P25 IN METRO MANILA, PHILIPPINES

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STOCK MARKET

PSEi — 30 DAYS TO JANUARY 3, 2024: ▼ 55.16 PTS. 0.84%

OPEN:	6,539.81
HIGH:	6,544.90
LOW:	6,483.80
CLOSE:	6,498.88
VOL.:	0.183 B
VAL(P):	3.113 B

ASIAN MARKETS — JANUARY 3, 2024

	CLOSE		NET	%
Japan (Nikkei 225) *	33,464.17	▼	-75.45	-0.22
Hong Kong (Hang Seng)	16,646.41	▼	-142.14	-0.85
Taiwan (Weighted)	17,559.31	▼	-294.45	-1.65
Thailand (SET Index)	1,427.45	▼	-5.93	-0.41
S.Korea (Kse Composite)	2,607.31	▼	-62.50	-2.34
Singapore (Straits Times)	3,202.15	▼	-27.80	-0.86
Sydney (All Ordinaries)	7,523.20	▼	-104.60	-1.37
Malaysia (Klse Composite)	1,462.37	▲	9.27	0.64

* CLOSING PRICES AS OF DEC. 29, 2023

WORLD MARKETS — JANUARY 2, 2024

	CLOSE		NET
Dow Jones	37,715.040	▲	25.500
NASDAQ	14,765.940	▼	-245.412
S&P 500	4,742.830	▼	-27.000
FTSE 100	7,721.520	▼	-11.720
Euro Stoxx50	4,091.980	▼	-1.390

PESO-DOLLAR RATES

FX — 30 DAYS TO JANUARY 3, 2024: ▲ 10.00 CTVS

OPEN	P55.700
HIGH	P55.570
LOW	P55.815
CLOSE	P55.570
W.AVE.	P55.709
VOL.	$1,884.90 M

SOURCE : BAP

ASIAN MONIES-US$ RATE — JANUARY 3, 2024

	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	142.610	▼	141.540
Hong Kong (HK dollar)	7.807	▲	7.814
Taiwan (NT dollar)	31.016	▼	30.835
Thailand (baht)	34.270	▼	34.170
S. Korea (won)	1,309.020	▼	1,300.340
Singapore (dollar)	1.327	▼	1.322
Indonesia (rupiah)	15,475	▼	15,465
Malaysia (ringgit)	4.633	▼	4.599

WORLD CURRENCIES — JANUARY 3, 2024

	CLOSE		PREVIOUS
US$/UK pound	1.2631	▼	1.2741
US$/Euro	1.0939	▼	1.1035
US$/Aust dollar	0.6749	▼	0.6825
Canada dollar/US$	1.3331	▲	1.3243
Swiss Franc/US$	0.8506	▲	0.8449

DUBAI CRUDE OIL

FUTURES PRICE ON NEAREST MONTH OF DELIVERY: $78.00/BBL — 30 DAYS TO JANUARY 2, 2024: ▲ $0.90

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PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • JANUARY 3, 2024 (PSEi snapshot on *S1/2*; article on *S2/2*)

		Value			
SM	P879.000	P323,542,615	-P3.000	▼	-0.340%
SMPH	P32.250	P308,500,000	-P0.050	▼	-0.155%
BDO	P126.200	P203,625,184	-P1.600	▼	-1.252%
JFC	P254.600	P196,958,924	-P0.400	▼	-0.157%
URC	P119.900	P185,973,312	-P4.100	▼	-3.306%
ALI	P34.250	P159,099,180	-P0.300	▼	-0.868%
ICT	P249.800	P156,861,732	-P6.200	▼	-2.422%
BPI	P103.500	P97,247,553	-P2.300	▼	-2.174%
GTCAP	P597.500	P86,784,695	-P2.500	▼	-0.417%
AREIT	P33.650	P72,060,360	P0.300	▲	0.900%

Debt pile rises to record P14.5 trillion

By Keisha B. Ta-asan
Reporter

THE NATIONAL Government's (NG) total outstanding debt hit a fresh high of P14.51 trillion as of end-November, the Bureau of the Treasury (BTr) said on Wednesday.

The outstanding debt inched up by 0.2% from P14.48 trillion as of end-October, data from the BTr showed.

"NG's debt stock increased by P27.92 billion or 0.2% month over month, primarily due to the net issuance of domestic securities," the BTr said in a press release.

Year on year, the debt stock rose by 6.3% from P13.64 trillion.

Outstanding debt went up by 8.1% from P13.42 trillion as of end-December 2022.

