

STOCK MARKET	ASIAN MARKETS	WORLD MARKETS	PESO-DOLLAR RATES	ASIAN MONIES-US\$ RATE	WORLD CURRENCIES	DUBAI CRUDE OIL
<b>PSEi</b> OPEN: 6,849.63 HIGH: 6,851.86 LOW: 6,806.46 CLOSE: 6,837.34 VOL.: 0.59 B VAL(P): 4.994 B 41.20 pts. 0.59% 30 DAYS TO MARCH 7, 2024	<b>MARCH 7, 2024</b> JAPAN (NIKKEI 225) 39,598.71 ▲ -492.07 -1.23 HONG KONG (HANG SENG) 16,229.78 ▼ -208.31 -1.27 TAIWAN (TAIEX) 19,693.52 ▲ 194.07 1.00 THAILAND (SET INDEX) 1,371.14 ▲ 0.59 0.04 S.KOREA (KOSPI) 2,647.62 ▲ 6.13 0.23 SINGAPORE (STRAITS TIMES) 3,133.49 ▼ -2.65 -0.08 SYDNEY (ALL ORDINARIES) 7,763.70 ▲ 30.20 0.39 MALAYSIA (KLCSE COMPOSITE) 1,535.83 ▲ 4.32 0.28	<b>MARCH 6, 2024</b> DOW JONES 38,661.050 ▲ 75.860 NASDAQ 16,031.543 ▲ 91.955 S&P 500 5,104.760 ▲ 26.110 FTSE 100 7,679.310 ▲ 33.150 EURO STOXX50 4,316.160 ▲ 12.510	<b>FX</b> OPEN P55.770 HIGH P55.750 LOW P55.900 CLOSE P55.820 W.AVE. P55.820 VOL. \$932.05 M SOURCE : BAP 5.00 ctyvs 30 DAYS TO MARCH 7, 2024	<b>MARCH 7, 2024</b> LATEST BID (0900GMT) PREVIOUS JAPAN (YEN) 147.850 ▲ 149.850 HONG KONG (HK DOLLAR) 7.822 ▲ 7.823 TAIWAN (NT DOLLAR) 31.511 ▲ 31.569 THAILAND (BAHT) 35.580 ▲ 35.720 S. KOREA (WON) 1,329.030 ▲ 1,333.960 SINGAPORE (DOLLAR) 1.336 ▲ 1.341 INDONESIA (RUPIAH) 15,650 ▲ 15,695 MALAYSIA (RINGGIT) 4.702 ▲ 4.732	<b>MARCH 7, 2024</b> US\$/UK POUND 1.2732 ▲ 1.2721 US\$/EURO 1.0893 ▲ 1.0870 US\$/AUSTRALIAN DOLLAR 0.6589 ▲ 0.6516 CANADA DOLLAR/US\$ 1.3511 ▼ 1.3586 SWISS FRANC/US\$ 0.8812 ▼ 0.8850	<b>DUBAI CRUDE OIL</b> FUTURES PRICE ON NEAREST MONTH OF DELIVERY <b>\$82.01/BBL</b> 30 DAYS TO MARCH 6, 2024

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PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • MARCH 7, 2024 (PSEi snapshot on SI/3; article on SI/2)

BDO	P153.000	BPI	P117.000	SMPH	P31.900	ICT	P300.000	ALI	P32.800	URC	P112.400	SM	P960.500	MBT	P59.700	AC	P675.000	GTCAP	P675.500
Value	P452,155,399	Value	P354,341,512	Value	P348,834,310	Value	P346,206,110	Value	P302,850,615	Value	P222,810,401	Value	P222,736,625	Value	P216,718,000	Value	P197,426,375	Value	P132,831,020
PO.500	▲ 0.328%	-PO.900	▼ -0.763%	-PI.300	▼ -3.916%	P8.000	▲ 2.740%	-PO.500	▼ -1.502%	-PO.900	▼ -0.794%	P7.500	▲ 0.787%	-P3.000	▼ -4.785%	-P8.500	▼ -1.244%	-P19.500	▼ -2.806%

## Factory output picks up in January

MANUFACTURING OUTPUT picked up in January to its fastest pace in four months, the Philippine Statistics Authority (PSA) reported on Thursday.

Preliminary data from the PSA's Monthly Integrated Survey of Selected Industries (MISSI) showed factory output, as measured by the volume of production index (VoPI), rose by 1.9% annually, faster than 1.6% in December.

However, this was slower than 7.3% in January 2023.

The sector's output has been in positive territory for 19 straight months.

January's VoPI growth was the fastest since 9.3% in September.

Month on month, manufacturing's VoPI grew by 1.7%, a turnaround from the 6.7% drop in December. Stripping out seasonality factors, output fell by

0.3% from 0.1% growth the previous month.

In comparison, S&P Global Philippines Manufacturing Purchasing Managers' Index (PMI) slid to 50.9 in January from 51.5 in December. A PMI reading above 50 shows improvement in operating conditions, while a reading below 50 shows the opposite.

