P25 IN METRO MANILA, PHILIPPINES

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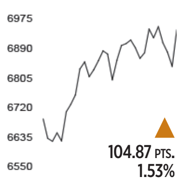
STOCK MARKET



PSEi	
OPEN:	6,839.74
HIGH:	6,942.21
LOW:	6,835.53
CLOSE:	6,942.21
VOL.:	0.549 B
VAL(P):	4.885 B

ASIAN MARKETS

MARCH 8, 2024

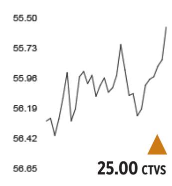
	CLOSE		NET	%
Japan (Nikkei 225)	39,688.94	▲	90.23	0.23
Hong Kong (Hang Seng)	16,353.39	▲	123.61	0.76
Taiwan (Weighted)	19,785.32	▲	91.80	0.47
Thailand (SET Index)	1,386.42	▲	14.26	1.04
S.Korea (Kse Composite)	2,680.35	▲	32.73	1.24
Singapore (Straits Times)	3,147.09	▲	13.31	0.42
Sydney (All Ordinaries)	7,847.00	▲	83.30	1.07
Malaysia (Klse Composite)	1,539.86	▲	4.03	0.26

WORLD MARKETS

MARCH 8, 2024

	CLOSE		NET
Dow Jones	38,722.690	▼	-68.660
NASDAQ	16,085.113	▼	-188.262
S&P 500	5,123.690	▼	-33.670
FTSE 100	7,659.740	▼	-32.720
Euro Stoxx50	4,362.970	▼	-7.190

PESO-DOLLAR RATES



FX	
OPEN	P55.820
HIGH	P55.570
LOW	P55.865
CLOSE	P55.570
W.AVE.	P55.759
VOL.	$1,207.95 M

SOURCE : BAP

ASIAN MONIES-US$ RATE

MARCH 8, 2024

	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	147.070	▲	147.850
Hong Kong (HK dollar)	7.820	▲	7.822
Taiwan (NT dollar)	31.400	▲	31.511
Thailand (baht)	35.360	▲	35.580
S. Korea (won)	1,316.000	▲	1,329.030
Singapore (dollar)	1.331	▲	1.336
Indonesia (rupiah)	15,585	▲	15,650
Malaysia (ringgit)	4.682	▲	4.702

WORLD CURRENCIES

MARCH 8, 2024

	CLOSE		PREVIOUS
US$/UK pound	1.2857	▲	1.2732
US$/Euro	1.0937	▲	1.0893
US$/Aust dollar	0.6627	▲	0.6589
Canada dollar/US$	1.3478	▼	1.3511
Swiss Franc/US$	0.8775	▼	0.8812

DUBAI CRUDE OIL

FUTURES PRICE ON NEAREST MONTH OF DELIVERY

$83.36/BBL

VOL. XXXVII • ISSUE 160 MONDAY • MARCH 11, 2024 • www.bworldonline.com S1/1-12 • 4 SECTIONS, 30 PAGES

PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • MARCH 8, 2024 (PSEi snapshot on *S1/2*; article on *S2/2*)

		Value			
SM	P979.500	P523,168,515	P19.000	▲	1.978%
ICT	P309.800	P490,306,316	P9.800	▲	3.267%
BDO	P157.000	P476,288,274	P4.000	▲	2.614%
BPI	P118.100	P364,065,228	P1.100	▲	0.940%
SMPH	P32.800	P352,416,575	P0.900	▲	2.821%
MBT	P60.800	P311,914,620	P1.100	▲	1.843%
ALI	P33.200	P243,286,235	P0.400	▲	1.220%
AC	P683.500	P232,253,105	P8.500	▲	1.259%
URC	P111.600	P185,882,858	-P0.800	▼	-0.712%
JFC	P264.000	P107,737,676	P8.000	▲	3.125%

Debt service bill hits P1.6T in 2023

THE NATIONAL Government's (NG) debt service bill jumped to P1.604 trillion in 2023, exceeding its program for the year by 3%, the Bureau of the Treasury (BTr) reported.

Data from the BTr showed that the NG's debt repayments rose by 24% from the P1.293 trillion recorded in 2022.

It also exceeded the P1.552-trillion program for debt payments last year by 3%.

Interest payments increased by 25% year on year to P628.33 billion from P502.86 billion in 2022. Treasury data showed interest payments exceeded the P610.665-billion program for the full year by 2.9%.

