

## Morning Briefing

### Top Stories:

- ACEN to Put Up Solar Farms in Bangladesh
- RRHI 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>
7,314	5.844%	42,114	5,808	18,519	4.242%	2,748	71.78
+0.42%	-0.030	-0.61%	-0.03%	+0.56%	+0.028	+0.50%	+2.27%

### US Markets

US markets fell, except for the NASDAQ, as the US Ten-Year Treasury Note (US10YTN) rate rose again and as tech stocks rose before their upcoming earnings results. With the NASDAQ's rise, the average discount of the Mag7 to their consensus target prices also **shrunk to 3.03% last Friday**, a new low since we started reporting it.

### PSEi

The PSEi rebounded by 0.42% to 7,314 last Friday. This was led by index stocks BPI (+5.04% to PHP146), DMC (+2.12% to PHP11.54), and PGOLD (+2.01% to PHP33). The PSEi was met by profit taking during the trading day. Asian markets were also mixed. After increasing, the PH10YTN rate has declined again improving our PSEi forecast to **7,701 at 14.45x PER**. This gives

the PSEi a **5.3% upside** to our PSEi forecast.



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



### 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
Q2 earnings (late Jul-Aug)		US Fed 50 bps	Q3 earnings (late Oct-Nov)		Yearend window
post-pandemic growth		Rate Cut Sep. 18	post-pandemic growth		dressing
momentum	BSP 0.25% Rate	US markets up	momentum	Nov. 2 Fed	Dec. 18 Fed
Ave rev +5.1%	Cut to 6.25%	US10YTN rate	BSP 0.25% Rate	Policy Meeting	Policy Meeting
Ave net inc	Flattish	decline	Cut to 6%	likely rate cut	Dec. 19 BSP
+4.9%	PH10YTN rate	PH10YTN rate	BRICS Summit	US Presidential	Policy Meeting
	Month long	decline	Oct 22-24	Elections Nov. 5	likely rate cuts
	PSEi increase	PSEi increase	Indonesia to join	US markets up	markets up

Source: Asiasec Research

## Company News

### ACEN Expands to Bangladesh

ACEN will **invest up to USD18M** to pursue renewable energy (RE) projects in Bangladesh for a 70 MW solar power project. The amount will be infused into IBV ACEN Renewables Asia Pte. Ltd., the joint venture (JV) company of ACEN Renewables International Pte. Ltd. and German solar developer ib vogt (Singapore) Pte. Ltd. The JV company will focus on shovel-ready projects across the Asia Pacific region, with a minimum target operational capacity of 1,000 MW.

The investment is part of ACEN's expected contribution of up to USD200M in equity investment as the platform targets a minimum operational **capacity of 1,000 MW** across Asia Pacific with potential for future expansion.

Source: [Business Mirror](#)

Aside from Bangladesh, IBV ACEN Renewables Asia will focus on shovel-ready projects in Laos, Cambodia, Vietnam, Indonesia, Malaysia, and other countries in the Asia Pacific region.

The partnership forms part of ACEN's target of reaching 20 GW of RE capacity by 2030. Last April, ACEN said it was expecting 1.6 GW, or 1,600 MW, of new RE projects to deliver close to full year output this year bringing **capacity close to 6 GW**.

At PHP4.90 per share, ACEN is trading at a 34% discount to our target price of PHP7.42 per share. It is also trading at 17.42x 2024F PER, a premium to the Industrial Index's 14.35x. ACEN is a **BUY**.



## Oher Economic, Sector, and Corporate News

### **PHL on final steps to exit ‘gray list’ by 2025**

This after the FATF kept the Philippines in its list of jurisdictions under increased monitoring for “dirty money” risks in its October plenary. The Philippines has been on the gray list for over three years or since June 2021.

Source: [Businessworld](#)

### **Gov’t borrowings surge in September**

Data from the BTr showed that total gross borrowings soared by 255.64% to PHP367.18B in September from PHP103.25B in the same month a year ago. Month on month, gross borrowings more than doubled from PHP174.03B in August. The bulk or 60% of September’s gross borrowings came from external sources. Gross external debt surged to PHP221.98B in September from PHP11.18B last year.

