

Macroeconomic News

Foreign portfolio investments or hot money continued to post net outflows of USD124mn in May, bringing the YTD net outflow tally to USD805mn, likely on concerns over tighter monetary conditions. The bulk or 69.7% of investment inflows in May went into PSE-listed securities (mainly in banks, food, beverage and tobacco, holding firms, property, and transportation services), while the remaining were in PH government securities and other investment instruments. The top five investor countries for the month were the UK, US, Singapore, Luxembourg and Hong Kong with combined share to total at 86.6%. Meanwhile, the regional wage board in Metro Manila has approved a PHP40 increase in the minimum wage to PHP610/day (+7%) for non-agriculture workers and PHP573/day (+8%) for the agriculture sector. According to the Department of Labor and Employment, around 1.1mn minimum wage earners in NCR will directly benefit from the increase.

Bonds

Local: Local bond yields moved sideways yesterday on lackluster trading activity amid hawkish signals from central banks abroad. The 56-day BSP bills will commence today for a PHP20bn initial offering volume.

Global: US Treasury yields surged after upbeat US data (i.e. upward revision in GDP, lower-than-expected jobless claims) implying the economy may be farther from a recession than previously feared, and underpinning pronouncements from Fed Chair Powell that there is little room to let up on monetary tightening.

Equities

Local: The PCOMP inched up to 6,511.49 (+0.1% d-d) yesterday on selective buying after the government posted a narrower budget deficit in May as revenue growth continued to outpace spending.

Global: Global stock markets closed mixed (Hang Seng -1.2% d-d, Nikkei +0.1% d-d, S&P 500 +0.4% d-d, and FTSE 100 -0.4% d-d) as investors assessed commentary from leading central bankers on the need to continue the fight against inflation. US stocks gained after big banks passed the Fed's annual stress test while an upward 1Q23 GDP revision also allayed recession fears.

Sector and Company News

SM to grow more non-core assets. SM (Buy, TP of PHP1,110.00) intends to expand its presence in businesses from bakeries to geothermal power to diversify into fast-growing sectors. While the conglomerate gets most of its revenue through its retail and property units, Chief Executive Officer Frederic DyBuncio wants non-core assets like logistics, renewables, mining, and gaming to account for 15% of earnings within the next three to five years (from 11% in FY22). Mr. DyBuncio's plans are centered on the outlooks for 2GO with the logistics sector growing at twice the pace of the economy. Meanwhile, Philippine Geothermal Production Co. will develop six to seven greenfield projects in five years to double capacity and benefit from the shift to renewable energy, he added.

Source: *BusinessMirror*

Rates

| | Last % | bps chg |
|------------|--------|---------|
| 1Y PHP GS | 6.21 | +0.6 |
| 5Y PHP GS | 6.13 | -0.7 |
| 10Y PHP GS | 6.23 | -0.3 |
| 1Y UST | 5.41 | +9.0 |
| 5Y UST | 4.14 | +17.0 |
| 10Y UST | 3.85 | +14.0 |

Currencies

| | Last | % chg |
|---------|--------|--------|
| USD/PHP | 55.30 | +0.04% |
| EUR/USD | 1.09 | +0.4% |
| USD/JPY | 144.76 | -0.2% |

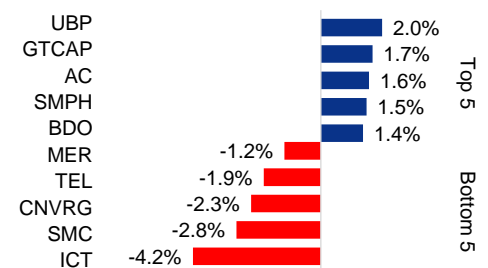
Commodities

| | Last | % chg |
|--------------------------------------|-----------|--------|
| Dubai crude <small>USD/bbl</small> | 75.48 | +1.4% |
| Natural gas <small>USD/MMBtu</small> | 2.70 | +3.8% |
| Coal <small>USD/mt</small> | 127.90 | 0.0% |
| Gold <small>USD/t oz</small> | 1,908.20 | +0.05% |
| Copper <small>USD/mt</small> | 8,177.00 | -1.0% |
| Nickel <small>USD/mt</small> | 20,458.00 | +3.0% |

