

| STOCK MARKET | ASIAN MARKETS | WORLD MARKETS | PESO-DOLLAR RATES | ASIAN MONIES-US\$ RATE | WORLD CURRENCIES | DUBAI CRUDE OIL |
|--|--|---|--|--|--|---|
| PSEI OPEN: 6,819.23 HIGH: 6,819.23 LOW: 6,728.84 CLOSE: 6,745.46 VOL.: 2.303 B VAL(P): 14,270 B 81.60 pts. 1.19% 30 DAYS TO APRIL 5, 2024 | APRIL 5, 2024 JAPAN (NIKKEI 225) 38,992.08 ▼ -781.06 -1.96 HONG KONG (HANG SENG) 16,723.92 ▼ -1.18 -0.01 TAIWAN (WEIGHTED) * 20,337.60 ▼ -128.97 -0.63 THAILAND (SET INDEX) 1,375.58 ▼ 1.69 0.12 S.KOREA (KSE COMPOSITE) 2,714.21 ▼ -27.79 -1.01 SINGAPORE (STRAITS TIMES) 3,218.26 ▼ -16.75 -0.52 SYDNEY (ALL ORDINARYS) 7,773.30 ▼ -44.00 -0.56 MALAYSIA (KLCSE COMPOSITE) 1,555.25 ▲ 2.01 0.13 * CLOSING PRICES AS OF APRIL 3, 2024 | APRIL 5, 2024 DOW JONES 38,904.040 ▲ 307.060 NASDAQ 16,248.520 ▲ 199.438 S&P 500 5,204.340 ▲ 57.130 FTSE 100 7,911.160 ▼ -64.730 EURO STOXX50 4,372.210 ▼ -39.010 | FX OPEN P56.520 HIGH P56.460 LOW P56.690 CLOSE P56.500 W.AVE. P56.574 VOL. \$1,587.35 M SOURCE: BAP 14.50 ctyvs 30 DAYS TO APRIL 5, 2024 | APRIL 5, 2024 LATEST BID (0900GMT) PREVIOUS JAPAN (YEN) 151.610 ▲ 151.740 HONG KONG (HK DOLLAR) 7.828 ▼ 7.828 TAIWAN (NT DOLLAR) 32.111 ▼ 32.028 THAILAND (BAHT) 36.570 ▲ 36.700 S. KOREA (WON) 1,350.910 ▲ 1,346.740 SINGAPORE (DOLLAR) 1.349 ▼ 1.347 INDONESIA (RUPIAH) 15,840 ▲ 15,890 MALAYSIA (RINGGIT) 4.745 ▼ 4.737 | APRIL 5, 2024 CLOSE PREVIOUS US\$/UK POUND 1.2636 ▼ 1.2658 US\$/EURO 1.0835 ▼ 1.0859 US\$/AUSTRALIAN DOLLAR 0.6578 ▼ 0.6598 CANADA DOLLAR/US\$ 1.3588 ▲ 1.3504 SWISS FRANC/US\$ 0.9014 ▼ 0.9061 | FUTURES PRICE ON NEAREST MONTH OF DELIVERY \$90.87/bbl ▲ \$1.22 30 DAYS TO APRIL 5, 2024 |

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PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • APRIL 5, 2024 (PSEI snapshot on S1/2; article on S2/2)

| SM | P975.000 | ALI | P30.600 | AEV | P42.650 | ICT | P326.000 | PLUS | P13.460 | BDO | P154.000 | SMPH | P30.600 | JFC | P230.000 | BPI | P114.200 | AC | P620.000 |
|-------|-------------------|-------|-------------------|-------|-------------------|-------|-----------------|-------|-----------------|-------|-----------------|-------|-------------------|-------|-------------------|-------|-------------------|-------|--------------------|
| Value | P647,622,895 | Value | P586,152,640 | Value | P490,005,855 | Value | P370,415,424 | Value | P292,799,732 | Value | P271,525,847 | Value | P247,776,275 | Value | P244,337,908 | Value | P234,485,768 | Value | P232,161,260 |
| | -P5,000 ▼ -0.510% | | -P1,600 ▼ -4.969% | | -P1,750 ▼ -3.941% | | P5,000 ▲ 1.558% | | P0.380 ▲ 2.905% | | P1.300 ▲ 0.851% | | -P1,000 ▼ -3.165% | | -P2,600 ▼ -1.118% | | -P1,600 ▼ -1.382% | | -P15,000 ▼ -2.362% |

Central bank set to extend rate pause

March dollar reserves highest in nearly 2 years

THE PHILIPPINES' gross international reserves (GIR) jumped to a near two-year high of \$104.03 billion at the end of March, the Bangko Sentral ng Pilipinas (BSP) reported.

