P25 IN METRO MANILA, PHILIPPINES

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STOCK MARKET

PSEi

OPEN:	6,189.00
HIGH:	6,189.00
LOW:	6,127.96
CLOSE:	6,161.89
VOL.:	0.312 B
VAL(P):	2.761 B

▼ 26.33 PTS. 0.42%

30 DAYS TO NOVEMBER 10, 2023

ASIAN MARKETS

NOVEMBER 10, 2023

	CLOSE		NET	%
Japan (Nikkei 225)	32,568.11	▼	-78.35	-0.24
Hong Kong (Hang Seng)	17,203.26	▼	-308.03	-1.76
Taiwan (Weighted)	16,682.67	▼	-62.98	-0.38
Thailand (SET Index)	1,389.57	▼	-15.40	-1.10
S.Korea (Kse Composite)	2,409.66	▼	-17.42	-0.72
Singapore (Straits Times)	3,106.68	▼	-28.64	-0.91
Sydney (All Ordinaries)	6,976.50	▼	-38.40	-0.55
Malaysia (Klse Composite)	1,445.18	▼	-7.09	-0.49

WORLD MARKETS

NOVEMBER 10, 2023

	CLOSE		NET
Dow Jones	34,283.100	▲	391.160
NASDAQ	13,798.108	▲	276.660
S&P 500	4,415.240	▲	67.890
FTSE 100	7,360.550	▼	-95.120
Euro Stoxx50	3,867.430	▼	-39.600

PESO-DOLLAR RATES

FX

OPEN	P56.030
HIGH	P55.920
LOW	P56.030
CLOSE	P55.960
W.AVE.	P55.955
VOL.	$951.70 M

▼ 7.00 CTVS

30 DAYS TO NOVEMBER 10, 2023 SOURCE : BAP

ASIAN MONIES-US$ RATE

NOVEMBER 10, 2023

	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	151.500	▼	151.020
Hong Kong (HK dollar)	7.810	▼	7.809
Taiwan (NT dollar)	32.357	▼	32.263
Thailand (baht)	35.940	▼	35.560
S. Korea (won)	1,316.510	▼	1,312.850
Singapore (dollar)	1.360	▼	1.357
Indonesia (rupiah)	15,690	▼	15,650
Malaysia (ringgit)	4.706	▼	4.690

WORLD CURRENCIES

NOVEMBER 10, 2023

	CLOSE		PREVIOUS
US$/UK pound	1.2222	▼	1.2295
US$/Euro	1.0681	▼	1.0694
US$/Aust dollar	0.6364	▼	0.6402
Canada dollar/US$	1.3799	▲	1.3791
Swiss Franc/US$	0.9027	▲	0.9005

DUBAI CRUDE OIL

FUTURES PRICE ON NEAREST MONTH OF DELIVERY

$81.61/BBL

▲ $0.31

30 DAYS TO NOVEMBER 10, 2023

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

		Value			
BDO	P133.800	P434,627,253	-P1.200	▼	-0.889%
ALI	P28.950	P185,666,080	-P0.550	▼	-1.864%
SM	P821.000	P137,491,145	P4.000	▲	0.490%
MBT	P52.400	P132,940,406	-P0.850	▼	-1.596%
SMPH	P31.400	P125,415,585	-P0.400	▼	-1.258%
BPI	P104.100	P112,330,094	P0.300	▲	0.289%
URC	P113.000	P94,393,320	P0.800	▲	0.713%
JFC	P216.400	P91,539,758	-P2.000	▼	-0.916%
AGI	P10.500	P84,256,102	-P0.260	▼	-2.416%
FILRT	P2.970	P80,099,050	-P0.020	▼	-0.669%

BSP to hold steady on rates — poll

By Keisha B. Ta-asan *Reporter*

THE BANGKO SENTRAL ng Pilipinas (BSP) is widely expected to keep benchmark interest rates steady at its meeting on Thursday, after inflation eased to a three-month low in October.

In a *BusinessWorld* poll of 18 analysts held last week, 15 analysts said they expect the Monetary Board to maintain the target reverse repurchase (RRP) rate at 6.5%, the highest in 16 years.

On the other hand, three economists said the Monetary Board may hike policy rates by 25 basis points (bps) to 6.75% at the Nov. 16 meeting amid stronger-than-expected gross domestic product (GDP) growth in the third quarter.

HSBC Global Research economist for ASEAN Aris Dacanay said there is no "urgent" need for the BSP to tighten policy after its off-cycle 25-bp hike in October.

"To the surprise of many including the BSP itself, headline inflation decelerated faster than expectations in October, which we think fortifies the decision to pause," he said in an e-mail.

