

INTRODUCTION TO THE STOCK MARKET

By Ron Acoba, CMT, MFTA

RON ACOBA

- Chartered Market Technician (CMT)
- Master of Financial Technical Analysis (MFTA)
- More than 18 years of experience in the financial market
- Chief Investment Strategist at Trading Edge Consultancy
- Former Equity Dealer at Credit Suisse
- Former Chief Equity Dealer and Equity Fund Manager at BPI Asset Management and Trust Group

WHAT IS THE STOCK MARKET?



- The stock market is a place where you can invest in publicly listed companies.
- If you buy a stock of a company, you become a part owner of that company.
- As a part owner of the company you invest in, you get voting rights and a claim on the company's assets and earnings.

STOCKS

- Stocks, equities, shares are synonyms
- Units of ownership in a company
- Stock prices rise and fall depending on the performance of the company, economy, and other external variables



PHILIPPINE STOCK EXCHANGE INDEX



- Basket of the top 30 biggest public companies in the Philippines
- Acts as the barometer of the Philippine economy

PHILIPPINE STOCK EXCHANGE INDEX

AC	ACEN	AEV	AGI	ALI	AREIT
BDO	BLOOM	BPI	CBC	CNPF	CNVRG
DMC	EMI	GLO	GTCAP	ICT	JFC
JGS	LTG	MBT	MER	MONDE	PGOLD
SCC	SM	SMC	SMPH	TEL	URC

BULL MARKET & BEAR MARKET



Bulls charge forward attacking upwards with their horns.
Bears attack downward pouncing with their claws.

WHY INVEST IN STOCKS?

- Higher potential gain than other financial vehicles
- Generate wealth by being part of the development of the Philippine economy
- Potential passive income from dividends
- Potential active income from trading
- Potential to beat inflation
- Liquid



PSE INDEX RETURNS

YEAR	RETURN	YEAR	RETURN
2003	41.65%	2014	22.76%
2004	26.35%	2015	-3.85%
2005	15.03%	2016	-1.60%
2006	42.77%	2017	25.11%
2007	21.43%	2018	-12.76%
2008	-48.30%	2019	4.68%
2009	63.03%	2020	-8.64%
2010	36.65%	2021	-0.24%
2011	4.05%	2022	-7.81%
2012	29.03%	2023	-1.77%
2013	1.36%	2024	1.22%

HOW DO YOU MAKE MONEY FROM THE STOCK MARKET?

PRICE APPRECIATION

- The increase in value of the stock over a period of time.
- If the company performs well, the stock price goes up.



BUY LOW, SELL HIGH

If you bought GSMI back in 2020, you will have 9x your investment in 2025.



INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. (ICT)

If you invested P200,000 at P7/share back in 2005, you will have around P12,000,000 if you sell 19 years later at P420/share.



WAYS TO MAKE MONEY FROM THE STOCK MARKET

Buy and
Hold

Peso Cost
Averaging

Dividends
and REITs

Active
trading

BUY AND HOLD

- You buy a stock with the intention of keeping and holding it for the long term.
- The strategy does not attempt to profit from short term price fluctuation.

PESO COST AVERAGING

- A personal wealth-building strategy that involves investing a fixed amount of money at regular intervals over a long period of time.



DIVIDENDS

- Dividends is the distribution of part of the company's earnings to its shareholders.
- Usually, mature companies give out cash dividends.
- Growing companies rarely give out dividends because they would rather use the money to expand their business