Source: [Businessworld](#)

### **Vehicle sales to grow by at least 10% next year**

NEW VEHICLE SALES are expected to grow by at least 10% next year with the launch of new models, according to the Chamber of Automotive Manufacturers of the Philippines, Inc. (CAMPI). For this year, CAMPI has set a sales target of 468,300 units, but hopes it can reach as much as 500,000.

Source: [Businessworld](#)

### **Philippine Stock Exchange expects six IPOs in 2025**

West zone water concessionaire Maynilad Water Services, Inc. and the owner of integrated resort Okada Manila are some of the expected IPOs next year. The PSE is expecting to raise up to PHP150B in capital for 2025.

Source: [Businessworld](#)



**San Miguel unit takes over Sual coal-fired plant in Pangasinan**

SUAL POWER, INC. (SPI) has taken over the 1,200 MW Sual Coal-Fired Thermal Power Plant in Pangasinan province after the contract between TeM Energy Corp. and the government expired.

Source: [Businessworld](#)

**Cebu Pacific signs purchase agreement for up to 152 aircraft order**

Cebu Pacific (CEB) announces the signing of a landmark purchase agreement with Airbus and Pratt & Whitney, an RTX business, for up to 152 A321neo aircraft, equipped with Pratt & Whitney GTF engines.

Source: [Businessworld](#)

**Basic to complete Batangas wind project by early 2028**

BASIC ENERGY CORP. expects to complete its 50 MW wind power project in Mabini, Batangas by early 2028, its president said.

Source: [Businessworld](#)

**Commodities**

Biggest Daily Movers: Brent Oil (+2.25%), Gasoline (+2.53%), Palladium (+3.16%), Wheat (-2.06%), Sunflower Oil (+2.07%), Tea (+43.51%)

Source: [Trading Economics](#)

