

Morning Briefing

Top Stories:

- **CEB Increases Stake in Ground Handling Services Company**
- **9M-2024 Results of MBT (Separate Report) and CIC**

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>
7,240	5.885%	42,233	5,833	18,713	4.282%	2,774	67.437
-1.41%	-0.040	-0.36%	+0.16%	+0.78%	-0.026	+1.08%	+0.08%

US Markets

The tech-heavy S&P 500 and NASDAQ rose, while the Dow and broad-based Russell 2000 declined as the rest of the Mag7 report their earnings this week. The average discount of the Mag7 to their latest consensus target prices is at **5.23%**.

PSEi

The PSEi dropped by 1.41% to 7,240 yesterday. This was led by index stocks GLO (-7.33% to PHP2,100), CNVRG (-6.14% to PHP15.90), and WLCON (-4.39% to PHP15.68). The PSEi dropped early and stayed down during the trading day. Asian markets were also mixed. The PH10YTN rate has gone up to higher levels reducing our PSEi forecast to **7,647** at

14.34x PER. This gives the PSEi a **5.6% upside** to our PSEi forecast.



Source: CNBC, Trading Economics, PSE/TradingView, and Asiasec Research



Economic Calendar

Day / Time	Previous	Consensus	Forecast
Wednesday October 30 2024			
9:00 am PPI YoY SEP	-1%		0.20%
Monday November 04 2024			
8:30 am S&P Global Manufacturing PMI OCT			
Tuesday November 05 2024			
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%		
Wednesday November 06 2024			
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%
Thursday November 07 2024			
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

CEB Increases Stake in Ground Handling Service Company

CEB has signed a deed of assignment of credit and subscription with 1AV for the assignment of credit and subscription to 1.13M shares, each with a par value of PHP100 per share, amounting to a total of PHP113M.

The subscription of additional shares arose from the agreement of the 1AV stockholders to convert certain shareholder loans and advances into equity/common stock. The Debt-to-Equity Conversion will increase CEB's ownership stake in 1AV from currently **40% to 60%**. These shares will be issued from the total unissued shares of 1AV.

1AV is one of the **leading providers of ground handling services** in the Philippines. Founded in March 01, 2018, 1AV is currently present in 34 airports across the Philippines with 6,224 employees.

Source: PSE/CEB

The debt-to-equity conversion arises from certain loans and advances extended by the stockholders to 1AV in the amount of PHP150M. All parties agreed to convert them into equity, with CEB's debt portion at PHP113M. As a result, CEB will acquire a 60% ownership stake in 1AV, while also strengthening 1AV's financial position by reducing its liabilities.

We believe this is a **good acquisition** for CEB as it forms synergies that could reduce operational costs and improve ground handling and logistical support.

At PHP32.25 per share, CEB is trading at a 22% discount to our target price of PHP41.09 per share. It is also trading at 2.85x 2024F PER, a discount to the Services Index's 15.34x PER. CEB is a **LONG-TERM BUY**.



CIC's 9M-2024 Results

CIC, along with its associate Concepcion Midea, Inc. (CMI), posted net sales of PHP17.7B in 9M-2024, up 31% YoY. Consolidated **earnings also almost doubled** at 93% YoY to PHP944.9M in 9M-2024 due to

higher sales and improved margins.

At PHP14.08 per share, CIC is trading at a 9.61x ttm PER, a discount to the Industrial Index's 14.35x PER. CIC is a **BUY**.

Source: PSE/CIC

Other Economic, Sector, and Corporate News

August infrastructure spending declines 11%

INFRASTRUCTURE SPENDING by the National Government declined by an annual 11.1% in August as heavy rains hampered the implementation of public works projects, the Department of Budget and Management (DBM) said. the DBM said infrastructure and other capital outlays fell to PHP108.6B from PHP122.1B a year earlier.

Source: Businessworld

Supreme Court issues TRO vs PhilHealth fund transfer

THE SUPREME COURT (SC) issued on Tuesday a temporary restraining order (TRO) on the further transfer of excess funds of Philippine Health Insurance Corp. (PhilHealth) to the National Treasury.

