

## Morning Briefing

### Top Stories:

- **Philippine Government Budget Value**
- **AP 9M-2024 Results (Separate Report)**

### Markets

<u>PSEi</u>	<u>PH10Y</u>	<u>DJIA</u>	<u>S&amp;P500</u>	<u>NASDAQ</u>	<u>US10Y</u>	<u>Gold</u>	<u>Oil</u>
7,284	5.874%	42,374	5,810	18,415	4.214%	2,735	70.366
-1.14%	-0.036	-0.33%	+0.21%	+0.76%	-0.032	+0.51%	-0.57%

### US Markets

US markets recovered, except for the Dow, as the US Ten-Year Treasury Note (US10YTN) rate declined and as Tesla Inc. (NASDAQ: TSLA) reported better than expected earnings on higher margins. With the S&P 500 and NASDAQ's rise, the average discount of the Mag7 to their consensus target prices also **shrunk to 4.28% yesterday**, a new low since we started reporting it.

### PSEi

The PSEi fell by 1.14% to 7,284 yesterday. This was led by index stocks DMC (-3.42% to PHP11.30), BPI (-3.34% to PHP139), and ACEN (-3.20% to PHP4.84). The PSEi was met by profit taking during the trading day. Asian markets were also mainly down. The PH10YTN rate has been **increasing recently** thus minimizing our PSEi forecast to **7,531 at 14.37x PER**. This gives

the PSEi a **3.4% upside** to our PSEi estimate.



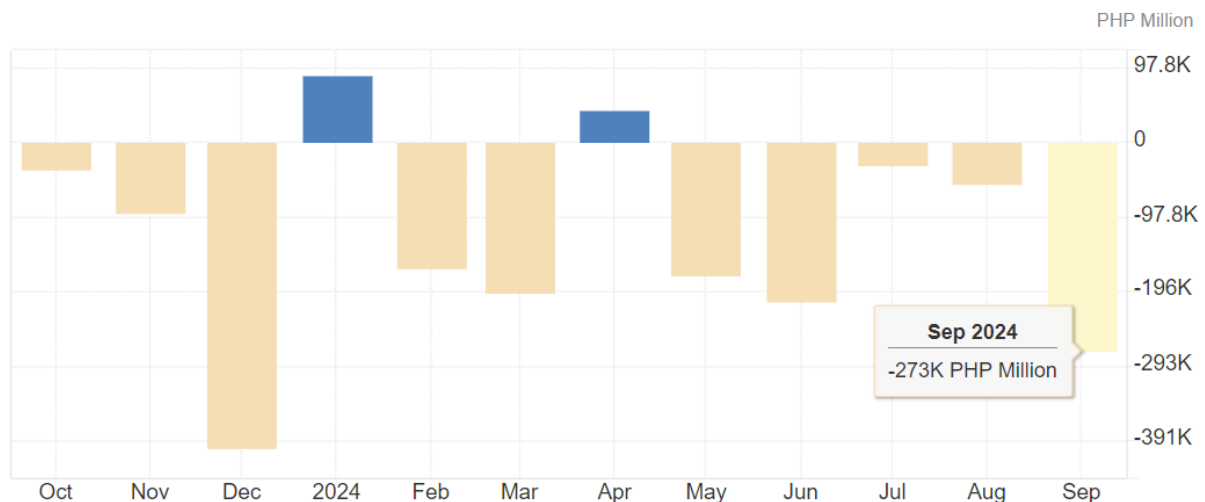
Source: [CNBC](#), [Trading Economics](#), [PSE/TradingView](#), and Asiasec Research

## Economic News

### Philippine Government Budget Value

The government budget deficit in the Philippines **increased to PHP273.3B** in September 2024 from PHP250.9B in the corresponding month of the previous year. **Government revenues surged by 17.32%** year-on-year to PHP299.7B, mainly driven by a strong non-tax collections. Meanwhile, **government expenditures rose at a softer 13.15%** from a year earlier to PHP572.9B, mainly attributed to noninterest expenses. Considering January to September of 2024, the country's budget deficit **narrowed to PHP970.2B** from PHP983.5B billion in the corresponding period of the previous year.

