

STOCK MARKET	ASIAN MARKETS	WORLD MARKETS	PESO-DOLLAR RATES	ASIAN MONIES-US\$ RATE	WORLD CURRENCIES	DUBAI CRUDE OIL																																																																				
PSEi 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 71.08 pts, 1.12% 30 DAYS TO DECEMBER 7, 2023	DECEMBER 8, 2023 <table border="1"> <tr><th>CLOSE</th><th>NET</th><th>%</th></tr> <tr><td>JAPAN (NIKKEI 225)</td><td>32,307.86</td><td>-550.45 -1.68</td></tr> <tr><td>HONG KONG (HANG SENG)</td><td>16,334.37</td><td>-11.52 -0.07</td></tr> <tr><td>TAIWAN (WEIGHTED)</td><td>17,383.99</td><td>105.25 0.61</td></tr> <tr><td>THAILAND (SET INDEX)</td><td>1,380.99</td><td>2.26 0.16</td></tr> <tr><td>S.KOREA (KSE COMPOSITE)</td><td>2,517.85</td><td>25.78 1.03</td></tr> <tr><td>SINGAPORE (STRAITS TIMES)</td><td>3,110.73</td><td>36.47 1.19</td></tr> <tr><td>SYDNEY (ALL ORDINARIES)</td><td>7,194.90</td><td>21.60 0.30</td></tr> <tr><td>MALAYSIA (KLSE COMPOSITE)</td><td>1,441.97</td><td>-0.88 -0.06</td></tr> </table>	CLOSE	NET	%	JAPAN (NIKKEI 225)	32,307.86	-550.45 -1.68	HONG KONG (HANG SENG)	16,334.37	-11.52 -0.07	TAIWAN (WEIGHTED)	17,383.99	105.25 0.61	THAILAND (SET INDEX)	1,380.99	2.26 0.16	S.KOREA (KSE COMPOSITE)	2,517.85	25.78 1.03	SINGAPORE (STRAITS TIMES)	3,110.73	36.47 1.19	SYDNEY (ALL ORDINARIES)	7,194.90	21.60 0.30	MALAYSIA (KLSE COMPOSITE)	1,441.97	-0.88 -0.06	DECEMBER 8, 2023 <table border="1"> <tr><th>CLOSE</th><th>NET</th></tr> <tr><td>Dow Jones</td><td>36,247.870 ▲ 130.490</td></tr> <tr><td>NASDAQ</td><td>14,403.972 ▲ 63.978</td></tr> <tr><td>S&P 500</td><td>4,604.370 ▲ 18.780</td></tr> <tr><td>FTSE 100</td><td>7,554.470 ▲ 40.750</td></tr> <tr><td>Euro Stoxx50</td><td>4,064.680 ▲ 35.470</td></tr> </table>	CLOSE	NET	Dow Jones	36,247.870 ▲ 130.490	NASDAQ	14,403.972 ▲ 63.978	S&P 500	4,604.370 ▲ 18.780	FTSE 100	7,554.470 ▲ 40.750	Euro Stoxx50	4,064.680 ▲ 35.470	FX OPEN P55.370 HIGH P55.260 LOW P55.420 CLOSE P55.300 W.AVE. P55.347 VOL. \$1,211.15 M SOURCE: BAP 0.50 CTV 30 DAYS TO DECEMBER 7, 2023	DECEMBER 8, 2023 LATEST BID (0900GMT) <table border="1"> <tr><th>PREVIOUS</th></tr> <tr><td>JAPAN (YEN)</td><td>144.930 ▼ 144.870</td></tr> <tr><td>HONG KONG (HK DOLLAR)</td><td>7.808 ▲ 7.812</td></tr> <tr><td>TAIWAN (NT DOLLAR)</td><td>31.415 ▲ 31.422</td></tr> <tr><td>THAILAND (BAHT)</td><td>35.520 ▼ 35.160</td></tr> <tr><td>S. KOREA (WON)</td><td>1,316.410 ▼ 1,317.740</td></tr> <tr><td>SINGAPORE (DOLLAR)</td><td>1.342 ▼ 1.339</td></tr> <tr><td>INDONESIA (RUPIAH)</td><td>15,505 ▼ 15,510</td></tr> <tr><td>MALAYSIA (RINGGIT)</td><td>4.662 ▲ 4.672</td></tr> </table>	PREVIOUS	JAPAN (YEN)	144.930 ▼ 144.870	HONG KONG (HK DOLLAR)	7.808 ▲ 7.812	TAIWAN (NT DOLLAR)	31.415 ▲ 31.422	THAILAND (BAHT)	35.520 ▼ 35.160	S. KOREA (WON)	1,316.410 ▼ 1,317.740	SINGAPORE (DOLLAR)	1.342 ▼ 1.339	INDONESIA (RUPIAH)	15,505 ▼ 15,510	MALAYSIA (RINGGIT)	4.662 ▲ 4.672	DECEMBER 8, 2023 <table border="1"> <tr><th>CLOSE</th><th>PREVIOUS</th></tr> <tr><td>US\$/UK POUND</td><td>1.2546 ▼ 1.2583</td></tr> <tr><td>US\$/EURO</td><td>1.0761 ▼ 1.0777</td></tr> <tr><td>US\$/AUST DOLLAR</td><td>0.6577 ▲ 0.6569</td></tr> <tr><td>CANADA DOLLAR/US\$</td><td>1.3587 — 1.3587</td></tr> <tr><td>SWISS FRANC/US\$</td><td>0.8796 ▲ 0.8733</td></tr> </table>	CLOSE	PREVIOUS	US\$/UK POUND	1.2546 ▼ 1.2583	US\$/EURO	1.0761 ▼ 1.0777	US\$/AUST DOLLAR	0.6577 ▲ 0.6569	CANADA DOLLAR/US\$	1.3587 — 1.3587	SWISS FRANC/US\$	0.8796 ▲ 0.8733	DECEMBER 8, 2023 FUTURES PRICE ON NEAREST MONTH OF DELIVERY \$76.09/BBL \$1.14 30 DAYS TO DECEMBER 8, 2023
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VOL. XXXVII • ISSUE 98 **MONDAY • DECEMBER 11, 2023 • www.bworldonline.com** S1/1-12 • 3 SECTIONS, 24 PAGES

