P25 IN METRO MANILA, PHILIPPINES

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STOCK MARKET

PSEi

OPEN:	5,971.74
HIGH:	5,980.82
LOW:	5,920.47
CLOSE:	5,973.78
VOL.:	0.417 B
VAL(P):	4.094 B

▲ 11.79 PTS. 0.19%

30 DAYS TO OCTOBER 31, 2023

ASIAN MARKETS

NOVEMBER 1, 2023

	CLOSE		NET	%
Japan (Nikkei 225)	31,601.65	▲	742.80	2.41
Hong Kong (Hang Seng)	17,101.78	▼	-10.70	-0.06
Taiwan (Weighted)	16,038.56	▲	37.29	0.23
Thailand (SET Index)	1,380.36	▼	-1.47	-0.11
S.Korea (Kse Composite)	2,301.56	▲	23.57	1.03
Singapore (Straits Times)	3,077.26	▲	9.52	0.31
Sydney (All Ordinaries)	6,838.30	▲	57.60	0.85
Malaysia (Klse Composite)	1,435.33	▼	-6.81	-0.47

WORLD MARKETS

OCTOBER 31, 2023

	CLOSE		NET
Dow Jones	33,052.870	▲	123.910
NASDAQ	12,851.238	▲	61.755
S&P 500	4,193.800	▲	26.980
FTSE 100	7,321.720	▼	-5.670
Euro Stoxx50	3,811.860	▲	8.890

PESO-DOLLAR RATES

FX

OPEN	P56.800
HIGH	P56.725
LOW	P56.855
CLOSE	P56.730
W.AVE.	P56.808
VOL.	$860.90 M

▲ 22.50 CTVS

30 DAYS TO OCTOBER 31, 2023

SOURCE : BAP

ASIAN MONIES-US$ RATE

NOVEMBER 1, 2023

	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	151.210	▼	150.420
Hong Kong (HK dollar)	7.823	▲	7.824
Taiwan (NT dollar)	32.474	▼	32.423
Thailand (baht)	36.180	▼	35.920
S. Korea (won)	1,357.760	▼	1,347.940
Singapore (dollar)	1.370	▼	1.365
Indonesia (rupiah)	15,930	▼	15,880
Malaysia (ringgit)	4.769	▼	4.762

WORLD CURRENCIES

NOVEMBER 1, 2023

	CLOSE		PREVIOUS
US$/UK pound	1.2139	▼	1.2181
US$/Euro	1.0552	▼	1.0642
US$/Aust dollar	0.6340	▼	0.6372
Canada dollar/US$	1.3884	▲	1.3813
Swiss Franc/US$	0.9093	▲	0.9021

DUBAI CRUDE OIL

FUTURES PRICE ON NEAREST MONTH OF DELIVERY

30 DAYS TO OCTOBER 31, 2023

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S1/1-10 • 2 SECTIONS, 14 PAGES

PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • OCTOBER 31, 2023 (PSEi snapshot on *S1/5*; article on *S2/2*)

		Value			
BDO	P127.500	P455,548,106	-P1.000	▼	-0.778%
BPI	P100.500	P406,097,391	P1.600	▲	1.618%
ALI	P27.850	P390,582,395	P1.050	▲	3.918%
ICT	P201.200	P292,531,354	P1.700	▲	0.852%
JFC	P205.000	P275,586,876	-P4.200	▼	-2.008%
SMPH	P30.000	P250,143,045	P0.000	—	0.000%
SM	P801.000	P232,689,880	-P4.500	▼	-0.559%
URC	P109.300	P144,182,975	-P0.700	▼	-0.636%
MER	P355.000	P118,122,280	P2.800	▲	0.795%
AC	P605.500	P107,265,320	P2.500	▲	0.415%

BSP sees Oct. inflation at 5.1-5.9%

By Keisha B. Ta-asan *Reporter*

HEADLINE INFLATION may have eased to 5.1-5.9% in October as prices of fuel and key food items dropped, the Bangko Sentral ng Pilipinas (BSP) said late Tuesday.

If realized, October inflation would be slower than 6.1% in September and 7.7% a year earlier. However, October would be the 19th straight month that inflation has exceeded the central bank's 2-4% target.

The lower end of the BSP's inflation forecast would be the slowest in three months or since 4.7% in July.

The local statistics agency will release October consumer price index (CPI) data on Nov. 7.

"Higher prices of electricity, LPG (liquefied petroleum gas), fruits and fish, as well as the recent adjustment in jeepney fares are the primary sources of upward price pressures in October," the BSP said.

Manila Electric Co. said the rate for a typical household went up by P0.4201 per kilowatt-hour (kWh) to P11.8198 in October.