## Dividends & Rights Calendar

Company Name	Type of Security	Type of Dividend	Dividend Rate	Ex-Dividend Date	Record Date	Payment Date
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	720.00	872.14	17.4%	8.31	0.64	7.60	1.1%	BUY
ACEN	4.90	7.42	34.0%	17.42	1.30	0.05	1.0%	BUY
AEV	35.80	63.39	43.5%	6.89	0.59	1.40	3.9%	BUY
AGI	9.39	19.76	52.5%	3.12	0.21	0.15	1.6%	BUY
ALI	34.80	46.09	24.5%	1.26	0.85	0.08	0.2%	BUY
AP	37.80	63.23	40.2%	8.25	1.54	2.30	6.1%	BUY
APX	4.27	16.52	74.2%	5.74	1.42	0.08	1.9%	BUY
BDO	159.70	190.63	16.2%	8.96	1.37	3.90	2.4%	BUY
BLOOM	7.76	14.68	47.2%	11.24	1.58	-	0.0%	BUY
BPI	146.00	145.41	-0.4%	10.88	1.88	3.96	2.7%	SELL
CBC	57.80	79.17	27.0%	5.44	0.92	2.20	3.8%	BUY
CEB	33.80	41.09	17.7%	2.99	1.78	-	0.0%	LT BUY
CNPF	40.90	34.53	-18.4%	20.48	4.43	0.48	1.2%	SELL
CNVRG	16.80	20.02	16.1%	10.93	2.30	0.18	1.1%	STRONG BUY
DMC	11.54	11.73	1.6%	7.62	1.03	1.44	12.5%	BUY
DNL	6.55	6.66	1.6%	19.21	2.01	0.21	3.2%	BUY
EMI	18.72	12.05	-55.4%	39.03	4.26	0.24	1.3%	SELL
FB	52.30	96.98	46.1%	7.75	1.45	1.80	3.4%	BUY
GLO	2,274.00	2,589.13	12.2%	14.07	2.19	99.87	4.4%	BUY
GTCAP	714.50	1,030.66	30.7%	4.63	0.55	5.00	0.7%	BUY
ICT	412.80	359.12	-14.9%	22.92	6.83	11.39	2.8%	SELL
JFC	266.40	368.67	27.7%	31.64	6.56	3.13	1.2%	BUY
JGS	25.25	48.04	47.4%	7.35	0.41	0.40	1.6%	BUY
KEEPR	2.09	3.19	34.4%	9.60	1.78	0.10	4.8%	BUY
LTG	10.04	10.98	8.6%	3.84	0.36	1.20	12.0%	BUY
MBT	77.00	72.11	-6.8%	7.87	0.88	3.50	4.5%	SELL
MEG	2.35	2.60	9.6%	3.55	0.27	0.07	2.8%	BUY
MER	486.00	476.75	-1.9%	11.12	3.16	21.53	4.4%	SELL
MONDE	11.00	12.18	9.7%	22.64	3.16	0.12	1.1%	BUY
NIKL	3.35	4.39	23.7%	53.18	1.11	0.20	6.0%	LT BUY
PCOR	2.55	4.68	45.5%	1.51	0.20	0.10	3.9%	BUY
PGOLD	33.00	53.34	38.1%	11.01	1.27	0.90	2.7%	BUY
PNB	27.10	33.22	18.4%	1.96	0.19	-	0.0%	BUY
RLC	15.90	21.45	25.9%	5.73	0.50	0.65	4.1%	BUY
SCC	33.65	32.74	-2.8%	7.81	2.17	3.50	10.4%	SELL
SM	963.00	1,292.69	25.5%	14.38	1.40	9.45	1.0%	BUY
SMC	87.15	108.20	19.5%	NA	0.92	1.40	1.6%	LT BUY
SMPH	30.60	42.89	28.6%	21.23	2.04	0.35	1.1%	BUY
TEL	1,465.00	2,067.12	29.1%	10.97	5.81	92.00	6.3%	BUY
UBP	41.05	31.31	-31.1%	13.74	0.78	0.80	1.9%	SELL
URC	99.50	149.59	33.5%	13.75	2.04	3.80	3.8%	BUY
WLCON	16.22	24.81	34.6%	18.46	2.65	0.26	1.6%	BUY
<b>Averages</b>			<b>19.8%</b>	<b>12.40</b>	<b>1.83</b>		<b>3.1%</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	159.70	190.63	16.2%	10.84	1.54	1.75	2.1%	BUY
BNCOM	8.00	26.81	70.2%	4.26	0.36	0.25	0.0%	BUY
BPI	146.00	145.41	-0.4%	13.48	1.88	1.98	-3.1%	SELL
CBC	57.80	79.17	27.0%	6.88	1.02	2.20	3.8%	BUY
EW	9.95	22.03	54.8%	3.57	0.32	0.54	5.4%	BUY
MBT	77.00	72.11	-6.8%	7.70	0.95	5.00	6.5%	SELL
PBB	9.10	25.75	64.7%	3.75	0.40	0.45	9.9%	BUY
PNB	27.10	33.22	18.4%	2.24	0.20	-	0.0%	BUY
PSB	60.50	108.70	44.3%	5.24	0.62	3.00	5.0%	BUY
RCB	26.85	54.54	50.8%	6.22	0.43	1.01	5.5%	BUY
SECB	93.30	119.43	21.9%	7.30	0.51	1.50	3.2%	BUY
UBP	41.05	31.31	-31.1%	16.94	0.73	0.80	1.8%	SELL
<b>Averages</b>			<b>29.4%</b>	<b>7.17</b>	<b>0.76</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	1.05	1.07	2.3%	0.10	9.5%	BUY	30-Oct-24
MREIT	13.80	18.39	25.0%	0.99	7.1%	BUY	17-Nov-24
RCR	5.93	7.64	22.4%	0.52	6.6%	BUY	20-Nov-24
FILRT	3.09	3.79	18.5%	0.26	8.8%	BUY	28-Nov-24
AREIT	38.80	48.22	19.5%	2.04	5.2%	BUY	30-Nov-24
VREIT	1.78	3.19	44.2%	0.18	4.1%	BUY	13-Dec-24
CREIT	3.06	2.66	-15.0%	0.20	8.0%	SELL	22-Dec-24
PREIT	2.16	2.14	-1.1%	0.15	7.3%	SELL	19-Feb-25
<b>Averages</b>			<b>14.5%</b>		<b>7.1%</b>		