DIVIDEND YIELD TABLE



JULY 8, 2024
DIVIDEND REPORT

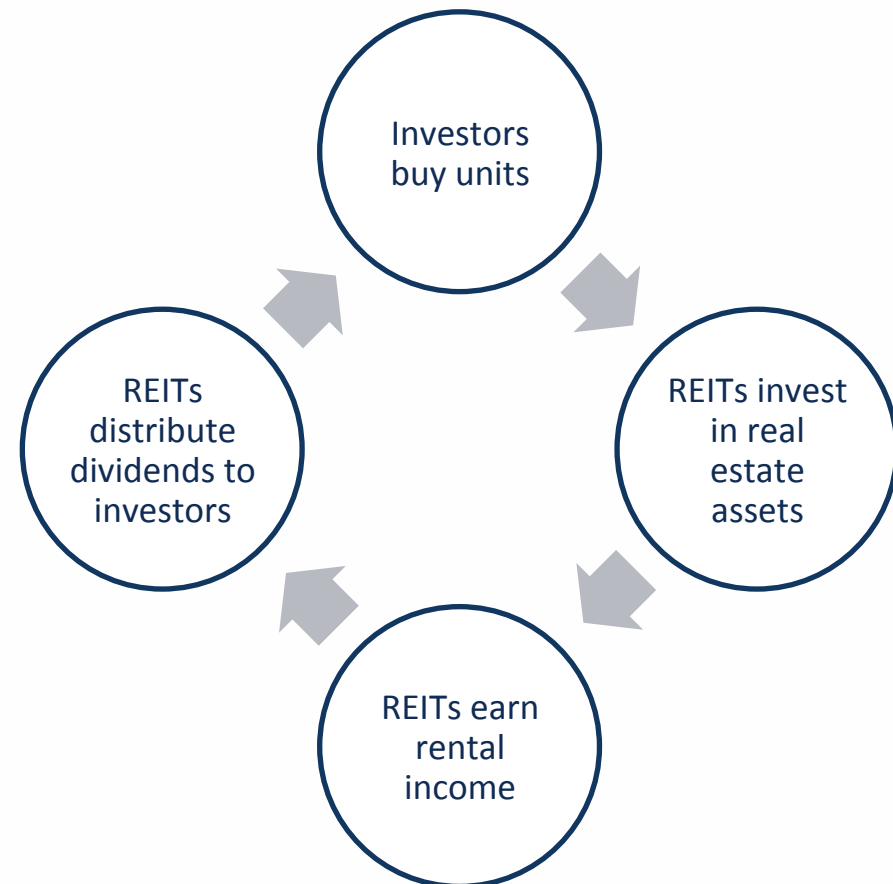
DIVIDEND YIELD TABLE

COMPANY NAME	TICKER	PRICE	DIV YIELD	P/E (F)	CONSENSUS TARGET PRICE
DMCI HOLDINGS, INC.	DMC	11.00	13.09%	6.95	11.86
LT GROUP, INC.	LTG	9.30	12.90%	3.08	9.97
SEMIRARA MINING AND POWER CORP.	SCC	33.40	10.48%	6.73	34.59
COSCO CAPITAL, INC.	COSCO	4.55	8.95%	3.82	12.00
ABOITIZ POWER CORPORATION	AP	32.95	6.98%	7.72	45.87
CEBU LANDMASTERS, INC.	CLI	2.60	6.92%	2.24	3.24
METROPOLITAN BANK AND TRUST CO.	MBT	65.00	6.62%	6.68	83.19
THE KEEPERS HOLDINGS, INC.	KEEPR	1.66	6.02%	7.22	2.70
EAST WEST BANKING CORPORATION	EW	9.45	5.71%	3.43	12.60
ROBINSONS RETAIL HOLDINGS, INC.	RRHI	35.00	5.71%	7.59	62.39
ASIA UNITED BANK CORPORATION	AUB	43.00	5.42%	3.65	-
MANILA ELECTRIC COMPANY	MER	374.00	5.28%	11.61	414.61
SECURITY BANK CORPORATION	SECB	63.00	4.76%	5.07	96.98
GLOBE TELECOM, INC.	GLO	2,110.00	4.74%	13.96	2,273.58
GINEBRA SAN MIGUEL, INC.	GSMI	226.80	4.63%	10.11	-



REAL ESTATE INVESTMENT TRUST (REIT)

- A company that owns, operates, or finances income-generating real estate
- Profits from the company are distributed to the investors through dividends
- Offers potential capital appreciation while giving periodic cashflows