LPG prices increased by P3.75 a kilogram in October, its third straight month of increase. AutoLPG prices likewise went up by P2.09 a liter.

Traditional and modern jeepneys also increased fares by P1 to P13 and P15, respectively.

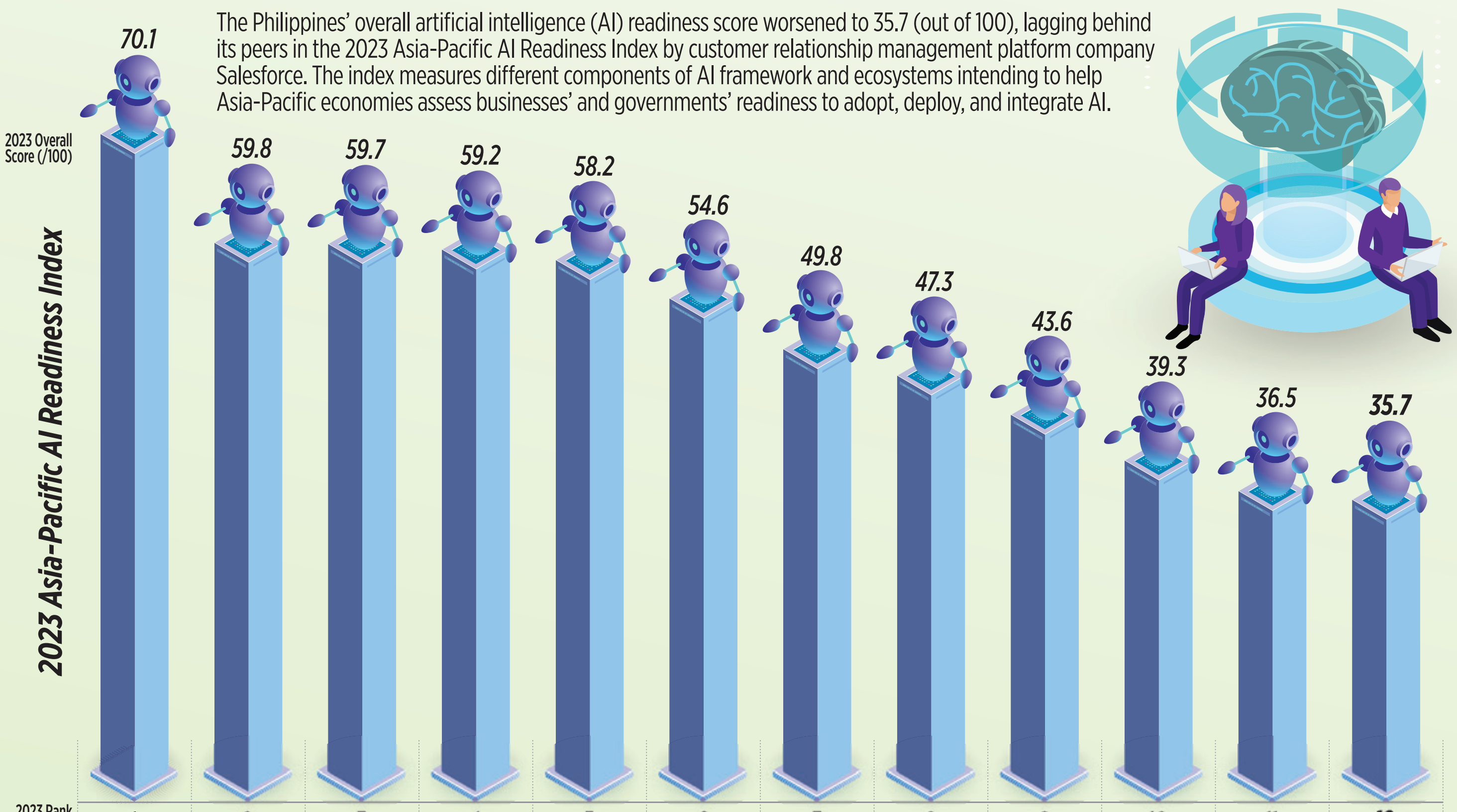
"Meanwhile, lower prices of rice, meat and vegetables along with the reduction in the prices of petroleum products could contribute to downward price pressures," the BSP said.

Data from the Department of Agriculture (DA) showed that as of Oct. 31, prices of beef rump ranged from P390 to P480 a kilo, narrower than P390 to P550 on Sept. 29.

