P25
IN METRO MANILA, PHILIPPINES

BusinessWorld

STOCK MARKET		
PSEi		
OPEN:	6,623.94	
HIGH:	6,644.11	
LOW:	6,601.34	
CLOSE:	6,623.01	▼ 23.43 PTS. 0.35%
VOL.:	0.281 B	
VAL(P):	4.148 B	

30 DAYS TO FEBRUARY 1, 2024

ASIAN MARKETS FEBRUARY 1, 2024	CLOSE		NET	%
Japan (Nikkei 225)	36,011.46	▼	-275.25	-0.76
Hong Kong (Hang Seng)	15,566.21	▲	81.14	0.52
Taiwan (Weighted)	17,968.11	▲	78.55	0.44
Thailand (SET Index)	1,370.05	▲	5.53	0.41
S.Korea (Kse Composite)	2,542.46	▲	45.37	1.82
Singapore (Straits Times)	3,140.26	▼	-12.75	-0.40
Sydney (All Ordinaries)	7,588.20	▼	-92.50	-1.20
Malaysia (Klse Composite) *	1,512.98	▲	0.23	0.02

* CLOSING PRICE AS OF JANUARY 31, 2024

WORLD MARKETS JANUARY 31, 2024	CLOSE		NET
Dow Jones	38,150.300	▼	-317.010
NASDAQ	15,164.012	▼	-345.885
S&P 500	4,845.650	▼	-79.320
FTSE 100	7,630.570	▼	-35.740
Euro Stoxx50	4,212.810	▼	-2.900

PESO-DOLLAR RATES FX	
OPEN	P56.250
HIGH	P56.060
LOW	P56.350
CLOSE	P56.115
W.AVE.	P56.185
VOL.	$1,777.97 M

▲ 16.00 CTVS
30 DAYS TO FEBRUARY 1, 2024
SOURCE : BAP

ASIAN MONIES-US$ RATE FEBRUARY 1, 2024	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	146.750	▲	147.440
Hong Kong (HK dollar)	7.819	—	7.819
Taiwan (NT dollar)	31.318	▼	31.270
Thailand (baht)	35.460	▼	35.440
S. Korea (won)	1,333.690	▲	1,334.040
Singapore (dollar)	1.341	▼	1.339
Indonesia (rupiah)	15,760	▲	15,775
Malaysia (ringgit)	4.727	▲	4.729

WORLD CURRENCIES FEBRUARY 1, 2024	CLOSE		PREVIOUS
US$/UK pound	1.2643	▼	1.2680
US$/Euro	1.0790	▼	1.0833
US$/Aust dollar	0.6524	▼	0.6586
Canada dollar/US$	1.3445	▲	1.3413
Swiss Franc/US$	0.8634	▲	0.8618

DUBAI CRUDE OIL
FUTURES PRICE ON NEAREST MONTH OF DELIVERY
$82.39/BBL
▲ $0.24
30 DAYS TO JANUARY 31, 2024

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PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • FEBRUARY 1, 2024 (PSEi snapshot on *S1/2*; article on *S2/2*)

		Value			
ICT	P243.000	P416,167,264	P0.000	—	0.000%
SM	P893.000	P368,811,670	-P7.000	▼	-0.778%
BDO	P144.000	P363,524,044	-P1.000	▼	-0.690%
URC	P110.200	P305,207,507	-P1.300	▼	-1.166%
ALI	P33.650	P240,094,195	-P0.450	▼	-1.320%
SMPH	P34.050	P213,174,975	-P0.200	▼	-0.584%
BPI	P112.500	P160,265,178	P1.900	▲	1.718%
MER	P357.000	P116,746,094	-P5.000	▼	-1.381%
AC	P678.000	P110,446,420	-P1.000	▼	-0.147%
CNPF	P34.100	P97,441,520	P1.150	▲	3.490%

Factory activity further eases in Jan.

By Luisa Maria Jacinta C. Jocson *Reporter*

MANUFACTURING ACTIVITY in the Philippines eased for a second straight month in January as new orders and output rose at a slower pace, S&P Global said on Thursday.

The S&P Global Philippines Manufacturing Purchasing Managers' Index (PMI) slipped to 50.9 in January from 51.5 in December. A PMI reading above 50 denotes better operating conditions than in the preceding month, while a reading below 50 shows a deterioration.

"The turn of the year revealed a slight weakness in demand conditions, as new orders and output growth eased," Maryam Baluch, economist at S&P Global Market Intelligence, said in a statement.

In its report, S&P Global said while January marked the fifth consecutive month of expansion, this was still "weaker than the series average and only marginal overall."

The Philippines' PMI reading was the second fastest among six Association of Southeast Asian Nations (ASEAN) member countries in January, just behind Indonesia (52.9) and ahead of Vietnam (50.3).

Meanwhile, Malaysia (49), Thailand (46.7) and Myanmar (44.3) registered contractions in manufacturing output. On average, the ASEAN headline PMI rose to 50.3 in January from 49.7 in December.