Interest paid on domestic debt rose by 13.64% to P435.75 billion last year. This included P263.177 billion in interest payments for fixed-rate Treasury bonds, P149.738 billion for retail Treasury bonds and P17.166 billion for Treasury bills.

Meanwhile, principal payments went up by 23.4% to P975.278 billion in 2023 from P790.323 billion a year earlier. Amortization payments exceeded the P914.353-billion program for 2023 by 6.66%.

Principal payments on foreign debt in 2023 declined by 7.19% year on year to P121.113 billion, while amortization on domestic debt rose by 29.45% to P854.165 billion.

In December alone, the government's debt repayments rose by 21.51% to P68.866 billion from P56.674 billion in November.

Month on month, interest payments also rose by 24.99% to P60.678 billion from P48.548 billion in November.

Interest paid on domestic debt jumped to P43.552 billion, 23.53% higher than P35.257 billion from the previous month.

Broken down, interest payments on fixed-rate Treasury bonds stood at P14.487 billion, retail Treasury bonds at P25.62 billion, and Treasury bills at P1.891 billion.

For the month of December, amortization payments inched up by 0.76% to P8.188 billion from P8.126 billion in November.

Principal payments on foreign debt in December were flat at P8.062 billion, or 0.4% higher than the previous month's P8.03 billion. Amortization on domestic debt increased by 31.25% to P126 million compared with P96 million in November.

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said higher interest rates globally resulted in an increase in interest expenses and debt service costs.

"Weaker peso exchange rate vs. the US (United States) dollar since 2023 increased the peso equivalent of foreign/external debt, on top of the sharp increase in global and local interest rates since then," he said in a Facebook Messenger chat.

John Paolo R. Rivera, president and chief economist at Oikonomia Advisory & Research, Inc., said the higher debt payments were driven by exchange rate risk.

Debt service, S1/12

Red Sea crisis could fan Asia's inflation anew, delay rate cuts

ASIA could see slower economic growth and a resurgence of inflation as escalating violence in the Red Sea snarls shipping between the region and their trade partners in the US and Europe, according to the Economist Intelligence Unit (EIU).

The supply chain disruptions could cut as much as 0.5 percentage point (ppt) off Asia's economic growth this year and add up to 0.4 ppt to the inflation rate, the EIU said in a report.

"Given that Asian exports were already hit last year by weak Western demand, the recent attacks will weigh further on various export-dependent economies, particularly in Southeast Asia, where container trade has nearly collapsed," the report read, citing Indonesia, Thailand and Malaysia as among those most vulnerable.

Most of the region will likewise be hit indirectly through the spike in shipping costs, especially those that rely on food imports such as the Pacific Island countries, New Zealand, India and Pakistan.

"Higher inflation could leave central banks in countries such as the Philippines, Australia and India in a more difficult situation in terms of finding an opportunity to begin monetary easing," the EIU said.

Protracted shipping disruptions could also push manufacturers to seek options closer to their end-user markets, rather than tapping the "stretched" supply chains in Asia, it said.

Based on EIU estimates, shipments from northwest Europe now take 56 days to reach Malaysia and Singapore from 32 days before the Houthi attacks began in November. For China, Hong Kong and Taiwan, it lengthened to 55 days from 42 days. — ***Bloomberg***

BIG BANKS' ASSET GROWTH EASES, LOAN GROWTH RISES IN Q4

The combined assets of the country's universal and commercial banks (U/KBs) in the fourth quarter grew year-on-year by 7.6% to P24.21 trillion, the slowest asset growth in seven quarters. This was slower than the 9.44% growth in 2022 and the 8.78% in the previous quarter. Meanwhile, the annual growth of combined loans grew by 10.22% to P12.28 trillion, higher than the 9.73% a year ago. Combined loans rose by double-digits in the fourth quarter, its highest in three quarters or since 10.84% in the first quarter of 2023.

	Gross Nonperforming Loans Ratio (Q1 2019-Q4 2023)**	U/KBs' Total Loans Growth (in %, year on year)
Q1 2019	1.53%	12.38%
Q2	1.58%	10.25%
Q3	1.66%	9.10%
Q4	1.88%	9.30%
Q1 2020*	1.93%	9.73%
Q2	2.02%	5.37%
Q3*	3.57%	-0.74%
Q4	3.68%	-3.96%
Q1 2021*	4.12%	-5.98%
Q2*	4.67%	-5.60%
Q3*	4.49%	3.24%
Q4	3.95%	5.93%
Q1 2022	4.03%	6.21%
Q2	3.75%	12.61%
Q3	2.91%	9.74%
Q4	3.17%	9.73%
Q1 2023	3.63%	10.84%
Q2	3.58%	8.22%
Q3	3.28%	7.01%
Q4*	3.39%	10.22%

