

The  
**MARKET CALL**  
Capital Markets Research



**FMIC and UA&P Capital Markets Research**

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## Executive Summary

**2023 should end with a Q4 GDP growth of 5.6% (with an upside bias), on account of robust NG infrastructure spending, elevated employment levels and slower H2 inflation with full year projected at 6.0%. We also see improved consumer expenditures, amid more brisk revenge spending specially in the Transport & Storage, and Accommodation & Food Services sectors driven by domestic and foreign tourism.**

## Bond Markets

**11 Softer inflation print and “normal” VIX volatility index likely prodded Fed officials to project up to 75 bps policy rate cuts in 2024, boosting investor confidence as interest rates hurtled by some 107 bps through mid-December from its October peak. This should help sustain the local bond market rally, buttressed also by markedly lower inflation and interest rates.**

Local investors’ better sentiment energized BTr’s auctions with the tender-offer ratio up to 2.844x in November double that a month ago. • GS secondary market trades also soared to year’s second high, by 83.7% MoM to P692.9-B. • Yields plunged in both primary and secondary market. In the former, these plummeted by -86.5 bps to -159.0 (for 91-day T-bills). • In the secondary market, yields tumbled by 56.2 bps (3-year T-bonds) to 79.8 bps (10-year T-bonds to 6.235%). • ROP yields dove deeper than equivalent U.S. Treasuries as the former climbed faster in October.

## Macroeconomy

**3 New economic data suggesting that Q2-2023 GDP weakness as an outlier has boosted confidence. NG’s ramping up of infrastructure spending (+20% growth YoY in August-October) will likely continue for the rest of 2023 and should hit 5.0% of GDP, as its debt ratio falls to 60.3% by yearend.**

NG infrastructure and current spending rebounded to above +20% YoY growth for August-October. • BIR tax revenues skyrocketed by 46.9% YoY in October confirming return to fast growth. • Manufacturing PMI hit a 10-month high of 52.7 in November. • Headline inflation eased to 4.1% YoY in November as food prices softened and transport costs fell. • Peso appreciated by 1.7% MoM due to U.S. dollar weakness, despite wider trade deficit in October.

## Equities Market

**17 2023 looks poised to conclude without major new developments, despite global interest rates and crude oil prices on a downward trek. Investors will likely wait for 2024 developments amid robust corporate earnings and low valuations and robust GDP growth in 2023.**

Five out of six sectors landed on the green driving PSEI to 6,223.73 up by +4.2% MoM in November. • Best performer Property sector posted a +7.2% MoM gain, followed by the Services sector with a 4.3% uptick. • Ayala Land, Inc. (ALI) had the largest gain among the PSEI-constituent stocks as it soared by +12.0% MoM. • AC Energy Corporation (ACEN) led the decliners with -9.4% dip MoM. • The lone sectoral decliner, Mining & Oil sector, Semirara Mining and Power Corporation (SCC) edged down by -0.2% MoM. • In November, more foreign investors modestly re-entered the market with buying of P1.0-B from net selling of P9.7-B a month ago.

Economic Indicators (% change, latest month, unless otherwise stated)	Latest Period	Previous Period	Year-to-Date	2021 (year-end)	2022 (year-end)
GDP Growth (Q3-2023)	5.9	4.3	5.5	5.8	7.2
Inflation Rate (November)	4.1	4.9	6.2	3.1	8.1
Government Spending (October)	8.3	8.1	4.7	12.8	13.6
Gross International Reserves (\$B) (November)	101.3	101.0	100.2	107.1	95.1
PHP/USD rate (November)	55.81	56.79	55.64	48.88	55.68
10-year T-bond yield (end-November)	6.24	7.09	6.38	4.16	6.98

Sources: Philippine Statistics Authority (PSA), Bangko Sentral ng Pilipinas (BSP), Department of Budget and Management (DBM), Philippine Stock Exchange (PSE), Philippine Dealing System (PDS), and Authors’ Calculations

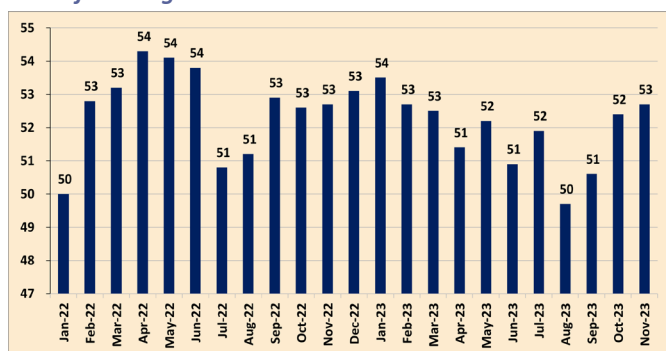
# MACROECONOMY

## NOVEMBER DATA RELEASES SURPASS MARKET EXPECTATIONS

Better-than-expected GDP growth of 5.9% year-on-year (YoY) and vastly lower headline inflation for November (4.1% YoY from 4.9% a month ago) have boosted optimism on prospects for Q4 and 2024. In addition, National Government (NG) current and capital expenditures in October also soared by 22.3% YoY, the third consecutive month of over-20% uptick, while Manufacturing PMI hit a 10-month high of 52.7. The peso sharply appreciated in November by 1.7% MoM as the U.S. dollar weakened due to falling interest rates there.

**Outlook:** The economic outlook has brightened as economic data releases revealed the weakness in Q2 proved transitory as near record inflation YoY earlier in 2023 bore down on consumers. NG has shown robust infrastructure and current spending growth from August to October and will likely continue to the end of 2023. With no further auctions after December 13th, we now expect the debt-to-GDP ratio to fall to 60.3% by end-2023, thus, allowing NG to have a slightly wider fiscal space.

Figure 1 - Manufacturing PMI  
Manufacturing PMI Rose to 52.7 in November 2023



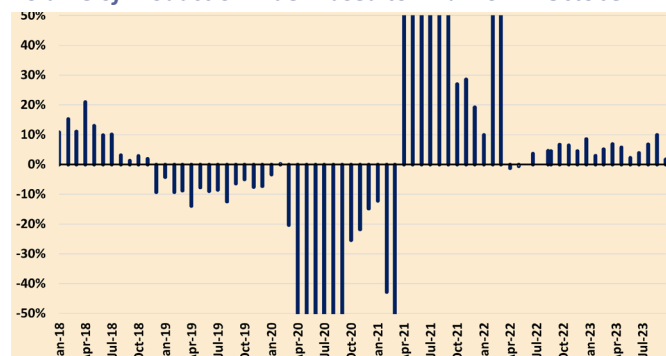
Source of Basic Data: S&P Global

### Manufacturing PMI Rose to 10-month high in November, while Output Slowed to 1.7% in October

S&P Manufacturing PMI for the country climbed to 52.7 in November from 52.4 in October, as robust demand conditions fueled the growth in new orders and output. This figure signaled the third consecutive month of expansion of the country's manufacturing sector since its contraction in August. With this, the domestic manufacturers hold a positive outlook regarding their production in the coming months.

Industrial output as measured by the Volume of Production Index (VoPI) slowed down to 1.7% YoY in October from 9.9% in the previous month.

Figure 2 - Volume of Production Index  
Volume of Production Index Eased to 1.7% YoY in October



Source of Basic Data: Philippine Statistics Authority (PSA)

Out of the 22 industry divisions, seven registered positive YoY performances, led by Manufacture of Coke and Refined Petroleum Products (+46.8%), Manufacture of Electrical Equipment (+32.1%), and Printing and Reproduction of Recorded Media (+26.3%). These three industry divisions were also the top gainers in September 2023.

Meanwhile, 15 industry divisions posted annual declines, led by Manufacture of Wood, Bamboo, Cane, Rattan Articles and Related Products (-41.8%), Manufacture of Beverages (-33.9%), and Manufacture of Machinery and Equipment Except Electrical (-20.2%). Notably, the latter two industry divisions also experienced declines in September 2023.

**Table 1 - Labor Force Survey Summary**

	September 2023	October 2023	MoM Change	
			Levels	% Change
<b>Labor Force</b>	49,929	49,891	(38)	-0.1%
Employed	47,666	47,801	136	0.3%
Underemployed	5,112	5,598	486	9.5%
Underemployment rate%	10.7	11.7	0.99	9.2%
Unemployed	2,263	2,090	(174)	-7.7%
Unemployment rate%	4.5	4.2	(0.34)	-7.6%
Labor Participation rate%	64.1	63.9	(0.10)	-0.2%
Not in Labor Force	28,025	28,127	102	0.4%
<b>Agriculture ('000)</b>	<b>10,250</b>	<b>10,591</b>	<b>341</b>	<b>3.3%</b>
<b>Industry ('000)</b>	<b>8,608</b>	<b>8,498</b>	<b>(110)</b>	<b>-1.3%</b>
Mining and Quarrying	245	162	(83)	-33.9%
Manufacturing	3,556	3,603	46	1.3%
Electricity, Gas, Steam, and Air-Conditioning Supply	161	102	(59)	-36.7%
Water Supply; Sewerage, etc.	97	60	(37)	-38.5%
Construction	4,548	4,571	23	0.5%
<b>Services ('000)</b>	<b>28,808</b>	<b>28,713</b>	<b>(95)</b>	<b>-0.3%</b>
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	9,961	10,130	170	1.7%
Transportation and Storage	3,717	3,533	(184)	-5.0%
Accommodation and Food Services Activities	2,489	2,195	(293)	-11.8%
Information and Communication	522	541	18	3.5%
Financial and Insurance Services	584	638	53	9.1%
Real Estate Activities	202	259	57	28.0%
Professional, Scientific, and Technical Activities	413	390	(23)	-5.7%
Administrative and Support Services Activities	2,474	2,539	65	2.6%
Public Administration and Defense; Compulsory Social Security	2,888	2,845	(43)	-1.5%
Education	1,617	1,583	(34)	-2.1%
Human Health and Social Work Activities	691	747	55	8.0%
Arts, Entertainment, and Recreation	407	389	(18)	-4.4%
Other Service Activities	2,833	2,922	89	3.1%

Source of Basic Data: Philippine Statistics Authority (PSA)

### Unemployment Rate Down to 4.2% in October from 4.5%

The country's unemployment rate fell back to the record low of 4.2% in October as it added on some 136,000 employed persons during the month. More significantly, it resulted in historically smallest number of unemployed persons of 2.1-M.

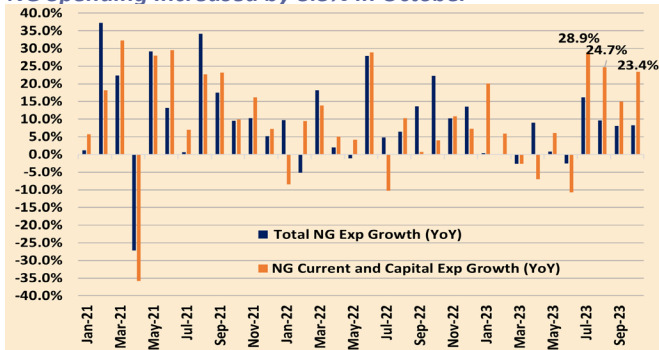
The underemployment rate, however, moved up to 11.7% from 10.7% a month earlier. On the other hand, average hours in a work week rose slightly by 1.2% but this proved sufficient to jack up total manhours per week to 1.97-B, the second highest level ever achieved.

