P25 IN METRO MANILA, PHILIPPINES

BusinessWorld

STOCK MARKET		
PSEi		
OPEN:	6,051.26	
HIGH:	6,051.26	
LOW:	5,974.17	
CLOSE:	6,018.49	▼ 36.01 PTS. 0.59%
VOL.:	0.428 B	
VAL(P):	3.059 B	

ASIAN MARKETS — OCTOBER 26, 2023

	CLOSE		NET	%
Japan (Nikkei 225)	30,601.78	▼	-668.14	-2.14
Hong Kong (Hang Seng)	17,044.61	▼	-40.72	-0.24
Taiwan (Weighted)	16,073.74	▼	-285.15	-1.74
Thailand (SET Index)	1,371.22	▼	-30.48	-2.17
S.Korea (Kse Composite)	2,299.08	▼	-64.09	-2.71
Singapore (Straits Times)	3,071.31	▼	-7.47	-0.24
Sydney (All Ordinaries)	6,812.30	▼	-42.00	-0.61
Malaysia (Klse Composite)	1,440.60	▼	-1.91	-0.13

WORLD MARKETS — OCTOBER 25, 2023

	CLOSE		NET
Dow Jones	33,035.930	▼	-105.450
NASDAQ	12,821.224	▼	-318.651
S&P 500	4,186.770	▼	-60.910
FTSE 100	7,414.340	▲	24.640
Euro Stoxx50	3,862.230	▲	18.580

PESO-DOLLAR RATES

FX	
OPEN	P56.930
HIGH	P56.900
LOW	P56.975
CLOSE	P56.960
W.AVE.	P56.955
VOL.	$1,080.00 M

▼ 11.00 CTVS

SOURCE : BAP

ASIAN MONIES-US$ RATE — OCTOBER 26, 2023

	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	150.300	▼	149.910
Hong Kong (HK dollar)	7.821	▲	7.822
Taiwan (NT dollar)	32.465	▼	32.387
Thailand (baht)	36.230	▼	36.170
S. Korea (won)	1,357.600	▼	1,350.040
Singapore (dollar)	1.371	▼	1.369
Indonesia (rupiah)	15,915	▼	15,865
Malaysia (ringgit)	4.785	▼	4.777

WORLD CURRENCIES — OCTOBER 26, 2023

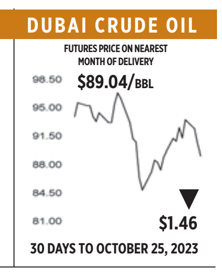
	CLOSE		PREVIOUS
US$/UK pound	1.2089	▼	1.2124
US$/Euro	1.0544	▼	1.0574
US$/Aust dollar	0.6312	▼	0.6342
Canada dollar/US$	1.3792	▲	1.3771
Swiss Franc/US$	0.8982	▲	0.8958

DUBAI CRUDE OIL

FUTURES PRICE ON NEAREST MONTH OF DELIVERY

$89.04/BBL

▼ $1.46



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PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • OCTOBER 26, 2023 (PSEi snapshot on *S1/2*; article on *S2/2*)

		Value			
BDO	P129.000	P324,990,833	P0.000	—	0.000%
ALI	P27.800	P242,101,455	-P0.200	▼	-0.714%
BPI	P99.000	P232,435,030	-P1.000	▼	-1.000%
ICT	P201.000	P210,313,116	P0.000	—	0.000%
MER	P360.000	P154,930,822	-P10.000	▼	-2.703%
EMI	P20.750	P134,046,195	P0.000	—	0.000%
MBT	P52.000	P119,872,340	-P1.700	▲	-3.166%
SMPH	P30.100	P117,897,540	-P0.100	▼	-0.331%
CNVRG	P8.200	P99,578,417	-P0.550	▲	-6.286%
TEL	P1,231.000	P92,383,070	-P4.000	▼	-0.324%

Residential property prices rise 14% in Q2

RESIDENTIAL PROPERTY prices in the second quarter rose at the fastest pace in three years amid high interest rates and rising inflation.

Data released by the Bangko Sentral ng Pilipinas (BSP) on Thursday showed the Residential Real Estate Price Index (RREPI) increased by an annual 14.1% in the April-to-June period from 10.2% in the first quarter and 2.6% a year ago.

This is the fastest annual increase since the 26.6% growth in the second quarter of 2020. Quarter on quarter, property prices increased by 5.3%.

The RREPI tracks the average change in prices of residential properties across housing types and locations, which gives the BSP insights into the property market where bank exposure is regulated.