Equities

| | Last | % chg |
|-----------------------------------|-----------|-------|
| PCOMP | 6,511.49 | +0.1% |
| Net foreign <small>PHPmn</small> | 414.74 | |
| Value traded <small>PHPmn</small> | 6,787.03 | |
| S&P 500 | 4,396.44 | +0.4% |
| NASDAQ | 14,939.95 | -0.2% |
| EURO STOXX 50 | 4,354.69 | +0.2% |
| FTSE 100 | 7,471.69 | -0.4% |
| CSI 300 | 3,821.84 | -0.5% |
| HANG SENG | 18,934.36 | -1.2% |
| NIKKEI | 33,234.14 | +0.1% |

Local index stock movers



Source: *Bloomberg*, as of 29 Jun 2023

Note: % change vs 28 Jun 2023

Sector and Company News

AP exploring alternative power technologies. AP (Buy, TP of PHP47.00), in partnership with JERA Co., Inc., is exploring the feasibility of co-firing ammonia in coal-fired plants and hydrogen in LNG facilities as part of its plan to reduce carbon emissions. AP Thermal Power Generation Group Chief Operating Officer Felino Bernardo said it is targeting to start the study next year and come up with the results in a decade. Accordingly, JERA will start a 20% ammonia generation demonstration test in Japan this year before gradually increasing it to 50% by 2028. Moreover, AP thinks nuclear energy could play a vital role in the country's transition to a cleaner energy mix. "What's important is that we make sure that we have the capacity to plan and execute it in a safe way. Safety is number one as far as nuclear technology is concerned," Mr. Bernardo added. *Sources: BusinessWorld, Philstar*

HLCM to delist from PSE. Cement manufacturer Holcim Philippines (HLCM, Not Rated) is planning to delist from the PSE after its major shareholder, Holderfin B.V., acquired 594.9mn shares (9.22% stake) in the company from Japanese minority shareholder Sumitomo Osaka Cement Co. for a total consideration of PHP2.3bn or PHP3.92/share. The PSE immediately implemented a trading suspension on HLCM shares as its public float fell to 5.05% (from 14.27%) due to the transaction. "Holderfin is prepared to make a tender offer for all outstanding common shares of the company held by the public with the aim of subsequently conducting a voluntary delisting of the company's common shares from the Main Board of the PSE," HLCM disclosed. *Sources: PSE Edge, Manila Standard*

Disclaimer: The information, opinions and analysis contained herein are based on sources and data believed to be reliable but no representation, expressed or implied, is made as to its accuracy, completeness or correctness. This material is only for the general information of the authorized recipients. In no event shall BDO or its officers and employees, including the author(s), be liable for any loss/damage resulting from reliance, directly or indirectly, or information found within this report.

