

# PHILSTOCKS TRADING GUIDE

01 July 2019

Stock Code	Action	Entry Point	Target Price	Net Foreign Position*	20 MA Volume	P/E ratio	P/B ratio
GERI	TRADE	1.35 - 1.40	1.80 - 2.20	P1.41M	3.59M	9.82	0.595
PGOLD	BUY	44.00	52.00	P594.50M	751.02K	19.05	2.204
MBT	BUY	70.50	89.35	(P3.46B)	3.01M	12.23	0.982

\*YTD (Year-to-Date) as of June 28, 2019

Global Estate Resorts Inc. [PSE: GERI]

Philstocks On-Balance View: TRADE

Initial target Price : 24.00 - 24.36

Entry Price: P44.00 – 44.20

Research Analyst Piper Chaucer E. Tan

**Our Take:** We think that this stock is an outlier to the property industry and the market has not been recognized the value of GERI vs industry peers. Attractive valuations in terms of P/E and P/B vs industry average (16-18x) , we think that there is an upside and with its projects, GERI can be a standout for 2019.

## Investment narratives:

- GERI press release it is seen to double its income from rental and hotel operations most especially to the Southwoods City area.
- The catalyst for GERI will be focusing on position trade, we think that GERI is a good bagger stock given its under appreciation for several years.
- We may see to double the EPS for 2018 and may post a Initial target price of 1.87 but if its breaks the 1.60 strong resistance with sustained volume, we may see that GERI could go to 2.00-2.20/sh trading range.
- Rounding Bottom pattern pertains to a bullish tone, MACD and OBV indicators also converge with the price movement meaning the confirmation of an uptrend
- Set a Cutloss at 1.18 – 1.20 for capital preservation and below 200-day Exponential Moving Average (EMA) which followed to its dynamic support

## Philstocks Research

**JUSTINO B. CALAYCAY, JR**  
AVP-Head, Research & Engagement  
(632)588-1962

**JAPHET LOUIS O TANTIANGCO**  
Sr. Research Analyst  
(632)588-1927

**PIPER CHAUCER E TAN**  
Engagement Officer/Research Associate  
(632)588-1928

**CLAIRE T ALVIAR**  
Research Associate

Ground Floor, East Tower  
PSE Center, Tektite Towers  
Ortigas Center, Pasig City  
PHILIPPINES

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**Puregold Price Club, Inc. [PSE: PGOLD]**  
**Philstocks On-Balance View: BUY**  
**Initial Target Price: P52 – Technical**  
**Entry Price: P44.00 – 44.20**  
**Research Analyst : Claire T. Alviar**

**Our take:** We think that Puregold would be one of the companies that may benefit on the second half of the year as we see robust growth in consumer sector. Additionally, its sustained financial and operating performance and its plan for expansion make the company worth to buy.

#### Investment narratives:

- We see robust growth in consumer sector
  - Higher consumer spending is expected as inflation eased.
  - We forecast that the main driver of GDP would be consumption, and food sector could have the highest share.
- Sustained 2019 first quarter performance
  - Net sales increased to P34.83 billion, 12.8% up from P30.87 y/y.
  - Gross profit grew by 11.2% to P6.06; with gross profit margin posted 17.6%.
  - Net income registered at P1.5 billion, up by 11.9% higher than CAGR of 8.6%.
- It allotted P5.2 billion for capital expenditure in 2019
  - P1 billion for 25 new Puregold stores
  - P3.2 billion for 4 S&R stores
  - P180 million for 10 S&R QSR
  - P800 million for maintenance capex
- Currently trading sideways.
  - Candles are settling in 20-day, 50-day, and 200-day EMA.
  - OBV is neutral, indicates flat volume.
  - Since it is moving sideways, we can buy when RSI is at oversold level and sell at 70 or overbought.



Charts courtesy of [www.tradingview.com](http://www.tradingview.com)

## Metropolitan Bank and Trust Company [PSE: MBT]

**Philstocks: BUY**

**Initial Target Price: P89.35**

**Entry Price: P70.50**

**Research Analyst Japhet Louis O. Tantiangco**

**Our Take:** The buy recommendation is grounded on Metrobank's sound fundamentals marked with a 15% increase in net income on 1Q of 2019. Current monetary policies provide advantages to the bank. Primary risk however its share price movement which shows bearish signals.