The Agriculture sector provided the big boost of 341,000 jobs, while the Industry and Services sectors had minor job sheddings of -110,000 and -95,000, respectively. The Agriculture sector benefitted from the rice harvest season and the revival of vegetable output.

While the Services sector saw job losses, seven out of 13 sub-sectors took in more workers. Trade—wholesale and retail—sub-sector added 170,000 jobs as the Christmas season draw nearer. Other Services also provided 85,000 job openings the sixth month of expansion in 2023.

As for the Industry sector, only minor gains emerged from the two largest sub-sectors—Manufacturing and Construction—which hired 46,000 and 23,000 additional people, respectively. However, the three other sub-sectors led by Mining & Quarrying (-83,000) had job layoffs.

**Figure 3 - NG Expenditures Growth Rate, Year-on-Year  
NG Spending Increased by 8.3% in October**



Source of Basic Data: Bureau of the Treasury (BTr)

**Soaring BIR Tax Take Pulled Down October Deficit to P34.4-B**

With tax revenues of the Bureau of Internal Revenue (BIR) soaring by 46.9% YoY in October, overall National Government (NG) revenues surged by 33.6% to P385.8-B dwarfing the 8.3% YoY expenditures uptick. This yielded a budget deficit of P34.4-B, the lowest monthly deficit in 2023. Total deficit year-to-date (YTD) ran to P1.0-T providing a bit of space to go below the target P1.5-T full-year deficit.

Apart from BIR’s stellar performance which accounted for 91.9% of total NG receipts, Non-Tax Revenues also surged by 22.3% YoY in support of the impressive revenues growth. On the other hand, the large drop in imports kept the Bureau of Customs revenues at a low trajectory of 3.8% YoY growth path.

While total NG spending managed only a single-digit gain in October, NG expenditures on Current and Capital Outlays soared by 23.4% YoY, maintained its high double-digit pace since July. Higher capital expenditures from the implementation of road infrastructure projects of the Department of Public Works and Highways, modernization program of the Department of National Defense, and foreign-assisted rail transport projects of the Department of Transportation drove the spending binge.

**Table 2 - Major Contributors to Year-on-Year Inflation**

Inflation Year-on-Year Growth Rates	Oct-2023	Nov-2023	YTD
	4.9%	4.1%	6.2%
Food and Non-Alcoholic Beverages	7.0%	5.7%	8.1%
Alcoholic Beverages and Tobacco	9.3%	9.0%	10.9%
Clothing and Footwear	4.8%	4.3%	4.8%
Housing, Water, Electricity, Gas, and Other	2.6%	2.5%	5.2%
Fuels			
Transport	1.0%	-0.8%	1.8%
Restaurants and Accommodation	6.3%	5.4%	7.6%
Personal Care & Miscellaneous Goods and Services	5.5%	5.4%	5.4%

Note: Green font - means higher rate (bad) vs. previous month  
Red font – means lower rate (good) vs. previous month

Source of Basic Data: Philippine Statistics Authority (PSA)

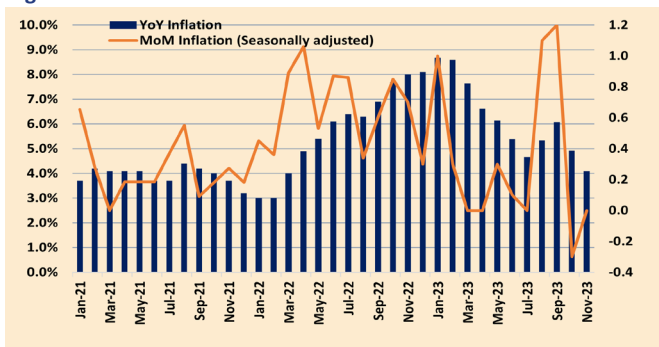
**Inflation Receded Further to 4.1% YoY in November**

Despite rising rice prices, headline inflation slowed to 4.1% YoY in November from 4.9% a month ago, the slowest pace since March 2022. All 13 product categories decelerated from October. Year-to-date (YTD) the headline inflation dropped further to 6.2%, the lowest achieved in 2023.

Food inflation, notwithstanding the 15.8% YoY jump in rice prices, decelerated to 5.7% YoY from 7.0% in October as all other food product categories took a slower pace in price increases. The biggest fall occurred in Vegetables, Tubers, etc. which turned negative to -2.0% YoY in October from 11.9% a month earlier.

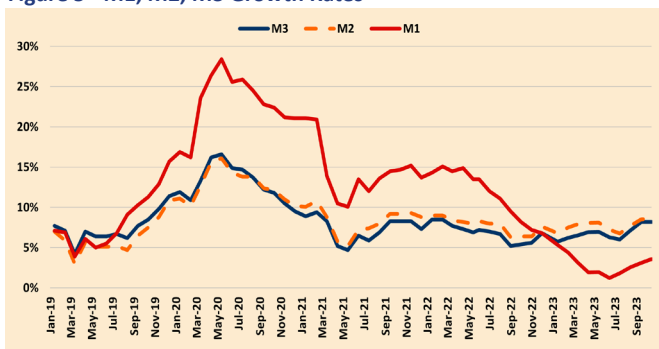
Transport cost index tumbled by -0.8 YoY from 1.0% a month ago. Fuel prices fell by 7.0% YoY reflecting the decline in crude oil prices abroad. West Texas Intermediate (WTI, U.S. benchmark) slumped by -7.9% YoY to \$77.68/barrel while Brent crude plunged even more by -9.3% to \$82.94/barrel.

**Figure 4 - Inflation Year-on-Year Growth Rates**



Source of Basic Data: Philippine Statistics Authority (PSA)

**Figure 5 - M1, M2, M3 Growth Rates**



Source of Basic Data: Bangko Sentral ng Pilipinas (BSP)

On a seasonally adjusted basis, MoM inflation held off at 0% from -3.0% a month earlier.

While El Nino threatens to further drive up rice prices, crude oil price weakness—due to global economic slowdown (esp. top importer China) and increasing inventories—should mitigate much of this. And so PH inflation would continue its downward trend and end with a full year 6.0% uptick in 2023.

**Money Supply (M3) Expanded to 8.2% YoY in October**

Domestic liquidity (M3) grew by 8.2% YoY to P16.7-T in October, mirroring the rate of expansion observed in September. On a MoM seasonally adjusted basis, M3 increased by 0.7%.

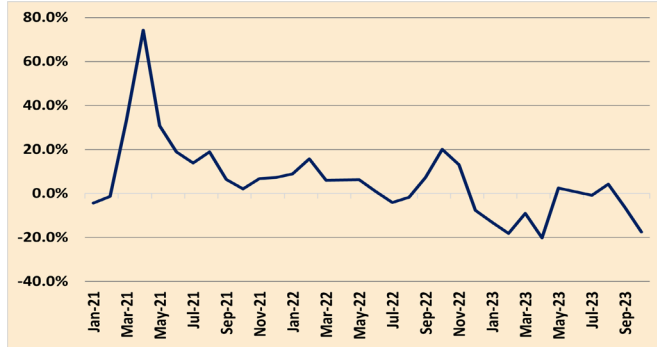
Net foreign assets (NFA) in peso terms inched up by 2.1% YoY in October, faster than the 1.0% uptick in September. The Bangko Sentral ng Pilipinas' (BSP) NFA position also jumped by 4.7% YoY in October from 2.3% YoY in the previous month. Additionally, the NFA of banks fell on account of higher bills payable and foreign deposit liabilities.

Lending for production activities increased by 5.9% in October following its 4.9% expansion in September, as outstanding loans to key industries grew, specifically Electricity, Gas, Steam, and Airconditioning Supply (+10.2%), and Wholesale and Retail Trade, and Repair of Motor Vehicles and Motorcycles (+9.3%). Real Estate Activities (+8.3%) also saw an increase in its loan availments.

Meanwhile, consumer loans rose by 22.8% in October, albeit at a slower pace than the 23.5% rise in September, driven by the sustained increase in credit card and motor vehicle loans.



**Figure 6 - Exports Growth Rates, Year-on-Year**  
**Exports Fell by -17.5% in October**



Source of Basic Data: Philippine Statistics Authority (PSA)

**Table 3 - Exports Year-on-Year Growth Rates**

	Sept-2023	Oct-2023	YTD
<b>Total Exports</b>	<b>-6.3</b>	<b>-17.5</b>	<b>-7.8</b>
<b>Agro-Based Products</b>	<b>-7.2</b>	<b>-1.9</b>	<b>-24.1</b>
<b>Mineral Products, of which</b>	<b>14.4</b>	<b>6.2</b>	<b>-2.9</b>
Copper cathodes	14.1	60.3	-0.4
Others (incl. nickel)	-11.4	10.4	-16.7
<b>Manufactured Goods</b>	<b>-8.2</b>	<b>-21.1</b>	<b>-7.3</b>
Electronic Products	-9.4	-28.9	-8.6
Other Electronics	-5.5	4.1	8.9
Chemicals	50.8	38.8	-11.3
Machinery and Transport Equipment	17.2	-3.6	9.6
Processed Food and Beverages	-11.3	12.3	-9.4
Others	-11.8	10.4	-2.4

Source of Basic Data: Philippine Statistics Authority (PSA)

**Exports Plunged by -17.5% in October**

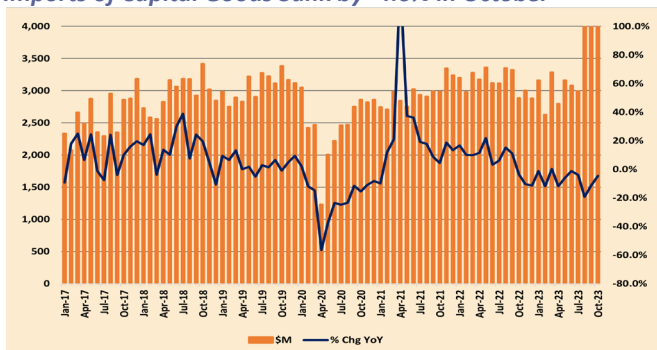
Exports contracted by -17.5% YoY in October, piling on top of its -6.3% YoY dip in September. In monetary terms, this amounted to \$6.3-B in October from \$7.7-B a year ago.

Seven of the 10 major commodities expanded in October. Cathodes and Sections Of Cathodes, Of Refined Copper jumped the most with a 60.3% YoY rise from last year. Chemicals also experienced higher shipments as it increased by 46.2% YoY. On the other hand, the country’s top export, Electronic Products, slipped by -28.9% YoY in October. Coconut Oil and Machinery and Transport Equipment also registered declines of -16.9% YoY and -3.6% YoY, respectively.

By major types of goods, Petroleum Products took the top spot with 28.6% YoY uptick in October, followed by Special Transactions which climbed by 13.0% YoY. Mineral Products also increased by 6.2% YoY driven by the growth in shipments of Copper Metal (60.3%) and Chromium Ore (51.1%). Meanwhile, Manufactured Goods dipped the most by -21.1% YoY due to lower export sales of Wood Manufactures (-53.1%).

The U.S. remained in the number one spot of the country’s top export destination with \$1.0-B in October. However, it dropped by -13.5% YoY, accounting for 16.0% of total exports. Japan came close with a 14.2% share in total exports, amounting to \$902.7-M. Furthermore, shipments to People’s Republic of China totaled to \$880.4-M, earning the third spot with a 13.8% share.