Source: [Bureau of the Treasury, Philippines](#)



Bureau of the Treasury, Philippines

Source: [Trading Economics](#)



### Economic Calendar

Day / Time	Previous	Consensus	Forecast
<b>Wednesday October 30 2024</b>			
9:00 am PPI YoY SEP	-1%		0.20%
<b>Monday November 04 2024</b>			
8:30 am S&P Global Manufacturing PMI OCT			
<b>Tuesday November 05 2024</b>			
9:00 am Inflation Rate YoY OCT	1.90%		
9:00 am Core Inflation Rate YoY OCT	2.40%		
9:00 am Inflation Rate MoM OCT	-0.20%		
<b>Wednesday November 06 2024</b>			
9:00 am Unemployment Rate SEP	4%		4.90%
9:00 am Balance of Trade SEP	\$-4.375B		\$ -3.5B
9:00 am Exports YoY SEP	0.30%		
9:00 am Imports YoY SEP	2.70%		
9:00 am Industrial Production YoY SEP	1.80%		5.10%
<b>Thursday November 07 2024</b>			
10:00 am GDP Growth Rate QoQ Q3		0.50%	1.40%
10:00 am GDP Growth Rate YoY Q3	6.30%		6.40%
Foreign Exchange Reserves OCT	\$112B		

Source: [Trading Economics](#)

### H2-2024 Market Events Timeline and Outlook

July	August	September	October	November	December
<b>Q2 earnings (late Jul-Aug)</b>		<b>US Fed 50 bps</b>	<b>Q3 earnings (late Oct-Nov)</b>		<b>Yearend window</b>
- post-pandemic growth momentum	<b>BSP 0.25% Rate Cut to 6.25%</b>	<b>Rate Cut Sep. 18</b>	- post-pandemic growth momentum	<b>Nov. 2 Fed Policy Meeting</b>	<b>dressing</b>
- Ave rev +5.1%	- Flattish	- US markets up	<b>BSP 0.25% Rate Cut to 6%</b>	- likely rate cut	<b>Dec. 18 Fed Policy Meeting</b>
- Ave net inc +4.9%	PH10YTN rate	decline	<b>BRICS Summit Oct 22-24</b>	<b>US Presidential Elections Nov. 5</b>	<b>Dec. 19 BSP Policy Meeting</b>
	- Month long	- PH10YTN rate decline	- SWIFT alternate	- US markets up	- likely rate cuts
	PSEi increase	- PSEi increase			- markets up

Source: Asiasec Research



## **Oher Economic, Sector, and Corporate News**

### **PHINMA secures SEC, PSE nod for PHP1B stock rights offering**

PHINMA Corporation (“PHINMA,” the “Company”) has secured the necessary approvals for its stock rights offering of up to PHP1B (“SRO” or “transaction”) to better fuel investment and expansion

Source: [PSE/PHN](#)

### **GMA7 to Return to Film Production**

GMA Network, Inc. approved the conversion of its advances into equity with its wholly-owned subsidiary - GMA Network Films, Inc. (GNFI), in the amount of PHP18.75M. The increase in the paid-up capital of GNFI, is aligned with its current and forthcoming project requirements, as the Company aggressively returns to film production after several years of hiatus.

Source: [PSE/GMA7](#)

### **Fitch sees below-target growth for Philippines**

Fitch Ratings said it expects the Philippine economy to expand by 5.5% in 2024, after 5.5% in 2023 and 7.6% in 2022 in its latest Asia-Pacific Sovereigns Peer Review. This is due to dampened household spending.

Source: [Businessworld](#)

### **Electronics industry targets 5% increase in exports next year**

THE Semiconductor and Electronics Industries in the Philippines Foundation, Inc. (SEIPI) said that it is expecting a 5% growth in exports next year amid inventory correction and the expected entry of new investments.

Source: [Businessworld](#)



### **Manila still 3<sup>rd</sup> cheapest for prime office rent in Asia-Pacific**

On an annual basis, Manila's occupancy cost fell by 1.7%, slightly below the average 2.5% decline in the region, a Knight Frank Asia report released on Oct. 22 showed. The average prime office cost in Manila was USD29.64 per square foot (sq.ft.) in the July-to-September period.

Source: [Businessworld](#)

### **SPNEC to start initial operations of N. Ecija solar farm by Q4 2025**

SP NEW Energy Corp. (SPNEC) said it seeks to initially start commercial operations of its solar power project in Sta. Rosa, Nueva Ecija in northern Philippines by generating 50 megawatts (MW) of capacity by the fourth quarter (Q4) of 2025.

Source: [Businessworld](#)

### **DigiPlus looking for talent as it expands R&D**

DigiPlus has earmarked as much as PHP2B in capital spending this year, half of which will be for technology and game development.

