P25 IN METRO MANILA, PHILIPPINES

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STOCK MARKET

PSEi — 30 DAYS TO DECEMBER 7, 2023 — ▼ 71.08 PTS. 1.12%

OPEN:	6,304.71
HIGH:	6,306.42
LOW:	6,227.72
CLOSE:	6,234.77
VOL.:	0.270 B
VAL(P):	3.666 B

ASIAN MARKETS

DECEMBER 7, 2023

	CLOSE		NET	%
Japan (Nikkei 225)	32,858.31	▼	-587.59	-1.76
Hong Kong (Hang Seng)	16,345.89	▼	-117.37	-0.71
Taiwan (Weighted)	17,278.74	▼	-81.98	-0.47
Thailand (SET Index)	1,378.73	▼	-10.82	-0.78
S.Korea (Kse Composite)	2,492.07	▼	-3.31	-0.13
Singapore (Straits Times)	3,074.26	▼	-12.98	-0.42
Sydney (All Ordinaries)	7,173.30	▼	-5.10	-0.07
Malaysia (Klse Composite)	1,442.85	▼	-2.97	-0.21

WORLD MARKETS

DECEMBER 6, 2023

	CLOSE		NET
Dow Jones	36,054.430	▼	-70.130
NASDAQ	14,146.712	▼	-83.200
S&P 500	4,549.340	▼	-17.840
FTSE 100	7,515.380	▲	25.540
Euro Stoxx50	4,042.300	▲	7.810

PESO-DOLLAR RATES

FX — 30 DAYS TO DECEMBER 7, 2023 — ▲ 0.50 CTV

OPEN	P55.370
HIGH	P55.260
LOW	P55.420
CLOSE	P55.300
W.AVE.	P55.347
VOL.	$1,211.15 M

SOURCE : BAP

ASIAN MONIES-US$ RATE

DECEMBER 7, 2023

	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	144.870	▲	147.230
Hong Kong (HK dollar)	7.812	▼	7.809
Taiwan (NT dollar)	31.422	▲	31.483
Thailand (baht)	35.160	▼	35.120
S. Korea (won)	1,317.740	▼	1,314.620
Singapore (dollar)	1.339	▲	1.340
Indonesia (rupiah)	15,510	▲	15,490
Malaysia (ringgit)	4.672	▼	4.666

WORLD CURRENCIES

DECEMBER 7, 2023

	CLOSE		PREVIOUS
US$/UK pound	1.2583	▼	1.2599
US$/Euro	1.0777	▼	1.0792
US$/Aust dollar	0.6569	▼	0.6575
Canada dollar/US$	1.3587	▲	1.3583
Swiss Franc/US$	0.8733	▼	0.8749