**Figure 7 - Imports of Capital Goods (in Million USD)**  
**Imports of Capital Goods Sank by -4.6% in October**



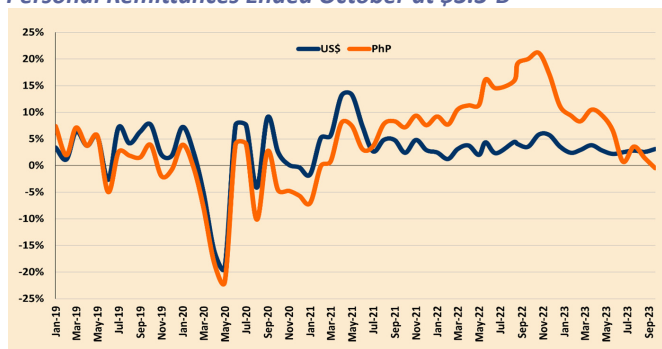
Source of Basic Data: Philippine Statistics Authority (PSA)

**Table 4 - Imports Year-on-Year Growth Rates**

	Sept-2023	Oct-2023	YTD
<b>Total Imports</b>	<b>-14.7</b>	<b>-4.4</b>	<b>-9.6</b>
<b>Capital Goods</b>	<b>-11.2</b>	<b>-4.6</b>	<b>-7.0</b>
Power Generating and Specialized Machines	-10.6	11.0	4.0
Office and EDP Machines	-24.2	-27.3	-33.5
Telecommunication Equipment and Electrical Machinery	-19.8	-11.5	-8.2
Land Transport Equipment excluding Passenger Cars and Motorized cycle	15.2	21.0	5.6
Aircraft, Ships and Boats	39.1	10.3	-13.4
Prof. Sci and Cont. Inst., Photographic Equipment and Optical Goods	11.4	6.6	5.2
<b>Raw Materials and Intermediate Goods</b>	<b>-17.6</b>	<b>-7.5</b>	<b>-15.0</b>
<b>Mineral Fuels, Lubricant and Related Materials</b>	<b>-27.5</b>	<b>-5.3</b>	<b>-17.1</b>
<b>Consumer Goods</b>	<b>-1.9</b>	<b>4.8</b>	<b>8.4</b>

Source of Basic Data: Philippine Statistics Authority (PSA)

**Figure 8 - OFW Remittances Growth Rates, Year-on-Year**  
**Personal Remittances Ended October at \$3.3-B**



Source of Basic Data: Bangko Sentral ng Pilipinas (BSP)

**Capital Goods Imports Edged Down by -4.6% in October**

Imports of capital goods dropped by -4.6% YoY to \$2.8-B in October from \$3.0-B in the previous year. This marks its 7th consecutive month of descent. On the other hand, total imports registered a -4.4% YoY downtick in October to \$10.5-B from \$11.0-B last year.

Among the capital goods imports, Land Transport Equipment excluding Passenger Cars and Motorized Cycle earned the top spot as it surged by 21.0% YoY in October following its 15.2% YoY rise in the previous month. Power Generating and Specialized Machines came next with 11.0% YoY while Aircraft, Ships and Boats inched up by 10.3%. On the downside, Office and EDP Machines ended October with a -27.3% YoY contraction, followed by imports of Telecommunication Equipment and Electrical Machinery which slipped by -11.5%.

Feeding Stuff for Animals (Not Including Unmilled Cereals) grew the most among the top import commodities in October with a 36.6% YoY gain. Miscellaneous Manufactured Articles followed suit with a 31.1% YoY increase. Meanwhile, imports of Electronic Products led the decliners after registering a -21.2% YoY contraction.

With a steeper decline in exports than in imports, the trade deficit in October widened to \$4.1-B. This indicates a 16.5% MoM rise from September and a 26.0% YoY upswing from the same month a year ago.

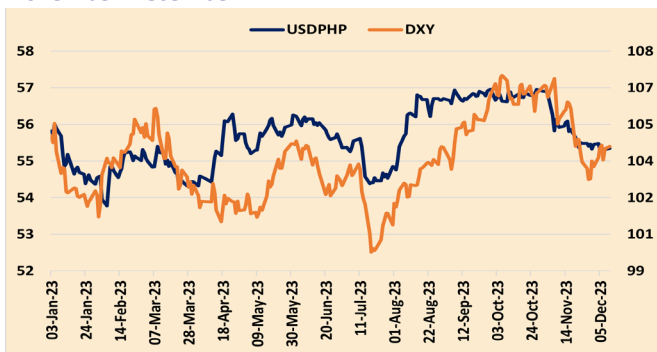
**OFW Remittances Surged by 3.1% in October 2023**

Personal remittances of Overseas Filipino Workers (OFW) grew by 3.1% to \$3.3-B in October. This brought the YTD remittances to \$30.5-B, a 2.9% increment from the same period last year. The increase in personal transfers during the year benefited from land-based workers which rose by 3.0% to \$2.60-B from \$2.53-B in the same period last year and sea-land based workers which rose by 2.9% to \$0.66-B from \$0.64-B in the same period last year.

On the other hand, cash remittances from OFWs coursed through banks jumped by 3.0% to \$3.0-B in October from \$2.9-B in the same month a year ago. The increase in cash remittances from the United States (U.S.), Saudi Arabia, and Singapore led the growth in remittances for the first 10 months of 2023. As for the country origin, the U.S. registered the highest share of overall remittances at 41.5% followed by Singapore, Saudi Arabia, Japan, United Kingdom, United Arab Emirates, Canada, Qatar, Taiwan, and Republic of Korea. The consolidated remittances from these top 10 countries accounted for 79.9% of the total cash remittances from January to October 2023.



**Figure 9 - U.S. Dollar Index and Dollar-Peso Exchange Rate**  
*USDPHP More Closely Tracking USD Movements in November-December*



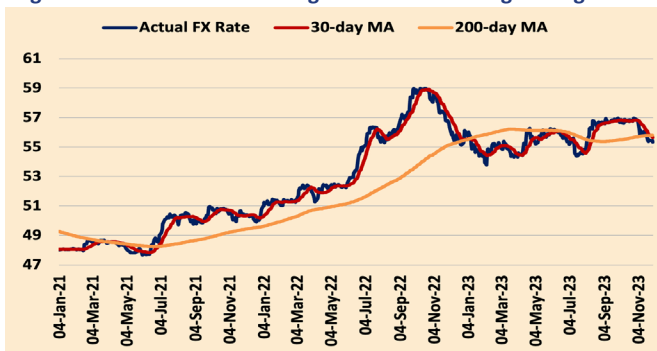
Source of Basic Data: Trading Economics

**Peso Strongly Appreciated in November by 1.7% MoM**

November ushered in a rebound in the peso which appreciated by an average of 1.7% month-on-month (MoM) from moving sideward a month earlier as the U.S. dollar lost steam (see Figure 9) and the country’s balance of trade improved further (see Imports above). All monitored countries of the region came out stronger against the U.S. dollar.

Technical analysis suggests sideways movement, with a slight appreciation bias as both actual USDPHP had dropped below both the 200-day and 30-day moving averages (MAs) although they seem to converge of late. Robust OFW remittances may slightly tilt the balance in favor of the peso in December. Any significant actions by the Fed or the BSP affecting the exchange rate will likely occur in Q1-2024.

**Figure 10 - Dollar-Peso Exchange Rates and Moving Averages**



Source of Basic Data: Bangko Sentral ng Pilipinas (BSP)

**Table 5 - Exchange Rates vs USD for Selected Asian Countries**

Exchange Rates vs USD for Selected Asian Countries			
	Oct-2023	Nov-2023	YTD
AUD	0.9%	-2.7%	5.7%
CNY	0.0%	-2.6%	4.7%
INR	0.1%	0.1%	0.8%
IDR	1.6%	-3.1%	-1.6%
KRW	-0.3%	-3.9%	5.5%
MYR	1.1%	-2.3%	7.7%
PHP	-0.3%	-2.8%	5.5%
SGD	-0.1%	-2.3%	1.1%
THB	-1.7%	-3.1%	3.2%

Note: Green font - means it depreciated, weaker currency  
 Red font – means it appreciated, stronger currency

Source of Basic Data: Bangko Sentral ng Pilipinas (BSP)

## Outlook

With few surprises from economic data releases in the rest of December, we confirm our 5.5% GDP growth outlook for 2023, with an upward bias, and inflation rate should remain fairly stable in the low 4% path. Thus, we put more focus on the year ahead.

- NG's last minute spending in the last two months of 2023 should provide a good boost to aggregate demand in Q4 and spill over into Q1-2024. Apart from a rush to complete infrastructure projects, 13th month pay (also for private sector) should add a lift to consumer spending.
- The Services sector shall again lead the economic gains in Q4 and in 2024 as major sub-sectors like Trade, Transport & Storage, and Accommodations & Food Services should see significant increases in employment as locals and foreigners hike leisure spending.
- While rice prices have tended to rise, weakness in international crude oil prices due to ample supply and weak demand amidst a global economic slowdown, especially in the advanced economies and China will likely partly mute the former's impact and so we see an inflation print of 6.0% in 2023.
- We see a meager contribution from the external sector due to tepid import demand.
- Finally, we expect the peso to trade sideways for the rest of 2023.

# FIXED INCOME SECURITIES

## INVESTORS RETURN AS INFLATION EASES AND INTEREST RATES PLUNGE

Tumbling inflation and interest rates both here and abroad have lured bond investors back to the market in November, as seen in both primary and secondary markets activity and yields. The auctions for government securities (GS) saw strong demand as the tender-offer ratio (TOR) reached 2.844x nearly twice that in October. Yields of 91-day Treasury bills (T-bills) ended the month at 4.753% or some 159 basis points (bps) lower than a month ago, while 7-year Treasury bond (T-bond) yields shed -57.6 bps to end at 6.099%. Trading volumes in the secondary market skyrocketed by 83.7% month-on-month (MoM) to P692.9-B—second highest in 2023—while driving yields down across the curve led by the 79.8 bps plunge in 10-year T-bond yields to 6.235%. U.S. dollar-denominated government bonds (ROPs) dove more than equivalent U.S. Treasuries, as the former had risen too fast in October.

**Outlook:** With Fed officials thinking of a 75-bps policy rate cut in 2024, investor sentiment has turned positive, buoyed by fading inflation and a 107.0-bps plunge in 10-year U.S. T-bond yields by mid-December from its peak in October. CBOE Volatility Index confirms this as the index has stayed in the “tranquil period” level for a month. This would have a downward pull on domestic bond yields, which have plunged as well. Less pressure from domestic factors—NG borrowings stopped in mid-December and milder domestic inflation—should also contribute for slightly lower T-bond yields as 2023 comes to a close.