Preliminary data from the BSP showed that dollar reserves rose by 2% from \$101.99 billion as of end-February. It was also up by 2.4% from P101.55 billion a year ago.

This was the highest GIR level in almost two years or since the \$105.4 billion recorded in April 2022.

"The month-on-month increase in the GIR level reflected mainly the National Government's (NG) net foreign currency deposits with the BSP, upward valuation adjustments in the value of the BSP's gold holdings due to the increase in the price of gold in the international market, and net income from the BSP's investments abroad," it said in a statement.

As of end-March, the level of dollar reserves was enough to cover about 6.1 times the country's short-term external debt based on original maturity and 3.7 times based on residual maturity.

It was also equivalent to 7.7 months' worth of imports of goods and payments of services and primary income.

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said that the rise in dollar reserves was due to higher foreign investments, foreign exchange holdings and an increase in the value of gold holdings.

The central bank's foreign investments edged higher by 1.7% to \$87.91 billion as of end-March from \$86.45 billion in the previous month. Year on year, foreign investments went up by 2.9% from \$85.4 billion.

Reserves in the form of gold were valued at \$10.53 billion. This was 1.9% higher than \$10.34 billion as of end-February and 4.5% higher than \$10.07 billion as of end-March 2023.

Meanwhile, foreign currency deposits surged by 58% to \$1.07

billion from \$677.8 million a month earlier. However, it declined by 27% from \$1.47 billion in the year-ago period.

"The National Government's planned global bonds as early as the second quarter 2024 would also be added to the country's balance of payments and GIR data," Mr. Ricafort added.

Finance Secretary Ralph G. Recto said that the Bureau of the Treasury (BTr) is finalizing the details of its first global bond offering this year. The BTr has yet to release details on this.

This year, the government is planning to borrow P2.46 trillion, of which P606.85 billion is expected to come from foreign sources.

Meanwhile, BSP data showed net international reserves stood at \$103.8 billion as of end-March, up by 1.8% from \$102 billion in the previous month.

Net international reserves are the difference between the BSP's reserve assets or GIR and reserve liabilities, such as short-term foreign debt and credit and loans from the International Monetary Fund (IMF).

The country's reserve position in the IMF decreased by 1.5% to \$741.3 million from \$752.5 million at end-February. It also dropped by 8.3% from \$808.3 million a year ago.

