

## Philippine Stock Exchange index (PSEi)

7,052.16

▲ 9.46 PTS.

▲ 0.13%

FRIDAY, JANUARY 27, 2023

BusinessWorld

## PSEi MEMBER STOCKS

<b>AC</b> Ayala Corp. P750.00 +P2.00 +0.27%	<b>ACEN</b> ACEN Corp. P7.39 -P0.01 -0.14%	<b>AEV</b> Aboitiz Equity Ventures, Inc. P59.00 +P1.50 +2.61%	<b>AGI</b> Alliance Global Group, Inc. P12.42 -P0.02 -0.16%	<b>ALI</b> Ayala Land, Inc. P32.90 +P0.25 +0.77%	<b>AP</b> Aboitiz Power Corp. P37.95 ---	<b>BDO</b> BDO Unibank, Inc. P122.00 ---	<b>BPI</b> Bank of the Philippine Islands P110.10 +P1.50 +1.38%	<b>CNVRG</b> Converge ICT Solutions, Inc. P18.36 -P0.22 -1.18%	<b>EMI</b> Emperador, Inc. P20.60 -P0.45 -2.14%
<b>GLO</b> Globe Telecom, Inc. P2,152.00 +P6.00 +0.28%	<b>GTCAP</b> GT Capital Holdings, Inc. P525.00 ---	<b>ICT</b> International Container Terminal Services, Inc. P213.00 +P2.00 +0.95%	<b>JFC</b> Jollibee Foods Corp. P241.40 ---	<b>JGS</b> JG Summit Holdings, Inc. P56.80 -P0.10 -0.18%	<b>LTG</b> LT Group, Inc. P10.36 +P0.06 +0.58%	<b>MBT</b> Metropolitan Bank & Trust Co. P58.80 +P0.25 +0.43%	<b>MEG</b> Megaworld Corp. P2.25 ---	<b>MER</b> Manila Electric Co. P292.60 +P3.20 +1.11%	<b>MONDE</b> Monde Nissin Corp. P13.70 -P0.24 -1.72%
<b>MPI</b> Metro Pacific Investments Corp. P4.28 -P0.02 -0.47%	<b>PGOLD</b> Puregold Price Club, Inc. P34.85 -P1.05 -2.92%	<b>RLC</b> Robinsons Land Corp. P16.26 ---	<b>SCC</b> Semirara Mining and Power Corp. P34.60 +P0.75 +2.22%	<b>SM</b> SM Investments Corp. P944.00 +P2.00 +0.21%	<b>SMC</b> San Miguel Corp. P94.60 ---	<b>SMPH</b> SM Prime Holdings, Inc. P37.60 -P0.20 -0.53%	<b>TEL</b> PLDT, Inc. P1,454.00 -P48.00 -3.20%	<b>URC</b> Universal Robina Corp. P142.40 +P1.40 +0.99%	<b>WLCON</b> Wilcon Depot, Inc. P31.50 -P0.60 -1.87%

## PSEi re-entry seen to boost liquidity of DMCI, UnionBank

DMCI Holdings, Inc. and Union Bank of the Philippines are seen to improve their liquidity and stock valuation after their re-entry to the Philippine Stock Exchange index (PSEi), according to analysts.

“Admittedly... such inclusions or removals from the PSEi do impact the stock prices of the firms involved, and trading the potential candidates can be a profitable — albeit somewhat risky — enterprise,” Globalinks Securities and Stocks, Inc. Head of Sales Trading Toby Allan C. Arce said in a Viber message.

“There are clearly liquidity benefits to inclusion into the PSEi, and the juice just might have been squeezed for these companies,” he added.

“There was little surprise as investors were making bets as early as December as to which names would be included in the index,” Regina Capital Development Corp. Head of Sales Luis A. Limlingan said in a Viber message.

“Active funds may have bought in anticipation of the release while passive funds will implement the changes

by the deadline,” Mr. Limlingan said, adding that “trading activity will likely pick up towards the actual rebalancing date.”

On Friday, the Philippine Stock Exchange, Inc. announced that DMCI and UnionBank will be replacing Megaworld Corp. and Robinsons Land Corp. (RLC) in the main index starting Feb. 6, 2023 as a result of its index review in 2022.

DMCI will be rejoining the PSEi after a year while UnionBank will be rejoining the index after 14 years. Once realized, Megaworld and Robinsons will be under the property index.

To be considered for inclusion in the main index, the company must be among the top in terms of liquidity and market capitalization and have at least a 20% free float level.

The financials index will also have changes with the local bourse operator joining to replace East West Banking Corp.

Vitarich Corp., a member of the industrials index, will be removed and replaced by Basic Energy Corp. and The Keepers Holdings, Inc.