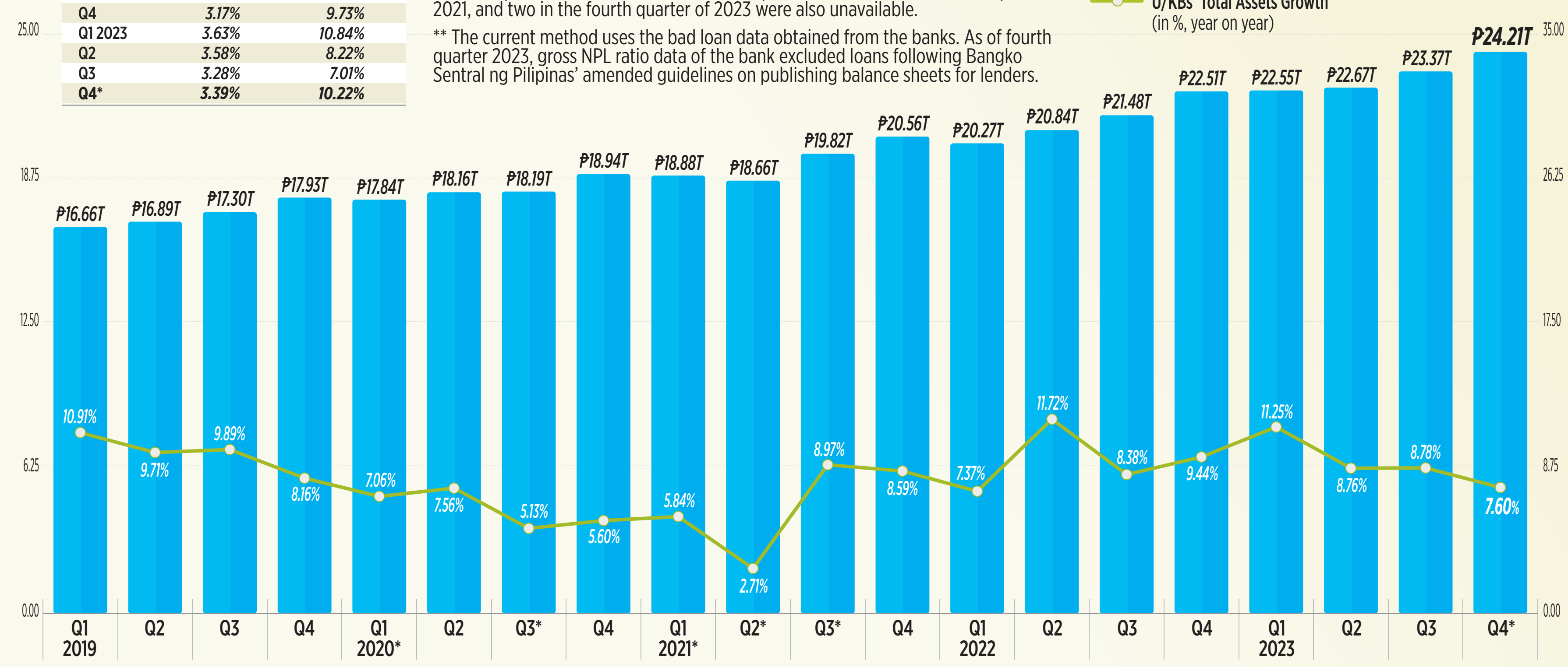
NOTES:

* Five of the big banks were excluded in the first quarter of 2020 due to the unavailability of data at the time of collection. One during the third quarter of 2020 and first quarter of 2021, four in the second quarter of 2021, two in the third quarter of 2021, and two in the fourth quarter of 2023 were also unavailable.

** The current method uses the bad loan data obtained from the banks. As of fourth quarter 2023, gross NPL ratio data of the bank excluded loans following Bangko Sentral ng Pilipinas' amended guidelines on publishing balance sheets for lenders.

U/KBs' Total Assets (in P trillion pesos)

U/KBs' Total Assets Growth (in %, year on year)



Source: *Businessworld*'s Quarterly Banking Reports ***BusinessWorld* Research**: Andrea C. Abestano ***BusinessWorld* Graphics**: Bong R. Fortin

Philippines' big banks saw slower asset growth in fourth quarter

THE PHILIPPINES' big banks saw slower growth in total assets in the fourth quarter of 2023, while loans grew the fastest in three quarters despite high interest rates.