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

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

BSP to extend rate hike pause — poll

By Keisha B. Ta-asan Reporter

THE BANGKO SENTRAL ng Pilipinas (BSP) is widely expected to keep its key policy rate at a 16-year high on Thursday despite easing inflation as it remains vigilant against risks.

A *BusinessWorld* poll last week showed 15 out of 17 analysts expect the Monetary Board to hold the target reverse repurchase (RRP) rate steady at 6.5% on Dec. 14 — the BSP's last policy review for the year.

A pause on Thursday would be the second straight meeting the BSP left rates unchanged since its 25-basis-point (bp) off-cycle hike on Oct. 26.

On the other hand, one economist said the BSP may raise policy rates to further anchor inflation expectations, while another expects the Monetary Board to start easing due to the sharp slowdown in November inflation.

"We believe that the BSP will keep the target RRP rate unchanged at 6.5% mainly because of the slower inflation rate in November," Philippine National Bank

economist Alvin Joseph A. Arogo said in an e-mail.

Headline inflation eased to 4.1% in November from 4.9% in October and 8% in November 2022. This was the slowest inflation rate in 20 months or since the 4% seen in March last year.

For the January-to-November period, the consumer price index averaged 6.2%, faster than 5.6% in the same period a year ago. This is still above the BSP's full-year baseline forecast of 6%.

"We expect BSP to remain on hold at the next meeting on the back of receding pressures on inflation expectations," Makoto Tsuchiya, an economist from Oxford Economics, said in an e-mail.

