

Week in Review

Macro	<ul style="list-style-type: none"> Global: US data releases last week indicate some weakening trends in February with: 1) the S&P Global flash PMI reading sliding to 50.4 from 52.7 the previous month as services output contracted for the first time since January 2023; and 2) consumer sentiment falling to a 15-month low according to a survey from the University of Michigan as inflation expectations surged to 4.3% (from 3.3% in January) amid Trump tariff concerns. The Federal Reserve meeting minutes also revealed policymakers' concerns about the impact of tariffs on inflation, emphasizing the need for prices to ease more before cutting interest rates further. Local: Our Economics Team has lowered its FY25F GDP outlook to 6.0% (from 6.1% previously) following the 4Q24 GDP disappointment amid slower consumption and investment spending due to weather disturbances and renewed interest rates, as well as FX volatility weighing on sentiment following the results of the November US elections. The team notes: 1) stable inflation (assuming no commodity supply shocks) and normalizing monetary policy should still support a pick-up in both consumption and corporate capex; 2) the Philippines' limited global supply chain linkages provide resiliency against contracting global trade and protectionist policies; but 3) monetary policy uncertainty accompanied by FX volatility may slow consumption and capex recovery.
	<ul style="list-style-type: none"> Global: US Treasury yields (see Fig. 1) were mostly lower last week as investors flocked to safety given uncertainties over the potential impact of Trump economic policies (i.e. trade, immigration) on inflation, future interest rate cuts, and slowing growth. Local: Domestic yields (see Fig. 2) traded mixed w-w with 3M rates at 5.2933% (up) and 5Y rates at 5.9225% (down) following the unexpected decision by the BSP to keep rates on hold during the 13 February policy meeting. The central bank also announced last Friday that the reserve requirement ratio (RRR) for universal and commercial banks will be reduced by 200bps to 5.0% effective 28 March. The RRR cut is estimated to release around PHP300bn of loanable funds to help stimulate the economy.
Bonds	<ul style="list-style-type: none"> Global: Global stock markets mostly declined last week (see Fig. 5) on the back of mixed earnings reports and mounting fears over tariff risks and potentially higher-for-longer interest rates. Investors also monitored Ukraine peace deal talks with the US agreeing to conduct more discussions with Russia on ending the war, after an initial meeting that excluded Kyiv. Local: The PSEi closed at 6,098.04 last Friday, up 0.5% d-d and 0.6% w-w on bargain hunting activities and as investors digest a solid batch of corporate earnings last week. Top gainers were Gokongwei stocks JGS (+20.2% w-w) and URC (+18.3% w-w), which bounced back from 52-week lows in prior weeks. Foreign net selling continued at PHP2.7bn from PHP2.5bn the week prior.
Equities	<ul style="list-style-type: none"> Global: Global stock markets mostly declined last week (see Fig. 5) on the back of mixed earnings reports and mounting fears over tariff risks and potentially higher-for-longer interest rates. Investors also monitored Ukraine peace deal talks with the US agreeing to conduct more discussions with Russia on ending the war, after an initial meeting that excluded Kyiv. Local: The PSEi closed at 6,098.04 last Friday, up 0.5% d-d and 0.6% w-w on bargain hunting activities and as investors digest a solid batch of corporate earnings last week. Top gainers were Gokongwei stocks JGS (+20.2% w-w) and URC (+18.3% w-w), which bounced back from 52-week lows in prior weeks. Foreign net selling continued at PHP2.7bn from PHP2.5bn the week prior.
Market Insights	<ul style="list-style-type: none"> The PSEi is still up 4.0% so far in February but remains down 6.6% YTD, and continues to trade at reasonable valuations (~9.5x FY25F P/E vs. ~8.3-16.7x for Asian peers). We expect corporate earnings results, economic data trends, as well as central bank actions and statements to continue influencing market direction this week. As choppy market conditions persist and interest rate uncertainties weigh on sentiment, we suggest investors take defensive positions to weather market volatility. Hence, we recommend dividend plays in REITs (AREIT, MREIT), power and utilities (AP, MWC, TEL, GLO) that generate steady cashflows. We also reiterate our positive view on banks (BPI, MBT), especially with RRR cuts seen to sustain double-digit loan expansion and healthy lending margins.
Corporate Updates	<ul style="list-style-type: none"> Four of our covered names (MBT, SMPH, ALI, and AREIT) reported in-line 4Q24/FY24 earnings last week, bringing our running tally to seven in-line and one beat. All posted robust FY24 income growth with: 1) MBT (+14%) delivering above-industry loan growth of 17%; 2) SMPH (+14%) registering higher revenues (+10% y-y) across all business segments; 3) ALI (+15%) noting strong residential sales (+23%) on the strength of its premium market; and 4) AREIT (+49%) benefitting from the infusion of 6 properties worth PHP29.8bn from sponsor ALI. SMC unit San Miguel Global Power Holdings Corp. (SMGP) has set a capital expenditure (capex) budget of PHP87.1bn to develop three baseload power projects: 1) the 600-megawatt (MW) coal fired power plant in Mariveles, Bataan (PHP34.4bn capex budget); 2) the 700-MW expansion (Units 4 & 5 with 350-MW capacity each) of the Masinloc coal facility in Zambales (PHP15.8bn); and 3) the 1,320-MW natural gas combined-cycle power plant project in Batangas (PHP36.9bn) through subsidiary Excellent Energy Resources, Inc (EERI). The Mariveles facility was completed last month while the Masinloc expansion and EERI projects are slated for completion between 2025 and 2026.