The latest edition of *BusinessWorld*'s quarterly banking report showed the combined assets of 43 universal and commercial banks rose by 7.6% year on year to P24.21 trillion in the October-to-December period from P22.51 trillion a year earlier.

Asset growth eased from the 8.78% seen in the third quarter of 2023, and the slowest in seven quarters or since 7.37% in the first quarter of 2022.

Meanwhile, total loans jumped by 10.22% to P12.28 trillion in the fourth quarter from P11.14 trillion in the same quarter in 2022. It was also faster than the 7.01% growth in the third quarter.

The loan growth during the fourth quarter was the fastest in three quarters or since 10.84% increase in the first quarter of 2023.

Banks saw an increase in loans despite the high interest rate environment.

The Bangko Sentral ng Pilipinas (BSP) raised benchmark interest rates by a cumulative 450 basis points between May 2022 and October 2023 to tame soaring inflation. The central bank has kept the key rate at a near 17-year high of 6.5% since then.

On an annual basis, the banks' median return on equity (RoE) jumped to 9.29% from 6.36% in the same period a year ago. It was slightly higher than the 9.28% in the third quarter.

RoE, an index of profitability, is the ratio of net profit to average capital and it measures the amount shareholders earn from their investments in a company.

Meanwhile, the share of bad loans to the total loan portfolio, also known as the nonperforming loan ratio, inched up to 3.39% from 3.28% a quarter ago. This was also higher than 3.17% in 2022.

Loans are classified as nonperforming if there is principal or interest left unpaid for more than 90 days beyond the due date.

The median capital adequacy ratio — the ability to absorb losses from risk-weighted assets — rose to 20.17% from 17.97% a year ago. This was lower than the 21.54% in the previous quarter.

Big banks, S1/12

Lessen import dependence, unnecessary spending to curb inflation — analysts

By Beatriz Marie D. Cruz
Reporter

THE GOVERNMENT of President Ferdinand R. Marcos, Jr. should cut unnecessary spending and boost law enforcement against anomalous activities in the agriculture sector to cool inflation, analysts said at the weekend.

"The uptrend in inflation indicates that the problem originates domestically," Leonardo A. Lanzona, who teaches economics at the Ateneo de Manila University, said in a Facebook Messenger chat. "Poor agricultural production especially because of El Niño is expected to further elevate overall prices."

"The only thing the government can do now is to put its house in order by reducing unnecessary expenditures and formulate a strong industrial policy that can induce a structural transformation and raise productivity," he added.

Inflation accelerated to 3.4% in February from 2.8% in January due to rising food, oil and transport prices. However, it is cooler than the 8.6% print a year ago.

Rice inflation quickened to 23.7% in February from 22.6% in January and 2.2% year on year. It also marked the fastest print for rice inflation since the 24.6% recorded in February 2009.

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said law enforcement agencies must bolster its regulatory powers to manage prices.

"Effective monitoring and enforcement on price management/regulatory mandat... would be their major contribution that inflation is duly managed, especially in the enforcement of laws and regulations on prices to prevent undue over-pricing/profiteering," he said in a separate Messenger chat.

Last month, the Department of Agriculture began its investigation on claims that officials from the National Food Authority sold thousands of tons of rice to certain traders at low costs.

Union Bank of the Philippines, Inc. Chief Economist Ruben Carlo O. Asuncion said he now expects headline inflation to average 4.2% this year, before easing to 3.8% in 2025.

"We now expect headline inflation to surge past 4% year on year starting in March with hefty contribution from rice consumer price index and latent drought effects on the prices of the other crops. We penciled in a high of 5% year on year for inflation in May (2024) before the deceleration begins in June," he said in a Viber message.

Mr. Asuncion said core inflation would remain at the upper half of the BSP's 2-4% inflation target and would be less vulnerable to food price shocks.

Core inflation, which excludes volatile prices of food and fuel, quickened by 3.6% in February year on year. The print was slower than 3.8% in the previous month and 7.8% a year ago.

PAUSE TO CONTINUE

Meanwhile, analysts predict that the Monetary Board will keep key interest rates unchanged in the coming months.

"Since the government has strongly insisted that its decision on the matter will be data-driven, it is obvious that the latest inflation data won't sway monetary policy makers to veer away from the current path of elevated interest rates," University of Asia and the Pacific Senior Economist Cid L. Terosa said in an e-mail.

Inflation, S1/12