Inflation, S1/9

PHILIPPINES LAGS IN 2023 ASIA-PACIFIC AI READINESS RANKING

The Philippines' overall artificial intelligence (AI) readiness score worsened to 35.7 (out of 100), lagging behind its peers in the 2023 Asia-Pacific AI Readiness Index by customer relationship management platform company Salesforce. The index measures different components of AI framework and ecosystems intending to help Asia-Pacific economies assess businesses' and governments' readiness to adopt, deploy, and integrate AI.



	SINGAPORE	JAPAN	CHINA	SOUTH KOREA	AUSTRALIA	NEW ZEALAND	INDIA	MALAYSIA	THAILAND	INDONESIA	VIETNAM	PHILIPPINES
2023 Rank (Out Of 12)	1	2	3	4	5	6	7	8	9	10	11	12
Rank Changes from 2021	0	0	New Entry	New Entry	▼1	▼1	▼1	▼1	▼1	▲1	▼1	▼1
Score Changes from 2021	+4.4	-0.2	—	—	+0.4	+0.6	-3.7	-4.4	-4.6	-2.9	-6.8	-10.6

Philippines' Performance (2023)

Rank (Out of 12)	**12**
Overall Score (/100)	**35.7**
Components and Indicators	**Score**
Business Readiness (/100)	***25.4***
Companies' Adoption of Emerging Technologies (/10)	5.2
Business Sophistication (/10)	3.7
Knowledge and Technology Outputs (/10)	3.1
Creative Outputs (/10)	2.1
Labor-Market Reconfiguration Due to Digital Transformation (/10)	2.6
Number of AI Startups (/10)	0.1
Venture Capital Availability & Valuation (/10)	1.1
Government Readiness (/100)	***46.0***
Digital Evolution Index (/10)	4.4
Digital Government (/10)	7.0
E-Participation (/10)	4.9
Open Government Data Index (OGD) (/10)	7.3
Human Capital and Research (/10)	2.5
H-index for AI publications (/10)	0.8
ICT Regulation (/10)	6.0
Government Promotion of Investment in Emerging Technologies (/10)	3.9

Notes:
- The latest edition covers 12 economies in the region, with South Korea and China as the newest addition.
- Unlike in the 2019 and 2021 editions of the index, consumer readiness is not assessed in the 2023 iteration.
- For each country, the index measures businesses' and governments' multifaceted AI readiness and its impact on socioeconomic opportunities through 15 statistical indicators clustered into two key dimensions:
1. **Business Readiness (7 indicators)**: How the private sector — startups, small and medium enterprises, and enterprises — are equipped to adopt AI. This is important to understand businesses' ability to drive and sustain the growth of AI.
2. **Government Readiness (8 indicators)**: How the public sector — regulators, policy makers, institutions, and organizations — are enabling AI through funds and frameworks. This is important to evaluate governments' ability to make AI a key driver of economic growth and competitiveness.
- All scores for the indicators are normalized to 10, while the overall total is normalized to 100 for comparison.

Source: Salesforce's Asia-Pacific AI Readiness Index 2023 *(https://www.salesforce.com/content/dam/web/en_sg/www/documents/pdf/salesforce_ai_readiness_index_2023.pdf)*
***BusinessWorld* Research**: Abigail Marie P. Yraola ***BusinessWorld* Graphics**: Bong R. Fortin

Earnings of PHL banks likely to peak this year

EARNINGS of Philippine lenders will likely peak this year before growth moderates in 2024 and 2025 amid the Philippine central bank's expected policy easing.

"The (banking) sector's return on average assets could normalize to a long-term average of 1.2-1.4% over the next two years after peaking at about 1.5% in 2023. This is because net interest margins (NIM) will decline in line with policy rate normalization," Nikita Anand, an analyst from S&P Global Ratings, told *BusinessWorld* in an e-mail.

Fitch Ratings Asia-Pacific Financial Institutions Director Tamma Febrian said the Philippine banking sector's profit growth in 2024 would likely slow when the Bangko Sentral ng Pilipinas (BSP) starts to cut borrowing costs amid easing inflationary pressures.

"We are factoring a moderate compression in NIM in 2024, but margins may narrow by more than we expect if policy rates were to decline faster or sooner than our projection, since loans tend to reprice more quickly than deposits under keen competitive pressures," he said in an e-mail.

"A weaker economic outturn could also result in higher delinquencies and credit costs than our forecast, especially if it is coupled with prolonged inflation and a rise in the unemployment rate," he added.

The Monetary Board delivered a 25-basis-point (bp) rate hike in an off-cycle move on Thursday, bringing the key interest rate to a fresh 16-year high of 6.5%.

BSP Governor Eli M. Remolona, Jr. earlier said interest rates might remain higher for longer, as inflation could still be above the 2-4% target through the first half of 2024.