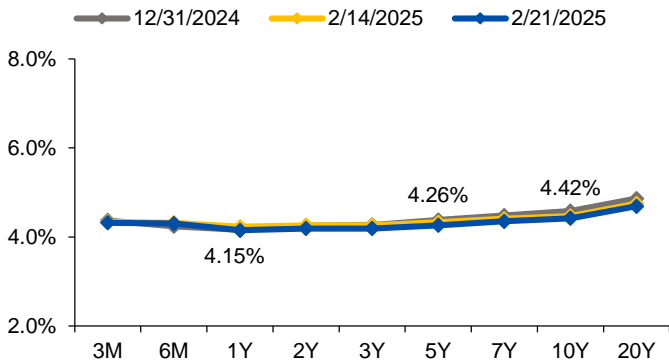
New Issue Monitor	Government Securities				PH Corporate Bonds			
	Date	Security	Tenor	Amount	Date	Security	Amount	Tenor & Pricing
	24 Feb	T-bills	3M	PHP7bn	25 Feb	SMPH	PHP20bn + PHP5bn	Series Y: 3Y at 6.0282%
	24 Feb	T-bills	6M	PHP7bn				Series Z: 6Y at 6.2113%
	24 Feb	T-bills	12M	PHP8bn				Series AA: 10Y at 6.4784%
	25 Feb	T-bonds	19Y3M	PHP25bn	12 Mar	FLI	PHP9bn + PHP3bn	Series B: 5Y at 6.2916%
								Series C: 7Y at 6.6550%
								Series D: 10Y at 6.8312%

The Week Ahead

Date	Event	Period	Estimate	Prior
26-Feb	MBA Mortgage Applications	21-Feb	-	-6.6%
26-Feb	New Home Sales	Jan	678k	698k
27-Feb	GDP Annualized q-q	4Q S	2.3%	2.3%
28-Feb	US PCE y-y	Jan	2.5%	2.6%
28-Feb	Trade Balance	Jan	-	-USD4136mn
28-Feb	Exports y-y	Jan	-	-2.2%

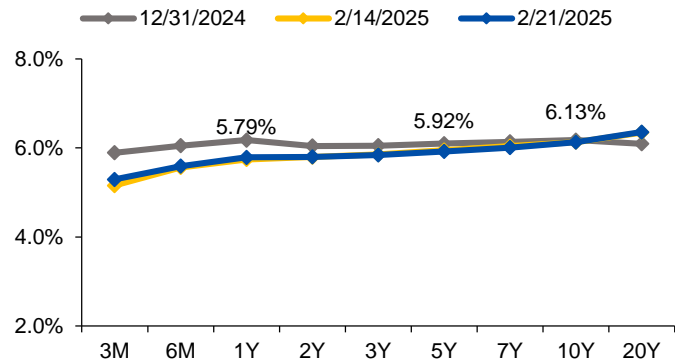
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Fig. 1: US Treasury (UST) yield curve