Table 6 - Auction Results

Date	T-Bond/ T-Bill	Offer (Php B)	Tendered (Php B)	Accepted (Php B)	Tendered ÷ Offered	Ave. Yield	Change bps
31 Oct	91-day	13.0	60.538	13.00	4.657	4.753	-159.0
	182-day	13.0	40.288	12.50	3.099	5.181	-128.1
	364-day	14.0	50.146	12.72	3.582	5.727	-86.5
Subtotal		40.0	150.972	38.22	3.774		
7 Nov	6 yr. - 8 mo. (FXTN 7-70)	30.0	60.889	30.00	2.030	6.807	
14 Nov	9 yr. - 9 mo. (FXTN 10-71)	30.0	65.928	30.00	2.198	6.781	-17.3
21 Nov	15 yr. - 2 mo. (FXTN 20-23)	20.0	71.303	20.00	3.565	6.593	-37.8
29 Nov	5 yr. - 10 mo. (FXTN 7-68)	20.0	60.266	20.00	3.013	6.099	-57.6
22 Nov	TTB – 1 year	15.0	31.426	15.00	2.095	6.500	
Subtotal		115.0	289.812	115.00	2.520		
All Auctions		155.0	440.784	153.22	2.844		

Source: Bureau of the Treasury (BTr)

### GS Auctions: BTr Offered Only P155.0-B in November, 20.5% Less than a Month Ago

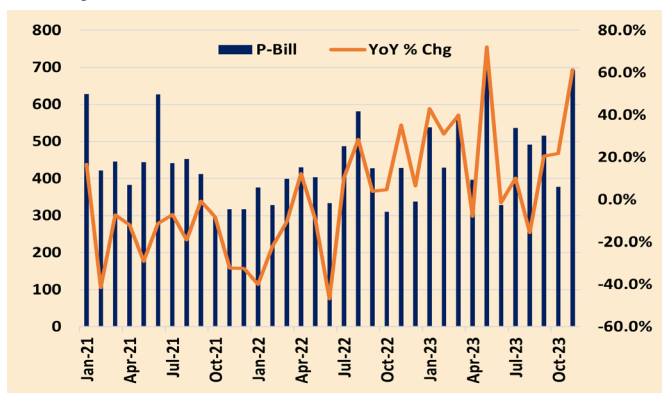
Showing confidence in its cash position and expecting lower-than-budget fiscal deficit, the Bureau of the Treasury (BTr) put only P155.0-B of government securities (GS) on auction, a fifth lower than in October. Tenders totaling P440.8-B exceeded the previous month's bids by 58.9%. This resulted in higher tender-offer ratio (TOR) of 2.844x nearly double the TOR of 1.432x in October.

Yields by the last auction for Treasury bills (T-bills) plunged by -86.5 bps to -159.0 bps (for 91-day T-bills). Longer term bond yields slipped much less. For the 10-year Treasury bonds (T-bonds), the slippage proved more modest at -17.3 bps from the latest October auction for the same tenor to 6.871%. The largest decline occurred in 7-year space (FXTN 7-68) in which yields fell by -57.6 bps to 6.099% from October.

In addition, BTr issued its first non-tradable 1-year “Tokenized” Treasury Bonds (TTBs) amounting to P15.0-B on November 22 with a coupon rate of 6.5%. BTr said that “The issuance of the TTBs demonstrates the BTr’s commitment towards increased financial inclusion through the modernization of financial platforms and the reduction of friction costs, thus easing retail investor access to government securities.”

BTr also issued “sukuk” bonds in December and has cancelled auctions of T-bills and T-bonds slated for December 11 and 12, respectively.

**Figure 11 - GS Secondary Trading Volumes and Growth Volume Skyrocketed by 83.7% MoM to Year's 2nd Highest Level of P692.9-B**



Source: Philippine Dealing Systems (PDS)

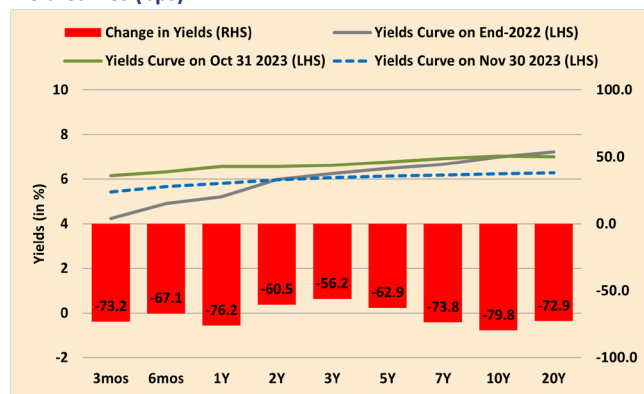
**Yields Plunged Across the Curve in November as Much as 79.8 bps**

More dovish statements by Fed officials after slower inflation and weaker job creation for October emerged drove U.S. Treasury yields downward, bringing global and Philippine bond markets with it. The significant slowdown in domestic inflation to 4.1% in November from 4.9% a month earlier added pressure on bond yields which plunged by -56.2 bps (3-year T-bonds) to 79.8 bps (10-year T-bonds to 6.235%). Correspondingly the rally jacked up trading volume by 83.7% MoM to P692.9-B, the second highest level in 2023 and 61.5% YoY from a year ago.

After best performing 10-year T-bond yields, 1-year bonds plunged by -76.2 bps to 5.802%, while 7-year yields sank by -73.8 bps to 6.177%. The two ends of the curve (3-month and 20-year) had similar deep dives of -73.2 bps and -72.9 bps to 5.418% and 6.282%, respectively.

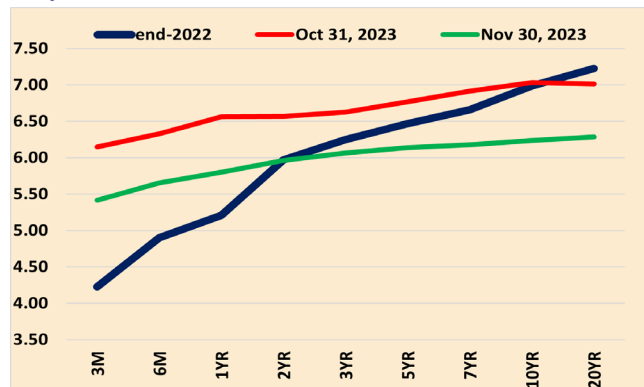
The yield curve flattened further by -20 bps to 27 bps (i.e., steepness measure: 10-year less 2-year yield). The short part of the curve may have overshot fundamentals as long as BSP keeps its policy rates at 6.5%.

**Figure 12 - Month-on-Month Changes on the GS Benchmark Bond Yield Curves (bps)**



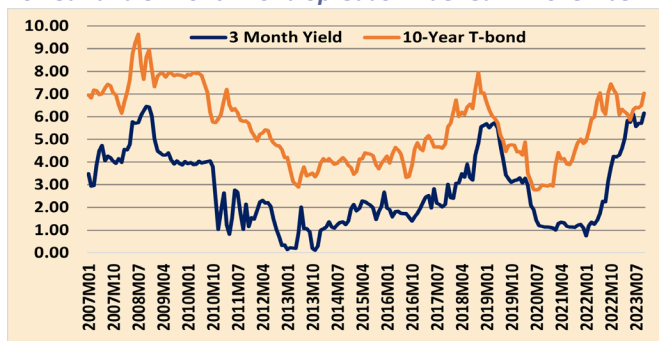
Sources: Bloomberg, Philippine Dealing Exchange (PDEX)

**Figure 13 - Yield Curves, End-2022, October-November 2023 Deep Dives Across the Yield Curve**



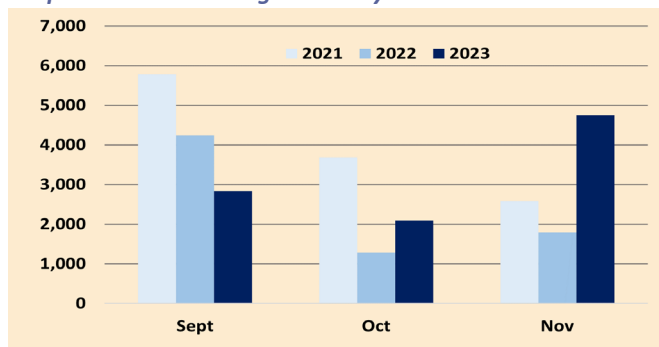
Sources: Bloomberg, Philippine Dealing Exchange (PDEX)

**Figure 14 - 3-Month and 10-Year Bond Yields, 2007-2023**  
**10-Year and 3-Month Bond Spreads Widened in November**



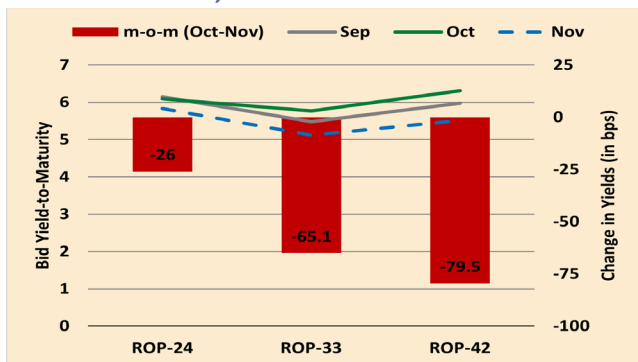
Source: Philippine Dealing Systems (PDS)

**Figure 15 - Total Corporate Trading Volume (in Billion Pesos)**  
**Corporate Bond Trading Soared by 127.2% MoM**



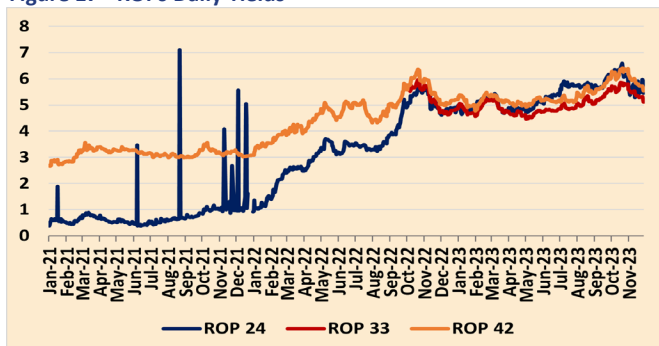
Sources: Bloomberg, Philippine Dealing Exchange (PDEX)

**Figure 16 - ROPs Yield Curves, September-November 2023**  
**Like U.S. Treasuries, ROP Yields Plummeted in November**



Source: Bloomberg

**Figure 17 - ROPs Daily Yields**



Sources: Bloomberg, First Metro Investment Corporation (FMIC)

**Secondary Market Trading: Volume More than Doubled in November**

Like the rally in the GS market, corporate bond trading perked up in November by 127.2% MoM to P4.8-B. It also skyrocketed by 164.2% YoY.

**Corporate Issuances and Disclosures**

- As first tranche of its P35.0-B shelf registration of Peso-Denominated Fixed-Rate bonds, Filinvest Land Inc. (FLI) raised P11.4-B on the issue with a maturity of 3.5 years, and coupon rate of 6.9829%, payable quarterly.
- Bank of the Philippine Islands (BPI) issued its P36.7-B of Fixed Rate Bonds, which carries an coupon rate of 6.4250% p.a., to be paid on a quarterly basis. The issue attracted 7x the original offer of P5.0-B under its shelf registration.

**ROPs: Yields Tumbled More than U.S. Treasuries in November**

Republic of the Philippines' U.S. dollar-denominated bond yields tumbled more than equivalent U.S. Treasuries as market players corrected their over-reaction to the interest rate jump in October. Global markets reacted positively to the more dovish tone of Fed officials amid slower inflation and job creation for that month.

ROP-42 dove the most, shedding -79.5 bps to end November at 5.518%. ROP-33 likewise plunged by -65.1 bps to end at 5.121%. However, ROP-24, due in two months' time, slipped by -26.0 bps to 5.831%.