Source: Businessworld

Globe completes PHP300M tower sale to Unity Digital Infrastructure

GLOBE Telecom, Inc. has completed the sale of 25 telecommunications towers to Unity Digital Infrastructure, Inc. for PHP30M. This development



represents 45%, or 307 of the 447 towers to be acquired by Unity for a total of PHP5.4B.

Source: [Businessworld](#)

Meralco expects PHP16B refund for customers

MANILA Electric Co. (Meralco) expects to refund around PHP16B to its customers once the energy regulator finalizes the fifth regulatory reset, which reviews and sets the distribution rates for 2022 to 2026.

Source: [Businessworld](#)

BSP sees some gaps in digital payment use

THE PHILIPPINES has made progress in promoting digital payments, but there are still many barriers to hurdle before it meets its digitalization goals, the Bangko Sentral ng Pilipinas (BSP) said.

Source: [Businessworld](#)

PHL motor vehicle production jumps 35% in Aug.

The ASEAN Automotive Federation (AAF) said the country produced 10,941 units in August, 2,816 more than 8,125 units produced a year earlier.

Source: [Businessworld](#)

Metro Manila office vacancy rate to rise to 20.5% by yearend — Colliers

THE OFFICE VACANCY rate in Metro Manila is projected to reach 20.5% by the end of the year, driven by the influx of new office space and the departure of Philippine offshore gaming operators (POGOs).

Source: [Businessworld](#)

Commodities

Biggest Daily Movers: Silver (+2.19%), Milk (-11.31%), Palm Oil (+2.85%), Wheat (+2.33%), Cocoa (+4.62%), 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
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
Security Bank Corporation	COMMON	Cash	Php 1.50	Nov 12, 2024	Nov 13, 2024	Nov 27, 2024
A. Soriano Corporation	COMMON	Cash	Twenty Five Centavos (P0.25)	Nov 13, 2024	Nov 14, 2024	Nov 29, 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	706.50	872.14	19.0%	8.15	0.63	7.60	1.1%	BUY
ACEN	4.86	7.42	34.5%	17.28	1.29	0.05	1.0%	BUY
AEV	34.20	63.39	46.0%	6.58	0.56	1.40	4.1%	BUY
AGI	9.34	19.76	52.7%	3.10	0.21	0.15	1.6%	BUY
ALI	33.50	46.09	27.3%	1.21	0.82	0.08	0.2%	BUY
AP	37.35	63.23	40.9%	8.15	1.52	2.30	6.1%	BUY
APX	4.23	16.52	74.4%	5.68	1.41	0.08	1.9%	BUY
BDO	157.00	175.48	10.5%	9.52	1.36	3.90	2.5%	BUY
BLOOM	7.69	14.68	47.6%	11.14	1.57	-	0.0%	BUY
BPI	147.20	145.41	-1.2%	10.97	1.89	3.96	2.7%	SELL
CBC	58.00	79.17	26.7%	5.46	0.93	2.20	3.8%	BUY
CEB	32.25	41.09	21.5%	2.85	1.70	-	0.0%	LT BUY
CNPF	41.95	34.53	-21.5%	21.00	4.54	0.48	1.1%	SELL
CNVRG	15.90	20.02	20.6%	10.34	2.18	0.18	1.1%	STRONG BUY
DMC	11.20	11.73	4.5%	7.39	1.00	1.44	12.9%	BUY
DNL	6.30	6.66	5.4%	18.47	1.93	0.21	3.3%	BUY
EMI	18.68	12.05	-55.0%	38.94	4.25	0.24	1.3%	SELL
FB	52.70	96.98	45.7%	7.81	1.46	1.80	3.4%	BUY
GLO	2,100.00	2,589.13	18.9%	12.99	2.02	99.87	4.8%	BUY
GTCAP	722.00	1,030.66	29.9%	4.68	0.56	5.00	0.7%	BUY
ICT	413.00	359.12	-15.0%	22.94	6.83	11.39	2.8%	SELL
JFC	265.00	368.67	28.1%	31.47	6.52	3.13	1.2%	BUY
JGS	24.55	48.04	48.9%	7.15	0.40	0.40	1.6%	BUY
KEEPR	2.06	3.19	35.4%	9.46	1.76	0.10	4.9%	BUY
LTG	9.97	10.98	9.2%	3.82	0.35	1.20	12.0%	BUY
MBT	75.50	81.22	7.0%	7.72	0.86	3.50	4.6%	BUY
MEG	2.32	2.60	10.8%	3.51	0.26	0.07	2.8%	BUY
MER	490.00	476.75	-2.8%	11.21	3.18	21.53	4.4%	SELL
MONDE	10.92	12.18	10.3%	22.48	3.14	0.12	1.1%	BUY
NIKL	3.39	4.39	22.7%	53.81	1.12	0.20	5.9%	LT BUY
PCOR	2.51	4.68	46.4%	1.48	0.20	0.10	4.0%	BUY
PGOLD	32.00	53.34	40.0%	10.67	1.23	0.90	2.8%	BUY
PNB	27.20	33.22	18.1%	1.97	0.19	-	0.0%	BUY
RLC	15.80	21.45	26.3%	5.70	0.49	0.65	4.1%	BUY
SCC	31.95	32.74	2.4%	7.42	2.06	3.50	11.0%	BUY
SM	965.50	1,292.69	25.3%	14.42	1.40	9.45	1.0%	BUY
SMC	88.70	108.20	18.0%	NA	0.93	1.40	1.6%	LT BUY
SMPH	30.10	42.89	29.8%	20.89	2.01	0.35	1.1%	BUY
TEL	1,450.00	2,067.12	29.9%	10.86	5.75	92.00	6.3%	BUY
UBP	36.55	31.31	-16.7%	12.24	0.70	0.80	2.2%	SELL
URC	100.00	149.59	33.2%	13.82	2.05	3.80	3.8%	BUY
WLCON	15.68	20.88	24.9%	22.02	2.64	0.26	1.7%	LT BUY
Averages			21.0%	12.36	1.81		3.2%	

