

Gold gains on Mideast risks; spotlight on Fed meeting

GOLD vaulted over \$2,000 on its way to a third straight weekly gain on Friday, as an escalation in the Israel-Hamas conflict fueled safe-haven buying, while investors awaited the US Federal Reserve policy meeting due this week.

Spot gold jumped 1.2% to its highest since mid-May at \$2,009.19 per ounce by 3:10 p.m. EDT (1910 GMT) and gained 1.4% for the week. US gold futures settled 0.1% higher at \$1,998.50.

Trading volumes spiked after Israel's chief military spokesperson said its air and ground forces are stepping up operations in the Gaza Strip, amid reports of heavy bombing of the besieged enclave.

"No one wants to go home short over the weekend. You have no idea where gold could open Sunday evening if something really goes pear-shaped," said Tai Wong, a New York-based independent metals trader.

"The bigger story here is about the prospect for additional safe-haven buying activity, which will occur if there is an escalation in the Middle East," said Daniel Ghali, commodity strategist at TD Securities.

Cooling inflation will likely keep the Federal Reserve on pause in coming months, traders bet ahead of the bank's meeting next week, even as persistent underlying price pressures amid strong consumer spending kept some chance of a rate hike later this year in play.

Spot silver rose more than 1% to \$23.09 per ounce, but was set for a weekly fall. Platinum was flat at \$900.53 and palladium lost 1.3% to \$1,118.70, with both metals on track for weekly gains. — **Reuters**

SPOT PRICES

FRIDAY, OCTOBER 27, 2023

METAL

PALLADIUM free \$/troy oz	1,144.01
PALLADIUM JMI base, \$/troy oz	1,151.00
PLATINUM free \$/troy oz	909.43
PLATINUM JMI base \$/troy oz	914.00
KRUGGERAND, fob \$/troy oz	1,982.00
IRIDIUM, whs rot, \$/troy oz	4,990.00
RHODIUM, whs rot, \$/troy oz	4,440.00

GRAINS (October 26, 2023)

(FOB Bangkok basis at every Thursday)

FRAGRANT (100%) 1 st Class, \$/ton	851.00
FRAGRANT (100%) 2 nd Class, \$/ton	837.00
RICE (5%) White Thai- \$/ton	586.00
RICE (10%) White Thai- \$/ton	585.00
RICE (15%) White Thai- \$/ton	573.00
RICE (25%) White Thai- \$/ton (Super)	573.00
BROKER RICE A-1 Super \$/ton	474.00

FOOD

COCOA ICCO Dly (SDR/mt)	2,992.63
COCOA ICCO \$/mt	3,917.83
COFFEE ICA comp '2001 cts/lb	155.16
SUGAR ISA FOB Daily Price, Carib. port cts/lb	25.82
SUGAR ISA 15-day ave.	25.91

LIFFE COFFEE

New Robusta 10 MT - \$/ton

	High	Low	Sett	Psett
Nov.	2,614	2,568	2,553	2,594
Jan.	2,437	2,364	2,383	2,420
Mar.	2,403	2,338	2,355	2,385
May	2,383	2,322	2,338	2,367

LIFFE COCOA

(Ldn)-10 MT-£/ton

	High	Low	Sett	Psett
Dec.	3,402	3,344	3,391	3,368
Mar.	3,370	3,320	3,358	3,345
May	3,236	3,195	3,219	3,209
July	3,124	3,084	3,118	3,106

LONDON METAL EXCHANGE

LME FINAL CLOSING PRICES, US\$/MT

	3 MOS.
ALUMINUM H.G.	2,197.50
ALUMINUM Alloy	1,580.00
COPPER	7,985.50
LEAD	2,094.00
NICKEL	18,079.00
TIN	24,801.00
ZINC	2,435.00

Crude prices surge 3% on Friday on choppy trade, dip for the week

NEW YORK — Crude oil prices climbed about 3% to a one-week high on Friday on worries that tensions in Israel and Gaza could spread into a wider conflict that could disrupt global crude supplies.

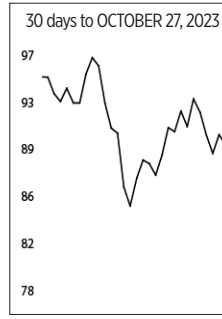
Brent futures rose \$2.55 or 2.9% to settle at \$90.48 a barrel, while US West Texas Intermediate (WTI) crude rose \$2.33 or 2.8% to settle at \$85.54.

Brent's premium over rose to its highest since March, making it more attractive for energy firms to send ships to the US to pick up crude for export.

For the week, Brent was down about 2% and WTI down about 4%.

Trading was choppy. Early in the session, oil prices soared by more than \$2 a barrel after the US military struck Iranian targets in Syria. Then prices briefly turned negative as markets digested various reports on mediation talks between the militant Hamas group and Israel led by Qatar in coordination with the US.