DUBAI CRUDE OIL

FUTURES PRICE ON NEAREST MONTH OF DELIVERY — $77.55/BBL — ▼ $1.00 — 30 DAYS TO DECEMBER 6, 2023

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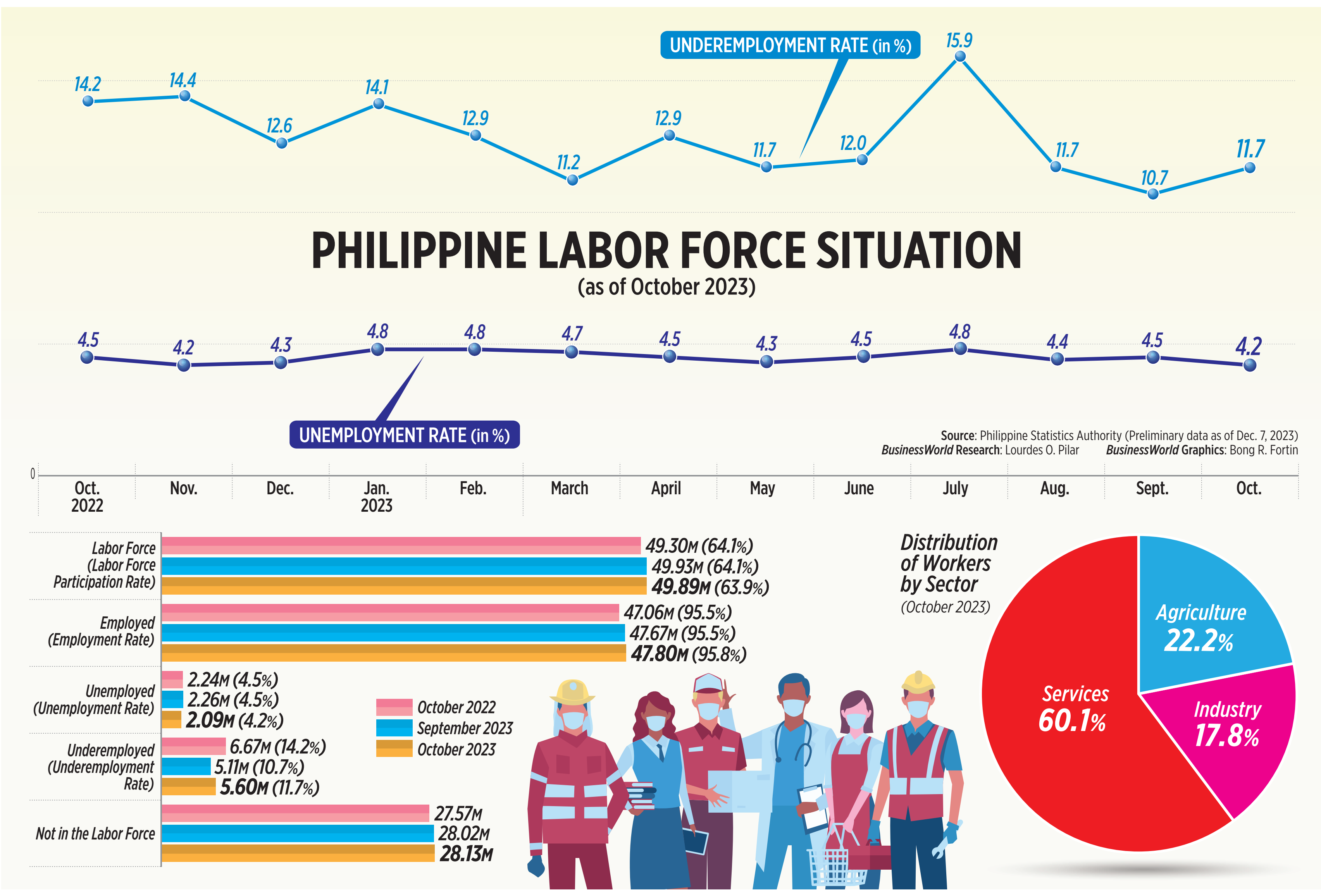
PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • DECEMBER 7, 2023 (PSEi snapshot on *S1/2*; article on *S2/2*)

		Value			
BDO	P126.900	P442,489,186	-P2.800	▼	-2.159%
ALI	P31.400	P395,218,455	P0.000	—	0.000%
SM	P826.000	P374,006,765	-P2.000	▼	-0.242%
ICT	P229.000	P294,923,666	-P6.000	▼	-2.553%
SMPH	P32.650	P150,226,950	-P0.350	▼	-1.061%
AC	P640.000	P147,606,935	-P20.500	▼	-3.104%
BPI	P101.900	P135,570,261	-P2.600	▼	-2.488%
GTCAP	P557.000	P98,292,330	P5.500	▲	0.997%
CEBCP	P31.200	P93,634,320	-P0.100	▼	-0.319%
JGS	P37.800	P76,707,160	-P1.100	▼	-2.828%

Premature to talk of rate cuts — BSP



By Keisha B. Ta-asan
Reporter

BANGKO SENTRAL ng Pilipinas (BSP) Governor Eli M. Remolona, Jr. said it is premature to discuss policy easing in 2024, with the Monetary Board still prepared to hike borrowing costs if needed to make sure inflation returns to the 2-4% target range.