Analysts attributed the year-on-year slowdown to the decline

in the heavily weighted food manufacturing and base effects.

"The slowdown may be traced to the drop off in food manufacturing, which does account for a sizable portion of total manufacturing," ING Bank N.V. Manila Senior Economist Nicholas Antonio T. Mapa said in an e-mail.

Food manufacturing's VoPI contracted by 4.7% in January, the 11<sup>th</sup> straight month of decline. This was worse than the 4.3%

drop in December and a reversal of 6.4% growth a year earlier.

The food products index accounted for 18.7% of manufacturing activity.

"This could be due to a combination of factors, including a higher base for comparison in 2024 due to strong performance in the previous year, ongoing geopolitical tensions impacting supply chains, and other potential factors like rising interest

rates and labor shortages," Security Bank Corp. Chief Economist Robert Dan J. Roces said in an e-mail.

In a phone interview, Philippine Exporters Confederation, Inc. (Philexport) President Sergio R. Ortiz-Luis, Jr. said he expected bigger growth in the manufacturing sector, but it was affected by geopolitical tensions.

Factory, SI/5

## All eyes on lack of storage, logistics costs as food drives Philippine inflation

By Kyle Aristophere T. Atienza  
Reporter

THE MARCOS administration should work with the private sector in cutting logistics costs while building more storage facilities nationwide to ease the impact of rising prices, economists said.

An archipelagic nation like the Philippines should ensure that storage facilities for basic commodities such as rice and vegetables, as well as logistics networks, are "sufficient and working well," Genny F. Lapina, an agricultural economist at the University of the Philippines Los Baños (UPLB), said in an e-mail.

"It will be useful to have the private sector as a partner because the government cannot provide all the logistics and storage requirements of the country," he said.

Inflation accelerated for the first time in five months to 3.4% in February, mainly due to rising food prices.

In particular, rice inflation quickened to 23.7% in February from 22.6% in January, the fastest since 24.6% in February 2009.

Mr. Lapina said the food-driven inflation should be addressed by ensuring the country has enough supply. He said the government is struggling to strike a balance between prioritizing local producers and using imports to address supply issues.

"Our agriculture sector is also facing El Niño, which means crops are affected differently. In the case of rice, there is a concern that palay production may be negatively affected due to less water availability," he said.

The Philippine disaster council on Wednesday said El Niño's damage to agriculture had already hit over P1 billion.

On Thursday, the state weather bureau said El Niño has started to weaken and that it might return to its normal condition between April and June. However, an increasing probability of La Niña may develop two months into August.

Inflation, SI/5

## Higher power rate looms as Meralco, ACEN jointly seek to recover losses

By Ashley Erika O. Jose  
Reporter

MANILA ELECTRIC CO. (Meralco) and ACEN Corp. are jointly seeking relief from the energy regulator to recover P700 million in losses incurred by the Ayala-led energy company in relation to its supply deals with the power utility.

"It is actually lower than initially proposed because that is the condition for the joint filing, but we have already filed," Meralco Executive Vice-President and Chief Operating Officer Ronnie L. Apocho told reporters on the sidelines of a Metro Pacific Investments Corp.'s (MPIC) financial briefing on Wednesday.

Initially, ACEN intends to recover over P2.5 billion in losses related to power supply deals with Meralco, citing a change in circumstances resulting in higher coal prices.

Monalisa C. Dimalanta, Energy Regulatory Commission (ERC) chairperson, did not provide a clear timeline for its decision as the petition needs to be verified for now.

ACEN's claim covers the two power supply deals with Meralco, with the power sourced from South Luzon Thermal Energy Corp.'s coal-fired plant.

Once approved, the estimated P706.14 million in losses incurred by ACEN would translate to a rate increase of about 4 centavos per kilowatt-hour (kWh).