Headline inflation fell to a three-month low of 4.9% in October from 6.1% in September. It was significantly slower than the 5.7% median estimate in a *BusinessWorld* poll and the 5.1-5.9% forecast of the BSP.

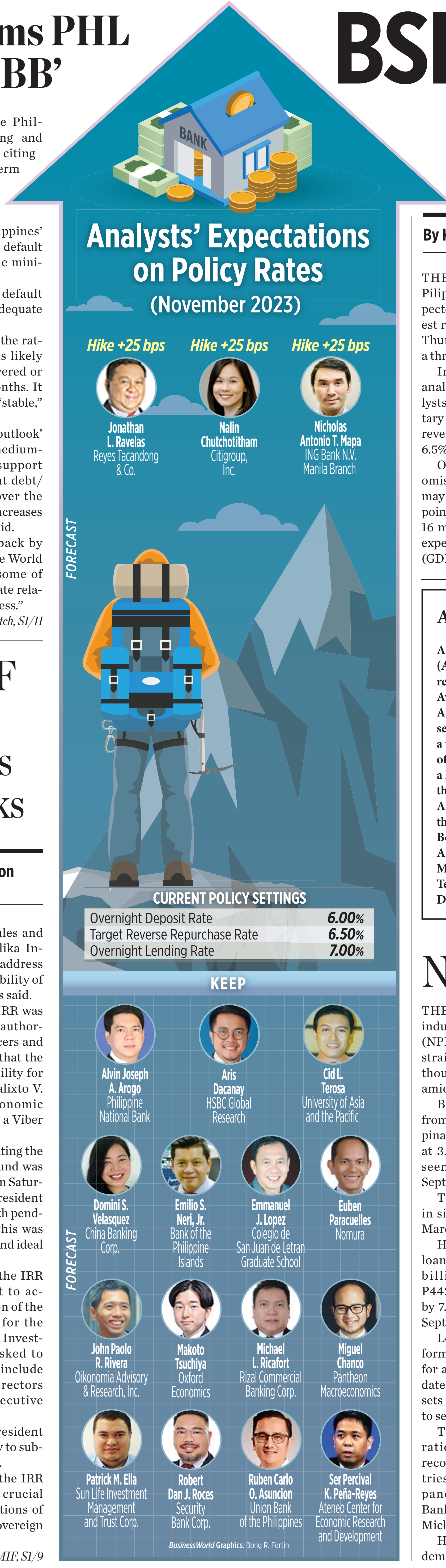
However, October marked the 19th straight month that inflation breached the central bank's 2-4% target. For the 10-month period, inflation averaged 6.4%.

"One of the main reasons behind the off-cycle hike last month was BSP's concern over inflation expectation de-anchoring, and the October CPI print should take some edge off on the price front," Makoto Tsuchiya, an economist from Oxford Economics, likewise said in an e-mail.

Security Bank Corp. Chief Economist Robert Dan J. Roces said the slowdown in October inflation gives the BSP some room to adopt a wait-and-see approach, "balancing the need to support economic growth while remaining vigilant about potential upside risks to inflation."

HSBC's Mr. Dacanay said there is no need to hike policy rates to support the peso, as it has strengthened significantly against the dollar after the US Federal Reserve's pause.

Poll, S1/9



Fitch affirms PHL rating at 'BBB'

FITCH RATINGS affirmed the Philippines' investment grade rating and maintained its "stable" outlook, citing the economy's strong medium-term growth prospects.

The debt watcher in a rating action commentary dated Nov. 10 said it affirmed the Philippines' long-term foreign currency issuer default rating at "BBB," a notch above the minimum investment grade.

A "BBB" rating indicates low default risk and reflects the economy's adequate capacity to pay debt.

Fitch also kept the outlook on the rating at "stable," which means it is likely to be maintained rather than lowered or upgraded over the next 18-24 months. It had earlier revised the outlook to "stable," from "negative" last May.

"The 'BBB' rating and 'stable outlook' reflect the Philippines' strong medium-term growth prospects, which support gradual reduction in government debt/GDP (gross domestic product) over the medium term, after substantial increases in recent years," the credit rater said.

However, the rating is held back by the Philippines' weak scores in the World Bank Governance Indicators, "some of which, in Fitch's view, may overstate relative weaknesses for creditworthiness."

Fitch, S1/11

Revised MIF rules fail to address risks to state banks

By Luisa Maria Jacinta C. Jocson
Reporter

THE REVISED implementing rules and regulations (IRR) of the Maharlika Investment Fund (MIF) failed to address risks concerning the financial stability of contributing state banks, analysts said.