S&P Global said the Philippines saw a "muted improvement" in factory activity in January amid weaker demand.

"A cooling demand environment, especially from overseas markets, led to factory orders rising only fractionally in January, and at the weakest pace in the current five-month sequence of growth," it said.

As demand softened, S&P Global noted that manufacturers increased production levels at a "historically subdued rate."

"Ater easing for the second successive month, the pace of growth was the weakest since August 2023," it added.

On the other hand, purchasing activity improved as manufacturers expanded their inventory in anticipation of stronger sales in the next few months.

Buying activity grew at its strongest pace in six months, S&P Global said.

"In addition, despite a continued deterioration in vendor performance arising from material shortages and port congestion, companies were able to build their stocks of purchases in January. Pre-production inventories rose for the fourth consecutive month, and at a pace that was broadly in line with the survey average," it said.

Factory, S1/9

PHL growth momentum seen to continue this year

THE PHILIPPINE ECONOMY is seen expanding faster this year, although meeting the government's growth target may be difficult amid tight monetary policy, analysts said.

In a note on Thursday, BMI Country Risk & Industry Research said it sees the Philippine economy continuing its strong growth momentum after gross domestic product (GDP) expanded by 5.6% in 2023.

"The latest growth figures reflect the resilience of the Philippine economy and we think that this momentum will continue going into the new year. 2024 looks set to be another strong year and we forecast real GDP growth to accelerate to 6.2%," it said.

Data from the Philippine Statistics Authority showed that GDP growth print in 2023 was much slower than the 7.6% expansion in 2022 and was below the government's full-year target of 6-7% last year.

According to BMI, the uptick in investment helped prop up economic expansion in the fourth quarter, even as the Bangko Sentral ng Pilipinas (BSP) maintained tight monetary policy.

Gross capital formation jumped by 11.2% in the October-December period, faster than 3.3% a year ago and a turnaround from the 1.4% decline in the third quarter. This brought the full-year expansion of gross capital formation to 5.4%.

Momentum, S1/5

Property giant Megaworld wins Grand Anvil this year

PIONEERING township developer Megaworld Corp. achieved a historic milestone after winning its first-ever Grand Anvil for its MEGreen sustainability program at the 59th Anvil Awards. This was one of the 15 prestigious awards that the company took home for its outstanding roster of public relations tools and programs. Megaworld is led by Arnie C. Batac, head of Megaworld Sustainability Council (center, holding the award). Also in photo are (center, from left) Rafael Antonio S. Perez, first vice-president for human resources and corporate administration; Harold C. Geronimo, vice-president for public relations and media affairs; and Cleofe C. Albiso, managing director, Megaworld Hotels & Resorts.

Red Sea crisis has 'little impact' on European businesses in PHL

THE RED SEA shipping crisis has "little impact" on European companies doing business in the Philippines, the European Chamber of Commerce of the Philippines (ECCP) said.

"It does not necessarily have a big impact because most of the European companies that are established in Southeast Asia also have local production in the region," said Paulo Duarte, president of the ECCP, at a media briefing on Wednesday.

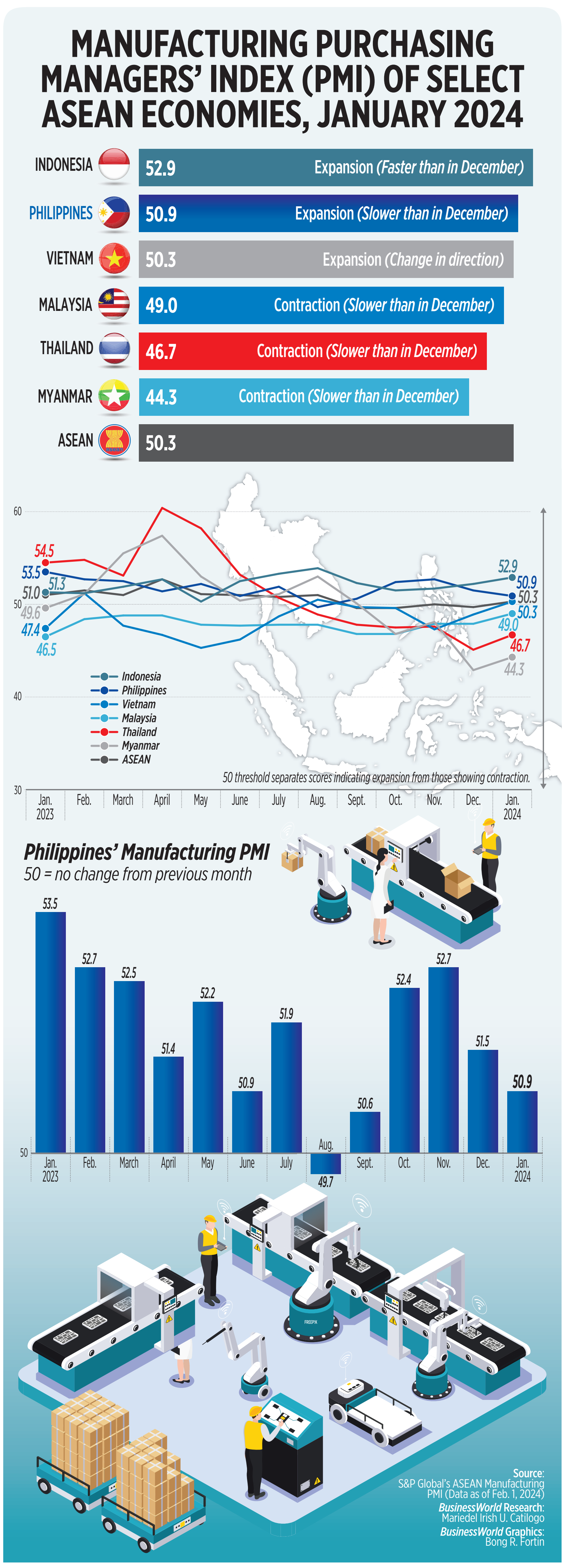
"So, this will not be a critical factor, but it's something that we need to observe how it's going to be developed," he added.