Stock Coverage

| Company | Ticker | Rating | Mkt Cap (USD mn) | Last Price 29-Jun-2023 | Target Price | Upside/Downside | d-d % change | YTD % change | 52-week low | 52-week high | Div Yield FY23F |
|---------------------------------------|--------|------------------|------------------|------------------------|--------------|-----------------|--------------|--------------|-------------|--------------|-----------------|
| Banking | | | | | | | | | | | |
| BDO Unibank | BDO | Not Rated | 13,230 | 138.90 | | | 1.4% | 31.4% | 91.67 | 145.00 | |
| Bank of the Philippine Islands | BPI | Buy | 9,577 | 110.00 | 125.00 | 13.6% | 0.8% | 7.8% | 78.05 | 111.90 | 2.8% |
| Metropolitan Bank & Trust Company | MBT | Buy | 4,440 | 56.20 | 77.00 | 37.0% | 0.7% | 4.1% | 44.60 | 62.60 | 5.3% |
| Security Bank Corporation | SECB | Buy | 1,112 | 82.10 | 118.00 | 43.7% | 0.4% | -5.6% | 78.10 | 102.80 | 3.7% |
| Conglomerates | | | | | | | | | | | |
| Aboitiz Equity Ventures | AEV | Neutral | 5,477 | 53.50 | 57.00 | 6.5% | 0.9% | -7.3% | 45.95 | 61.95 | 2.8% |
| Alliance Global Group, Inc. | AGI | Buy | 2,154 | 13.48 | 18.60 | 38.0% | 0.4% | 13.3% | 7.68 | 14.28 | 0.9% |
| Ayala Corporation | AC | Buy | 7,064 | 640.00 | 950.00 | 48.4% | 1.6% | -7.9% | 575.50 | 776.00 | 1.0% |
| DMC Holdings | DMC | Buy | 2,166 | 9.34 | 10.90 | 16.7% | -0.5% | -22.2% | 8.28 | 13.06 | 15.0% |
| GT Capital Holdings, Inc. | GTCAP | Buy | 1,934 | 509.00 | 773.00 | 51.9% | 1.7% | 17.0% | 380.00 | 550.00 | 1.2% |
| JG Summit Holdings, Inc. | JGS | Neutral | 6,317 | 46.50 | 54.00 | 16.1% | 0.4% | -7.7% | 40.00 | 58.20 | 0.9% |
| LT Group, Inc. | LTG | Buy | 1,837 | 9.50 | 11.90 | 25.3% | 0.5% | 3.3% | 7.70 | 10.62 | 13.4% |
| Metro Pacific Investments | MPI | Buy | 2,446 | 4.74 | 5.60 | 18.1% | -1.0% | 38.6% | 3.14 | 4.80 | 2.4% |
| San Miguel Corporation | SMC | Neutral | 4,611 | 105.00 | 109.00 | 3.8% | -2.8% | 13.0% | 92.10 | 116.40 | 1.3% |
| SM Investments Corporation | SM | Buy | 20,376 | 916.00 | 1,110.00 | 21.2% | -0.3% | 1.8% | 720.00 | 981.50 | 0.8% |
| Consumer | | | | | | | | | | | |
| Century Pacific Food | CNPF | Buy | 1,558 | 25.00 | 30.50 | 22.0% | -0.2% | -3.1% | 21.00 | 26.80 | 1.6% |
| D&L Industries | DNL | Buy | 906 | 7.16 | 9.50 | 32.7% | -1.5% | -9.4% | 6.43 | 8.73 | 3.4% |
| Emperador Inc. | EMI | Neutral | 6,072 | 21.40 | 22.00 | 2.8% | -0.2% | 3.9% | 17.08 | 21.85 | 1.5% |
| Jollibee Foods Corp | JFC | Buy | 4,857 | 238.60 | 280.00 | 17.4% | 0.0% | 3.7% | 199.30 | 259.60 | 1.1% |
| Monde Nissin Corporation | MONDE | Buy | 2,612 | 8.19 | 10.60 | 29.4% | 1.2% | -26.1% | 7.31 | 16.54 | - |
| Puregold Price Club | PGOLD | Buy | 1,530 | 29.60 | 51.00 | 72.3% | -0.2% | -15.2% | 26.50 | 36.65 | 3.3% |
| Robinsons Retail Holdings, Inc. | RRHI | Buy | 1,362 | 54.40 | 85.00 | 56.3% | 1.9% | 1.0% | 49.50 | 62.85 | 4.3% |
| San Miguel Food and Beverage Inc. | FB | Buy | 4,767 | 44.95 | 70.00 | 55.7% | 1.0% | 16.1% | 34.10 | 54.95 | 3.6% |
| Shakey's Pizza Asia Ventures | PIZZA | Buy | 267 | 8.96 | 10.60 | 18.3% | 0.7% | 17.1% | 6.90 | 9.10 | 0.3% |
| Universal Robina Corporation | URC | Buy | 5,396 | 139.00 | 175.00 | 25.9% | 0.7% | 2.2% | 107.20 | 156.50 | 2.5% |
| Wilcon Depot, Inc. | WLCON | Buy | 1,865 | 24.70 | 34.20 | 38.5% | -1.0% | -16.3% | 21.05 | 34.45 | 1.5% |
| Property | | | | | | | | | | | |
| Ayala Land | ALI | Buy | 6,634 | 25.10 | 35.00 | 39.4% | 0.0% | -18.5% | 22.35 | 33.45 | 1.5% |
| Filinvest Land Inc. | FLI | Neutral | 296 | 0.67 | 0.90 | 34.3% | -1.5% | -25.6% | 0.66 | 0.97 | 5.2% |
| Megaworld | MEG | Buy | 1,114 | 1.96 | 3.50 | 78.6% | -2.0% | -2.0% | 1.91 | 2.68 | 3.1% |
