

## Stock investors seen to take more risks in 2024

By **Sheldeen Joy Talavera**  
Reporter

INVESTORS are on the lookout for opportunities to buy stocks next year amid expectations of easing inflation and favorable interest rates, analysts said.

"We are bullish on the local equity market's prospects next year given the prevailing outlook for a continued easing in inflation, and rate cut prospects," Rastine Mackie D. Mercado, research director at China Bank Securities Corp., said in an e-mail interview.

"These should help boost risk appetite amongst investors, improving trade liquidity and fund flows," he added.

Toby Allan C. Arce, head of sales at Globalinks Securities and Stocks, Inc. said that investors are anticipated to show increased interest in stocks next year, driven by "favorable interest rates" and "accelerated economic growth."

"This positive shift follows a period of skepticism throughout much of 2023 when investors had largely dismissed the market," Mr. Arce said. "Anticipated is a shift in market sentiment towards a more risk-on attitude during the initial quarter of 2024."

The Bangko Sentral ng Pilipinas recently kept its policy rate steady at a 16-year high of 6.5% for a second straight meeting.

From May 2022 to October 2023, the central bank raised borrowing costs by a cumulative 450 basis points to tame inflation.

Headline inflation cooled to 4.1% in November amid easing prices of food as well as restaurant and accommodation services, data from the Philippine Statistics Authority showed.

The November figure is slower than the 4.9% in October and 8% in November 2022. However, this was still above the BSP's 2-4% target for the 20<sup>th</sup> straight month.

Analysts said the Philippine Stock Exchange index (PSEi) could still surge to the 7,000 level on major catalysts for economic growth.

"With respect to the index, our initial target is at 7,100, based on conservative valuations amid expectations of modest earnings growth of just under 10%," Mr. Mercado said.

"There are reasons to be optimistic about the equity market next year, and I see a reasonable chance that the index will reach the 7,000 level," Juan Paolo C. Colet, vice-president of AB Capital Securities, Inc. said in a Viber message.

According to Mr. Colet, the three potential major drivers of better market performance next year are a dovish shift in monetary policy, higher economic growth, and the implementation of capital market reforms.

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## Meralco's expertise may speed up SPNEC's solar projects — analysts

THE leadership of Manuel V. Pangilinan (MVP), chairman and chief executive officer (CEO) of Manila Electric Co. (Meralco), may expedite the development of projects at SP New Energy Corp. (SPNEC), analysts said.

"Meralco's vast experience and financial resources can boost SPNEC's project execution and scale. Pangilinan's leadership brings added credibility and investor confidence," Toby C. Arce, head of sales trading at Globalinks Securities and Stocks, Inc., said in a Viber message.

On Wednesday, SPNEC said MGen Renewable Energy, Inc. (MGreen) had given the balance payment of about P8.89 billion to complete the P15.9-billion investment for control of the listed company.

MGreen is the renewable energy development arm of Meralco

Powergen Corp., a wholly owned subsidiary of Meralco.

After the transaction, MGreen will own 15.7 billion common shares and 19.4 billion preferred shares in SPNEC, translating to a total voting interest of 50.5%.

At the same time, SPNEC announced the appointment of Mr. Pangilinan as chairman, president, and CEO of the company, and Leandro Antonio L. Leviste as vice-chairman.

Luis A. Limlingan, head of sales at Regina Capital Development Corp., said in a Viber message that the acquisition "comes with the overarching strategy of the group to build a portfolio that is more focused on renewables."

SPNEC is building one of the largest single contracted solar projects in the world in Nueva

Ecija, with its 3.5-gigawatt solar farm and 4.5-gigawatt-hour battery energy storage project.

Mr. Arce said Meralco's backing could expedite land acquisition, financing, and construction, "bringing the world's largest solar project closer to reality."

"Pangilinan's takeover brings both opportunities and challenges for SPNEC. The company's future direction, success of the Nueva Ecija project, and impact on the renewables market will depend on effectively harnessing the combined strengths of Meralco and SPNEC," Mr. Arce said.

Meanwhile, Globalinks Senior Trader Mark V. Santarina said Mr. Pangilinan as the chairman of SPNEC is "a win-win for everyone" through the leverage of Meralco's expertise in the energy sector.

"While there's potential for a backdoor listing of MGreen since they now control SPNEC, it doesn't seem likely to happen soon," he said in a Viber message.

Mr. Santarina said that the takeover significantly benefits Meralco as it plays "a key role in the company's current stock trading at its 52-week high."

"This is attributed in part to Meralco's commitment to integrating an increasing amount of renewable energy into its overall energy portfolio," he said.

At the local bourse on Thursday, shares of SPNEC climbed by 10 centavos or 8% to close at P1.35 apiece. Meralco shares went up by P5 or 1.27% to finish at P398 each. — **Sheldeen Joy Talavera**

## ACEN subscribes to additional shares of subsidiaries

AYALA-LED ACEN Corp. has subscribed to additional shares worth a combined total of about P12.87 billion in its six wholly owned subsidiaries to develop several renewable energy projects.

In separate disclosures on Thursday, the listed energy company has agreed to purchase shares in its units, namely: Giga Ace 6, Inc., Giga Ace 8, Inc., Santa Cruz Solar Energy, Inc., Sinocalan Solar Power Corp., SolarAce2 Energy Corp., and Gigasol1, Inc.

ACEN has subscribed to 799.48 million common A shares and 7.16 million redeemable preferred A shares in Giga Ace 6 for a total subscription price of P7.96 billion.

The subscription price will be used for the proposed development of a 335-megawatt (MW) onshore wind power project located in the provinces of Laguna and Quezon.

With Giga Ace 8, the company has signed a subscription contract for an additional 7.2 million common A shares, 64.8 million redeemable preferred A shares, and 16.8 million redeemable preferred C shares worth a total of P2.4 billion.

The additional investment will be used to fund the proposed 300.011-megawatt peak (MWp)/237-megawatt alternating current Palauig Solar 2 Project.

ACEN has also invested in Gigasol1 by subscribing to 2.4 million redeemable preferred shares for a total subscription price of P240 million.

It also inked a contract with SolarAce2 Energy to subscribe to 2.5 million redeemable preferred shares worth P250 million.

"The subscription price will be used by the SPV (special purpose vehicle) for development activities relating to renewable energy projects in the Philippines," ACEN said in both disclosures.

With Santa Cruz Solar Energy, the company has signed a deal to subscribe to 13.05 million common A shares and 117.53 million

redeemable preferred A shares worth P1.31 billion.

The additional investment will be used to fund continuing works for the construction of the San Marcelino Solar Energy Power Plant Project.

Lastly, to fund the development of the proposed 60-MWp solar power plant in San Manuel, Pangasinan, ACEN has subscribed to 70.8 million redeemable preferred A shares in Sinocalan Solar Power worth P708 million. — **Sheldeen Joy Talavera**

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