Source: [Businessworld](#)

### **Commodities**

Biggest Daily Movers: Natural Gas (+8.15%), Palladium (+7.15%), Coffee (-2.88%), Cheese (+13.40%), Palm Oil (+2.59%), Sugar (+2.78%), Cocoa (-3.40%), Tea (-31.05%)

Source: [Trading Economics](#)

## Dividends & Rights Calendar

Company Name	Type of Security	Type of Dividend	Dividend Rate	Ex-Dividend Date	Record Date	Payment Date
Century Properties Group, Inc.	CPGPB	Cash	1.8858	Oct 25, 2024	Oct 28, 2024	Nov 22, 2024
Semirara Mining and Power Corporation	COMMON	Cash	P2.50	Oct 28, 2024	Oct 29, 2024	Nov 14, 2024
DMCI Holdings, Inc.	COMMON	Cash	Php0.48	Oct 29, 2024	Oct 30, 2024	Nov 15, 2024
Philippine Racing Club, Inc.	COMMON	Cash	P0.08	Oct 29, 2024	Oct 30, 2024	Nov 21, 2024
DDMP REIT, Inc.	COMMON	Cash	Php 0.0235610	Oct 30, 2024	Oct 31, 2024	Nov 26, 2024
Raslag Corp.	COMMON	Cash	Php0.05	Oct 30, 2024	Oct 31, 2024	Nov 25, 2024
Philippine Savings Bank	COMMON	Cash	Php0.75	Oct 31, 2024	Nov 4, 2024	Nov 18, 2024
Megaworld Corporation	COMMON	Cash	Php0.08175968	Nov 04, 2024	Nov 5, 2024	Nov 18, 2024
A Brown Company, Inc.	BRNP Series A	Cash	Php 1.75 per share	Nov 04, 2024	Nov 5, 2024	Nov 29, 2024
A Brown Company, Inc.	BRNPC Series C	Cash	Php 2.1875 per share	Nov 04, 2024	Nov 5, 2024	Nov 25, 2024
A Brown Company, Inc.	BRNPB Series B	Cash	Php 2.0625 per share	Nov 04, 2024	Nov 5, 2024	Nov 25, 2024
DoubleDragon Corporation	COMMON	Cash	Php 0.2648000	Nov 05, 2024	Nov 6, 2024	Nov 29, 2024
RFM Corp.	COMMON	Cash	Php 0.148388	Nov 05, 2024	Nov 6, 2024	Dec 2, 2024
Haus Talk, Inc.	COMMON	Cash	Php 0.02	Nov 07, 2024	Nov 8, 2024	Dec 2, 2024
Figaro Culinary Group, Inc.	COMMON	Cash	Php 0.027 per share	Nov 13, 2024	Nov 14, 2024	Dec 4, 2024
Cirtek Holdings Philippines Corporation	TCB2A	Cash	US Dollars 0.0228125 (US\$0.0228125)	Nov 21, 2024	Nov 22, 2024	Dec 9, 2024
Cirtek Holdings Philippines Corporation	TCB2D	Cash	PhP 0.968825	Nov 28, 2024	Nov 29, 2024	Dec 16, 2024
Cirtek Holdings Philippines Corporation	TCB2C	Cash	PhP 0.8233	Nov 28, 2024	Nov 29, 2024	Dec 16, 2024
In Coverage						