The property index will be welcoming four new members, namely: D.M. Wenceslao & Associates, Inc., Filinvest REIT Corp. (FILRT), MREIT, Inc., and RL Commercial REIT, Inc. (RCR) after the removal of Philippine Infradev Holdings, Inc. and Philippine Estates Corp.

The service index will soon have All-Day Marts, Inc. and Medilines Distributors, Inc. and will bid goodbye to Metro Retail Stores Group, Inc. and Philippine Seven Corp.

Benguet Corp. is set to be removed from the mining and oil index, while Lopez Holdings Corp. will be joining the index for holding firms.

After the rebalancing, the PSE MidCap index will have China Banking Corp., Filinvest REIT Corp., Megaworld, MREIT, RCR, RLC, and Synergy Grid & Development Phils., Inc.

For the PSE Dividend Yield index, Citicore Energy REIT Corp., UnionBank and Security Bank Corp. will replace Bank of the Philippine Islands, DDMP REIT, Inc. and FILRT. — **Justine Irish D. Tabile**

## Cebu Pacific aims to boost demand for Manila-HK travel

CEBU PACIFIC (CEB) said on Sunday it will now fly four times daily to Hong Kong, but hopes to boost demand by offering airfare discounts.

“After Hong Kong eased requirements for inbound travelers in December, the airline operated Manila-Hong Kong flights 32 times weekly until January due to the anticipated high traffic over the resumption of the destination amid the holiday season,” Cebu Pacific Director for Corporate Communications Carmina Reyes-Romero said in a phone message to *BusinessWorld* on Sunday.

Cebu Pacific will fly 28 times weekly for February, she added.

The budget carrier hopes that Filipinos will “take advantage of the easier travel protocols in Hong Kong,” Cebu Pacific said in an e-mailed statement.

The airline targets to restore 100% of its pre-pandemic network and capacity in March this year.

The budget carrier currently flies to 34 domestic destinations and is set to restore all its 25 international destinations in the first quarter.

“Even better, every Juan can fly to Hong Kong for as low as P499 one-way base fare, made possible by a CEB spe-

cial seat sale which runs from Jan. 27 to 31, 2023,” the airline said.

The travel period is from June 1 to Aug. 31 this year.

“Upon check-in, travelers must present a negative result from an antigen test taken within 24 hours or a negative 48-hour RT-PCR result, and a proof of vaccination of primary doses for non-Hong Kong residents aged 12 or above,” Cebu Pacific said.

It noted that the test results may also be submitted online through Hong Kong’s health and quarantine information declaration website (<https://www.chp.gov.hk/hdf/>). Travelers are reminded to keep photos of their test results for 90 days.

Arriving travelers are also encouraged to take a self-arranged antigen test daily until the fifth day from their arrival.

Cebu Pacific said that the results of the antigen tests may be reported through the Hong Kong government’s electronic monitoring and surveillance system (<https://nhqsdata.hqss.ogcio.gov.hk/ibt/#/login>).

“Passengers with existing travel funds may use these to pay for flights and other add-ons. Apart from the Travel Fund, other payment options such as payment centers, credit or debit cards, and e-wallets may also be used,” the airline said. — **Arjay L. Balinbin**

## Republic Cement’s ecooop targets more partners for co-processing of waste

REPUBLIC Cement Services, Inc. through its resource recovery arm, ecooop, targets to partner with more companies for co-processing of waste to achieve its goal of plastic neutrality, its official said last week.

“For the coming years, we are targeting more partnerships with companies with a sustainability mindset,” Angela D. Edralin-Valencia, managing director of ecooop, told *BusinessWorld*

on the sidelines of a Sustainability Committee meeting facilitated by the Nordic Chamber of Commerce of the Philippines last week.

Ms. Edralin-Valencia said that to date, ecooop has partnerships with private companies and local government units (LGUs), and hopes to expand its existing partnerships.

“Our current partners are the early adopters of the EPR

(Extended Producer Responsibility) law. We also targeted LGUs that have political will to achieve sustainability goals,” she said.

Data from the company’s website show that ecooop has 12 private company partners and over 30 LGU partners. Ms. Edralin-Valencia said several partnerships are in the works.

Through the EPR law, large enterprises are mandated to re-

cover up to 80% of their plastic packaging waste. Ecooop’s co-processing involves the reuse or recovery of thermal and mineral properties of qualified waste materials to convert to alternative fuels, helping Republic Cement to reduce its dependence on fossil fuels like coal.

“Our goal is also to make our cement a greener and more environmental-friendly product,” Ms. Edralin-Valencia said, adding

that they are also aiming to cut their fossil fuel consumption.

“Our ambition is of course to replace 50% of our fuel consumption with alternative fuel. That’s a big number and certainly, a lot of investments have to be put in place from our end to get to that number but we are still reviewing our options,” she said.

Ms. Edralin-Valencia described the EPR law as a perfect model for sustainability but said

its aggressive implementation is needed. She added that existing laws are enough to attain plastic neutrality.