The more efficient U.S. Treasuries market reflected slower declines in 10-year U.S. Treasury bonds by -51.0 bps to end at 4.37%, while 20-year yields slumped by -49.0 bps and dropped to 4.72%. The 3-month U.S. Treasuries fell the least, i.e., by -14 bps to 5.45%, close to the Fed's policy rate ceiling of 5.50%.

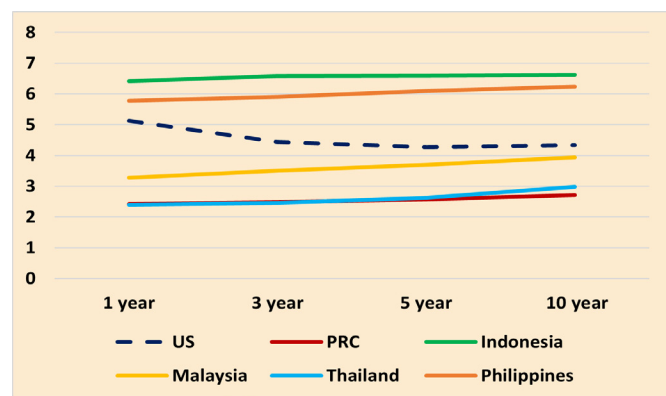
The deeper dive in ROPs compared to U.S. Treasuries delivered lower spreads for the 3-month, 10-year, and 20-year tenors. These changes amounted to -12.0 bps, -14.1 bps and -12.5 bps, respectively for the above tenors.

**Table 7 - Spreads of ROPs Over Equivalent U.S. Treasuries (bps)**

Spreads of ROPs over Equivalent U.S. Treasuries (bps)			
Date	3-month	10-year	20-year
29-Sep	59.8	89.1	105.1
31-Oct	50.1	89.2	110.3
30-Nov	38.1	75.1	97.8

Sources: UA&P Direct Estimates from Federal Reserve Board, Philippine Dealing & Exchange Corporation (PDEX)

**Figure 18 - ASEAN+1 Yield Curves End-November 2023**  
Yield Curves in ASEAN Remained Flat



Sources: Asian Development Bank (ADB), Federal Reserve Board

**ASEAN+1: Taking Cue from U.S. Yield Curves Slightly Flatten**

**U.S.:** After weak job generation in October of 150,000, November created 199,000 jobs easily beating expectations. At the same time, the U.S. inflation rate in November eased further to 3.1%, a 5-month low, from 3.2% in October. However, the country’s Manufacturing PMI slipped to 49.4 in November from 50.0 in October.

During October, exports tumbled down by -1.0% to \$258.8-B while imports marginally increased by 0.2% to \$323.0-B, resulting in a larger trade deficit of \$64.3-B in October.

Despite the November job gains, the Fed opted to keep policy rates unchanged at 5.25%-5.50% in its December meeting, with majority of governors penciling in up to three rate cuts in 2024.

The yield curve remained inverted at -36.0 bps in November from -19.0 bps in October.

**CHINA:** Fears of deflation festered as the annual inflation rate fell faster to -0.5% in November following its -0.2% drop in the previous month due to lower food prices. However, factory activity went back on expansion mode as the Caixin General Manufacturing PMI rose to 50.7 in November from 49.5 in October.

In November, exports edged up by +0.5% to \$291.9-B while imports declined by -0.6% to \$223.5-B. With this, China’s trade surplus slightly widened to \$68.4-B in November from \$66.5-B a year ago.

The People's Bank of China's (PBoC) 1-year medium-term lending facility (MLF) rate remains at 2.50% in December. The spread between 10-year and 2-year bond yields contracted by 6.0 bps to 28.0 bps in November.



**INDONESIA:** Indonesia's manufacturing sector expanded for the 27th consecutive month in November as PMI rose to 51.7 from 51.5 a month earlier. The country's inflation print increased to 2.9% in November from 2.6% a month earlier, driven by higher level of food and transport prices.

Outward shipments declined for the sixth consecutive month, falling by -8.6% YoY to \$22.0-B in November, driven by a slowdown in the economy of its trading partners and moderating commodity prices. On the other hand, imports grew by 3.3% YoY to \$19.6-B in November, the first growth observed in six months. As a result, trade surplus contracted to \$2.4-B in November from \$5.1-B in the previous year.

Meanwhile, Bank Indonesia (BI) kept its policy rate at 6.0% after its November meeting. The yield curve flattened as the steepness measure (i.e., 10-year less 2-year yields) dropped by 12.0 bps to 13.0 bps in November.

**MALAYSIA:** Manufacturing PMI stood at 47.9 in November, marking the 15th straight month of contraction in the manufacturing sector. On the inflation front, the country's annual inflation rate slightly eased to 1.8% in October from 1.9% in September.

Exports and imports both experienced single-digit losses in October by -4.4% to MYR 126.2-B (\$26.6-B) and -0.2% to MYR 113.3-B (\$23.9-B). This lowered the country's trade surplus to MYR 12.9-B (\$2.7-B) in October from MYR 18.6-B (\$3.9-B) last year.

Bank Negara Malaysia (BNM) held its policy rate steady at 3.0%. The spread between 10-year and 2-year bond yields declined by 16.0 bps to 43.0 bps in November, due to an expected slightly slower than expected growth in 2023 and 2024.

**THAILAND:** GDP growth slowed to 1.5% YoY in Q3-2023 from 1.8% in Q2, driven by the fifth consecutive quarter of decline in government spending. Thailand continued to experience deflation in November, as consumer prices declined to -0.4% from -0.3% in October, caused by lower prices of non-food products. Meanwhile, the manufacturing sector contracted for the fourth consecutive month as Manufacturing PMI fell to 47.6 in November from 47.5 in October.

The country's exports accelerated by 8.0% to \$23.5-B in October. Meanwhile, imports surged by 10.2% to \$24.4-B in October. Overall, this brought the country's trade deficit to \$0.8-B in October, wider than last year's deficit of \$0.6-B.

Meanwhile, the Bank of Thailand (BOT) retained the policy rate at 2.50% in its November meeting. The yield curve's steepness measure contracted by 13.0 bps to 52.0 bps in November.

Table 8 - Spreads Between 10-year and 2-year T-Bonds

Spreads between 10-year and 2-year T-Bonds									
Country	2-year Yields	10-year Yields	Projected Inflation Rates	Real 10-Year Yield	10-Year and 2-Year Spread (bps)		Spread Change (bps)	Latest Policy Rate	Real Policy Rate
					Oct-23	Nov-23			
U.S.	4.69	4.33	3.9	0.43	(19)	(36)	(17)	5.50	1.60
PRC	2.43	2.71	0.8	1.91	34	28	(6)	2.50	1.70
Indonesia	6.49	6.62	3.8	2.82	25	13	(12)	6.00	2.20
Malaysia	3.51	3.94	2.7	1.24	59	43	(16)	3.00	0.30
Thailand	2.46	2.98	1.5	1.48	65	52	(13)	2.50	1.00
Philippines	5.97	6.24	6.1	0.14	47	27	(20)	6.50	0.40

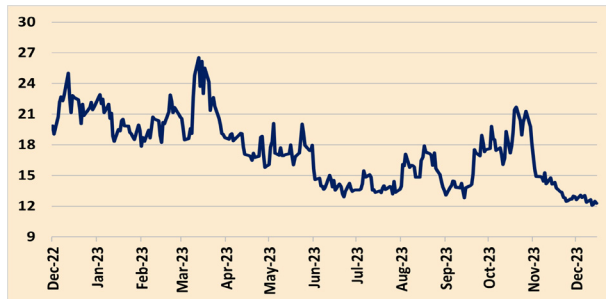
Sources: Asian Development Bank (ADB), The Economist & UA&P  
 \*1-year yields are used for PH because 2-year papers are illiquid

## Outlook

The outlook for global financial markets has improved specially after Fed minutes reveal that a near-majority of governors cluster around three rate cuts in 2024. Underpinning this change of heart among Fed governors stand the continuing fall in inflation supported by weaker crude oil prices. The same holds true for the Philippine bond markets where yields have plummeted in November.

- Market sentiment has brightened, and U.S. interest rates have sunk well into December. Actually, 10-year T-bond yields have plunged by some 107.0 bps from its peak of 4.99% on October 19, 2023 to 3.92% by mid-December. The market got enthused by the dovish three-rate-cuts scenario painted by Fed governors. The tumbling CBOE VIX Volatility Index which has dropped to below 15 points level (i.e., below which is considered “tranquil” period for risks) and down further to 12.19 level by mid-December support this more sanguine view moving forward amid a global economic slowdown.

Figure 19 - CBOE VIX Volatility Index



Source: Chicago Board Options Exchange (CBOE)

- Corporate bond issuances should escalate starting Q2-2024 since only by that quarter would we determine if inflation’s slide would continue unabated.
- ROPs spread over equivalent U.S. Treasuries have a little bit of room for compression, but that would also depend on the success of the Philippines’ fight against inflation.
- Domestically, the two remaining factors include NG net borrowings and inflation. NG decided to cancel at least three auctions for the rest of 2023 suggests that its cash position remains comfortable.
- Domestic inflation also appears southbound in December despite possibly elevated rice prices. Significantly lower crude oil prices, amid weak global (esp. China) demand and reluctance of some OPEC+ members to cut production, and higher output from U.S., Canada, and Brazil, should offset much of the upward pressure from rice prices.

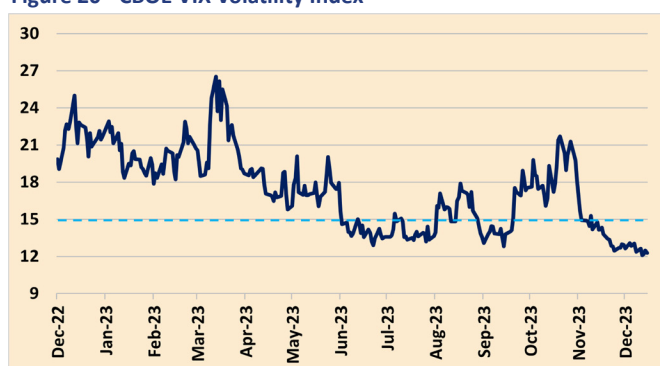
# EQUITY MARKETS

## INVESTORS CAUTIOUSLY HEAD BACK TO BOURSES

Equity investors headed back to the bourses around the world amid the fall in inflation and the plunge in crude oil prices. Majority of our tracked (12) global equities markets landed on the green, while only two performed negatively in November. South Korea KOSPI took a huge leap of 11.3% month-on-month (MoM) uptick, reversing its -7.6% loss a month ago, followed by the U.S. Dow Jones Industrial Average's (DJIA) remarkable 8.8% surge to its second highest level in 2023. Joining the parade, Philippines PSEi posted a 4.2% MoM gain to end November at 6,223.73. PSE's Property sector grabbed the top honors as Ayala Land Inc. (ALI) posted the largest gain of 12.0% MoM among PSEi-constituent stocks. On other hand, another Ayala Corporation (AC) subsidiary, AC Energy (ACEN), slipped to the bottom of the ladder as it plummeted by -9.4% MoM.