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	719.50	872.14	17.5%	8.30	0.64	7.60	1.1%	BUY
ACEN	4.84	7.42	34.8%	17.21	1.28	0.05	1.0%	BUY
AEV	36.10	63.39	43.1%	6.95	0.59	1.40	3.9%	BUY
AGI	9.29	19.76	53.0%	3.08	0.21	0.15	1.6%	BUY
ALI	35.00	46.09	24.1%	1.27	0.86	0.08	0.2%	BUY
AP	37.40	63.23	40.9%	8.16	1.52	2.30	6.1%	BUY
APX	4.26	16.52	74.2%	5.72	1.42	0.08	1.9%	BUY
BDO	162.80	190.63	14.6%	9.14	1.39	3.90	2.4%	BUY
BLOOM	7.66	14.68	47.8%	11.10	1.56	-	0.0%	BUY
BPI	139.00	145.41	4.4%	10.36	1.79	3.96	2.8%	BUY
CBC	58.50	79.17	26.1%	5.51	0.94	2.20	3.8%	BUY
CEB	33.20	41.09	19.2%	2.94	1.75	-	0.0%	LT BUY
CNPF	40.50	34.53	-17.3%	20.28	4.39	0.48	1.2%	SELL
CNVRG	16.74	20.02	16.4%	10.89	2.30	0.18	1.1%	STRONG BUY
DMC	11.30	11.73	3.6%	7.46	1.01	1.44	12.7%	BUY
DNL	6.59	6.66	1.0%	19.32	2.02	0.21	3.2%	BUY
EMI	18.74	12.05	-55.5%	39.07	4.27	0.24	1.3%	SELL
FB	51.95	96.98	46.4%	7.70	1.44	1.80	3.5%	BUY
GLO	2,260.00	2,589.13	12.7%	13.98	2.18	99.87	4.4%	BUY
GTCAP	709.00	1,030.66	31.2%	4.60	0.55	5.00	0.7%	BUY
ICT	409.00	359.12	-13.9%	22.71	6.77	11.39	2.8%	SELL
JFC	267.00	368.67	27.6%	31.71	6.57	3.13	1.2%	BUY
JGS	25.20	48.04	47.5%	7.34	0.41	0.40	1.6%	BUY
KEEPR	2.07	3.19	35.1%	9.51	1.77	0.10	4.8%	BUY
LTG	10.00	10.98	8.9%	3.83	0.35	1.20	12.0%	BUY
MBT	77.00	72.11	-6.8%	7.87	0.88	3.50	4.5%	SELL
MEG	2.32	2.60	10.8%	3.51	0.26	0.07	2.8%	BUY
MER	494.00	476.75	-3.6%	11.30	3.21	21.53	4.4%	SELL
MONDE	11.20	12.18	8.1%	23.05	3.22	0.12	1.1%	BUY
NIKL	3.30	4.39	24.8%	52.38	1.09	0.20	6.1%	LT BUY
PCOR	2.60	4.68	44.5%	1.54	0.21	0.10	3.8%	BUY
PGOLD	32.35	53.34	39.4%	10.79	1.25	0.90	2.8%	BUY
PNB	26.90	33.22	19.0%	1.95	0.19	-	0.0%	BUY
RLC	16.02	21.45	25.3%	5.78	0.50	0.65	4.1%	BUY
SCC	33.75	32.74	-3.1%	7.83	2.18	3.50	10.4%	SELL
SM	955.00	1,292.69	26.1%	14.26	1.39	9.45	1.0%	BUY
SMC	86.90	108.20	19.7%	NA	0.92	1.40	1.6%	LT BUY
SMPH	30.95	42.89	27.8%	21.48	2.07	0.35	1.1%	BUY
TEL	1,445.00	2,067.12	30.1%	10.82	5.73	92.00	6.4%	BUY
UBP	40.75	31.31	-30.1%	13.64	0.78	0.80	2.0%	SELL
URC	98.00	149.59	34.5%	13.54	2.01	3.80	3.9%	BUY
WLCON	16.60	24.81	33.1%	18.89	2.72	0.26	1.6%	BUY
<b>Averages</b>			<b>20.1%</b>	<b>12.36</b>	<b>1.82</b>		<b>3.2%</b>	

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)	Share (PHP)	Dividend Yield	Reco
AUB	61.00	127.55	52.2%	4.75	0.86	2.33	4.4%	BUY
BDO	162.80	190.63	14.6%	11.05	1.57	1.75	2.1%	BUY
BNCOM	8.10	26.81	69.8%	4.32	0.36	0.25	0.0%	BUY
BPI	139.00	145.41	4.4%	12.83	1.79	1.98	-3.2%	BUY
CBC	58.50	79.17	26.1%	6.96	1.04	2.20	3.8%	BUY
EW	10.10	22.03	54.2%	3.62	0.33	0.54	5.3%	BUY
MBT	77.00	72.11	-6.8%	7.70	0.95	5.00	6.5%	SELL
PBB	9.16	25.75	64.4%	3.77	0.41	0.45	9.8%	BUY
PNB	26.90	33.22	19.0%	2.23	0.20	-	0.0%	BUY
PSB	60.00	108.70	44.8%	5.20	0.61	3.00	5.0%	BUY
RCB	26.80	54.54	50.9%	6.21	0.43	1.01	5.5%	BUY
SECB	92.50	119.43	22.5%	7.23	0.50	1.50	3.2%	BUY
UBP	40.75	31.31	-30.1%	16.82	0.72	0.80	1.8%	SELL
<b>Averages</b>			<b>29.7%</b>	<b>7.13</b>	<b>0.75</b>		<b>3.4%</b>	

Source: Asiasec Research

### Asiasec Equities REITs Table

REITs	Share Price (PHP/share)	NAV (PHP/share)	Discount/ (Premium)	Dividend per Share (PHP)	Dividend Yield	Reco	Est Next Div Ex-Date
DDMPR	1.04	1.07	3.2%	0.10	9.6%	BUY	30-Oct-24
MREIT	13.78	18.39	25.1%	0.99	7.2%	BUY	17-Nov-24
RCR	5.96	7.64	22.0%	0.52	6.5%	BUY	20-Nov-24
FILRT	3.08	3.79	18.7%	0.26	8.8%	BUY	28-Nov-24
AREIT	38.95	48.22	19.2%	2.04	5.1%	BUY	30-Nov-24
VREIT	1.78	3.19	44.2%	0.18	4.1%	BUY	13-Dec-24
CREIT	3.04	2.66	-14.3%	0.20	8.1%	SELL	22-Dec-24
PREIT	2.13	2.14	0.3%	0.15	7.4%	BUY	19-Feb-25
<b>Averages</b>			<b>14.8%</b>		<b>7.1%</b>		

Source: Asiasec Research

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