He noted the 4.1% inflation in November was a welcome development as it was at the low end of the BSP's 4-4.8% forecast for the month.

"Recent strength of the peso, which we think will partly unwind, also gives BSP a reason to pause given the implication for lower imported inflation," Mr. Tsuchiya said.

The local unit closed at P55.30 per dollar on Thursday, inching up by less than a centavo from its P55.305 finish previ-

ously. This was the peso's strongest close in over four months or since its P55.19-per-dollar finish on Aug. 2.

"At the same time, the resilient domestic economy performance allows BSP to retain a hawkish stance by staying put," Mr. Tsuchiya said.

The Philippine economy expanded by 5.9% in July to September, faster than 4.3% in the second quarter but slower than 7.7% a year earlier. For the first nine months, economic growth averaged 5.5%.

Mr. Arogo said that the general downturn in gross capital formation, or the investment component of the economy, show that interest rates are "restrictive enough."

Gross capital formation slipped by 1.6% in the third quarter, ending nine straight quarters of growth. This was a reversal of the 18.2% expansion a year ago and 0.3% in the second quarter.

Meanwhile, Nalin Chutchotitham, an economist for the Philippines from Citigroup, Inc., said the BSP may hike rates by 25 bps at Thursday's meeting.

Rate, S1/8

Analysts' Expectations on Policy Rates (December 2023)

Hike +25 bps

FORECAST

Nalin Chutchotitham
Citigroup, Inc.

CURRENT POLICY SETTINGS

Overnight Deposit Rate	6.00%
Target Reverse Repurchase Rate	6.50%
Overnight Lending Rate	7.00%

KEEP

Alvin Joseph A. Arogo Philippine National Bank	Aris Dacanay HSBC Global Research	Domini S. Velasquez China Banking Corp.
Emilio S. Neri, Jr. Bank of the Philippine Islands	Emmanuel J. Lopez Colegio de San Juan de Letran Graduate School	Jonathan K. Peña-Reyes Reyes Tacandong & Co.
Makoto Tsuchiya Oxford Economics	Michael L. Ricalfort Rizal Commercial Banking Corp.	Miguel Chanco Pantheon Macroeconomics
Nicholas Antonio T. Mapa ING Bank N.V. Manila	Patrick M. Ella Sun Life Investment Management and Trust Corp.	Robert Dan J. Roces Security Bank Corp.
Ruben Carlo O. Asuncion Union Bank of the Philippines, Inc.	Ser Percival K. Peña-Reyes Ateneo Center for Economic Research and Development	Zamros Dzulkaffi Maybank Investment Bank

Cut -25 bps

John Paolo R. Rivera
Oikonomia Advisory & Research, Inc.

BusinessWorld Graphics: Bong R. Fortin

Gross borrowings jump in October

THE NATIONAL GOVERNMENT'S gross borrowings jumped by 23.4% in October as domestic debt surged, the Bureau of the Treasury (BTr) said.

Data from the BTr showed that gross borrowings rose to P225.202 billion in October from P182.429 billion in the same month a year ago.

Gross domestic debt more than tripled to P174.632 billion in October from P56.733 billion a year ago. This accounted for more than three-fourths or 77.5% of total borrowings during the month.

Broken down, domestic debt consisted of P90 billion in fixed-rate Treasury bonds, P71.78 billion in retail onshore dollar bonds, and P12.852 billion in Treasury bills.

Meanwhile, gross external borrowings declined by 59.8% to P50.57 billion in October from P125.696 billion a year ago.

This was composed of P42.514 billion in program loans and P8.056 billion in new project loans.

For the 10-month period, gross borrowings stood at P1.975 trillion, 1.5% lower than P2.006 trillion in the same period a year earlier.

Domestic borrowings slipped by 0.99% to P1.519 trillion during the January-to-October period, from P1.535 trillion a year ago. This accounted for 76.9% of total borrowings for the period.