| Robinsons Land | RLC | Buy | 1,240 | 14.40 | 26.00 | 80.6% | 2.0% | -3.7% | 13.34 | 19.90 | 3.5% |
| SM Prime Holdings | SMPH | Buy | 17,571 | 33.80 | 42.00 | 24.3% | 1.5% | -4.8% | 29.70 | 39.00 | 0.8% |
| Vista Land & Lifescapes | VLL | Buy | 376 | 1.68 | 3.00 | 78.6% | -0.6% | 1.8% | 1.39 | 2.35 | 2.2% |
| REITs | | | | | | | | | | | |
| AREIT, Inc. | AREIT | Buy | 1,121 | 35.30 | 41.00 | 16.1% | 0.1% | -0.3% | 30.55 | 39.90 | 6.7% |
| Citicore Energy REIT Corp. | CREIT | Buy | 302 | 2.56 | 3.00 | 17.2% | 0.0% | 11.8% | 1.97 | 2.58 | 7.6% |
| MREIT, Inc. | MREIT | Buy | 736 | 14.60 | 18.00 | 23.3% | -1.1% | 0.8% | 11.20 | 16.26 | 7.4% |
| RL Commercial REIT, Inc. | RCR | Buy | 1,128 | 5.83 | 6.70 | 14.9% | 0.9% | -0.3% | 4.80 | 6.72 | 6.9% |
| Power & Industrials | | | | | | | | | | | |
| Aboitiz Power Corporation | AP | Buy | 4,959 | 37.75 | 47.00 | 24.5% | -0.3% | 10.9% | 29.15 | 40.10 | 5.0% |
| AC Energy Corporation | ACEN | Buy | 3,717 | 5.31 | 7.90 | 48.8% | 1.0% | -30.3% | 4.93 | 8.91 | 0.8% |
| First Gen Corporation | FGEN | Buy | 1,208 | 18.92 | 26.00 | 37.4% | -0.1% | 11.7% | 14.90 | 22.00 | 1.7% |
| Manila Electric Company | MER | Buy | 6,655 | 330.00 | 429.00 | 30.0% | -1.2% | 10.4% | 263.00 | 369.60 | 6.2% |
| Manila Water Company, Inc. | MWC | Rating Suspended | 893 | 18.72 | | | 7.1% | -2.0% | 13.00 | 21.60 | |
| Megawide Construction Corp. | MWIDE | Neutral | 119 | 3.34 | 3.50 | 4.8% | -0.3% | 7.4% | 2.85 | 5.52 | 29.9% |
| Intl Container Terminal Services | ICT | Buy | 7,513 | 200.20 | 258.00 | 28.9% | -4.2% | 0.1% | 152.80 | 221.60 | 5.2% |
| Mining | | | | | | | | | | | |
| Nickel Asia Corporation | NIKL | Buy | 1,515 | 5.91 | 8.30 | 40.4% | 0.0% | 1.2% | 4.76 | 7.87 | 7.3% |
| Semirara Mining and Power Corporation | SCC | Buy | 2,136 | 28.10 | 37.00 | 31.7% | 0.4% | -18.6% | 27.00 | 44.40 | 12.5% |
| Telecom | | | | | | | | | | | |
| Converge ICT Solutions Inc. | CNVRG | Buy | 1,456 | 11.06 | 17.40 | 57.3% | -2.3% | -30.4% | 10.06 | 22.40 | - |
| Globe Telecom | GLO | Buy | 4,553 | 1,759.00 | 2,265.00 | 28.8% | 0.5% | -19.3% | 1,685.00 | 2,478.00 | 5.6% |
| PLDT Inc. | TEL | Buy | 5,061 | 1,305.00 | 1,655.00 | 26.8% | -1.9% | -0.9% | 1,130.00 | 1,838.00 | 7.7% |
| Tourism | | | | | | | | | | | |
| Bloomerry Resorts Corporation | BLOOM | Buy | 2,107 | 11.00 | 14.50 | 31.8% | 0.4% | 43.8% | 5.78 | 11.36 | 1.1% |
| Cebu Air | CEB | Buy | 406 | 36.75 | 54.00 | 46.9% | 1.9% | -4.0% | 35.00 | 46.50 | - |
| MacroAsia Corporation | MAC | Buy | 154 | 4.47 | 6.30 | 40.9% | -0.7% | -8.8% | 4.06 | 5.54 | 1.2% |

Sources: BDO Securities estimates, Bloomberg

Disclaimer: The information, opinions and analysis contained herein are based on sources and data believed to be reliable but no representation, expressed or implied, is made as to its accuracy, completeness or correctness. This material is only for the general information of the authorized recipients. In no event shall BDO or its officers and employees, including the author(s), be liable for any loss/damage resulting from reliance, directly or indirectly, or information found within this report.

For concerns, you may contact us thru the BDO Securities Hotline (02) 8840-7878 between 8:30AM to 5:30PM, Monday to Friday or email us at bdosec-customer@bdo.com.ph. BDO Securities is a PSE and PDex Trading Participant, an SCCP and SIPF Member, and is regulated by the CMIC with Telephone No. (02) 8876-4580 and email address at info@cmic.com.ph, and SEC with Telephone No. 0916-383-8633 and (02) 8818-0921 and email address at msrd_covid19@sec.gov.ph.

PLEASE CONSIDER THE ENVIRONMENT BEFORE YOU PRINT