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	58.10	127.55	54.4%	4.52	0.82	2.33	4.6%	BUY
BDO	157.00	175.48	10.5%	10.66	1.51	1.75	2.2%	BUY
BNCOM	7.89	26.81	70.6%	4.20	0.35	0.25	0.0%	BUY
BPI	147.20	145.41	-1.2%	13.59	1.90	1.98	-3.0%	SELL
CBC	58.00	79.17	26.7%	6.90	1.03	2.20	3.8%	BUY
EW	9.87	22.03	55.2%	3.54	0.32	0.54	5.5%	BUY
MBT	75.50	81.22	7.0%	7.55	0.93	5.00	6.6%	BUY
PBB	9.19	25.75	64.3%	3.79	0.41	0.45	9.8%	BUY
PNB	27.20	33.22	18.1%	2.25	0.20	-	0.0%	BUY
PSB	59.00	108.70	45.7%	5.11	0.60	3.00	5.1%	BUY
RCB	26.60	54.54	51.2%	6.16	0.42	1.01	5.5%	BUY
SECB	92.00	119.43	23.0%	7.20	0.50	1.50	3.3%	BUY
UBP	36.55	31.31	-16.7%	15.09	0.65	0.80	2.0%	SELL
Averages			31.5%	6.97	0.74		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	Est Next Div Ex-Date
DDMPR	1.06	1.07	1.4%	0.10	9.4%	BUY	30-Oct-24
MREIT	13.56	18.39	26.3%	0.99	7.3%	BUY	17-Nov-24
RCR	5.96	7.64	22.0%	0.52	6.5%	BUY	20-Nov-24
FILRT	3.09	3.79	18.5%	0.26	8.8%	BUY	28-Nov-24
AREIT	38.50	48.22	20.2%	2.04	5.2%	BUY	30-Nov-24
VREIT	1.76	3.19	44.8%	0.18	4.1%	BUY	13-Dec-24
CREIT	3.05	2.66	-14.6%	0.20	8.1%	SELL	22-Dec-24
PREIT	2.25	2.14	-5.3%	0.15	7.0%	SELL	19-Feb-25
Averages			14.1%		7.1%		

Source: Asiasec Research

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