"The primary revision of the IRR was to give the President overriding authority in the appointment of the officers and directors of the MIF. The risk is that the President will own full responsibility for the performance of the fund," Calixto V. Chikiamco, Foundation for Economic Freedom (FEF) president, said in a Viber message.

The revised IRR of the law creating the country's first sovereign wealth fund was published by the *Official Gazette* on Saturday. The IRR was suspended by President Ferdinand R. Marcos, Jr. last month pending its review. Mr. Marcos said this was done to make the IRR as "perfect and ideal as possible."

One of the revisions made to the IRR include allowing the President to accept or reject the recommendation of the advisory body on nominations for the vacant positions of the Maharlika Investment Corp. (MIC), which is tasked to manage the wealth fund. These include the regular and independent directors and the president and chief executive officer of the MIC.

Under the revised IRR, the President may also require the advisory body to submit additional names of nominees.

However, Mr. Chikiamco said the IRR review did not tackle the most crucial concerns regarding the contributions of state banks to the country's first sovereign wealth fund.

MIF, S1/9

Andrew Tan receives 2 leadership awards in one week

ALLIANCE GLOBAL GROUP, INC. (AGI) Chairman Dr. Andrew L. Tan receives the Lifetime Contributor Award for the Private Sector from the Asia CEO Awards 2023. This is the second award that Mr. Tan received in a week, after the Philippine Chamber of Commerce and Industry gave him a Nation Builders' Commendation. In the photo with Mr. Tan (center) at the Asia CEO Awards 2023 gala night are the members of the Asia CEO Awards Board of Judges namely (from left) Asia CEO Events Chairman Richard Mill; PwC Philippines Chairman Emeritus Alexander Cabrera; economist Dr. Bernardo M. Villegas; Globe Telecom Chief Sustainability and Corporate Communications Officer Yolanda C. Crisanto; Optel Managing Director Don Felbaum; and Felino A. Palafox, Jr., Palafox Associates principal architect-urban planner.

NPL ratio further eases in September

THE PHILIPPINE BANKING industry's nonperforming loan (NPL) ratio eased for the fourth straight month in September, although soured loans inched up amid high borrowing costs.

Based on preliminary data from the Bangko Sentral ng Pilipinas (BSP), the NPL ratio stood at 3.4%, easing from the 3.42% seen in both August 2023 and September 2022.

This is the lowest NPL ratio in six months or since 3.33% in March this year.

However, the amount of bad loans rose by 0.3% to P444.313 billion in September from P442.902 billion in August and by 7.2% from P414.606 billion in September last year.

Loans are considered nonperforming once they remain unpaid for at least 90 days after the due date. They are deemed as risk assets given borrowers are unlikely to settle such loans.

The slight easing in the NPL ratio reflected the continued recovery of business and industries that were hit hard by the pandemic, Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said.

He noted the uptick in loan demand during the third quarter shows companies are preparing for the increased economic activities during the holiday season.

Outstanding loans issued by big banks expanded by 7.2% year on year to P11.06 trillion in August, separate central bank data showed. This was the slowest print in 20 months.

However, Mr. Ricafort noted borrowers may still have a hard time with loan repayment due to high interest rates and elevated inflation.

"The higher NPL amount may have to do with higher prices/inflation and higher interest rates since 2022 that raised debt servicing costs, thereby reducing the ability to pay by some borrowers, especially those with limited budgets or financial challenges," he said.

The BSP maintained key interest rates for a fourth straight meeting in September, keeping its key policy rate at a near 16-year high of 6.25%.

Headline inflation accelerated to 6.1% in September from 5.3% in August. This marked the 18th straight month that inflation exceeded the central bank's 2-4% target.

Based on BSP data, past due loans increased by 12.4% to P549.75 billion from P488.899 billion a year earlier. These borrowings were equivalent to 4.21% of the industry's total loan portfolio, up from 4.04% a year earlier.

Meanwhile, restructured loans fell by 7.9% to P307.31 billion from P333.68 billion in September last year. This brought the ratio to 2.35% from 2.76% previously.

Banks continued to beef up loan loss reserves to P460.513 billion, rising by 8.3% from P425.117 billion. The loan loss reserve ratio inched up to 3.53% from 3.51% in September 2022.

Lenders' NPL coverage ratio — which shows the allowance for potential losses due to bad loans — edged higher to 103.65% from 102.54% a year earlier.

"Banks' NPL ratio would continue to ease in the coming months, amid faster economic growth and easing headline inflation trend," Mr. Ricafort said.

He noted that markets have priced in a possible Fed rate cut by mid-2024 that could be matched by the Philippine central bank and "would lead to some downward correction in borrowing/funding costs and in debt servicing costs." — **Keisha B. Ta-asan**

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