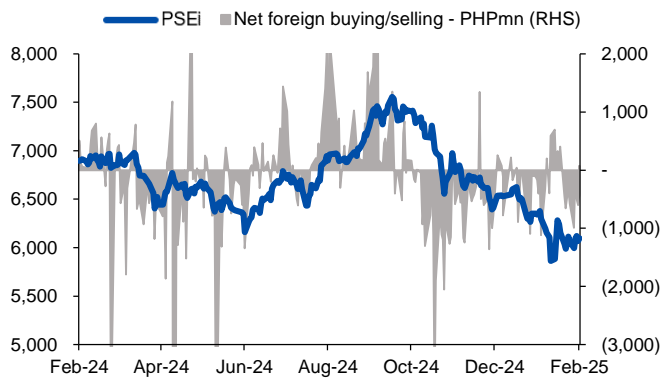
Source: Bloomberg

Fig. 2: PH government securities (GS) yield curve



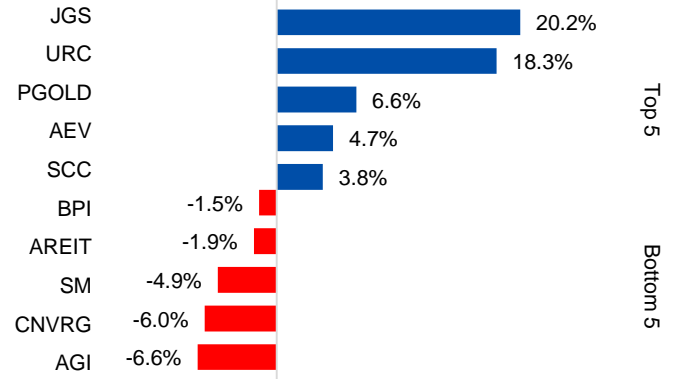
Source: Bloomberg

Fig. 3: PSEi & net foreign buying (selling) trends



Source: Bloomberg

Fig. 4: PSEi top gainers and losers w-w



Source: Bloomberg

Fig. 5: Equity indices movements

		Last price	w -w	MTD	YTD
Philippines	PCOMP Index	6,098.04	0.6%	4.0%	-6.6%
US (S&P 500)	SPX Index	6,013.13	-1.7%	-0.5%	2.2%
US (Nasdaq)	NDX Index	21,614.08	-2.3%	0.6%	2.9%
China (CSI 300)	SHSZ300 Inde	3,978.44	1.0%	4.2%	1.1%
China (Hang Seng)	HSI Index	23,477.92	3.8%	16.1%	17.0%
Japan	NKY Index	38,776.94	-1.0%	-2.0%	-2.8%
Europe	SXSE Index	5,474.85	-0.3%	3.6%	11.8%
UK	UKX Index	8,659.37	-0.8%	-0.2%	6.0%
MSCI World	MXWO Index	3,843.08	-1.4%	0.2%	3.6%
MSCI EM	MXEF Index	1,147.30	2.0%	4.9%	6.7%

Source: Bloomberg

Fig. 6: Currency and commodity trends

Currencies		Last price	w -w	MTD	YTD
USD/PHP		57.94	-0.2%	0.7%	-0.2%
EUR/USD		1.05	0.3%	-0.9%	-1.0%
USD/JPY		149.27	2.0%	3.8%	5.0%
Commodities		Last price	w -w	MTD	YTD
Dubai crude	USD/bbl	75.53	1.2%	0.1%	0.6%
Natural gas	USD/MMBtu	4.23	13.7%	39.1%	16.5%
Coal	USD/mt	102.00	-0.7%	-11.7%	-18.6%
Gold	USD/t oz	2,936.05	1.9%	4.9%	11.9%
Copper	USD/mt	9,518.84	0.3%	6.6%	10.0%
Nickel	USD/mt	15,307.03	0.3%	2.0%	1.3%