More than two-thirds or 69.1% of total outstanding debt as of end-November came from domestic sources.

As of end-November, domestic debt increased by 1.2% to P10.02 trillion from P9.9 trillion a month earlier due to the net issuance of government securities.

Domestic debt also rose by 6.3% from P9.43 trillion in the same period a year prior.

"New domestic debt issued during the month totaled P171.091 billion while principal redemption amounted to P45.14 billion, underlying a net issuance of P125.95 billion," the BTr said.

"The increase was partially offset by the P3.87-billion effect of peso appreciation on foreign currency-denominated domestic securities," it added.

Data from the Treasury department showed the peso closed at P55.451 against the dollar as of end-November, strengthening by P1.357 or 2.4% from P56.808 as of end-October.

Meanwhile, external debt, which accounted for 31% of the total, slipped by 2.1% to P4.48 trillion as of end-November from P4.58 trillion as of end-October.

However, external debt rose by 6.4% from P4.22 trillion a year ago.

Debt, S1/9

MUFG sees PHL economy growing by 5.6% this year

THE PHILIPPINE ECONOMY may grow by 5.6% this year as easing inflation could help boost consumption, MUFG Global Markets Research said.

In a report, MUFG Global Markets said the Philippine gross domestic product (GDP) is forecast to expand by 5.6% this year, picking up from the likely 4.8% GDP growth in 2023.

However, the growth forecast is below the Philippine government's 6.5% to 7.5% growth target for 2024.

"We think that headwinds to domestic demand from elevated food and energy prices should gradually fade over time, but the growth rebound will probably be more evident from the second half of 2024 onwards, assuming no further food supply shocks," it said.

Philippine GDP growth accelerated to 5.9% in the third quarter, mainly driven by faster government spending, while private consumption slowed. This brought the nine-month GDP growth average to 5.5%, still below the government's 6-7% full-year target.

"The more stable external environment, coupled with stable USDPHP (US dollar-Philippine peso exchange rate), should also help Bangko Sentral ng Pilipinas (BSP) keep rates on hold through the next few months, and to start the rate-cutting cycle from the second half of 2024, as such helping investment and private consumption activity," the research firm said.

MUFG Global Markets Research expects the BSP to cut interest rates by 50 basis points (bps) this year. This would bring the benchmark rate to 6% by end-2024, from the current 16-year high of 6.5%.

The Monetary Board has raised borrowing costs by a cumulative 450 basis points (bps) from May 2022 to October 2023 to tame inflation.

"We think the Philippine central bank will remain cautious for now, even as it looks more likely now that the Fed will start its rate-cutting cycle in 2024, together with the recent progress in bringing inflation down. This is also because upside risks to inflation are still present," the research firm said.

Markets are anticipating the US Federal Reserve will begin cutting rates this year as inflation eases. At its December meeting, the Fed had forecast 75 bps in rate cuts for 2024.

"We think the Philippines' central bank would prefer to take its lead from the Fed and wait for the US rate-cutting cycle to be clearly underway, before commencing its rate cuts," it said.

For this year, MUFG Global Markets Research said Philippine inflation is seen to slowly return to the upper end of the BSP's 2-4% target band if there are no more supply shocks.

"We expect the Philippines' CPI (consumer price index) to fall into the central bank's upper half of the inflation target by the first quarter 2024, and to stay around that range through the course of 2024... There are nonetheless still upside risks to inflation stemming from food supply shocks, possible transport fare hikes, and minimum wage increases," it added.