REIT YIELD TABLE



JULY 8, 2024
SECTOR REPORT

SECTOR REPORT: PHILIPPINE REITs

COMPANY NAME	TICKER	PRICE	DIV YIELD	P/B	P/E (F)	CONSENSUS TARGET PRICE
AREIT, Inc.	AREIT	34.85	6.40%	0.99	14.08	40.89
Citicore Energy REIT Corp.	CREIT	2.80	7.18%	4.10	12.73	2.75
DDMP REIT, Inc.	DDMPR	1.14	8.21%	0.34	13.57	NA
Filinvest REIT Corp.	FILRT	2.93	8.63%	0.35	11.27	3.94
MREIT, Inc.	MREIT	12.88	7.64%	0.69	12.15	16.14
Premiere Island Power REIT Corp.	PREIT	1.89	7.23%	0.68	12.56	NA
RL Commercial REIT, Inc.	RCR	5.29	7.47%	0.89	12.45	6.57
VistaREIT, Inc.	VREIT	1.72	10.33%	0.47	10.41	NA

ACTIVE TRADING

- You buy a stock with the intention of selling it right away when the price goes up
- This strategy attempts to profit from short and medium term price fluctuation.
- High risk, high reward
- Needs a lot of skill
- Knowledge of technical analysis

ACTIVE TRADING

- Buy at 205, sell at 270 = 31.70% profit in 2 months
- Buy at 216, sell at 276 = 27.78% profit in 4 months



RISK APPETITE

Conservative

- High dividend stocks / REITs
- Defensive stocks
- Utilities
- Blue chip

Aggressive

- Growth stocks
- Cyclical stocks
- Active trading

HOW TO CHOOSE STOCKS?

2 WAYS TO ANALYZE STOCKS

Fundamental Analysis

- Business cycle
- Economy
- Company
- Prospects

Technical Analysis

- Price Action
- Trends
- Charts
- Volume

FUNDAMENTAL ANALYSIS

- Studies the company and its financials
- Attempts to determine the company's value
- Looks at current and potential future earnings
- Used to find undervalued stocks

COMPANY VALUATION

FAIR VALUE

- Refers to the actual estimated worth or value of the stock derived fundamentally
- Only an estimate

MARKET VALUE

- Value determined by market forces
- Demand and Supply
- What you see in the stock market

COMPANY VALUATION



VALUATION TABLE



JULY 8, 2024
VALUATION TABLE

FINANCIALS

STOCK	MARKET PRICE	P/B	AVE. TARGET PRICE	ENTER LOWER THAN	POSSIBLE %CHANGE
BDO	138.80	1.40	172.42	149.93	24.22%
BPI	119.00	1.55	136.21	118.44	14.46%
CHIB	39.85	0.69	42.90	37.30	7.65%
EW	9.45	0.31	12.60	10.96	33.33%
MBT	65.00	0.85	83.19	72.34	27.99%
PNB	22.60	0.18	27.20	23.65	20.35%
RCB	22.00	0.39	NA	NA	NA
SECB	63.00	0.35	96.98	84.33	53.94%
UBP	33.70	0.59	46.02	40.02	36.55%
PSB	55.85	0.58	NA	NA	NA
PBB	8.90	0.44	NA	NA	NA
AUB	43.00	0.62	NA	NA	NA
PBC	14.52	0.39	NA	NA	NA
BNCOM	6.88	0.40	NA	NA	NA
AVERAGE		0.62			



WHAT TO LOOK FOR

ABILITY TO GROW

- More upcoming projects & future earnings

GOOD VALUATION

- Market value is lower than Fair Value

GOOD STORY

- Positive press

POP MART INTL GRP LTD

110.5
SELL

0.3

110.8
BUY

Vol 12.37 M



.8 L104.9 C110.8 +7.5 (+7.26%)

120.0

110.8

100.00

90.00

80.00

70.00

60.00

50.00

40.00

30.00

20.00

12.37 M

10.00

TradingView

2024

Mar

May

Jul

Sep

Nov

2025



CABALLES-GO
SECURITIES
(formerly, MVG Securities, Inc.)



zoom

.81.46 C85.10 -1.02 (-1.18%)



TV TradingView



CABALLES-GO
SECURITIES
(formerly, MVG Securities, Inc.)



PLDT, Inc. · 1D · PSE
Volume 20 25.805K



Globe Telecom, Inc. - 1D - PSE — O2270.00 H2278.00
Volume 20 4.855K
^



UR Universal Robina Corpor

Volume 20 18.835M



2.95 +0.35 (+0.56%)



CABALLES-GO
SECURITIES
(formerly, MVG Securities, Inc.)