Source: Bloomberg

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Stock Coverage

Company	Ticker	Rating	Mkt Cap (USD mn)	Last Price 21-Feb-2025	Target Price	Upside/ Downside	EPS Growth		P/E (x)		EV/EBITDA		P/B (x)		ROE	Div Yield
							FY24F	FY25F	FY24F	FY25F	FY24F	FY25F	FY24F	FY25F	FY25F	FY25F
Banking																
BDO Unibank	BDO	Not Rated	12,935	142.00												
Bank of the Philippine Islands	BPI	Buy	11,667	128.10	168.00	31.1%	13.9%	10.5%	10.8	9.7	NA	NA	1.4	15.3%	3.7%	
Metropolitan Bank & Trust Company	MBT	Buy	5,656	72.80	93.00	27.7%	14.0%	12.2%	6.8	6.1	NA	NA	0.8	13.4%	6.9%	
Security Bank Corporation	SECB	Buy	954	73.25	112.00	52.9%	17.6%	11.2%	5.2	4.6	NA	NA	0.4	8.0%	4.1%	
Conglomerates																
Aboitiz Equity Ventures	AEV	Buy	3,214	33.50	49.00	46.3%	13.2%	11.9%	7.5	6.7	5.3	4.8	0.6	12.8%	4.7%	
Alliance Global Group, Inc.	AGI	Buy	1,074	6.98	13.50	93.4%	-10.3%	14.9%	3.5	3.1	4.4	3.9	0.1	7.4%	2.1%	
Ayala Corporation	AC	Buy	6,141	570.00	930.00	63.2%	26.2%	14.3%	7.7	6.7	13.2	12.2	0.4	9.3%	1.1%	
DMCI Holdings, Inc.	DMC	Neutral	2,620	11.42	11.50	0.7%	-23.1%	0.5%	8.0	7.9	4.9	4.8	0.9	18.2%	7.5%	
GT Capital Holdings, Inc.	GTCAP	Buy	1,964	528.00	870.00	64.8%	12.0%	16.6%	3.6	3.1	7.8	7.0	0.4	15.1%	0.9%	
JG Summit Holdings, Inc.	JGS	Buy	2,393	18.42	34.40	86.8%	-0.6%	27.2%	7.9	6.2	6.1	5.6	0.3	6.9%	2.3%	
LT Group, Inc.	LTG	Neutral	2,199	11.76	10.30	-12.4%	10.9%	0.9%	4.7	4.6	-	-	0.4	10.3%	6.0%	
San Miguel Corporation	SMC	Neutral	3,459	84.00	94.80	12.9%	NM	7.6%	13.5	12.5	6.9	6.6	0.3	9.6%	1.7%	
SM Investments Corporation	SM	Buy	16,467	780.00	1,150.00	47.4%	12.3%	10.2%	11.0	10.0	7.1	6.5	1.0	13.4%	1.1%	
Consumer																
Century Pacific Food	CNPF	Neutral	2,374	38.80	45.00	16.0%	13.2%	18.8%	21.8	18.3	14.0	11.9	3.2	17.3%	1.2%	
D&L Industries	DNL	Buy	744	6.03	7.60	26.0%	5.0%	32.6%	17.9	13.5	10.8	9.2	1.8	13.6%	3.6%	
Emperador Inc.	EM	Neutral	3,322	12.22	17.20	40.8%	-31.4%	16.0%	32.2	27.7	19.2	17.1	1.9	7.2%	2.0%	
Jollibee Foods Corp	JFC	Buy	5,000	258.60	315.00	21.8%	34.8%	22.5%	31.2	25.5	8.6	7.5	2.8	11.5%	0.9%	
Monde Nissin Corporation	MONDE	Buy	2,499	8.05	12.10	50.3%	28.4%	14.3%	14.8	12.9	8.8	7.6	2.0	15.7%	3.9%	
Puregold Price Club	PGOLD	Buy	1,363	27.40	39.20	43.1%	17.0%	8.9%	7.9	7.2	2.4	2.1	0.8	10.5%	3.8%	
Robinsons Retail Holdings, Inc.	RRHI	Buy	907	36.85	55.00	49.3%	14.9%	9.8%	8.3	7.6	3.5	2.9	0.6	9.3%	4.9%	
San Miguel Food and Beverage Inc.	FB	Buy	5,298	51.90	65.00	25.2%	9.9%	9.6%	12.3	11.3	5.0	4.4	2.0	18.0%	3.1%	
Shakey's Pizza Asia Ventures	PIZZA	Buy	218	7.50	12.00	60.0%	17.4%	19.3%	10.0	8.4	6.7	5.5	1.2	15.3%	0.5%	
Universal Robina Corporation	URC	Buy	2,755	74.45	140.00	88.0%	-1.6%	6.2%	12.8	12.1	6.8	6.4	1.3	10.6%	4.6%	
Wilcon Depot, Inc.	WLCON	Neutral	591	8.34	17.30	107.4%	-16.7%	7.0%	11.8	11.1	4.5	4.1	1.3	12.4%	3.4%	