"The risks are still there so we have to assess the situation. I think it's premature to say we will start to ease," he told reporters on Wednesday evening.

Mr. Remolona said the BSP remains hawkish as frequent supply shocks could lead to higher inflation expectations and second-round effects.

"We want to be sure (inflation) stays within the target range, comfortably within the target range, and then when we are comfortable about that, we can start to think about easing," he said.

"If inflation is within the target range for one month, it's not enough. It has to be there and it has to look like it will stay there until we can start to consider not being hawkish," he said.

The BSP chief said the goal is to keep inflation expectations anchored to mitigate second-round effects.

Headline inflation slowed for a second straight month in November to 4.1%, its lowest in 20 months. Year to date, inflation averaged 6.2%, still above the central bank's 6% forecast.

From May 2022 to October this year, the BSP has raised interest rates by 450 basis points (bps), bringing the benchmark interest rate to a 16-year high of 6.5%.

Mr. Remolona also said there will be no cut in banks' reserve requirement ratio (RRR) while the central bank remains hawkish.

The RRR for big banks is currently at 9.5%, while the ratio for digital banks is at 6%. The BSP also set the RRR for thrift banks, and rural and cooperative banks to 2% and 1%, respectively.

Despite the aggressive rate increases since last year, Mr. Remolona noted Philippine economic growth is still very strong and robust. He noted the impact of policy tightening is gradual, with the effects taking some time to materialize due to prolonged lags.

"We wish (the lags) were shorter," he said. "We have to improve the transmission mechanism of monetary policy."

Mr. Remolona also said the central bank does not want to make any unnecessary tightening.

"We want to make just enough tightening so that we get within the target range and expectations remain anchored to our target," he said.

However, monetary policy may be kept tighter for longer since inflation may go up again next year.

"It's sort of tricky because we think inflation should be within the (2-4%) target range in the next month or so, and then there's kind of a base effect then it will go up and maybe exceed the target range (again)," Mr. Remolona said. "Hopefully not, we hope we could settle within the target range for the rest of 2024."

Rate cuts, S1/3

Unemployment rate drops to 18-year low in October

By Jomel R. Paguian

THE PHILIPPINES' unemployment rate fell to the lowest in 18 years in October, underscoring the strength of the country's labor market.

The jobless rate was 4.2%, the slowest since April 2005 and matching the level in November last year, the Philippine Statistics Authority (PSA) said on Thursday.

The employment rate also rose to 95.8%, the highest in 18 years and consistent with sustained labor demand that's at the root of renewed economic momentum.

The statistics agency revamped the definition of "unemployed" in April 2005 to refer to people aged 15 years and older without a job, are available for work and actively seeking one or not because of a valid reason.

Preliminary results of the PSA's Labor Force Survey (LFS) showed the 4.2% unemployment rate translated to 2.09 million jobless Filipinos in October, 150,000 lower than 2.24 million in the same month last year.

The unemployment rate was an improvement from 4.5% in both October 2022 and in September.

However, the National Capital Region had the highest jobless rate of 5.4% in October, while Davao Region had the lowest with 2.9%

National Economic and Development Authority (NEDA) Secretary Arsenio M. Balisacan said the labor market is expected to further improve amid the government's efforts to boost trade and investment in the country.

"We can make the labor market more inclusive with the entry of more investments, especially those that bring in new and better technology," Mr. Balisacan said in a statement. "We need to expand and enhance learning opportunities to ensure that we equip Filipinos for future jobs."

Year to date, the unemployment rate stood at 4.6%, which is below the 5.3%-6.4% target for 2023 under the Philippine Development Plan.

"We are now closer than ever to achieving the President's vision of bringing down the Philippines' unemployment rate to 4-5% in 2028," Finance Secretary Benjamin E. Diokno said in a statement.

