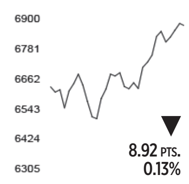
P25 IN METRO MANILA, PHILIPPINES

# BusinessWorld

**STOCK MARKET**

**PSEi**



| | |
|---|---|
| OPEN: | 6,893.22 |
| HIGH: | 6,916.43 |
| LOW: | 6,873.23 |
| CLOSE: | 6,873.23 |
| VOL.: | 1.480 B |
| VAL(P): | 4.581 B |

▼ 8.92 PTS. 0.13%

30 DAYS TO FEBRUARY 16, 2024

**ASIAN MARKETS**

FEBRUARY 16, 2024

| | CLOSE | | NET | % |
|---|---|---|---|---|
| Japan (Nikkei 225) | 38,487.24 | ▲ | 329.30 | 0.86 |
| Hong Kong (Hang Seng) | 16,339.96 | ▲ | 395.33 | 2.48 |
| Taiwan (Weighted) | 18,607.25 | ▼ | -37.32 | -0.20 |
| Thailand (SET Index) | 1,386.27 | ▼ | -1.00 | -0.07 |
| S.Korea (Kse Composite) | 2,648.76 | ▲ | 34.96 | 1.34 |
| Singapore (Straits Times) | 3,221.94 | ▲ | 45.25 | 1.42 |
| Sydney (All Ordinaries) | 7,658.30 | ▲ | 52.60 | 0.69 |
| Malaysia (Klse Composite) | 1,533.55 | ▲ | 5.17 | 0.34 |

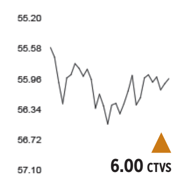
**WORLD MARKETS**

FEBRUARY 16, 2024

| | CLOSE | | NET |
|---|---|---|---|
| Dow Jones | 38,627.990 | ▼ | -145.130 |
| NASDAQ | 15,775.654 | ▼ | -130.519 |
| S&P 500 | 5,005.570 | ▼ | -24.160 |
| FTSE 100 | 7,711.710 | ▲ | 114.180 |
| Euro Stoxx50 | 4,264.520 | ▲ | 26.230 |

**PESO-DOLLAR RATES**

**FX**



| | |
|---|---|
| OPEN | P55.930 |
| HIGH | P55.900 |
| LOW | P56.020 |
| CLOSE | P55.960 |
| W.AVE. | P55.952 |
| VOL. | $925.20 M |

▲ 6.00 CTVS

30 DAYS TO FEBRUARY 16, 2024 SOURCE : BAP

**ASIAN MONIES-US$ RATE**

FEBRUARY 16, 2024

| | LATEST BID (0900GMT) | | PREVIOUS |
|---|---|---|---|
| Japan (yen) | 150.210 | ▼ | 150.050 |
| Hong Kong (HK dollar) | 7.822 | ▼ | 7.820 |
| Taiwan (NT dollar) | 31.333 | ▲ | 31.379 |
| Thailand (baht) | 35.990 | ▲ | 36.160 |
| S. Korea (won) | 1,331.290 | ▲ | 1,332.390 |
| Singapore (dollar) | 1.346 | ▲ | 1.347 |
| Indonesia (rupiah) | 15,615 | — | 15,615 |
| Malaysia (ringgit) | 4.778 | — | 4.778 |

**WORLD CURRENCIES**

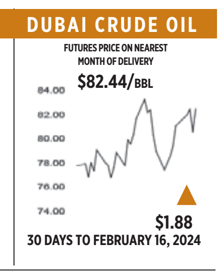
FEBRUARY 16, 2024

| | CLOSE | | PREVIOUS |
|---|---|---|---|
| US$/UK pound | 1.2598 | ▲ | 1.2546 |
| US$/Euro | 1.0774 | ▲ | 1.0730 |
| US$/Aust dollar | 0.6531 | ▲ | 0.6494 |
| Canada dollar/US$ | 1.3484 | ▼ | 1.3540 |
| Swiss Franc/US$ | 0.8805 | ▼ | 0.8828 |

**DUBAI CRUDE OIL**

FUTURES PRICE ON NEAREST MONTH OF DELIVERY

$82.44/BBL



▲ $1.88

30 DAYS TO FEBRUARY 16, 2024

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S1/1-12 • 2 SECTIONS, 20 PAGES

**PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • FEBRUARY 16, 2024** (PSEi snapshot on *S1/2*; article on *S2/2*)

| | | Value | | | |
|---|---|---|---|---|---|
| ICT | P280.000 | P507,893,168 | P7.000 | ▲ | 2.564% |
| BPI | P115.000 | P362,578,269 | P0.500 | ▲ | 0.437% |
| BDO | P154.300 | P319,847,004 | P0.000 | — | 0.000% |
| GTCAP | P695.000 | P216,750,560 | -P25.000 | ▼ | -3.472% |
| MONDE | P10.820 | P211,159,136 | P0.220 | ▲ | 2.075% |
| JFC | P259.000 | P203,889,296 | P2.000 | ▲ | 0.778% |
| AC | P709.000 | P187,886,445 | P1.000 | ▲ | 0.141% |
| MWC | P19.000 | P157,681,368 | -P0.160 | ▼ | -0.835% |
| ALI | P34.250 | P143,793,125 | -P0.450 | ▼ | -1.297% |
| URC | P118.000 | P124,846,359 | -P0.300 | ▼ | -0.254% |

# Any rate cuts before Fed may hurt peso

By Keisha B. Ta-asan
*Reporter*

THE PHILIPPINE central bank should cut borrowing costs at an off-cycle meeting before April to support consumer spending and investments, an economist said at the weekend, but others said any rate cuts before the US Federal Reserve starts its own easing could hurt the peso.

The Bangko Sentral ng Pilipinas (BSP) should have started cutting interest rates by 25 basis points (bps) last week to ease the effect of tight policy on consumption and investment, Enrico P. Villanueva, a senior economics lecturer at the University of the Philippines Los Baños, said.

"BSP's mandate is not to quell inflation at all costs," he said in a text message. "It is to promote price stability that is supportive of sustainable growth and employment. With more favorable data coming in, I hope BSP would start even a small rate cut at its next meeting, or even at an off-cycle meeting."

After emerging as the most aggressive central bank in the region, the BSP kept the key rate at 6.5% — the highest in nearly 17 years — for a third straight meeting at its first policy review of the year.

The Monetary Board hiked borrowing costs by 450 bps from May 2022 to October 2023 to tame inflation and help support the peso against the dollar.

"I think BSP is being more conservative than its risk-adjusted inflation forecast," Mr. Villanueva said. "That conservatism comes at a price."

Last week, the BSP lowered its risk-adjusted inflation forecast for this year to 3.9% from 4.2% but raised its outlook for 2025 to 3.5% from 3.4%.

The central bank also cut its baseline inflation forecast for this year to 3.6% from 3.7% but kept its projection for 2025 at 3.2%.

"The most telling fact is that BSP itself states that its own risk-adjusted inflation forecast is already within target," Mr. Villanueva said. "Risk-adjusted forecast is the extreme worse scenario compared with the baseline. This is a strong basis to begin rate cuts."

*Rate cuts, S1/11*

## PHILIPPINES RISES IN LABOR RESILIENCE INDEX

The Philippines picked up three spots to 62nd place out of 136 countries in the latest Global Labor Resilience Index (GLRI) by public policy advisory firm Whiteshield. The index assesses countries on the resilience of their labor markets and provides policy guidance on how to enhance it. With an overall labor resilience score of 54 (out of a possible 100), the country performed below the East Asia & Pacific regional score of 58.

**Philippines' Profile 2024**

| | Score (0-100) | Score Change(s) from 2023 |
|---|---|---|
| Rank (Out of 136) | 62 | |
| Overall GLRI Score (0-100) | 54 | |
| ***Structural Pillar*** | ***65*** | ▼ 5 |
| 1. Demographics | 84 | ▲ 2 |
| 2. Country Capabilities | 71 | ▼ 6 |
| 3. Economic Development and Macroeconomic Stability | 73 | ▼ 8 |
| 4. Trade Vulnerability | 51 | ▼ 16 |
| 5. Inequality | 52 | ▲ 4 |
| ***Cyclical Pillar*** | ***50*** | ▲ 1 |
| 6. Absorptive Capacity | 52 | ▲ 4 |
| 7. Adaptive Capacity | 47 | ▲ 5 |
| 8. Transformative Capacity | 40 | ▲ 7 |
| 9. Institutional Capacity | 60 | ▼ 19 |