Shipping traffic through the Red Sea has been disrupted as Yemen's Houthi rebels continue to attack cargo ships and tankers. The northern part of the Red Sea — the Suez Canal — accounts for around 12% of global trade or 30% of overall global container traffic.

In 2022, about a fourth of all goods imports to the EU were transported via ships from Asia, most of which passed through the Suez Canal.

Mr. Duarte said businesses are "positive" on opportunities in the Philippines.

Red Sea, S1/5



BSP likely to mirror Fed's 'wait-and-see' approach — analysts

By Keisha B. Ta-asan *Reporter*

THE BANGKO SENTRAL ng Pilipinas (BSP) is expected to adopt a cautious approach on monetary policy this year, as it will likely wait for the US Federal Reserve to cut rates before starting to loosen policy.

This is after the US Federal Open Market Committee (FOMC) kept interest rates steady for the fourth straight meeting on Thursday. The target Fed funds rate is currently at the 5.25-5.5% range, after the Fed hiked by 525 basis points (bps) from March 2022 to July 2023.

However, US Fed Chair Jerome H. Powell at a news conference said policy easing is unlikely in March, dashing market expectations of rate cuts in the first quarter.

"The pause adds to the data we are looking at," BSP Governor Eli M. Remolona, Jr. told *BusinessWorld* in a Viber message. "The statement was slightly more hawkish than before."

While the decision of the US Fed to keep rates steady was widely expected, Mr. Powell revealed a cautious approach due to mixed economic data, Security Bank Corp. Chief Economist Robert Dan J. Roces said in a Viber message.

"This 'wait-and-see' stance by the Fed is likely to influence the BSP meeting on Feb. 15. Given the interconnectedness of global financial markets and the Fed's impact on the peso, the BSP might adopt a similar cautious approach," Mr. Roces said.

China Banking Corp. Chief Economist Domini S. Velasquez in a Viber message said the Fed will likely deliver rate cuts around the middle or the second half of the year.

"Regarding the timing of monetary policy adjustments, we anticipate that the BSP will wait for the Fed to cut rates before initiating any easing measures. This approach aims to maintain interest rate differentials at their current levels, ensuring a balance for the stability of the Philippine peso," she said.

ING Bank N.V. Manila Senior Economist Nicholas Antonio T. Mapa in an e-mail said any rate adjustments from the BSP will be based on the Fed's own policy moves.

"Thus, we believe that any rate reduction over in the Philippines will only likely take place once the Fed begins its pivot. We believe that the BSP will be on hold in the first quarter and possibly also in the second quarter, depending on the Fed," he said.

After hiking key policy rates by 350 bps in 2022, the Monetary Board tightened borrowing costs by another 100 bps throughout 2023, which brought the key rate to 6.5%, the highest in 16 years.

Mr. Remolona earlier said he does not see any possibility of a rate cut in the first half of the year, and there is still room to raise interest rates amid risks to inflation and robust economic growth.

The first rate-setting meeting of the seven-member Monetary Board is scheduled on Feb. 15.

"The (BSP's) decision will involve balancing the Fed's position, future signals, and domestic factors like inflation and growth," Mr. Roces said.

Mr. Roces said the Fed may consider policy easing in the second half of 2023 to support growth in the US economy.

However, the BSP will prioritize the country's inflation dynamics first in determining the extent of its own rate adjustment, Ms. Velasquez said.

"As the BSP's risk-adjusted inflation expectations for 2024 remain above the 4% target, it is likely that BSP rate cuts will be minimal throughout the year. Our base case scenario suggests the possibility of two rate cuts, with a potential for three if inflation slows down more rapidly than anticipated," she said.

The BSP sees headline inflation averaging 3.7% this year, lower than the 6% average in 2023, before easing to 3.2% in 2025.

BSP, S1/9