Property																
Ayala Land	ALI	Buy	5,842	23.10	38.00	64.5%	15.8%	12.4%	12.0	10.7	8.6	7.8	1.1	10.8%	2.5%	
Fiinvest Land Inc.	FLI	Neutral	278	0.72	0.70	-2.8%	3.1%	5.7%	4.5	4.3	9.1	8.7	0.2	4.8%	6.3%	
Megaworld	MEG	Buy	1,001	1.78	3.00	68.5%	7.1%	9.7%	3.0	2.7	4.2	4.1	0.2	8.0%	4.7%	
Robinsons Land	RLC	Buy	1,033	12.42	27.00	117.4%	11.3%	11.9%	4.9	4.4	4.0	3.5	0.4	9.9%	4.0%	
SM Prime Holdings	SMPH	Buy	11,824	23.70	42.00	77.2%	11.9%	11.1%	15.2	13.7	12.5	11.4	1.4	10.8%	0.4%	
Vista Land & Lifescapes	VLL	Buy	336	1.53	2.00	30.7%	59.8%	13.8%	1.8	1.6	6.4	5.9	0.1	9.8%	8.9%	
REITs																
AREIT, Inc.	AREIT	Buy	2,165	39.05	44.00	12.7%	9.9%	3.0%	14.9	14.4	17.3	14.6	1.1	7.8%	6.9%	
Citicore Energy REIT Corp.	CREIT	Buy	352	3.11	3.90	25.4%	5.3%	2.6%	15.8	15.4	13.7	13.5	4.4	31.9%	6.9%	
MREIT, Inc.	MREIT	Buy	868	13.50	18.00	33.3%	4.9%	3.0%	12.1	11.7	16.5	16.0	0.7	5.9%	8.4%	
RL Commercial REIT, Inc.	RCR	Buy	1,623	5.98	7.00	17.1%	23.6%	-11.4%	11.7	13.2	15.2	13.3	1.0	7.0%	7.2%	
Power & Industrials																
Aboitiz Power Corporation	AP	Buy	5,353	43.00	45.00	4.7%	9.7%	15.1%	9.0	7.8	7.1	8.0	1.4	18.0%	5.3%	
ACEN Corporation	ACEN	Buy	2,180	3.18	6.50	104.4%	22.2%	27.2%	18.6	14.7	13.9	15.3	0.8	5.6%	2.4%	
First Gen Corporation	FGEN	Buy	1,026	16.52	22.00	33.2%	-6.5%	10.2%	3.5	3.2	2.5	2.1	0.3	10.4%	2.4%	
Intl Container Terminal Services	ICT	Buy	12,068	345.00	472.00	36.8%	37.4%	33.9%	14.4	10.8	7.7	6.1	3.6	43.6%	4.2%	
Manila Electric Company	MER	Buy	9,483	487.00	567.00	16.4%	14.5%	10.9%	12.9	11.7	9.0	9.3	3.4	28.4%	4.3%	
Manila Water Company, Inc.	MWC	Buy	1,346	30.00	31.00	3.3%	29.7%	9.1%	7.5	6.9	6.4	5.9	1.0	16.8%	4.7%	
Megawide Construction Corp.	MWIDE	Buy	79	2.28	3.70	62.3%	NM	79.5%	11.6	6.5	6.3	6.1	0.3	6.7%	-	
Semirara Mining and Power Corporation	SCC	Neutral	2,783	37.90	35.30	-6.9%	-29.4%	-9.2%	8.1	9.0	5.4	5.5	2.6	30.2%	7.9%	
Mining																
Nickel Asia Corporation	NIKL	Neutral	606	2.52	3.40	34.9%	-19.7%	1.9%	11.6	11.4	6.2	6.2	0.5	9.8%	3.2%	
Telecom																
Converge ICT Solutions, Inc.	CNVRG	Buy	2,096	16.70	19.60	17.4%	22.4%	10.5%	11.3	10.2	6.0	5.5	1.9	20.6%	2.2%	
Globe Telecom	GLO	Buy	5,682	2,278.00	2,860.00	25.5%	9.0%	9.2%	15.9	14.6	6.4	6.1	1.9	13.1%	4.8%	
PLDT Inc.	TEL	Buy	5,147	1,379.00	1,950.00	41.4%	3.7%	8.6%	8.4	7.7	5.2	4.8	2.0	30.9%	7.0%	
Tourism																
Bloomerry Resorts Corporation	BLOOM	Buy	703	3.55	10.70	201.4%	-52.1%	11.4%	8.5	7.7	6.7	6.1	0.9	12.9%	4.2%	
Cebu Air	CEB	Buy	326	30.25	48.30	59.7%	-8.1%	72.2%	3.5	2.0	1.7	1.3	0.9	62.8%	-	
MacroAsia Corporation	MAC	Buy	166	5.09	7.40	45.4%	72.3%	17.5%	7.5	6.4	7.9	7.0	1.1	20.1%	4.0%	

Sources: BDO Securities estimates, Bloomberg

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