**Top 5**

| GLRI 2024 Rank (Out of 136) | Country | Rank Change(s) from 2023 | GLRI 2024 Score (0-100) |
|---|---|---|---|
| 1 | Switzerland | ▲ 1 | 78 |
| 2 | Denmark | ▼ 1 | 78 |
| 3 | Netherlands | ▲ 1 | 77 |
| 4 | Singapore | ▲ 2 | 77 |
| 5 | Germany | ▼ 2 | 77 |

**Bottom 5**

| GLRI 2024 Rank (Out of 136) | Country | Rank Change(s) from 2023 | GLRI 2024 Score (0-100) |
|---|---|---|---|
| 136 | Chad | ◆ 0 | 28 |
| 135 | Yemen | ◆ 0 | 31 |
| 134 | Angola | ◆ 0 | 34 |
| 133 | Mozambique | ▼ 3 | 35 |
| 132 | Venezuela | ◆ 0 | 35 |

**Note**: The GLRI is centered on two pillars of resilience — structural and cyclical. The structural pillar measures the risk exposure of a country, while the cyclical pillar assesses the strength of labor markets' response to disruptions.

**Source**: Whiteshield's Global Labor Resilience Index 2024 *(https://whiteshield.com/wpcontent/uploads/2024/01/ws_glri_2024.pdf)*
***BusinessWorld* Research**: Lourdes O. Pilar ***BusinessWorld* Graphics**: Bong R. Fortin

East Asia & Pacific GLRI Regional Score: ***58***

***East Asia & Pacific GLRI 2024 Scores***

| Country | Rank Change(s) from 2023 | GLRI 2024 Rank (Out of 136) | GLRI 2024 Score (0-100) |
|---|---|---|---|
| SINGAPORE | ▲ 2 | 4 | 77 |
| JAPAN | ▲ 3 | 20 | 69 |
| SOUTH KOREA | ▼ 7 | 24 | 67 |
| AUSTRALIA | ▲ 1 | 25 | 66 |
| NEW ZEALAND | ▼ 6 | 28 | 66 |
| CHINA | ▼ 2 | 36 | 63 |
| MALAYSIA | ▲ 1 | 38 | 62 |
| THAILAND | ▼ 1 | 39 | 61 |
| INDONESIA | ◆ 0 | 59 | 55 |
| VIETNAM | ▼ 12 | 60 | 55 |
| PHILIPPINES | ▲ 3 | 62 | 54 |
| MONGOLIA | ▼ 9 | 101 | 45 |
| LAOS | ◆ 0 | 106 | 44 |
| CAMBODIA | ▼ 3 | 112 | 42 |
| MYANMAR | ▼ 3 | 115 | 42 |

## Economists see inflation within target until 2026 — BSP survey

ECONOMISTS expect inflation to stay within the Philippine central bank's 2-4% target until 2026, but supply shocks and second-round effects continue to pose risks to the outlook, the Bangko Sentral ng Pilipinas (BSP) said last week.

Analysts' average inflation estimates this month for 2024 and 2026 were 3.9% and 3.4%, unchanged from BSP's January survey, it said. Their mean inflation estimate for next year rose to 3.5% from 3.4%.

"Analysts expect inflation to remain manageable this year and settle within the target range," the central bank said in its latest monetary policy report. "However, risks to the inflation outlook continue to be dominated by upside pressures owing to supply-side shocks and second-round effects."

Inflation slowed to a three-year low of 2.8% in January from 3.9% in December and 8.7% a year ago, the second straight month it fell within the BSP's target.

The BSP's baseline inflation forecast for this year is 3.6% and 3.2% for 2025. Full-year inflation may hit 3.9% and 3.5% this year and in 2025 if risks materialize, it said.

Analysts said supply-side pressures would likely come from El Niño and geopolitical tensions, which could spur price increases in basic commodities and services in the Philippines, the central bank said. "A few analysts also cited second-round effects from wage adjustments and higher electricity rates, as well as positive base effects as upside risks."

Lawmakers are seeking to increase the minimum wage this year. The Senate wants a P100 minimum wage hike, while the House of Representatives said it is studying a proposal to increase wages by as much as P400.

*Inflation, S1/3*

## Gov't told to expand funding sources, rein in spending to hit growth targets

By Beatriz Marie D. Cruz *Reporter*

THE GOVERNMENT of Philippine President Ferdinand R. Marcos, Jr. should expand its funding sources and manage spending to meet economic growth targets this year, according to lawmakers.