UNDEREMPLOYMENT

Meanwhile, job quality improved as the underemployment rate fell to 11.7% in October, from 14.2% in the same month last year. This translated to 5.6 million underemployed Filipinos or persons already working but still looking for more work or longer working hours.

Month on month, job quality slightly deteriorated from 10.7% in September.

Year to date, the average underemployment rate stood at 12.5%, lower than 14.2% during the comparable period.

PSA data also showed that the size of the labor force increased by 589,000 to 49.89 million in October from 49.3 million in the same month last year.

Unemployment, S1/5

Factory output growth slowest in over a year

By Luisa Maria Jacinta C. Jocson *Reporter*

FACTORY PRODUCTION grew at its slowest pace in over a year in October as elevated inflation may have dampened demand.

Preliminary results of the Monthly Integrated Survey of Selected Industries (MISSI) released by the Philippine Statistics Authority (PSA) showed manufacturing output, measured by the volume of production index (VoPI), inched up by 1.7% year on year in October.

This was slower than the 6.7% annual increase in October 2022 and the 9.9% logged in September.

October marked manufacturing's weakest growth since the 0.04% decline in June 2022.

On a month-on-month seasonally adjusted basis, the manufacturing sector's VoPI contracted by 4.1%, a reversal of the 1.5% growth in the previous month.

Year to date, average factory output growth stood at 5.6%, much slower than 17.5% in the same period in 2022.

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort also said the softer manufacturing production reflected the impact of elevated inflation, which pushed input costs higher.

Headline inflation eased to 4.9% in October from 6.1% in September and 7.7% in October 2022. However, this marked the 19th straight month that inflation breached the central bank's 2-4% target band.

"Slower factory output growth may stem from lower demand from manufactured goods due to low purchasing power of consumers despite slowing inflation seen in October," John Paolo R. Rivera, president and chief economist at Oikonomia Advisory & Research, Inc., said in a Viber message.

Factory output, S1/3

WHAT'S INSIDE

Philippines unlikely to be included in FATF blacklist, says Remolona

THE PHILIPPINES is unlikely to be included in the Financial Action Task Force's (FATF) blacklist of countries with high risk of money laundering and terrorism financing, the Bangko Sentral ng Pilipinas (BSP) chief said.

"We will know whether we stay on the (gray) list or leave the list entirely (in February), which is what we want. There might be a chance that we'll go into the blacklist but that is very unlikely," BSP Governor Eli. Remolona, Jr. said on Wednesday evening.

"But all hands on deck… we're doing everything we can to show that we're making progress in all those areas," he added.

The Philippines has been in the global financial crime watchdog's "gray list" of jurisdictions under increased monitoring for dirty money risks since June 2021.

In October 2023, the FATF said the Philippines remains on the gray list, citing the need to further strengthen its action plan to address strategic deficiencies related to casino junkets, non-profit organizations, and beneficial ownership.

As part of its efforts to exit the gray list, the Philippines committed to comply with numerous action plan items.

Mr. Remolona said if the Philippines failed to exit the gray list by January next year, correspondent banks may start to cut ties with the Philippines. These are financial institutions that provide services to another bank, usually in another country.

"There are fewer banks that are willing to deal with us (now that we're on the gray list). If we'll be in the blacklist, that gets worse… When (correspondent banks are) in doubt, they won't deal with the Philippines," he said in mixed English and Filipino.

Only three countries are currently in the FATF's blacklist — North Korea, Iran and Myanmar.

Mr. Remolona noted that if the Philippines would be included in the blacklist, correspondent banks would ask for more requirements amid heightened due diligence.

In 2002, the FATF blacklisted the Philippines for having no legal anti-money laundering framework.

The passage of Republic Act (RA) No. 9160 or the Anti-Money Laundering Act of 2001 as well as its amendments through RA 9194 paved the way for the removal of the Philippines from the blacklist in 2003.

Mr. Remolona said the FATF may also cite the recent bombing incident in the Islamic city of Marawi in southern Philippines as a concern.

FATF, S1/5