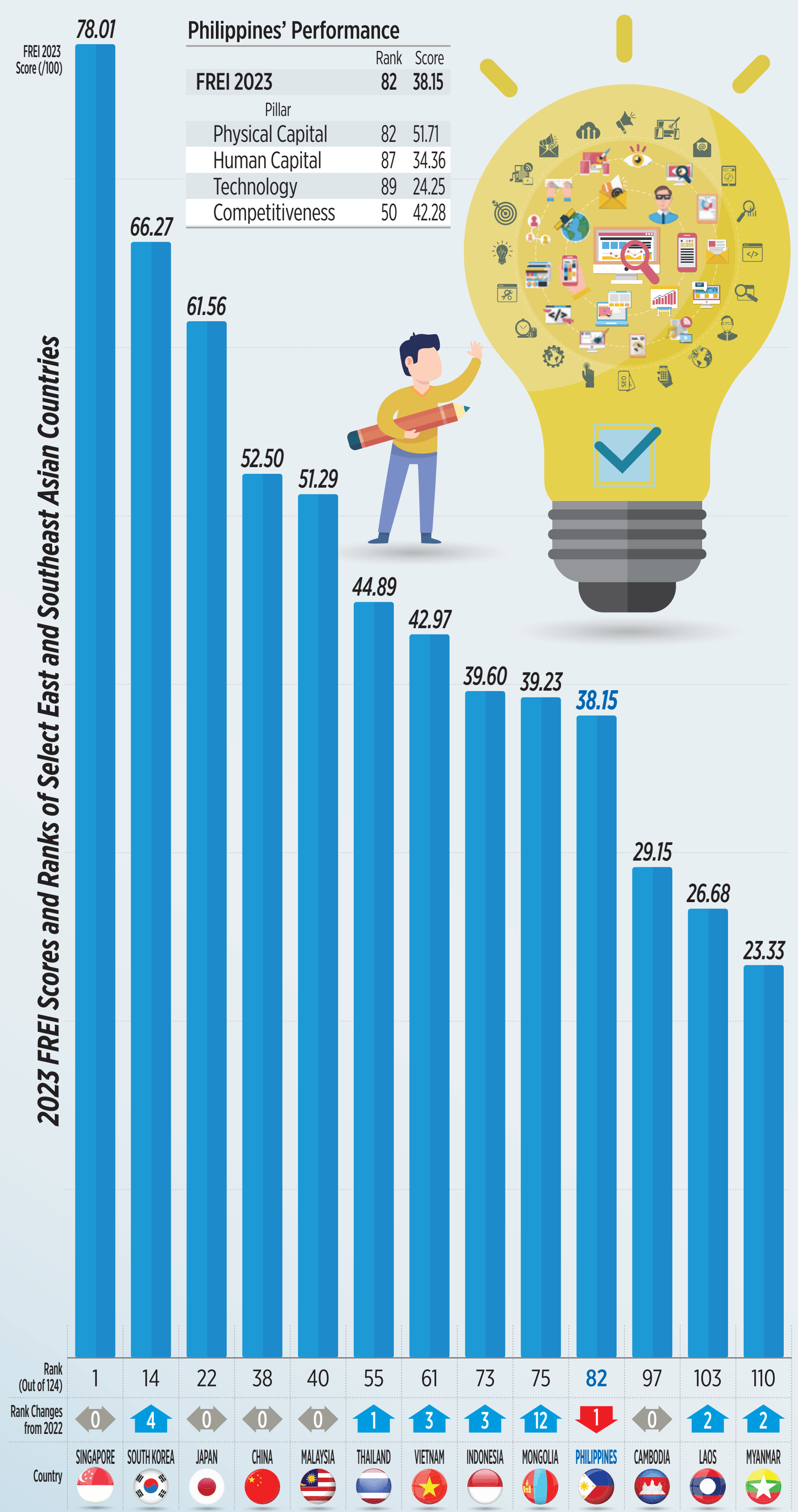
MUFG, S1/9

PHILIPPINES DROPS A NOTCH IN FUTURE READINESS LIST

The Philippines slipped a notch to 82nd out of 124 countries with an overall score of 38.15 out of possible 100 in the 2023 edition of the Future Readiness Economic Index (FREI) by the Descartes Institute. The index assesses the state of the countries' future readiness and their efforts to stimulate greater sustainable, inclusive growth with digital transformation as an integral factor. The Philippines was the fourth lowest among its peers in the region.

Philippines' Performance

	Rank	Score
FREI 2023	82	38.15
Pillar		
Physical Capital	82	51.71
Human Capital	87	34.36
Technology	89	24.25
Competitiveness	50	42.28



Country	Rank (Out of 124)	Rank Changes from 2022
SINGAPORE	1	0
SOUTH KOREA	14	4
JAPAN	22	0
CHINA	38	0
MALAYSIA	40	0
THAILAND	55	1
VIETNAM	61	3
INDONESIA	73	3
MONGOLIA	75	12
PHILIPPINES	82	1
CAMBODIA	97	0
LAOS	103	2
MYANMAR	110	2

Top 5

2023 Rank (Out of 124)	Country	Rank Changes from 2022	FREI 2023 Score (/100)
1	Singapore	0	78.01
2	Denmark	0	75.08
3	Switzerland	0	74.33
4	United States	▲ 2	73.50
5	Sweden	▼ 1	72.51

Bottom 5

2023 Rank (Out of 124)	Country	Rank Changes from 2022	FREI 2023 Score (/100)
124	Niger	0	11.49
123	Ethiopia	0	16.54
122	Madagascar	▼ 1	16.82
121	Mozambique	▲ 1	17.46
120	Guinea	▼ 2	18.31

