

Philippine Stock Exchange (PSE) President Ramon S. Monzon said in an e-mail.

Amid the lingering uncertainty over the COVID-19 crisis, Mr. Monzon said bank financing continues to be among the easiest options to secure funding given low interest rates.

“However, as the risk of loan defaults increases because of the pandemic, banks are pressured to raise interest rates and be more circumspect in increasing their loan exposure to both corporations and individuals,” he said.

In a separate e-mail, SB Capital Investment Corp. said the pandemic has not changed the available funding options whether it be through debt or equity.

“As always, the viability of tapping those markets hinges on finding the right balance of risk versus return for investors/lenders. Sources of funds are generally the same with some just moving its mix,” SB Capital added.

For First Metro Investment Corp. (First Metro) President Patricio Dumlao, tapping the equity and debt markets remain “very viable and accessible.”

“Investment bankers continue to do their work, helping out companies in their fundraising through USD denominated and local currency bonds issuances and other financial instruments that suit client needs. The regulatory environment is very supportive. Market liquidity is ample, enabling market absorption,” he said.

Mr. Dumlao said that so far, First Metro has done 11 capital markets transactions and currently working on four others compared to 18 in 2019.

With the previously dormant funds locked in the big banks’ reserve unleashed to the financial system, domestic liquidity grew 14.5% in July from 6.9% a year ago, preliminary data from the central bank showed.

This excess liquidity was not captured by the banks via loans to consumers and enterprises as initially expected as bank lending inched up 6.7% year on year that same month, the slowest pace in more than a decade or since the 5% growth in March 2010.

The latest results of the central bank’s Senior Bank Loan Officers’ Survey showed that amid the pandemic, majority of respondent banks imposed tighter lending standards for both enterprises and households during the second quarter, snapping 44 consecutive quarters of broadly unchanged credit standards.

BDO Capital and Investment Corp. President Eduardo V. Francisco said the bank market will always be there given the economy being a “bank-centric market” and that majority of the country’s financial resources are in banks.

EQUITIES

Despite the uncertainties, the equities market “continues to be a viable venue” for fundraising activities, Mr. Monzon said.



Most companies have delayed their initial public offering (IPO) plans this year as the market volatility remains high, with some notable exceptions. Among the notable deals in the second quarter include the P1.6-billion IPO of grocery operator MerryMart Consumer Corp. on June 15, of which the offering was twice oversubscribed. That deal saw the PNB Capital and Investment Corp. as the sole issue manager, lead underwriter and sole bookrunner for the offering.

Another example of a successful listing was that of Altus Property Ventures, Inc., which entered the PSE by way of introduction on June 26. With an initial listing price of P10.10 per share, Altus’ stock price went up to as high as P240 per share before closing at P18.5 per share on June 26. For this transaction, First Metro was tapped as financial adviser.

Then there was also the IPO of Ayala Land, Inc.’s AREIT, Inc. — the country’s first real estate investment trust (REIT) offering. Despite tumbling in its market debut last Aug. 13, it saw a twice oversubscription by the time it ended the offer period on Aug. 3.

AREIT had tapped BPI Capital Corp. as sole global coordinator and joint bookrunner for the offering. UBS AG Singapore Branch was sole international bookrunner for the international tranche, while BPI Capital, PNB Capital and Investment Corp., and SB Capital Investment Corp. were underwriters for the domestic tranche.

PSE’s Mr. Monzon noted a number of activities the local bourse have lined up for this year such as the planned P35.92-billion IPO for fiber internet provider Converge ICT Solutions, Inc. The offering, which is targeted to begin on Oct. 13 until Oct. 19 with listing on the main board of the PSE on Oct. 26, is set to be the largest public offering in the history of the Exchange since the P28.12-billion IPO of Robinsons Retail Holdings, Inc. in 2013.

The Converge IPO had BPI Capital Corp. as the sole local coordinator, joint local underwriter and joint bookrunners, while BDO Capital & Investment Corp. will be the joint local underwriter and joint bookrunner.