton (-8.02%), Cheese (+6.42%), Rubber (+6.23%)

Source: [Trading Economics](#)

Dividends & Rights Calendar

Company Name	Type of Security	Type of Dividend	Dividend Rate	Ex-Dividend Date	Record Date	Payment Date
Megawide Construction Corporation	MWP4	Cash	1.325	Oct 11, 2024	Oct 14, 2024	Oct 29, 2024
COL Financial Group, Inc.	COMMON	Stock	25% of the Corporation's outstanding capital stock of 4,760,000,000	Oct 22, 2024	Oct 23, 2024	Nov 14, 2024
Century Properties Group, Inc.	CPGPB	Cash	1.8858	Oct 25, 2024	Oct 28, 2024	Nov 22, 2024
DDMP REIT, Inc.	COMMON	Cash	Php 0.0235610	Oct 30, 2024	Oct 31, 2024	Nov 26, 2024

Source: [PSE Edge](#)

Asiasec Equities Stocks Table

Stocks	Share Price (PHP/share)	Target Price (PHP/share)	Discount/ (Premium)	2024F PER (x)	2024F PBV (x)	Dividend per Share (PHP)	Dividend Yield	Reco
AC	740.00	820.76	9.8%	8.54	0.65	7.60	1.0%	BUY
ACEN	5.39	7.42	27.4%	19.16	1.43	0.05	0.9%	BUY
AEV	37.30	63.39	41.2%	7.18	0.61	1.40	3.8%	BUY
AGI	9.66	19.76	51.1%	3.21	0.22	0.15	1.6%	BUY
ALI	38.25	46.09	17.0%	1.39	0.94	0.08	0.2%	BUY
AP	38.25	63.23	39.5%	8.35	1.55	2.30	6.0%	BUY
APX	4.05	16.52	75.5%	5.44	1.35	0.08	2.0%	BUY
BDO	160.00	190.63	16.1%	8.98	1.37	3.90	2.4%	BUY
BLOOM	8.21	14.68	44.1%	11.89	1.67	-	0.0%	BUY
BPI	142.40	124.45	-14.4%	12.28	1.88	3.96	2.8%	SELL
CBC	58.30	79.17	26.4%	5.49	0.93	2.20	3.8%	BUY
CEB	35.80	41.09	12.9%	3.17	1.89	-	0.0%	LT BUY
CNPF	39.55	34.53	-14.5%	19.80	4.28	0.48	1.2%	SELL
CNVRG	17.10	20.02	14.6%	11.12	2.35	0.18	1.1%	STRONG BUY
DMC	11.98	11.73	-2.2%	7.91	1.07	1.44	12.0%	SELL
DNL	6.67	6.66	-0.2%	19.56	2.04	0.21	3.1%	SELL
EMI	18.70	12.05	-55.2%	38.98	4.26	0.24	1.3%	SELL
FB	53.80	96.98	44.5%	7.98	1.49	1.80	3.3%	BUY
GLO	2,460.00	2,589.13	5.0%	15.22	2.37	99.87	4.1%	BUY
GTCAP	712.00	1,030.66	30.9%	4.62	0.55	5.00	0.7%	BUY
ICT	429.00	359.12	-19.5%	23.82	7.10	11.39	2.7%	SELL
JFC	275.00	368.67	25.4%	32.66	6.77	3.13	1.1%	BUY
JGS	27.80	48.04	42.1%	8.10	0.45	0.40	1.4%	BUY
KEEPR	2.12	3.19	33.5%	9.74	1.81	0.10	4.7%	BUY
LTG	10.10	10.98	8.0%	3.87	0.36	1.20	11.9%	BUY
MBT	79.10	72.11	-9.7%	8.09	0.90	3.50	4.4%	SELL
MEG	2.21	2.60	15.0%	3.34	0.25	0.07	3.0%	BUY
MER	475.00	476.75	0.4%	10.87	3.08	21.53	4.5%	BUY
MONDE	10.94	12.18	10.2%	22.52	3.15	0.12	1.1%	BUY
NIKL	3.98	4.39	9.3%	63.18	1.32	0.20	5.0%	LT BUY
PCOR	2.83	4.68	39.6%	1.67	0.22	0.10	3.5%	BUY
PGOLD	33.85	53.34	36.5%	11.29	1.31	0.90	2.7%	BUY
PNB	27.30	33.22	17.8%	1.98	0.19	-	0.0%	BUY
RLC	16.10	21.45	24.9%	5.81	0.50	0.65	4.0%	BUY
SCC	34.40	32.74	-5.1%	7.98	2.22	3.50	10.2%	SELL
SM	1,000.00	1,292.69	22.6%	14.94	1.45	9.45	0.9%	BUY
SMC	88.80	108.20	17.9%	NA	0.94	1.40	1.6%	LT BUY
SMPH	33.00	42.89	23.1%	22.90	2.20	0.35	1.0%	BUY
TEL	1,550.00	2,067.12	25.0%	11.61	6.14	92.00	5.9%	BUY
UBP	39.25	31.31	-25.3%	13.14	0.75	0.80	2.0%	SELL
URC	103.60	149.59	30.7%	14.32	2.12	3.80	3.7%	BUY
WLCON	17.00	24.81	31.5%	19.34	2.78	0.26	1.5%	BUY
Averages			17.2%	12.96	1.88		3.1%	