Nationwide, the prices of duplex housing units rose by 24.6% year on year in the second quarter, faster than 11.3% in the same period last year. It was also the sixth straight quarter of price increases for duplex units.

Prices of single detached/attached houses also jumped by 18.3% during the period, faster than 0.8% in the second quarter in 2022.

Prices of townhouses and condominium units rose by 14.7% and 5% year on year, respectively.

"Rising cost of living and the economic reopening pushed up real estate prices. It would be noted that these housing prices rose when policy rates were elevated," Nicholas Antonio T. Mapa, senior economist at ING Bank N.V. Manila, said in a Viber message.

Inflation has remained above the central bank's 2-4% target range, prompting the Monetary Board to keep borrowing costs at a 16-year high of 6.25% in the second quarter.

Meanwhile, residential property prices in the National Capital Region (NCR) grew by 15.4% in the April-to-June period. Quarter on quarter, home prices went up by 7.7% in Metro Manila.

In areas outside NCR, housing prices went up by 13.8% year on year and by 4.4% on a quarterly basis.

HOME LOANS

Data from the BSP showed residential home loans in the second quarter slipped by 1% year on year, a reversal from the 16% growth in the first quarter and 6.5% increase a year ago.

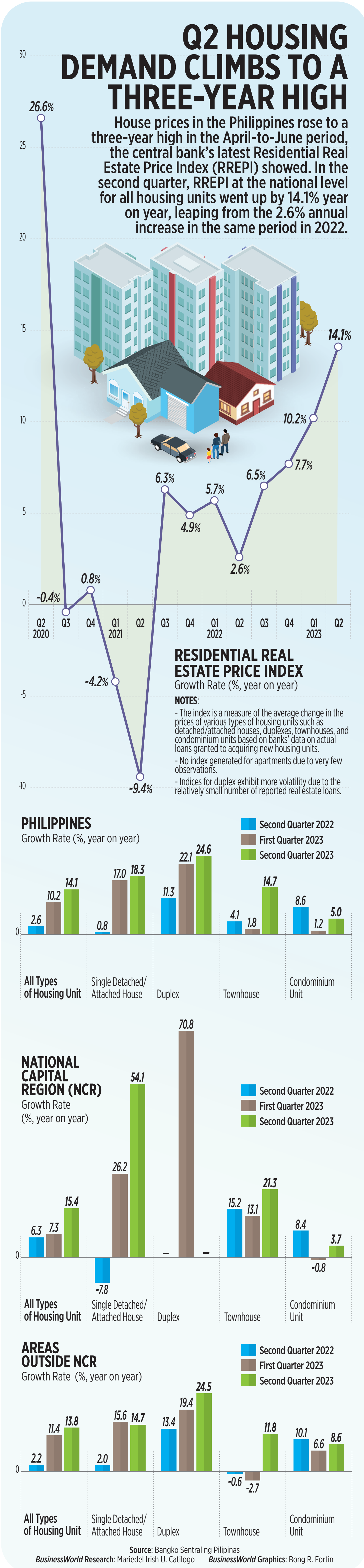
Residential real estate loans (RRELs) in the NCR shrank by 11.8%, while loans outside of Metro Manila expanded by 5.3%.

The bulk of the loans (78.9%) were used to purchase new housing units. Nearly half (49.1%) were used to finance the purchase of single-detached/attached houses, followed by condominium units (33.6%), townhouses (16.8%), and duplexes (0.4%).

Calabarzon accounted for 34.1% of the home loans, followed by NCR (29%), Central Luzon (13.4%), Central Visayas (7.1%), Western Visayas (5.7%), Davao Region (3.4%), and Northern Mindanao (1.8%).

Together, the regions accounted for 94.5% of the approved housing loans during the second quarter.

Property, S1/11



BSP lifts key rate by 25 bps to 6.5%

By Keisha B. Ta-asan
Reporter

THE BANGKO SENTRAL ng Pilipinas (BSP) on Thursday delivered an off-cycle 25-basis-point (bp) rate hike, as it warned inflation will remain above the 2-4% target range until the middle of 2024.

The Monetary Board raised its target repurchase rate to 6.5%, the highest in 16 years, or since the 7.5% seen in May 2007. Rates on the overnight deposit and lending facilities were also raised by 25 bps to 6% (from 5.75%) and 7% (from 6.75%), respectively.

The BSP's first policy move in seven months brought the cumulative rate increases since May 2022 to 450 bps.