**Outlook:** The year may, after all, not end with a whimper despite the absence of new stimuli. A last-minute rush to the local equities market comes with more risk appetite as the VIX Volatility Index (usually used as an indicator of financial market risk) has gone to the "calm" period of below-15 points for a month now, despite the wars in Ukraine and Middle East.

Figure 20 - CBOE VIX Volatility Index



Source: Chicago Board Options Exchange (CBOE)

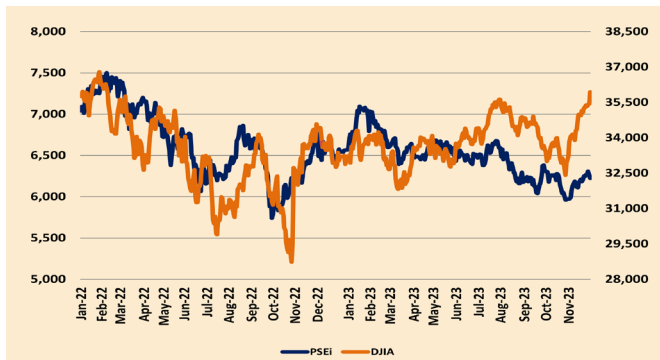
**Global Picture.** With dovish remarks of some Fed officials as the economy and inflation showed signs of a slowdown, DJIA soared by 8.8% MoM. This had positive contagion effect on other bourses. After KOSPI, Germany DAX had the second highest uptick as it registered a 9.5% MoM gain in November, wiping out its -3.7% loss in October. Meanwhile, Hong Kong HSI dropped the most with a -0.4% MoM downtick, piling on top of its -3.9% loss in October.

Table 9 - Global Equities Markets Performances

Global Equities Markets Performances				
Region	Country	Index	November M-o-M Change	2023 % Change
Americas	US	DJIA	8.8%	8.5%
Europe	Germany	DAX	9.5%	16.5%
	London	FTSE 101	1.8%	0.0%
East Asia	Hong Kong	HSI	-0.4%	-13.8%
	Shanghai	SSEC	0.4%	-1.9%
	Japan	NIKKEI	8.5%	28.3%
	South Korea	KOSPI	11.3%	13.4%
Asia-Pacific	Australia	S&P/ASX 200	4.5%	0.7%
Southeast Asia	Indonesia	JCI	4.9%	3.4%
	Malaysia	KLSE	0.7%	-2.9%
	Thailand	SET	-0.1%	-17.3%
	Philippines	PSEi	4.2%	-5.2%

Sources: Bloomberg and Yahoo Finance

**Figure 21 - PSEi vs DJIA**  
**PSEi vs DJIA Correlation in November Increased to +0.83**

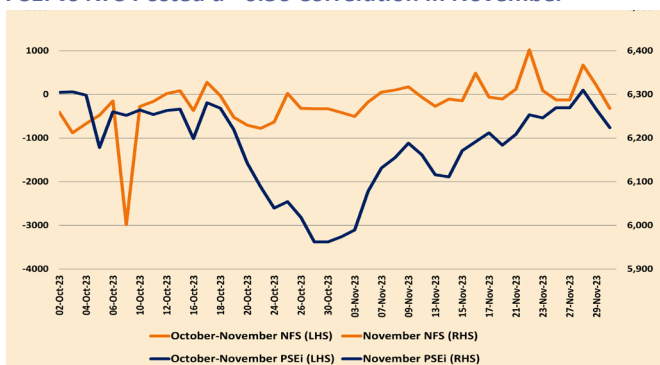


Sources: Wall Street Journal, Bloomberg

**PSEi and DJIA.** The Dow Jones Industrial Average (DJIA) closed a volatile month of trading. DJIA ended November at 35,950.89, a 10-month high. Meanwhile, PSEi finished the month at 6,223.73 from the previous month’s close of 5,973.78. The correlation between the two indices in November went up to +0.83 from +0.71.

**Net Foreign Buying/Selling.** In terms of trading volume, only two sectors landed on the green, with the Property sector leading the sector gainers having the largest uptick of +11.3% in November. In contrast, the Mining and Oil sector led the sectors with negative trading performance with its -72.2% plunge in November after the payment of the dividend largesse of Semirara Mining and Power Corporation (SCC).

**Figure 22 - PSEi vs Net Foreign Selling**  
**PSEi vs NFS Posted a +0.56 Correlation in November**



Sources: Bloomberg & Yahoo Finance

Foreign investors ended up as net buyers in November to a modest P1.0-B from net selling of P9.7-B a month earlier.

**Table 10 - Monthly Turnover (in Million Php)**

Monthly Turnover (in Million Pesos)				
Sector	Total Turnover		Average Daily Turnover	
	Value	% Change	Value	% Change
Financial	13,686.23	-34.0%	720.33	-27.1%
Industrial	18,294.93	-31.3%	962.89	-24.0%
Holdings	14,015.03	2.5%	737.63	13.3%
Property	13,625.13	11.3%	717.11	23.1%
Services	14,154.32	-22.8%	744.96	-14.7%
Mining and Oil	1,330.10	-72.2%	70.01	-69.3%
<b>Total</b>	<b>75,105.75</b>	<b>-22.1%</b>	<b>3,952.93</b>	<b>-13.9%</b>
Foreign Buying	40,600.11	-9.6%	2,136.85	-0.1%
Foreign Selling	39,572.22	-27.5%	2,082.75	-19.9%
Net Buying (Selling)	1,027.89	-110.6%	54.10	-111.7%

Source of Basic Data: PSE Quotation Reports

**Table 11 - Top Foreign Buy in November (in Million Php)**

Top Foreign Buy	
Company	Total Value
ICT PM Equity	2,461.12
ALI PM Equity	1,179.70
AC PM Equity	449.26
JFC PM Equity	436.05
TEL PM Equity	255.25
<b>Total Buy Value</b>	<b>4,781.39</b>

Sources of Basic Data: Bloomberg, First Metro Investment Corporation (FMIC)

**Table 12 - Top Foreign Sell in November (in Million Php)**

Top Foreign Sell	
Company	Total Value
MBT PM Equity	-547.33
AREIT PM Equity	-457.62
URC PM Equity	-355.81
SM PM Equity	-315.12
MONDE PM Equity	-290.74
<b>Total Sell Value</b>	<b>-1,966.62</b>

Sources of Basic Data: Bloomberg, First Metro Investment Corporation (FMIC)

**Table 13 - Monthly Sectoral Performance**

Monthly Sectoral Performance					
Sector	31-October-2023		30-November-2023		2023 YTD
	Index	% Change	Index	% Change	
PSEI	5,973.78	-5.5%	6,223.73	4.2%	-5.2%
Financial	1,712.36	-8.0%	1,742.53	1.8%	5.9%
Industrial	8,477.16	-4.9%	8,688.02	2.5%	-7.1%
Holdings	5,726.65	-5.1%	5,910.80	3.2%	-8.1%
Property	2,540.67	-2.8%	2,723.03	7.2%	-7.0%
Services	1,453.07	-3.7%	1,515.44	4.3%	-7.3%
Mining and Oil	9,782.95	-9.4%	9,667.60	-1.2%	-10.6%

Source of Basic Data: PSE Quotation Reports

**Table 14 - Financial Sector Constituent Stocks**

Company	Symbol	10/31/2023 Close	11/30/2023 Close	M-o-M % Change	2023 YTD
Metropolitan Bank and Trust Company	MBT	52.30	49.95	-4.5%	-7.5%
BDO Unibank, Inc.	BDO	127.50	133.50	4.7%	26.3%
Bank of the Philippine Islands	BPI	100.50	103.30	2.8%	1.3%

Source of Basic Data: PSE Quotation Reports

The top five favorite stocks (net buying) of foreign investors amounted to P4.7-B with International Container Terminal Services, Inc. (ICT, P2.4-B) and Ayala Land, Inc. (ALI, P1.1-B) leading the pack.

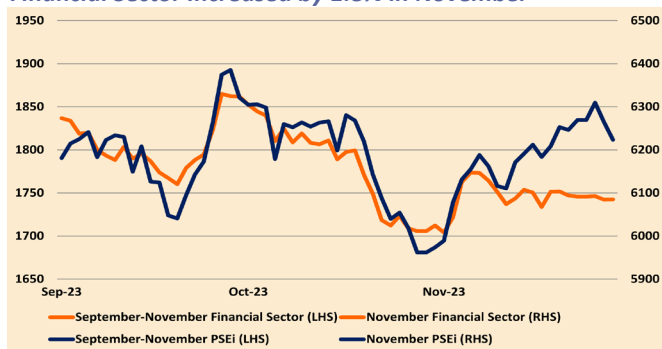
Five sectors of PSEi turned in a positive performance while one sector still on the red which resulted to a +4.2% MoM gain by PSEi in November. The Property sector valuations rose by +7.2% MoM, making it the top-performing sector for the month after experiencing a -2.8% MoM decline in October. The Services sector followed suit with a +4.3% MoM uptick. Meanwhile, the Mining and Oil sector fell by -1.2% MoM, emerging as the sole loser in November. On the other hand, the Financial sector still held the best year-to-date (YTD) performance with its +5.9% increase.

The Financial sector ranked fifth in the sectoral race, with a +1.8% MoM gain in November, a minor cut from its -8.0% loss a month earlier.

Bank of the Philippine Islands (BPI) share prices inched up by +2.8% MoM in November, after registering a -10.3% loss in October. BPI recently declared regular cash dividends of P1.68/common share for the second half of 2023 payable on December 22. It provided some 3.3% dividend yield based on its closing price in 2022.

Metropolitan Bank & Trust Company's (MBT) share prices contracted by -4.5% MoM in November. Nevertheless, MBT valuation seems to have rebounded in December as it increased to P51.30 as of December 20. In Q3-2023, MBT also registered a +38.7% YoY increase in its core net income from P10.9-B to P7.8-B a year ago, due to its asset expansion, improved margins, and healthy non-interest income growth. MBT President Fabian S. Dee said that the growth in Q3 signifies the bank's strength and resilience amid unpredictable market conditions, and he further added that the bank will continue to be committed to maintaining solid capital and liquidity positions through the pursuit of additional market opportunities. Recently, MBT also bagged the 2023 Best Bank of the Year award from The Banker for the second consecutive year.

**Figure 23 - Financial Sector Index (September 2023 - November 2023)**  
**Financial Sector Increased by 1.8% in November**



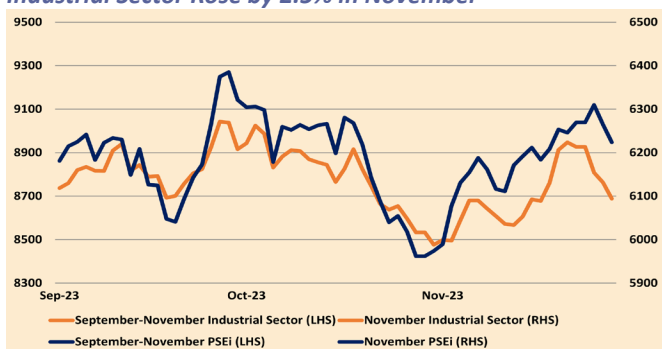
Source of Basic Data: PSE Quotation Reports

**Table 15 - Industrial Sector Constituent Stocks**

Company	Symbol	10/31/2023 Close	11/30/2023 Close	M-o-M % Change	2023 YTD
Meralco	MER	355.00	360.00	1.4%	20.5%
Jollibee Foods Corporation	JFC	205.00	226.60	10.5%	-1.5%
Universal Robina Corporation	URC	109.30	113.00	3.4%	-16.9%
AC Energy Corporation	ACEN	5.30	4.80	-9.4%	-37.0%
Emperador Inc.	EMI	20.80	20.95	0.7%	1.7%
Monde Nissin Corporation	MONDE	8.20	8.40	2.4%	-24.2%
Century Pacific Food, Inc.	CNPF	28.00	30.40	8.6%	17.8%

Source of Basic Data: PSE Quotation Reports

**Figure 24 - Industrial Sector Index (September 2023 - November 2023)**  
**Industrial Sector Rose by 2.5% in November**



Source of Basic Data: PSE Quotation Reports

The Industrial sector index ranked fourth in the sectoral race, with a +2.5% MoM increment in November, partially offsetting its -4.9% dip a month ago.