Fixed-rate Treasury bonds made up the bulk or P1.055 trillion of local debt, followed by retail Treasury bonds (P252.091 billion), Treasury bills (P139.697 billion), and the retail onshore dollar bonds (P71.78 billion).

Borrowings, S1/8

Senate likely to ratify FTA with S. Korea in January

By John Victor D. Ordoñez Reporter

THE PHILIPPINE Senate will likely ratify the free trade agreement (FTA) with South Korea when Congress resumes session in January, according to the Senate president.

"We go on Christmas break, so we are surely ratifying the FTA with South Korea when we get back in January," Senate President Juan Miguel F. Zubiri told *BusinessWorld* in a Viber message.

Congress is scheduled to adjourn session on Dec. 16. Session will resume on Jan. 22, 2024.

Under the Constitution, international agreements and treaties require a concurrence of two-thirds of the Senate's members for ratification.

The Philippines and South Korea signed the free trade deal last September, as both countries seek to strengthen economic ties.

Last week, South Korea's Ambassador to the Philippines Lee Sang-hwa said he expects South Korea's parliament to ratify the agreement "soon."

"With this win-win agreement, our two countries' trade and investment are set to increase in the coming years. In this context, Korea strongly supports the Philippine government's efforts to improve its ease of doing business en-

vironment," Mr. Lee said during a lunch with Philippine media on Dec. 7.

Under the free trade deal, South Korea will remove tariffs on about 94.8% of Philippine products, while the Philippines will remove tariffs on 96.5% of South Korean goods.

Calixto V. Chikiamco, Foundation for Economic Freedom (FEF) president, said the deal would allow the Philippines to expand market access for its agricultural products.

"The FTA will strengthen, enhance, and enrich the already strong cultural and economic ties between South Korea and the Philippines by further promoting trade through the deep reduction in tariffs and fostering technical and cultural cooperation through the technical cooperation of the agreement," he said in a Viber message.

For the FTA, the Philippines was able to secure tariff elimination on 1,531 lines of agricultural goods, of which 1,417 lines will be removed upon entry into force (EIF) of the bilateral FTA.

The Philippines is aiming to export more bananas, processed pineapples and other fruits to South Korea.

Tariffs on bananas, which are currently charged a 30% tariff, are set to go to zero over five years. Tariffs on processed pineapples, which are currently charged 36%, will be removed in seven years.

FTA, S1/8

Asia's chocoholics will indulge even as prices of cocoa skyrocket, industry says

ASIA'S GROWING NUMBER of chocolate lovers will indulge their sweet tooth even as cocoa prices skyrocket to the highest level since the 1970s, a veteran of the industry says.

With more than half of the world's people, Asia accounts for only roughly a quarter of cocoa consumption, making it a growth market for chocolate producers as populations — and disposable incomes — grow. Three years of pandemic restrictions dealt a severe blow, as entertaining, gifting and impulse purchases declined. Then the price of the key ingredient took off, thanks to punishing rains in West Africa.

"Cocoa and chocolate indulgences are still in demand," said Elie Fouché, chairman of the Cocoa Association of Asia, who has worked in the industry for about 17

years. "Demand for cocoa and chocolate products has remained steady despite the price increases that we have observed already for quite a few months."

Cocoa grinding in the Asia-Pacific, the best indicator of demand, has rebounded from COVID lows, Mr. Fouché said. While down from a year earlier as the industry finds its post-pandemic balance, the association said processing was "better than expected" in the three months through September.

"The dip is behind us," Mr. Fouché said, speaking at Barry Callebaut AG's factory in Malaysia's southern state of Johor, one of the largest plants in Asia where beans are turned into cocoa mass, butter and powder — the key ingredients to make chocolate bars, cookies, ice cream and drinks.

Cocoa, S1/8



TETIANA BYKOVETS-UNSPASH