This was after analysts said the dry spell brought by El Niño could temper growth this year.

"We need to strike a balance between... [what is] realistic and [what is] aspirational," Marikina City Rep. Stella Luz A. Quimbo told *BusinessWorld* on the sidelines of a House of Representatives hearing last week.

Ms. Quimbo, who is also a senior vice chairperson of the House Committee on Appropriations, noted that growth slowed last year due to a huge contraction in state spending in the second quarter.

Government spending slowed to 4.3% amid red-hot inflation and rising interest rates.

Albay Rep. and House Committee on Ways and Means Chairman Jose Ma. Clemente S. Salceda brushed off calls to revise growth targets but cited the need to manage government spending.

"We saw that (slow government spending) coming," he said in a Viber message. "That's why the House initiated a policy of broadening the sources of funding for unprogrammed allocations in the 2024 General Appropriations Act."

*Targets, S1/3*

# Higher-than-expected wage hikes may stoke prices, keep rates high

By Luisa Maria Jacinta C. Jocson *Reporter*

HIGHER-THAN-EXPECTED minimum wage increases could spur prices to spiral out of control and prompt the central bank to keep rates tighter for longer, according to analysts.

"Although raising the minimum wage might boost household spending via higher real disposable income, such a hike would not be ideal from a price stability view," Oxford Economics economist Makoto Tsuchiya said in an e-mail.

"Higher wages could potentially raise inflation expectations, which might start a wage-price spiral, requiring the central bank to keep rates higher for longer," he added.

Lawmakers are seeking across-the-board minimum wage hikes for workers in the private sector.

The Senate last week approved on second reading a bill that seeks an across-the-board wage increase of P100. The House of Representatives said it is studying a proposal to increase wages by P350 to P400.

Bangko Sentral ng Pilipinas (BSP) Senior Assistant Governor Iluminada T. Sicat earlier said the central bank's baseline inflation projections did not take these into account.

In June, the National Capital Region Tripartite Wages and Productivity Board approved a P40 increase in the daily minimum wage for Metro Manila.

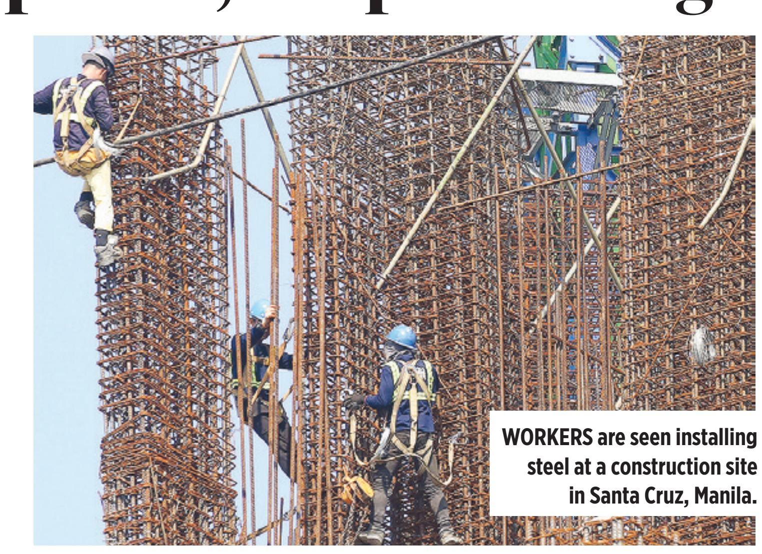
"To the extent the assumed increase in minimum wage is beyond what we have incorporated in the baseline, and if you notice, it's not part of the risk adjustments we presented, this could pose a threat to the inflation outlook," Ms. Sicat told a news briefing last week.

BSP's baseline inflation forecast for this year is 3.6% and 3.2% for next year. Inflation may average 3.9% and 3.5% this year and next year if the risks materialize.

Inflation eased to 2.8% in January from 3.9% in December, the second straight month it fell within the central bank's 2-4% target.

"In the absence of wage hikes, subsiding inflationary pressures and softer economic activity should lead the bank to ease monetary policy as soon as the second quarter in our view," Mr. Tsuchiya said. "A minimum wage hike would jeopardize this process."

*Wage, S1/3*



PHILIPPINE STAR/EDD GUMBAN

WORKERS are seen installing steel at a construction site in Santa Cruz, Manila.