TECHNICAL ANALYSIS

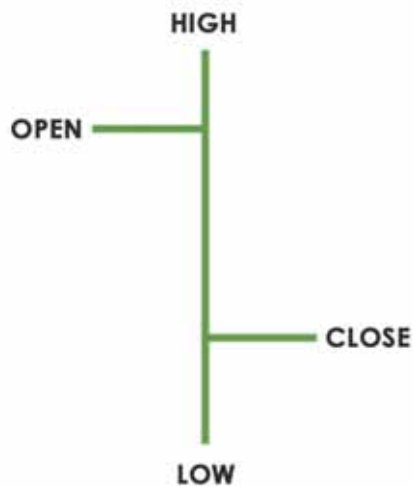
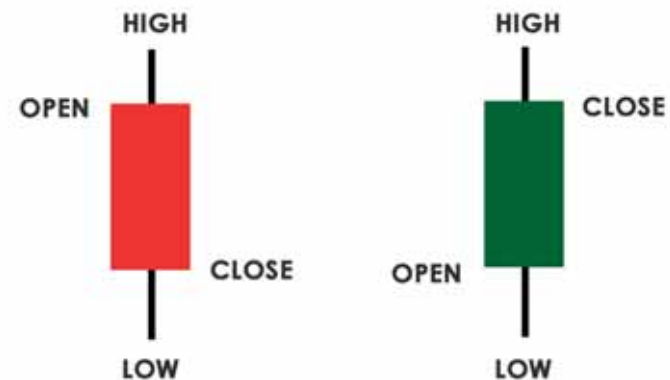
The study of historical PRICE movements primarily through the use of charts for the purpose of forecasting.



WHY PRICE?

- Price discounts everything
- Shows how the market values the stock
- Reflects the action and reaction of the market to information related to the stock
- All is factored in whether the reason came from logic or emotion

TYPES OF PRICE CHARTS



WHAT THE PRICE CHARTS SHOW YOU

Trends

Support &
Resistance
Levels

Patterns

Entry & Exit
Levels

TRENDS

Uptrend

- Higher highs
- Higher lows

Downtrend

- Lower highs
- Lower lows

Sideways

- Non-trending



SUPPORT & RESISTANCE

Support

- Where price bounce
- Presence of buyers

Resistance

- Where price halts
- Presence of sellers



PATTERNS

Continuation
Patterns



Reversal
Patterns



CONTINUATION PATTERN



- Upside breakout from the pattern gives you a clue that the trend will extend

REVERSAL PATTERN



- Downside break from the pattern gives you a clue that the trend will reverse

WHAT TO LOOK FOR

STOCKS IN AN UPTREND

STOCKS ON SUPPORT

STOCKS BREAKING OUT

COMBINING FUNDAMENTAL & TECHNICAL ANALYSIS

Find stocks that
are under valued
fundamentally



Make a trading
plan using
technical analysis

RFM



DD



IMI



ACEN



BEWARE OF PUMP & DUMPS / HYPE



In the long run, earnings should support the company's rise in share price.



INVESTING IN THE STOCK MARKET

You study which companies are worth investing in.



You invest in them hoping that they would perform well in the future.



As the company grows, the value of their stock grows as well.



When the price of the stock appreciates, you profit.

HOW TO START



HOW TO READ QUOTES

BEST BID		BEST OFFER	
Vol	Price	Price	Vol
460	817.00	820.00	6,760

BID

- Price where people are willing to buy – bid price of buyers

ASK

- Price where people are willing to sell – asking price of sellers

VOLUME

- Number of shares available on that price

BID & ASK SPREAD

BEST BID		BEST OFFER	
Vol	Price	Price	Vol
33,960	129.60	130.00	569,470

- The difference between what a seller is asking for and what a buyer is willing to pay
- Stocks with lower bid and ask spread is considered more liquid

BUYING & SELLING STOCKS

- Transaction – Buy & Sell
- Board Lot – Main & odd lot
- Term
 - Day – Order is only valid for the day
 - GTC – Good till cancelled
 - ATC – At the close
- Stock Code
- Number of shares
- Price

THANK YOU!