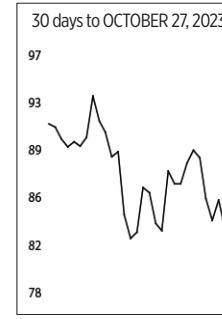
ASIA-DUBAI (OCTOBER CONTRACT)



DOLLARS PER BBL

Oct.	23	24	25	26	27
\$/bbl	92.35	90.50	89.04	90.55	89.75
Average (October 2-27)	\$89.86				
Average (September 4-29)	\$93.28				

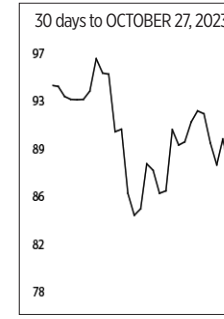
NEW YORK-WTI (DECEMBER CONTRACT)



DOLLARS PER BBL

Oct.	23	24	25	26	27
\$/bbl	85.49	83.74	85.39	83.21	85.54
Average (October 2-27)	\$85.85				
Average (September 1-29)	\$89.43				

LONDON-BRENT (DECEMBER CONTRACT)



DOLLARS PER BBL

Oct.	23	24	25	26	27
\$/bbl	89.83	88.07	90.15	87.93	90.48
Average (October 2-27)	\$88.83				
Average (September 1-29)	\$92.59				

Source: REUTERS

"We are at the mercy of the next headline... and I think that's kind of what we've been seeing today with the price swings," said Phil Flynn, an analyst at Price Futures Group.

"You'd like to be trading the fundamentals, but you really can't because you've got to be more worried about... what's going to happen in the Middle East,"

Mr. Flynn said. "No one wants to be short over the weekend."

Israeli air and ground forces were stepping up operations in the Gaza Strip amid reports of heavy bombing of the besieged enclave.

A Hamas official, meanwhile, conditioned the release of hostages in Gaza on a ceasefire in Israel's bombardment of the Palestinian

enclave, launched after a deadly Hamas rampage into southern Israel nearly three weeks ago.

Several countries, including many Arab states, have urged Israel to delay a planned ground invasion that would multiply civilian casualties and might ignite a wider conflict.

Middle East developments have so far not directly affected oil supplies, but many fear disruptions of exports from major crude producer and Hamas backer Iran and others.

Goldman Sachs analysts retained their first-quarter 2024 Brent crude price forecast at \$95 a barrel but added that lower Iranian exports could cause baseline prices to rise by 5%.

US consumer spending surged in September but was seen cooling off in early 2024. Some economists believe the US Federal Reserve is done raising interest rates to fight inflation, which can slow economic growth and reduce oil demand. — **Reuters**

Wall St. ends mixed at close of earnings-packed week

NEW YORK — US stocks closed mostly lower on Friday, losing momentum as investors digested a hectic week of mixed earnings, and economic data that seemed to support the "higher for longer" interest rate scenario.

The Nasdaq advanced, with tech and tech-adjacent momentum stocks led by Amazon.com, Apple, and Meta Platforms providing much of the heavy lifting, while the S&P 500 and the Dow Jones Industrial Average lost ground.

All three indexes notched weekly losses steeper than 2%.

The benchmark S&P 500 closed 10.28% below its July 31 closing high.

The Commerce department's hotly anticipated Personal Consumption Expenditures

report showed inflation gradually cooling down as expected, getting closer to the US Federal Reserve's 2% annual target while consumer spending, which accounts for about 70% of the U.S. economy, posted a robust upside surprise.

The data did little to move the needle regarding market expectations that the Fed will leave its key interest rate unchanged at its November policy meeting.

Market participants are nearing the end of a busy earnings week, during which nearly one-third of the companies in the S&P 500 posted third-quarter results.

Analysts now expect aggregate annual S&P earnings growth of 4.3%, a sharp improvement

over the 1.6% growth seen at the beginning of the month.

Amazon.com jumped 6.8% after the e-commerce giant reported its cloud business growth is stabilizing and predicted a revenue increase over the holiday season. Intel surged 9.3% following the chipmaker's consensus-beating quarterly report, lifting the whole sector.

The Dow Jones Industrial Average fell 366.71 points or 1.12% to 32,417.59; the S&P 500 lost 19.86 points or 0.48% at 4,117.37; and the Nasdaq Composite added 47.41 points or 0.38% at 12,643.01.

Among the 11 major sectors of the S&P 500, energy suffered the steepest percentage drop. Consumer discretionary tech and communication services were the only gainers. — **Reuters**

Debt,

from S1/1

As of end-August, amortization payments more than doubled to P772.636 billion from P342.771 billion a year ago.

Payments for domestic debt jumped by 151.5% to P703.118 billion, while amortization for foreign debt rose by 10.07% to P69.518 billion.

Meanwhile, total interest payments went up by 14.29% to P388.676 billion.

Interest paid on domestic debt inched up by 1.13% to P261.422 billion, while interest on foreign debt increased by 56% to P127.254 billion.