Source: Asiasec Research

Asiasec Equities Banks Table

Banks	Share Price (PHP/share)	Target Price (PHP/share)	Discount/ (Premium)	2024F/ttm PER (x)	2024F/H1 Dividend per PBV (x)	Dividend per Share (PHP)	Dividend Yield	Reco
AUB	55.00	127.64	56.9%	4.28	0.78	2.33	4.8%	BUY
BDO	160.00	190.63	16.1%	10.86	1.54	1.75	2.1%	BUY
BNCOM	8.40	26.83	68.7%	4.48	0.38	0.25	0.0%	BUY
BPI	142.40	124.45	-14.4%	13.15	1.84	1.98	-3.1%	SELL
CBC	58.30	79.17	26.4%	6.94	1.03	2.20	3.8%	BUY
EW	9.90	22.04	55.1%	3.55	0.32	0.54	5.5%	BUY
MBT	79.10	72.11	-9.7%	7.92	0.97	5.00	6.3%	SELL
PBB	8.40	25.77	67.4%	3.46	0.37	0.45	10.7%	BUY
PNB	27.30	33.22	17.8%	2.26	0.21	-	0.0%	BUY
PSB	59.85	108.78	45.0%	5.19	0.61	3.00	5.0%	BUY
RCB	26.90	54.58	50.7%	6.23	0.43	1.01	5.4%	BUY
SECB	98.70	119.51	17.4%	7.72	0.54	1.50	3.0%	BUY
UBP	39.25	31.31	-25.3%	16.20	0.70	0.80	1.8%	SELL
Averages			28.6%	7.09	0.75		3.5%	

Source: Asiasec Research

Asiasec Equities REITs Table

REITs	Share Price (PHP/share)	NAV (PHP/share)	Discount/ (Premium)	Dividend per Share (PHP)	Dividend Yield	Reco
AREIT	38.40	48.22	20.4%	2.04	5.2%	BUY
CREIT	3.05	2.66	-14.6%	0.20	8.1%	SELL
DDMPR	1.07	1.07	0.4%	0.10	9.3%	BUY
FILRT	3.19	3.79	15.8%	0.26	8.5%	BUY
MREIT	13.54	18.39	26.4%	0.99	7.3%	BUY
PREIT	2.13	2.14	0.3%	0.15	7.4%	BUY
RCR	6.15	7.64	19.5%	0.52	6.3%	BUY
VREIT	1.77	3.19	44.5%	0.18	4.1%	BUY
Averages			14.1%		7.0%	

Source: Asiasec Research

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