“We’re sitting on thousands and thousands of tons of waste every day and harnessing that waste to alternative fuel is a perfect investment. Waste to energy will eventually play a factor in the enormity of waste problems and for the benefit of the country,” she said. — **Ashley Erika O. Jose**

### Banks, from SI/1

The Monetary Board increased the overnight reverse repurchase rate by 350 basis points (bps) to 5.5% in 2022, although it is expected to continue tightening this year to curb inflation.

“Higher interest rates, coupled with rising cost of living and input costs, would generally weaken borrowers’ debt repayment capacity. Nevertheless, most large corporates in the country have significant financial buffers to withstand the rise in interest expense,” Mr. Febrian said.

He noted small- and medium-sized enterprises (SME) and consumers may feel the impact of higher rates more, given their thinner buffers, but any weakening in loan quality in these sectors will likely be contained as economic growth is expected to remain strong this year.

Fitch Ratings expects the Philippines to grow by 5.5% this year, slower than the 7.6% gross domestic product (GDP) growth in 2022. This forecast is also below the government’s 7-6% target.

“Loan demand is sensitive to interest rate movements. Pent-up consumer demand and capex (capital expenditure) have kept loan growth robust in the second half of 2022 despite the aggressive monetary policy tightening since May 2022,” he said.

“We expect demand to moderate in 2023 as effects of the rate hikes filter through to the economy. Our base case is for loan growth to settle at 6-7% in 2023, with some upside if the economic momentum turns out stronger than expected,” he added.

Despite rising borrowing costs, economic output grew by 7.2% in the fourth quarter of 2022.

Fitch Ratings also expects “fairly steady asset-quality performance” for the banking sector this year.

“We believe any deterioration in the vulnerable sectors (i.e. SME, consumer) are likely to be offset by continued recovery in the large corporates’ loan quality and the tourism sector. The latter has been a major drag on banks’ asset quality over the past two years, but tourism activity is expected to continue to rebound as China reopens its economy, which should cause credit pressures on these borrowers to ease,” Mr. Febrian said.

Based on data from the central bank, bad loans slipped by 0.9% to P408,097 billion in November from P411,632 billion in October. This brought the November nonperforming loan (NPL) ratio to 3.35%, which fell from 3.41% in October.

Loans are considered nonperforming once they remain unpaid for at least 90 days after the due date. They are deemed as risk assets as borrowers are unlikely to settle these loans.

“We see some upside to our outlook if the economy grows faster than expected or if banks aggressively write off NPLs, given the high loan-loss coverage of a number of the large banks in the country,” Mr. Febrian said, adding that asset quality may worsen if there is another economic shock or if rates rise significantly higher than the base case.

### Consumption, from SI/1

global recession can exert upward pressure on prices and eventually curb consumption spending,” he said in an e-mail.

“The spending spree that we see in markets today will eventually ‘normalize’ and seek its usual level.”

The World Bank expects global growth to decelerate this year due to the fading of pent-up demand, elevated inflation, and prolonged impact of the Russia-Ukraine crisis. The multilateral lender trimmed its Philippine GDP growth projection to 5.7% for 2023-2025, from 5.8% previously.

Economic managers expect Philippine GDP to expand by 6-7% this year, narrower than its earlier target of 6.5-8% amid the anticipated global recession.

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said there is a need to further “diversify the country’s major sources of economic growth to increase the share of investments, both local and foreign.”

“Besides, the country’s demographics are attractive to foreign investors, at least as a large market for their products and as a source of organic growth since the country’s population is at least 110 million, the 12<sup>th</sup> largest in the world and among the youngest in the region,” he added.

Gross capital formation, the investment component of the economy, grew



PHILIPPINE STAR / MIGUEL DE GUZMAN

A WOMAN SHOPS for food items at a supermarket in Quezon City, Sept. 11, 2022.

by 16.8% in 2022, slower than 20.3% in 2021.

Mr. Lanzona said trade-based, long-term investments are more preferable.

“Other countries in the Association of Southeast Asian Nations are mostly trade based. Because the global chain is disrupted, their growth rates are lower compared to the Philippines which is not too dependent on trade. I can predict that once the global recession ends and the global chain strengthens, these investments will leave the country,” he added.

Mr. Terosa said the Philippines should focus on attracting infrastructure investment.

“Investors do not only respond to market size and market consumption capacity. The infrastructure and institutional support for markets are important as well. Hence, the country should strive to upscale its infrastructure and to sharpen its governance-related image,” he said.

“The country should show investors that we have a trustworthy and reliable capacity to manage our economic and social resources for economic growth and economic development,” he added.

The National Economic and Development Authority (NEDA) last week said it is working on around 3,600 potential infrastructure projects worth a total of \$372 billion. The projects will be implemented through 2028.