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said the increase in the debt service bill was due to higher interest rates and the weaker peso.

For the coming months, Mr. Ricafort said that the same factors would continue to affect the government's debt repayments.

Last week, the Bangko Sentral ng Pilipinas (BSP) raised the benchmark

rate by 25 basis points (bps) in an off-cycle rate hike.

This brought the key policy rate to 6.5%, the highest in 16 years. Since May 2022, the BSP has raised borrowing costs by a cumulative 450 bps.

"However, relatively lower government bond maturities in the fourth quarter to February 2024 could somewhat reduce the NG debt bill during this period," he added.

For 2023, the government's total debt service program this year is set at P1.55 trillion, composed of P610.665 billion in interest payments and P941.353 billion in amortization payments.

As of end-August, the NG's outstanding debt stood at a record P14.35 trillion.

The government borrows from external and local sources to fund a budget deficit capped at 6.1% of gross domestic product (GDP) this year.

Exports

from S1/1

Last week, oil companies raised pump prices by P0.95 per liter of gasoline, by P1.30 per liter of diesel, and by P1.25 per liter of kerosene. This brought year-to-date price adjustments as of Oct. 24 to P12.25 per liter for gasoline, P11.70 per liter for diesel, and P7.74 per liter for kerosene.

The Development Budget Coordination Committee is projecting a 1%

growth for exports and 2% for imports this year.

In the eight months to August, exports fell by 6.6% to \$47.81 billion, while imports dropped by 9.6% to \$84.12 billion.

For the first eight months, the trade deficit narrowed to \$36.31 billion from the \$41.86-billion gap during the same period a year ago. — **J.I.D.Tabile**

BSP,

from S1/1

"We're actually expecting inflation to go down (in October) but not as much as we used to expect. The whole path is elevated, the trajectory looks the same (from before) but it's now a higher path," he said in mixed English and Filipino.

Headline inflation quickened to 6.1% in September from 5.3% in August, marking the 18th straight month that inflation exceeded the central bank's 2-4% target. Year to date, inflation averaged 6.6%.

The BSP sees average inflation at 5.8% for 2023, before easing to 3.5% in 2024 and 3.4% in 2025. However, officials said the BSP will be revising its inflation forecasts on Nov. 16.

Mr. Remolona also noted that inflation may ease to within the 2-4% target "very briefly" in the first quarter of 2024, due to base effects. Inflation peaked at 8.7% in January this year.

However, from March to July, he noted inflation is likely to be above the 2-4% target band.

Aris Dacanay, economist for Association of Southeast Asian Nations (ASEAN) at HSBC Global Research, said the BSP will likely keep borrowing costs steady at the Monetary Board's two remaining policy-setting meetings on Nov. 16 and Dec. 14.

"After all, core inflation is still treading downwards, which means the BSP's tight monetary stance is already in the works," he said in a note.

In September, core inflation eased to 5.9% from 6.1% in August. However, it was still faster than 5% a year earlier. Year to date, core inflation averaged 7.2%.

'Dirty money'

from S1/1

However, this was an improvement from the eight deficiencies identified by the FATF in June.

According to the FATE, the Philippines should continue to demonstrate effective risk-based supervision of designated non-financial business and professions (DNFBPs) and ensure that supervisors are using the proper AML/CFT controls to mitigate risks associated with casino junkets.

The Philippines should also enhance and streamline law enforcement agencies' access to beneficial ownership information and ensure accurate and up-to-date information.

The country should also increase investigation and prosecution of cases

related to money laundering and proliferation financing.

"The FATF urges the Philippines to swiftly implement its action plan to address the above-mentioned strategic deficiencies as soon as possible as all deadlines expired in January 2023," the global dirty money watchdog said.

Rizal Commercial Banking Corp. (RCBC) Chief Economist Michael L. Ricafort said there are already some mitigating measures to improve the Philippines' efforts against money laundering in recent years.

"There may be more documentary requirements for fund inflows into the country such as investment and

other remittances, thereby could lead to higher transaction costs and additional time for transaction processing," he said, adding these could cause some delays in transactions.

Mr. Ricafort said the Philippines could save more time and save on costs if it adopts corrective measures and action plans to exit the FATF's gray list.

"One reform measure being considered is the lifting of the secrecy on bank deposits, to better align the country's banking regulations/rules with the rest of Asia and the rest of the world; as well as help in facilitating the country's integration of its capital markets with the rest of the region," he said.

The proposed amendments seek to allow the BSP to examine deposits in relation to possible fraud, serious irregularity, or unlawful activity being committed by bank officials.

President Ferdinand R. Marcos, Jr. also gave government agencies until Nov. 30 to address deficiencies in their anti-money laundering strategies in hopes that the Philippines could get out of the gray list by January next year.

Aside from the Philippines, there are still 22 other countries in the gray list. Albania, Cayman Islands, Jordan, and Panama are no longer subjected to increased monitoring by the FATF. — **Keisha B. Ta-asan**

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