### Investment Narratives

- Total deposits reach P1.6 trillion with a stable CASA ratio at 61%, lower however compared to the same period last year's 62%.
- 1Q 2019 Loans to Deposit ratio increased y/y from 81% to 86%.
- Capital Adequacy ratio also improved from 15% to 17%.
- Earnings recovery continues after bottoming out in 2016.
- MBT is currently trading at a P/B ratio of 0.98x showing that the stock is undervalued.
- Reserve requirement reduction gives the bank more lending capacity which could boost income.
- Lower policy rates could also increase volume of transactions for Metrobank.

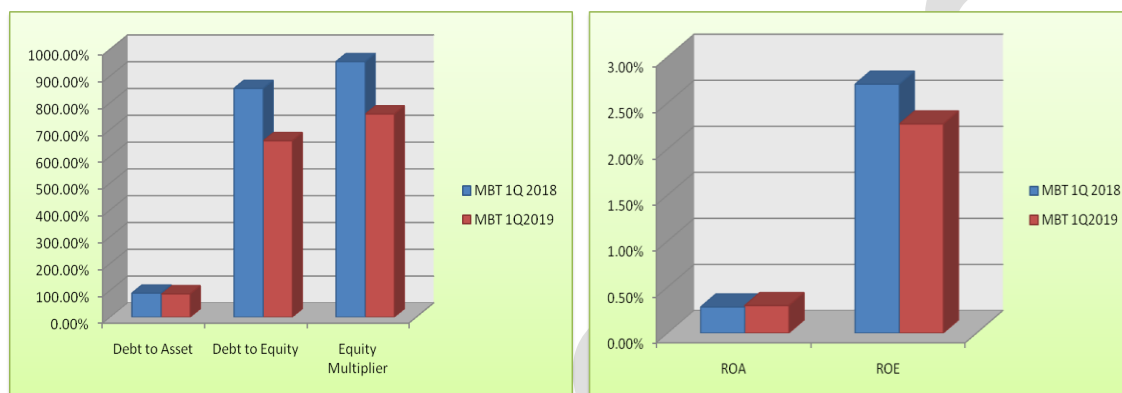
### 1Q 2019 Financial and Operating Results

	MBT		
In Million Pesos	1Q 2018	1Q2019	% Change
Total Asset	2,065,685.00	2,253,498.00	9.09%
Deposit Liability	1,552,781.00	1,581,035.00	1.82%
Total Liability	1,849,022.00	1,956,226.00	5.80%
Total Equity	216,663.00	297,272.00	37.20%
Net Interest Income	16,103.00	18,101.00	12.41%
Net Profit	5,856.00	6,753.00	15.32%
EPS	1.81	1.70	-6.08%

**Source: Metropolitan Bank and Trust Company Annual Reports**

- The 1.82% increase in deposit liabilities gives the bank more capacity to lend which could result to higher earnings.

- Despite the overall increase in liabilities, debt to asset and debt to equity ratios declined from 89.51% to 86.81% and 853.41% to 658.06% respectively.
- Earnings performance remains robust as seen on the double digit y/y increase in Net interest income and Net income respectively. Efficiency has also improved as 0.3731 centavos of net income are now derived from a peso of net interest income compared to the same period last year's 0.3637 centavos.
- Return on Assets improved from 0.28% to 0.30%. Return on equity declined however from 2.70% to 2.27%.
- Earnings per share have declined however due to the increase in the weighted average number of outstanding common shares of the parent company from 3.244 billion to 3.979 billion.



Source: Metropolitan Bank and Trust Company Annual Reports

### Technical Analysis

- MBT broke out of a steep decline last May 20, 2019. Currently, it is consolidating with support building up at 70.50. The challenge now is to break the 75.00 resistance level.
- Both the 50-day and 200-day EMA are moving downwards with the former below the latter after a death cross last May 2, 2019.
- RSI 14 is biased towards the oversold territory; OBV is showing a distribution bias; MACD is below the zero line and is about to cross below the signal line.



Charts courtesy of [www.tradingview.com](http://www.tradingview.com)