Jollibee Foods Corporation (JFC) share prices gained the most as it rose by 10.5% MoM in November, almost wiping out its -10.6% loss in October. JFC's core net income for Q3-2023 rose by 66.0% YoY to P2.4-B from P1.4-B in the same period last year. JFC attributes the growth of its net income to its strong quarterly system-wide sales and operating income.

Universal Robina Corporation (URC) share prices also went up by 3.4% MoM in November, after registering a -8.1% dip in the previous month. URC saw a +35.0% YoY increase in its core net income for Q3-2023, reaching P2.8-B from P2.1-B in the same quarter a year ago. URC credits the surge on its net income to its higher sales driven by its agro-industrial and commodities business.

Monde Nissin Corporation (MONDE) share prices followed suit with a +2.4% MoM gain in November, slightly reversing its -9.2% dip in October. MONDE's core net income for Q3-2023 jumped by +41.1% YoY to P2.2-B from P1.5-B in the same period last year. The growth in its core net income emerged from the robust recovery of the Asia-Pacific Branded Food and Beverage (APAC BFB) business.

AC Energy Corporation (ACEN) share prices contracted by -9.4% MoM in November, erasing its +7.9% gain a month earlier. Nevertheless, ACEN's core net income for Q3-2023 experienced a +24.0% YoY increase to P2.4-B from P1.9-B in the same quarter a year earlier. The increase in its net income resulted mainly from the sale of its two geothermal assets in Indonesia.

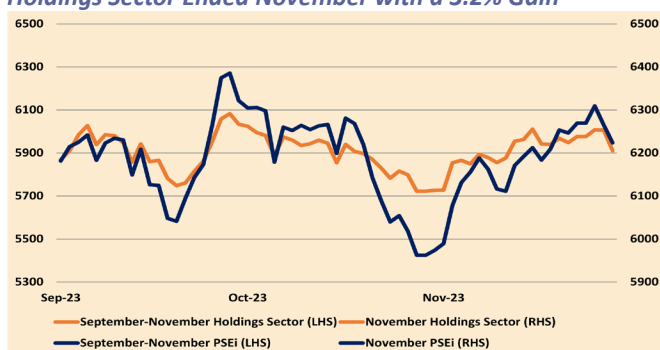


**Table 16 - Holdings Sector Constituent Stocks**

Company	Symbol	10/31/2023 Close	11/30/2023 Close	M-o-M % Change	2023 YTD
Ayala Corporation	AC	605.50	664.00	9.7%	-4.5%
SM Investments Corporation	SM	801.00	819.00	2.2%	-9.0%
Aboitiz Equity Ventures	AEV	45.80	46.80	2.2%	-18.9%
GT Capital Holdings, Inc.	GTCAP	549.00	542.50	-1.2%	24.7%
San Miguel Corporation	SMC	105.10	108.00	2.8%	16.2%
Alliance Global Group, Inc.	AGI	10.60	9.80	-7.5%	-17.6%
LT Group, Inc.	LTG	8.85	8.85	0.0%	-3.8%
JG Summit Holdings, Inc.	JGS	36.75	38.50	4.8%	-23.5%
DMCI Holdings, Inc.	DMC	9.17	9.20	0.3%	-23.3%

Source of Basic Data: PSE Quotation Reports

**Figure 25 - Holdings Sector Index (September 2023 - November 2023)**  
**Holdings Sector Ended November with a 3.2% Gain**



Source of Basic Data: PSE Quotation Reports

The Holdings sector ranked third in the sectoral race in November with a +3.2% MoM uptick, cutting off a slice from its -5.2% loss in October.

Ayala Corporation (AC) share prices ended November with a +9.7% MoM gain, after it went down by -3.0% a month ago. AC's core net income rose by 42.0% YoY to P31.0-B in the first nine months of 2023, driven by the robust performance of its subsidiaries such as BPI, ACEN, and Ayala Land. AC's year-to-date (YTD) core net income is also already at par with its net income for full year 2019.

JG Summit Holdings, Inc. (JGS) share prices followed suit with a +4.8% MoM increment, wiping out its -3.3% loss in October. JGS recently finished its 13.81-megawatt (MW) solar rooftop project in the province of Batangas. The said project is expected to achieve an annual energy saving of 17.8 gigawatt-hours and a reduction in greenhouse gas emissions in its warehouses and offices by 17,000 tons.

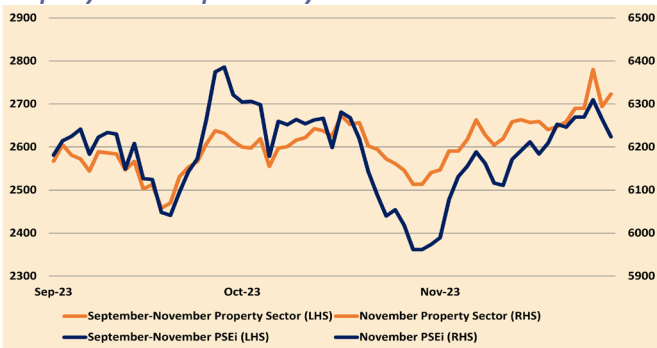
GT Capital Holdings, Inc. (GTCAP) share prices dipped by -1.2% MoM in November, piling on top of its -3.7% downtick in the previous month. Nevertheless, GTCAP saw a rise in its core net income by +106.0% YoY to P6.6-B in Q3-2023 from P3.2-B in the same period last year. The significant increase in its net income came primarily from the strong performances of Metropolitan Bank & Trust Company, Toyota Motor Philippines, and Federal Land Inc.

Alliance Global Group, Inc. (AGI) share prices also dropped by -7.5% MoM in November, following its -14.0% dip in October. AGI experienced a flat growth in its core net income (+0.2% YoY) for Q3-2023 as it stood at P3.69-B from P3.68-B in the same quarter last year. Nevertheless, AGI's net income for the first nine months of 2023 inched up by +9.0% YoY to P12.9-B after its core property and fast-food businesses delivered impressive results.

**Table 17 - Property Sector Constituent Stocks**

Company	Symbol	10/31/2023 Close	11/30/2023 Close	M-o-M % Change	2023 YTD
Ayala Land, Inc.	ALI	27.85	31.20	12.0%	1.3%
SM Prime Holdings, Inc.	SMPH	30.00	32.30	7.7%	-9.0%

Source of Basic Data: PSE Quotation Reports

**Figure 26 - Property Sector Index (September 2023 - November 2023)  
Property Sector Expanded by 7.2% in November**

Source of Basic Data: PSE Quotation Reports

**Table 18 - Services Sector Constituent Stocks**

Company	Symbol	10/31/2023 Close	11/30/2023 Close	M-o-M % Change	2023 YTD
PLDT, Inc.	TEL	1,210.00	1,288.00	6.4%	-2.2%
Globe Telecom	GLO	1,760.00	1,710.00	-2.8%	-21.6%
Converge ICT Solutions, Inc.	CNVRG	8.37	8.21	-1.9%	-48.3%
Puregold Price Club Inc.	PGOLD	27.10	27.20	0.4%	-22.1%
Wilcon Depot, Inc.	WLCON	19.80	21.15	6.8%	-28.3%
International Container Terminal Services, Inc.	ICT	201.20	215.80	7.3%	7.9%
Bloomerry Resorts Corporation	BLOOM	9.11	9.65	5.9%	26.1%

Source of Basic Data: PSE Quotation Reports

The Property sector finished first in the sectoral race as it ended the month with a +7.2% MoM gain, completely erasing its -2.8% loss a month ago.

Ayala Land, Inc. (ALI) share prices led the sector with a +12.0% MoM uptick, wiping out its -5.4% dip in October. ALI experienced a +33.0% YoY growth in its core net income for Q3-2023, amounting to P6.9-B from P5.2-B in the same period a year ago, driven by the robust performance of its various business segments. ALI also intends to inject P23.0-B worth of prime commercial properties into AREIT, Inc. in 2024 to enhance the latter's assets under management (AUM).

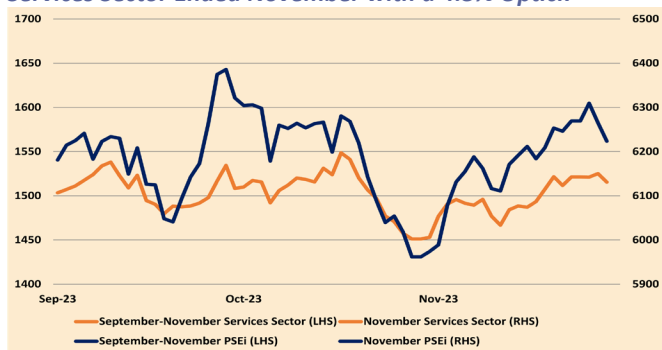
SM Prime Holdings, Inc. (SMPH) share prices followed suit with a +7.7% MoM increment, leaving no trace of its -1.0% loss a month ago. SMPH's core net income increased by +35.0% YoY to P10.7-B in Q3-2023 from P7.9-B in the same quarter last year, fueled by the strong performance of all its business segments, particularly its shopping malls.

The Services sector ranked second in the sectoral race as it ended November with a +4.3% MoM increase, a rebound from its -3.7% decline in October.

International Container Terminal Services, Inc. (ICT) share prices jumped by +7.3% MoM in November, after experiencing a -2.9% drop in the previous month. ICT anticipates to finish the first phase of its terminal expansion in Melbourne, Australia by the end of 2023. The expansion project, which was valued at AUD 235.0-M, is projected to enhance the capacity of Victoria International Container Terminal (VICT) by 30.0% to 1.25-M twenty-foot equivalent units (TEU), allowing the terminal to accommodate larger vessels.

Wilcon Depot, Inc. (WLCON) share prices followed suit with a +6.8% MoM gain in November, partially erasing its -10.0% loss in October. WLCON recently opened a new branch of Wilcon Depot Home Essentials located in Southpark Mall of Muntinlupa City. WLCON currently has eight Home Essentials branches, with the new Southpark branch being the ninth in the lineup.

**Figure 27 - Services Sector Index (September 2023 - November 2023)**  
**Services Sector Ended November with a 4.3% Uptick**



Source of Basic Data: PSE Quotation Reports

PLDT, Inc. (TEL) share prices came close as it inched up by +6.4% MoM in November, piling on top of its +2.9% gain a month ago. TEL recently disclosed the appointment of Mr. Manuel V. Pangilinan as the company’s new President and chief executive officer (CEO) starting January 1, 2024. Mr. Pangilinan will replace Mr. Alfredo S. Panlilio, as the latter announced his retirement as TEL’s President and CEO due to health reasons.