Source: Asiasec Research

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## The Technical Analysis Report

### Highlights:

- Teetering PSEi; PH10YTN Rate Recovers
- Technical Buy & Sell Alerts
- SMPH and JGS Show Further Downside

### PSEi

Currently at **7,314**



Source: PSE / [TradingView](#)

- Following our last report, we noted that the PSEi broke away from its upward channel and is now in an upwards wedge with a potential to rise as earnings season commences.
- However, the PSEi declined and closed a right shoulder of a bearish head and shoulders formation. It is now struggling to break above its neckline to avert a potential drop to 7,000.
- Immediate **support is at 7,273** (double bottom), and next is 7,000 (head and shoulder drop zone). Immediate **resistance is at 7,317** (neckline), and next is at 7,485 (double-top).
- Recommendation is **SELL ON WEAKNESS**. We believe there is more chance of a further decline with the PSEi having a bearish gravestone doji pattern last Friday.

## Philippine Ten-Year Treasury Note (PH10YTN) Rate Currently at 5.844%



Source: [TradingView](#)

- Following our last report, we noted that the PH10YTN is making a mild run of its own within its downward channel.
- It has broken its downward channel, and as its triangle closes, we believe it will **form an upwards channel** as it recovers with the weekly and monthly charts showing upside for the PH10YTN rate.
- The PH10YTN rate's condition is **unfavorable for the stock market**.

## Technical Buy Alerts

Based on indicators, stocks that have already fallen significantly, and may most likely reverse course soon are the following:

ACEN, SMC, WLCON, PCOR, GLO, SMPH, JGS, AEV, NIKL, ALI, TEL, EMI, MBT, BLOOM, RCR, DMC, JFC, KEEP, SCC, BDO, FB, CNVRG, and ALLHC

Of this batch, **we recommend accumulating on ACEN, WLCON, GLO, SMPH, JGS, AEV, ALI, TEL, MBT, BLOOM, RCR, JFC, KEEP, BDO, FB, CNVRG, and ALLHC.**

With the PSEi down WoW, only ICT went up (+1% to PHP412.80) among the top recommendations in our previous report.

### SMPH Daily Chart



Source: [PSE / TradingView](#)

Index heavyweight SMPH has contributed to the PSEi’s decline. Even though the stock looks sold out in its daily chart, its weekly and monthly charts show **further room for correction**.

In addition, we believe that SMPH has formed a bearish head and shoulder formation even though the right shoulder looks small and insignificant. That right shoulder, however, represents the sudden **market reversal**.

Immediate support is at **PHP29.65 (double bottom)**, and next is at PHP28.77 (head and shoulder drop zone). **Immediate resistance is PHP32.65** (immediate double top), and next is PHP33.40 (next double-top).

Meanwhile, JGS has fallen since 2020. We believe it has a potential rebound after some **more correction** and is now in a downwards wedge channel.

At its current share price of PHP25.25, its **support is at** PHP25.06 (0.618 retracement), and next is PHP24.12 (0.786 retracement). **Resistance is at PHP25.72** (0.5 retracement), and next is PHP28.50 (immediate double top).

### JGS Daily Chart



Source: [PSE / TradingView](#)

### Technical Sell Alerts

Based on indicators, stocks that have already gone up significantly, and may most likely reverse course soon are the following:

MEG, APX, PX, AC, BPI, PSB, MER, and MONDE

We recommend reducing exposure or pocketing gains from these stocks.

### Stocks to Cash Ratio

With the PSEi's decline, the suggested stocks to cash ratio for total investible funds at this level is **43%** (up from 35% the previous week).



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