Source: Descartes Institute's Future Readiness Economic Index 2023 *(https://futurereadinessindex.com/2023/)*
***BusinessWorld* Research**: Bernadette Therese M. Gadon and Abigail Marie P. Yraola ***BusinessWorld* Graphics**: Bong R. Fortin

YEARENDER

Renewables seen to offset the rise in electricity prices

By Sheldeen Joy Talavera
Reporter

THE PRICE AND SUPPLY of electricity in the Philippines are seen to be challenged this year due to warm weather but may be offset by the power capacity expansion from renewables.

Jose M. Layug, Jr., president of Developers of Renewable Energy Advancement, Inc., said he is anticipating supply challenges, especially during the summer months.

"No matter how we tried to maintain all these coal-fired plants, the point is they are already old so you should expect these power plants to break down very often and that's why we need new capacities," he said in a virtual interview.

"Otherwise, we will have an issue on supply, and we will be placing yellow alerts," he added, referring to the warning when reserves fall below a designated safety margin.

In 2023, the Philippines was placed under yellow and red alerts several times due to sudden plant outages. The Department of Energy (DoE) had expected 12 yellow alerts last year. Red alerts are raised when the supply-demand balance deteriorates further, signaling the possibility of rotational brownouts.

For 2024, the DoE has so far not projected any potential yellow and red alerts as it banks on new solar power plants that will be coming in, which it said will be "favorable" under an El Niño scenario.

Latest data from the state weather bureau Philippine Atmospheric, Geophysical and Astronomical Services Administration showed that a moderate El Niño would continue to persist and intensify in the coming months.

Energy Secretary Raphael P.M. Lotilla is expecting a favorable status in electricity supply this year as he anticipates the completion of power transmission projects.

"We did manage to contain the weakness in 2023, and 2024 promises to be better. But of course, from the supply side, and we hope that by 2024, we shall also finish a number of major transmission connections, but of course, there remain threats," he told reporters in an interview last month.

Privately owned National Grid Corp. of the Philippines (NGCP) holds the sole and exclusive concession and franchise for the operation of the country's power transmission network, which links power generators and distribution utilities to deliver electricity nationwide.

NGCP has already energized some of its transmission projects such as the P10.2-billion Hermosa-San Jose 500-kilovolt transmission line. It is currently working on the full completion of the Mindanao-Visayas Interconnection Project (MVIP).

Majah-Leah V. Ravago, an energy economist from the Ateneo de Manila University, said increasing power generation means investing in transmission projects.

"You cannot address the problem that you're just looking at generation because the consumption of electricity is a whole system in itself," she said in a virtual interview.

"You cannot look at increasing generation without accompanying investment in transmission and distribution. We have many cases like that," she added.

Two decades after the Electric Power Industry Reform Act was passed, electricity rates in the Philippines are still one of the highest in the region as there are still a lot of inefficiencies in the system.

Renewables, S1/4

DBM chief issues national budget call for 2025

THE 2025 national budget will focus on keeping inflation under control, addressing the economic scarring from the pandemic, boosting infrastructure investments, and adapting global trends in digital transformation, the Department of Budget and Management (DBM) said.

Budget Secretary Amenah F. Pangandaman last week issued the National Budget Call in a memorandum, asking government agencies to begin preparing their budget proposals for 2025.

The proposed 2025 national budget is set at P6.12 trillion, according to the Development Budget Coordination Committee. This is 6.1% higher than the P5.768-trillion national budget for 2024.

"The Fiscal Year 2025 budget aims to continuously address the socioeconomic issues our country has been facing, e.g., high food prices, increasing fuel prices, and the scars that the pandemic has left, among others," the DBM said.

The government is targeting 6.5-7.5% gross domestic product (GDP) growth this year, but the outlook is clouded by risks to inflation, tight borrowing costs, and a global slowdown.

To tame inflation, the Bangko Sentral ng Pilipinas (BSP) has tightened interest rates by 450 basis points from May 2022 to October 2023, bringing the key rate to a 16-year high of 6.5%.

Aside from addressing economic issues, the 2025 spending plan will also support infrastructure investments, with emphasis on flagship infrastructure projects approved by the National Economic and Development Authority.

"However, increased infrastructure spending will not, in any way, detract from the full support provided to the poorest, lagging, climate change and disaster risk vulnerable areas nor the social sector, and basic public services," the DBM said.

Budget, S1/9