Ms. Anand said S&P expects the BSP to cut rates by a total of 75 bps in 2024 as inflation eases.

"This should help contain asset quality risks. However, if inflation and rates remain high, default risks for some leveraged and low-income borrowers could increase. This will in turn increase credit costs and affect profitability," she said.

The Philippine banking industry's net income grew by 27.7% to P182.76 billion in the first half from P143.12 billion a year earlier, BSP data showed.

Other measures of profitability, such as return on assets (ROA) and return on equity (ROE) also improved in the first quarter. Ms. Anand said lending growth in the Philippines could improve over the next two years, as S&P expects Philippine gross domestic product (GDP) growth at over 6% in 2024 and 2025.

Earnings, S1/9

PHL digital economy projected to reach up to $150B by 2030

THE PHILIPPINES' digital economy is projected to reach as high as $150 billion by 2030 as the e-commerce boom continues, according to a report released on Wednesday.

The e-Conomy SEA report by Google, Temasek Holdings and Bain & Company showed the Philippines is forecast to reach between $80 billion and $150 billion in gross merchandise value (GMV) by 2030, slightly lower than its previous projection of $100-150 billion.

It projected that the Philippines' internet economy will grow by an annual 20% to reach $35 billion by 2025. This 20% compound annual growth rate (CAGR) will be the fastest in Southeast Asia, along with Vietnam.

This year, the Philippines' digital economy is projected to grow by 13% to $24 billion in GMV.

"While internet users in the Philippines are amongst the most engaged in the world, digital participation across sectors remains lower. This signals sizable headroom for digital economic growth over the medium to long term as incomes grow," according to the report.

Digital economy growth will be mainly driven by e-commerce, which is expected to expand by 21% annually to hit $24 billion by 2025. E-commerce is forecast to reach $60 billion in GMV by 2030.

Online media is expected to grow by 19% annually to $5 billion by 2025, with its GMV seen to hit $10 billion by 2030. Online media covers advertising, music streaming, gaming, and video-on-demand.

Online travel, which includes flights and hotels, is expected to account for about $4 billion of the digital economy by 2025. The report projected 18% CAGR for online travel through 2025, which is slower than the previous forecast of 44%.

Digital economy, S1/9

September NCR retail price growth slowest in 17 months

RETAIL PRICE GROWTH of general goods in Metro Manila eased to a 17-month low in September, amid the slower annual rise in food costs, the Philippine Statistics Authority (PSA) reported on Wednesday.

Preliminary data from the PSA showed the general retail price index (GRPI) in the National Capital Region (NCR) slowed to 3.6%, easing from 3.9% in August and 5.9% a year earlier.

This was the slowest since 3.5% seen in April 2022.

Year to date, retail price growth in the capital region averaged 5%, higher than 4% a year ago.

"The primary contributor to the deceleration in the annual increase of GRPI in NCR was the slower annual increase recorded in the heavily weighted food index at 6.2% during the month from 6.9% in August 2023," the PSA said in a statement.

Slower annual increases were seen in the indices for chemicals, including animal and vegetable oils and fats (2.8% in September from 3.1% in August), crude materials, inedible except fuels (3.6% from 3.8%) and manufactured goods classified chiefly by materials (2.1% from 2.3%).

Also posting lower markups were the commodity groups for machinery and transport equipment (1.3% from 1.4%) and miscellaneous manufactured articles (1.7% from 1.8%).

The PSA said the index for beverages and tobacco rose to 5% in September, slightly faster than 4.9% in the previous month.

On the other hand, the index for mineral fuels, lubricants and related materials declined by 1.9% in September, slowing from the 5% contraction a month earlier.

"The GRPI slowdown may be traced to slower incremental changes in price due to relatively lower markups being imposed," John Paolo R. Rivera, president and chief economist at Oikonomia Advisory & Research, Inc., said in a Viber message. "However, this may not reflect in a lower inflation as we have seen in previous months when GRPI was slowing down but headline inflation is rising."

In September, headline inflation quickened to 6.1% from 5.3% in August, but eased from 6.9% in September 2022. Inflation print was the fastest since April's 6.6% and matched 6.1% in May.

Retailers may also be tempering their markups as they are aware of the lower purchasing power of consumers, he said.

Mr. Rivera said the trend shows that GRPI might continue to decelerate, although this is "still conditioned on supply-side and demand factors especially this holiday season."

"Prices are usually elevated in the latter part of the year due to increased demand brought about by higher money inflows to consumers, allowing them to increase demand in the midst of supply-side constraints," he added. — **Abigail Marie P. Yraola**