Globe Telecom (GLO) share prices sank by -2.8% MoM in November, following its -1.8% plunge in October. GLO’s core net income slipped by -23.0% to P6.0-B in Q3-2023 from P7.8-B in the same quarter a year ago, mainly due to increased depreciation expense as well as last year’s gains from the partial sale of its data center business. Nonetheless, GLO recently secured funds worth P12.0-B by signing term loan facilities with the Bank of the Philippine Islands, China Banking Corporation, and Robinsons Bank Corporation for P3.0-B, P5.0-B, and P4.0-B, respectively, to fund its capital expenditures.

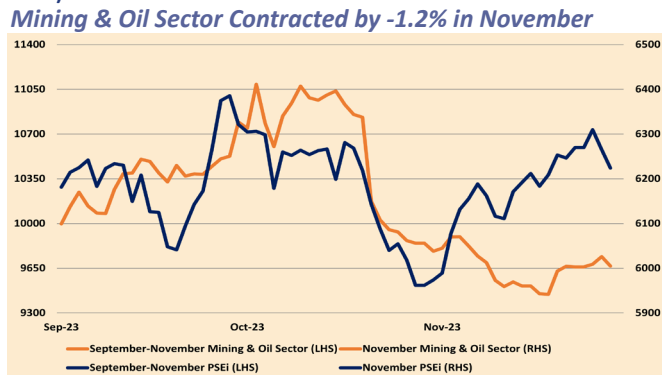
**Table 19 - Mining and Oil Sector Constituent Stock**

Company	Symbol	10/31/2023 Close	11/30/2023 Close	M-o-M % Change	2023 YTD
Semirara Mining and Power Corporation	SCC	29.00	28.95	-0.2%	-16.1%
Nickel Asia Corporation	NIKL	5.45	5.05	-7.3%	-13.5%

Source of Basic Data: PSE Quotation Reports

The Mining & Oil sector took the bottom spot in the sectoral race as it ended November with a -1.2% dip, adding on top of its -9.4% loss a month ago.

**Figure 28 - Mining & Oil Sector Index (September 2023 - November 2023)**  
**Mining & Oil Sector Contracted by -1.2% in November**



Source of Basic Data: PSE Quotation Reports

Semirara Mining and Power Corporation (SCC) share prices still landed on the red in November, albeit minor, at -0.2% MoM, after tumbling down by -16.9% in the previous month. Likewise, Nickel Asia Corporation (NIKL) share prices trekked down by -7.3% MoM in November amid weaker nickel prices, adding on its -10.9% loss a month earlier.

# Recent Economic Indicators

## NATIONAL INCOME ACCOUNTS, CONSTANT PRICES (In Million Pesos)

	2021		2022		2nd Quarter 2023			3rd Quarter 2023		
	Levels	Y-o-Y G.R.	Levels	Y-o-Y G.R.	Levels	Q-o-Q G.R.	Y-o-Y G.R.	Levels	Q-o-Q G.R.	Y-o-Y G.R.
<b>Production</b>										
Agri, Hunting, Forestry and Fishing	1,775,209	-0.3%	1,783,499	0.5%	417,670	-6.1%	0.2%	410,293	-1.8%	0.9%
Industry Sector	5,551,621	8.5%	5,914,703	6.5%	1,554,914	6.0%	2.1%	1,351,011	-13.1%	5.5%
Service Sector	11,213,252	5.4%	12,245,429	9.2%	3,235,140	8.0%	6.1%	3,289,283	1.7%	6.8%
<b>Expenditure</b>										
Household Final Consumption	13,455,117	4.2%	14,570,218	8.3%	3,584,449	-3.0%	5.5%	3,682,451	2.7%	5.0%
Government Final Consumption	2,842,705	7.2%	2,981,663	4.9%	838,500	17.2%	-7.1%	745,138	-11.1%	6.7%
Capital Formation	4,051,799	20.0%	4,609,287	13.8%	1,349,911	19.6%	0.3%	1,056,561	-21.7%	-1.6%
Exports	5,129,672	8.0%	5,688,704	10.9%	1,421,446	3.4%	4.4%	1,571,141	10.5%	2.6%
Imports	6,939,209	12.8%	7,906,240	13.9%	2,022,466	1.7%	0.2%	2,023,100	0.0%	-1.3%
GDP	18,540,084	5.7%	19,943,630	7.6%	5,207,724	6.1%	4.3%	5,050,587	-3.0%	5.9%
NPI	639,321	-51.6%	1,133,700	77.3%	495,640	20.1%	90.7%	621,976	25.5%	112.5%
GNI	19,179,405	1.7%	21,077,331	9.9%	5,703,364	7.2%	8.6%	5,672,563	-0.5%	12.1%

Source: Philippine Statistics Authority (PSA)

## NATIONAL GOVERNMENT CASH OPERATION (In Million Pesos)

	2021		2022		September-2023			October-2023		
	Levels	Y-o-Y G.R.	Levels	Y-o-Y G.R.	Levels	M-o-M G.R.	Y-o-Y G.R.	Levels	M-o-M G.R.	Y-o-Y G.R.
<b>Revenues</b>										
Tax	3,005,539	5.2%	3,545,505	18.0%	255,408	-17.8%	-11.6%	385,808	51.1%	33.6%
BIR	2,742,721	9.5%	3,220,315	17.4%	233,499	-20.0%	-8.4%	354,737	51.9%	34.6%
BoC	2,078,145	6.5%	2,335,674	12.4%	152,171	-28.7%	-12.4%	274,429	80.3%	46.9%
Others	643,563	19.7%	862,420	34.0%	78,897	5.2%	-0.5%	77,926	-1.2%	3.8%
Non-Tax	21,013	33.7%	22,221	5.7%	2,431	-23.6%	16.3%	2,382	-2.0%	43.7%
	262,464	-25.3%	324,082	23.5%	21,666	15.3%	-35.9%	31,071	43.4%	22.3%
<b>Expenditures</b>										
Allotment to LGUs	4,675,639	10.6%	5,159,640	10.4%	506,349	14.2%	8.1%	420,210	-17.0%	8.3%
Interest Payments	892,698	11.0%	1,103,284	23.6%	80,922	7.2%	-15.6%	75,358	-6.9%	-12.9%
	429,432	12.9%	502,858	17.1%	71,448	67.5%	19.3%	58,983	-17.4%	77.7%
Overall Surplus (or Deficit)	(1,670,100)	21.8%	(1,614,135)	-3.4%	(250,941)	88.7%	39.6%	(34,402)	-86.3%	-65.3%

Source: Bureau of the Treasury (BTr)

## POWER SALES AND PRODUCTION INDICATORS

### Manila Electric Company Sales (In Gigawatt-hours)

	2022		May-2023			June-2023		
	Annual Levels	Growth Rate	Levels	Y-o-Y G.R.	YTD	Levels	Y-o-Y G.R.	YTD
<b>TOTAL</b>	48,270.70	6.0%	4,531.50	7.6%	3.2%	4,581.80	4.0%	3.4%
Residential	17,140.40	1.4%	1,689.40	7.7%	0.5%	1,700.20	5.6%	1.5%
Commercial	17,052.40	14.1%	1,630.70	11.0%	10.6%	1,673.50	8.5%	10.2%
Industrial	13,296.80	3.1%	1,103.20	-1.8%	-4.1%	1,116.70	-6.6%	-4.5%

Source: Meralco

## BALANCE OF PAYMENTS (In Million U.S. Dollar)

	2021		2022		2nd Quarter 2023		3rd Quarter 2023	
	Levels	Y-o-Y G.R.	Levels	Y-o-Y G.R.	Levels	Y-o-Y G.R.	Levels	Y-o-Y G.R.
<b>I. CURRENT ACCOUNT</b>								
Balance of Trade	-5,943	-151%	-18,116	205%	-4,025	-49.5%	-2,100	-65.1%
Balance of Goods	-52,806	56%	-69,682	32%	-16,281	-15.7%	-16,688	-14.4%
Exports of Goods	54,228	12%	57,726	6%	13,814	-0.5%	14,537	-0.7%
Import of Goods	107,034	31%	127,408	19%	30,095	-9.4%	31,225	-8.5%
Balance of Services	14,039	1%	15,879	13%	4,045	36.7%	5,160	18.4%
Exports of Services	33,570	5%	41,127	23%	11,161	21.6%	12,628	15.8%
Import of Services	19,531	9%	25,248	29%	7,116	14.4%	7,467	14.1%
Current Transfers & Others								
<b>II. CAPITAL AND FINANCIAL ACCOUNT</b>								
Capital Account	80	26%	0	-100%	18	-2.6%	19	30.9%
Financial Account	-6,433	-7%	-12,896	100%	-2,578	-15.3%	-2,043	-40.2%
Direct Investments	-9,732	199%	-5,380	-45%	-1,306	-7.5%	-987	-6.9%
Portfolio Investments	10,237	-709%	-1,309	-113%	-55	-68.2%	862	-36.5%
Financial Derivatives	49	-125%	-48	-198%	-72	189.8%	-50	-8.6%
Other Investments	-6,987	295%	-6,158	-12%	-1,145	-20.2%	-1,868	-49.0%
<b>III. NET UNCLASSIFIED ITEMS</b>								
	774	-131%	-2,042	-364%	236	-82.0%	-485	-77.5%
<b>OVERALL BOP POSITION</b>	<b>1,345</b>	<b>-92%</b>	<b>-7,263</b>	<b>-640%</b>	<b>-1,193</b>	<b>-66.8%</b>	<b>-524</b>	<b>-88.9%</b>
Use of Fund Credits								
Short-Term								
Memo Items								
Change in Commercial Banks	1,092	-86%	-3,109	-385%	-51	-96.2%	-534	-79.1%
Net Foreign Assets	952	-88%	-2,839	-398%	82	-106.1%	-540	-78.7%
Basic Balance	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a

Source: Bangko Sentral ng Pilipinas (BSP)

## MONEY SUPPLY (In Million Pesos)

	2022		September-2023		October-2023	
	Average Levels	Y-o-Y G.R.	Levels	Y-o-Y G.R.	Levels	Y-o-Y G.R.
<b>RESERVE MONEY</b>	<b>3,482,242</b>	<b>5.4%</b>	<b>3,634,851</b>	<b>4.3%</b>	<b>3,627,816</b>	<b>3.4%</b>
<b>Sources:</b>						
Net Foreign Asset of the BSP	6,423,727	2.0%	6,402,946	1.0%	6,452,404	2.1%
Net Domestic Asset of the BSP	15,667,570	10.2%	17,652,477	9.7%	17,701,719	10.2%
<b>MONEY SUPPLY MEASURES AND COMPONENTS</b>						
Money Supply-1	6,317,720	11.6%	6,498,340	3.1%	6,507,575	3.6%
Money Supply-2	14,877,668	7.8%	16,175,199	8.6%	16,247,325	8.7%
Money Supply-3	15,432,545	6.9%	16,660,158	8.3%	16,719,962	8.3%
<b>MONEY MULTIPLIER (M2/RM)</b>	<b>4.28</b>		<b>4.45</b>		<b>4.48</b>	

Source: Bangko Sentral ng Pilipinas (BSP)

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