"The Monetary Board recognized the need for this urgent monetary action to prevent supply-side price pressures from inducing additional second-round effects and further dislodging inflation expectations," BSP Governor Eli M. Remolona, Jr. said at a press briefing on Thursday afternoon.

The BSP's off-cycle rate hike came ahead of its regular policy meeting scheduled on Nov. 16.

Mr. Remolona said further tightening may be considered at the next Monetary Board meeting.

"We will consider it if things are worse than we thought. We are hoping the data are nicer to us. But if not, then we will have to consider a further rate hike," he said.

'TIGHTER FOR LONGER'

Mr. Remolona said the decision to resume monetary tightening was based on the BSP's latest baseline projections that "point to an elevated inflation path over the policy horizon as upside risks continue to manifest."

He said that the staff risk-adjusted forecast for 2024 rose to 4.7% from 4.3% previously, well above the 2-4% target range.

"Looking ahead, the Monetary Board deems it necessary to keep monetary policy settings tighter for longer until inflationary expectations are better anchored and a sustained downward trend in inflation becomes evident," Mr. Remolona said.

Mr. Remolona, who took office in July, admitted the Monetary Board was a "little behind" in monetary tightening, and should have hiked policy rates at its September meeting.

"We did not look closely enough at expectations," he said, particularly the BSP's household expectations survey. "About 92% of consumers think that in the next 12 months inflation will be above 4%. It is similar for expectations by firms."

Headline inflation rose for a second straight month to 6.1% in September from 5.3% in August. It marked the 18th straight month that inflation exceeded the central bank's 2-4% target. Year to date, inflation averaged 6.6%.

Mr. Remolona said risks to the inflation outlook remain on the upside, as higher transport costs, electricity rates, oil prices, and wage adjustments may contribute to faster inflation.

On the other hand, weaker-than-expected global recovery and government measures to mitigate the impact of the El Niño weather event could temper inflationary pressures.

The BSP governor also noted that inflation is unlikely to return to the 2-4% target range this year.

Key rate, S1/11

PHL seeks $69-M loan to modernize civil service

THE PHILIPPINES is seeking a $69-million loan from the World Bank to modernize the civil service, including the development of a centralized human resource management (HRM) and payroll system for the National Government.

Data from the World Bank showed the Philippines Civil Service Modernization Project aims to "improve the efficiency and the quality of human resource management in selected National Government agencies."

"During the COVID-19 (coronavirus disease 2019) pandemic, the bureaucracy faced a significant challenge in maintaining the delivery of essential services while dealing with communication and resource constraints... This new working environment underscored the inadequacy of existing policies and technologies to facilitate the seamless operation of fundamental government functions, including work reporting schedules and performance management," it said.

In a 2018 review, the World Bank found the civil service suffers "institutional fragmentation, politicization, low digital penetration and administrative risks."

"The main conclusion was that the civil service needs to be modernized if it is to play the role expected of it in a country that aspires to be an upper-middle/high-income economy in the next two decades," it said.

Loan, S1/11

WHAT'S INSIDE

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PHL economy seen to grow by 5.8% this year

FIRST METRO Investment Corp. (FMIC) and the University of Asia and the Pacific (UA&P) expect the Philippine economy to grow by 5.8% this year, amid an improvement in macroeconomic indicators.

In its latest Market Call released on Thursday, the FMIC and UA&P said they raised the Philippine gross domestic product (GDP) forecast to 5.8% for this year from 5.5% previously.

However, this is still slightly below the government's 6-7% target for the year.

FMIC and UA&P said they expect third-quarter GDP growth to average 5%, still within its earlier forecast of 5-5.2%.

Third-quarter GDP data will be released on Nov. 9.

"We see the cup half full rather than half empty as economic data show resilience of the economy. With the recovery of employment in August and likely until November, the manufacturing subsector has displayed elan together with accelerating output," they said.

The unemployment rate fell to 4.4% in August, the lowest in three months.

FMIC and UA&P expect Philippine economic growth to be driven by government spending, which should "remain at a high trajectory and provide the main booster as consumers worry about inflation."

The government has been ramping up spending in recent months after GDP expanded by a weaker-than-expected 4.3% in the April-to-June period.

A 7.1% contraction in government spending in the second quarter was partially blamed for the GDP outturn.

To address low budget utilization, government agencies have been ordered to create catch-up plans for spending. State spending rose by 4.12% to P3.82 trillion as of end-September.

"Beneath 'apparently weak' spending growth in August, National Government (NG) spending on current operations and capital outlays soared by 24.7% following through the 28.9% vault in July. NG will continue to ramp up spending for the rest of the year," they said.

Economy, S1/11