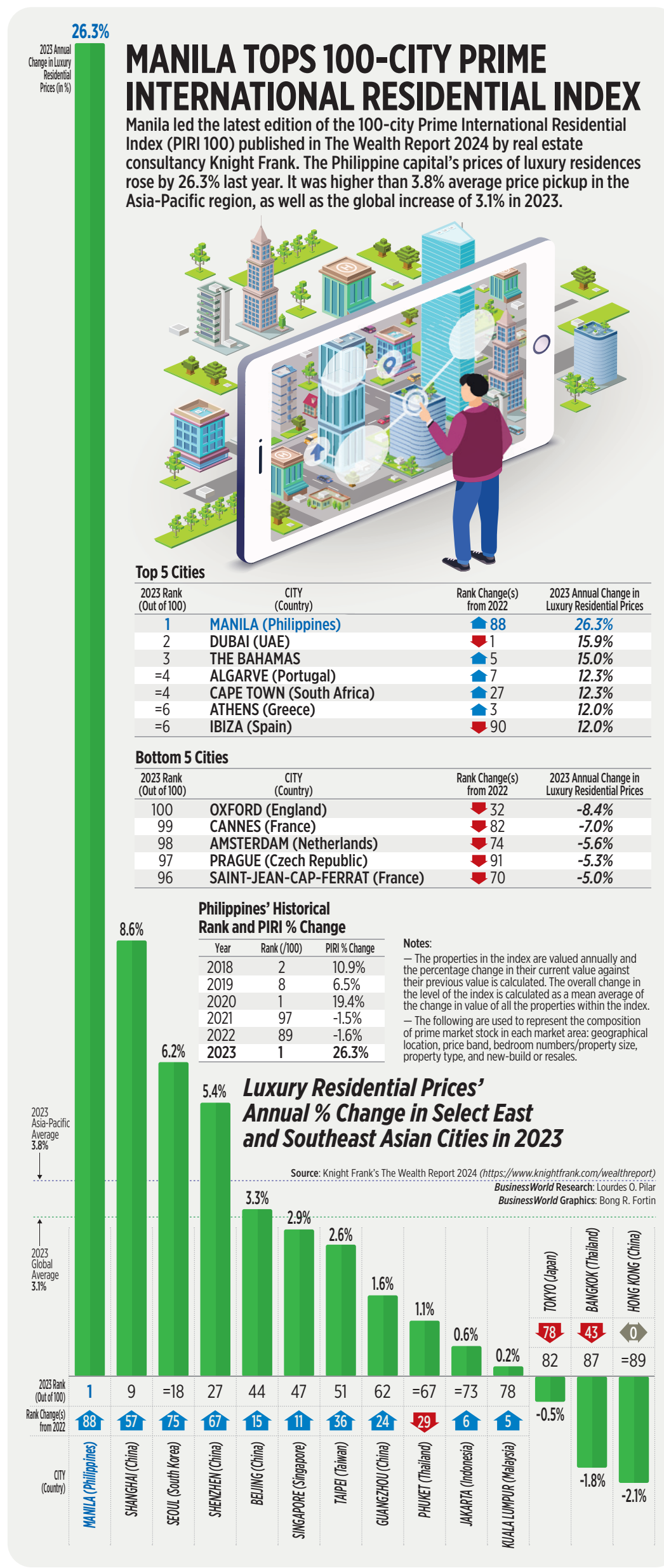
Jose Ronald V. Valles, Meralco first vice-president and head of its regulatory management, earlier said the company is joining the petition because it wants to preserve the power supply deal.

"The reason why we're joining the filing is we want to preserve the power supply agreements. Under the contract, if we don't agree to file and seek the approval of the ERC for the claim, then they have a recourse to terminate the power supply agreements, which is provided for under the contract," he said.

Meralco had proposed to collect the losses incurred by ACEN's generation companies in a six-month period by about P0.04 per kWh in the February billing period, P0.04 per kWh in March, P0.04 per kWh in April, P0.03 per kWh in May, P0.03 per kWh in June and P0.04 per kWh in July.

"This is not unexpected. With the CA (Court of Appeals) supporting SMC's (San Miguel Corp.) position that they can break their contract and pass on P5 billion in alleged losses to consumers,

Meralco, SI/5



## BSP open to issuing more licenses to digital banks

By Beatriz Marie D. Cruz  
Reporter

THE PHILIPPINE central bank is considering issuing more licenses to digital banks on top of the six operating now after receiving expressions of interest from several entities, its governor said.

"Once we understand more, we're happy to open it up so that we can issue more digital licenses," Bangko Sentral ng Pilipinas (BSP) Governor Eli M. Remolona, Jr. told a news briefing on Wednesday. "We're looking at what's going on and we're trying to understand the new business models that they bring."

Digital banks in Asia and the world have barely disrupted their nondigital counterparts years after being allowed to operate, with many still in the red. Only two of the six digital banks in the Philippines are making money.

"I think many are interested, quite a few are interested, and they can't wait for us to open it up," Mr. Remolona said.

BSP Director Melchor T. Plabasan said the industry report on the digital banking sector would be released by April.

"We are expected to submit an industry report and part of that report is our recommendation on whether to, let's say, is it going to be a partial lifting, is it complete lifting, or is it going to be an extension of the moratorium," he told the same briefing.

The report will focus on the impact of digital banks on the overall financial system.

In 2021, the BSP capped the number of digital banking licenses to six as it monitors the development of the sector and boosts its regulatory capacity.

The six online lenders operating in the country are: Tonik Digital Bank, Inc.; GoTyme Bank of the Go-kongwei group and Singapore-based Tyme; Maya Bank of Voyager Innovations, Inc.; Overseas Filipino Bank, a subsidiary of Land Bank of the Philippines; UNObank of DigibankASIA Pte. Ltd.; and UnionDigital Bank of Union Bank of the Philippines, Inc. (UnionBank).

"The reason that we have issued only six licenses for digital banks is because we want them to try different things and try to succeed in doing banking in a purely digital way," Mr. Remolona said.

However, the BSP chief noted that digital banks continue to struggle with loan disbursements and collections.

Only two out of the six digital banks are profitable at present, the central bank said.

Banks, SI/5