

(Reach out to your relationship manager or investment specialist if you wish to act on these ideas.)

BONDS

DOLLAR DENOMINATED

| Bond | Coupon | Maturity | YTM |
|------------------------------|--------|-----------|--------|
| Korean Electric Power Corp.* | 5.500% | 06-Apr-28 | 4.395% |
| Citibank NA* | 5.803% | 29-Aug-28 | 4.353% |
| Hyundai Motor* | 5.300% | 24-Jun-29 | 4.701% |
| RDB 29 | 5.750% | 11-Apr-29 | 4.621% |
| KSA 34 | 5.000% | 16-Jan-34 | 4.634% |

* for QIB only

PESO DENOMINATED

| Bond | Coupon | Maturity | YTM |
|------------|--------|-----------|---------|
| RTB 5-18 | 6.250% | 28-Feb-29 | 6.0500% |
| FXTN 20-17 | 8.000% | 19-Jul-31 | 6.0550% |
| FXTN 10-71 | 6.625% | 17-Aug-33 | 6.0550% |
| FXTN 20-23 | 6.750% | 24-Jan-39 | 6.0800% |
| FXTN 20-27 | 6.875% | 23-May-44 | 6.2050% |

Gross of 20% withholding tax

NOTES: Rates are indicative as of the previous banking day, September 3, 2024. Volume subject to availability for bonds. Rates are exclusive of fees and charges (gross).

STOCKS

Overweight

BDO Unibank (BDO)

The country's largest bank is expected to keep net interest margins elevated by increasing exposure to higher-yielding loans as the central bank begins lowering key policy rates. Its funding cost, the lowest among the big three, sets it apart from BPI and Metrobank.

Neutral

SM Prime Holdings (SMPH)

Given the developer's dominant position in retail malls, SMPH is well-positioned to benefit from a lower interest rate environment, in hopes of household consumption recovery. However, the weakness in its residential segment remains a cause for concern.

Underweight

Nickel Asia Corporation (NIKL)

In the face of persistent headwinds from subdued nickel demand and weak prices, investors have another reason to remain wary of NIKL. The stock has become a candidate for index deletion, further weighing on market sentiment.

Source: Metrobank Trust Banking Group

SPOTLIGHT

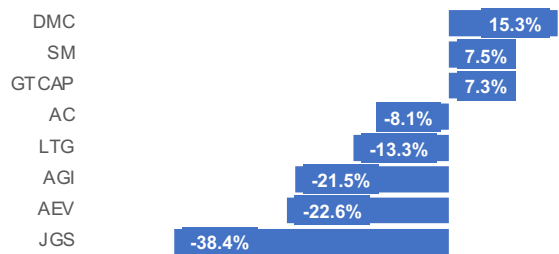
Closing with conglors

To wrap up the series of earnings reports for the first half of the year, a sector that has severely lagged the overall index year-to-date takes the spotlight. Conglomerates as a group, excluding San Miguel, recorded a year-on-year meager core profit growth of 3.8% and 4.1% for 2Q24 and 1H24, respectively. This pales in comparison to the PSEi's 6.3% and 7.7% over the same period. The main drag appears to stem from DMCI, which came from a high base in 2023. Excluding DMCI, the sector's aggregate growth would have been better at 8.9% for 2Q24 (vs. PSEi's 8.1%) and 9.1% for 1H24 (vs. PSEi's 9.4%). Some striking similarities among the group's outperformers, including Ayala Corp., Alliance Global, JG Summit, and SM, are their exposures to the property sector, particularly in the mall, and residential segments that still command significant unbooked revenues. Meanwhile, those that fell flat or behind are buffeted by a number of challenges, such as integration costs from their recent acquisitions (Aboitiz via Union Bank), thinner margins due to a subdued peso (GTCAP via Toyota), and soft consumer spending (LTG via Philip Morris), among others.

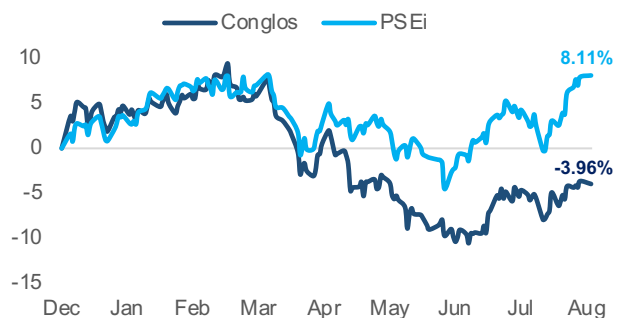
Core earnings in Php Bn, % change year-on-year

| Index Names | 2Q24 | 1H24 | Vs. Consensus |
|--|------------------|------------------|---------------|
| Ayala Corporation (AC) | 12.5 (+11.6%) | 24.3 (+18.0%) | Ahead |
| Aboitiz Equity Ventures (AEV) | 6.5 (-1.0%) | 11.4 (+2.0%) | Behind |
| Alliance Global Group (AGI) | 5.3 (+23.5%) | 9.7 (+11.4%) | Ahead |
| DMCI Holdings (DMC) | 5.5 (-33.0%) | 11.0 (-30.6%) | Ahead |
| GT Capital Holdings (GTCAP) | 6.8 (+2.4%) | 13.9 (+5.0%) | In-line |
| JG Summit Holdings (JGS) | 5.5 (+9.0%) | 10.2 (+12.1) | Behind |
| LT Group (LTG) | 6.4 (-3.6%) | 12.8 (-1.6%) | Ahead |
| SM Investments Corporation (SM) | 21.8 (+13.0%) | 40.2 (+10.0%) | In-line |

Year-To-Date Stock Price Change



Conglors vs. PSEi, Year-To-Date Price Change (%)



Sources: Bloomberg, Briefing Materials, TBG-ISD-ER estimates

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