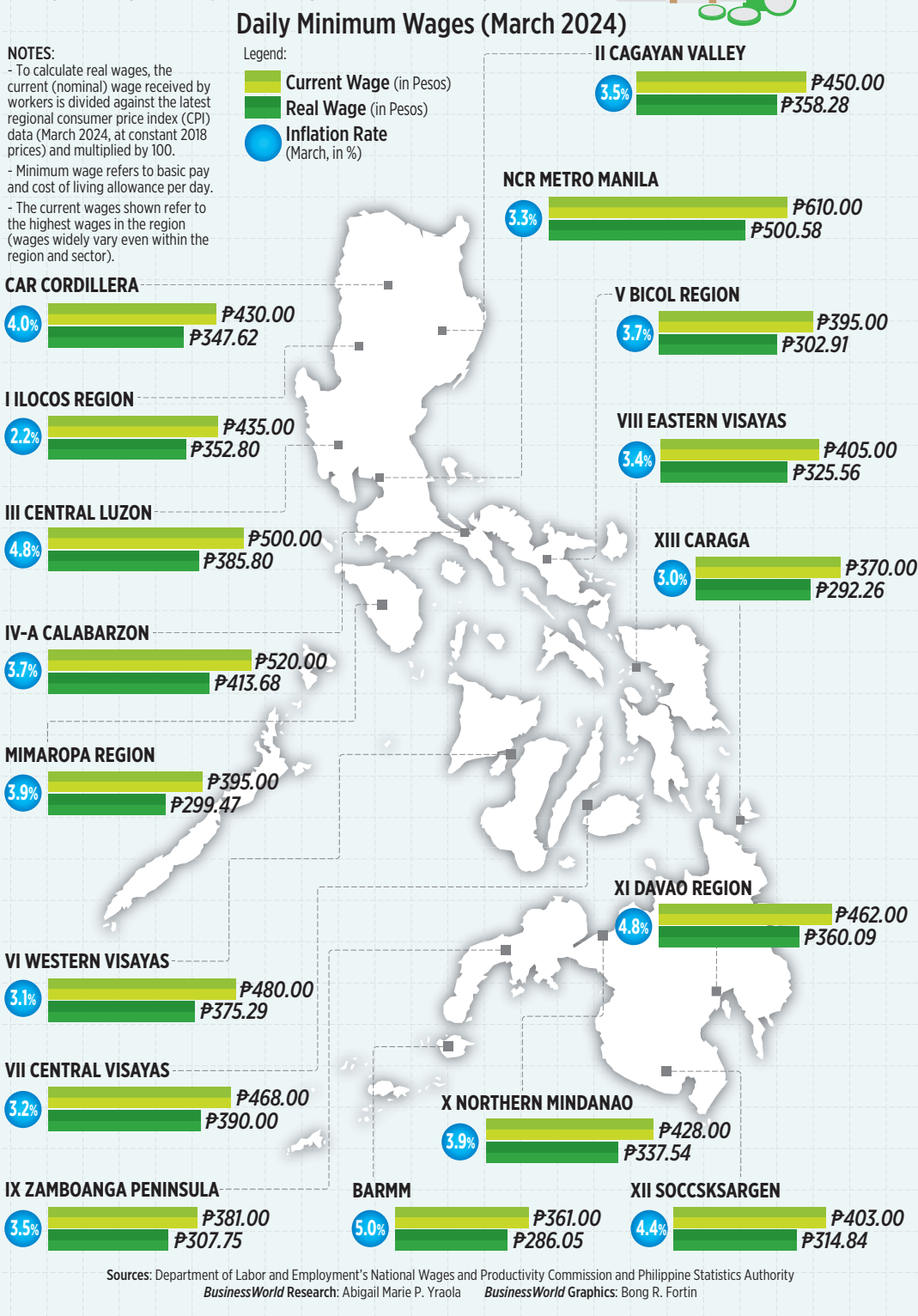
Special drawing rights — the amount the country can tap from the IMF — was unchanged at \$3.778 billion for the second straight month.

"For the coming months, the country's GIR could still be supported by the continued growth in the country's structural inflows from overseas Filipino workers (OFW) remittances, business process outsourcing (BPO) revenues, exports, (and) relatively fast recovery in foreign tourism revenues," Mr. Ricafort added.

This year, the BSP projects the GIR level to settle at \$103 billion. — **Luisa Maria Jacinta C. Jocson**

HOW MINIMUM WAGES COMPARED ACROSS REGIONS IN MARCH (AFTER ACCOUNTING FOR INFLATION)

In March, inflation-adjusted wages were 16.7% to 24.2% lower than the current daily minimum wages across the region in the country. Meanwhile, in peso terms, real wages were lower by around P73.25 to P114.20 from the current daily minimum wages set by the Regional Tripartite Wages and Productivity Board.



By Luisa Maria Jacinta C. Jocson Reporter

THE Bangko Sentral ng Pilipinas (BSP) is widely expected to keep its policy rate steady for a fourth straight meeting as inflation may accelerate in the coming months.

A *BusinessWorld* poll conducted last week showed that all 16 analysts surveyed expect the Monetary Board to maintain its target reverse repurchase (RRP) rate at a near 17-year high of 6.5% at its meeting on Monday (April 8).

The BSP has hiked borrowing costs by 450 basis points (bps) from May 2022 to October 2023 to tame inflation. It has kept policy rates steady since the 25-bp off-cycle rate hike in October.

"We expect the BSP to remain on hold at the next meeting as it assesses the inflation momentum. The pickup in inflation to 3.7% in March was largely driven by base effects, while the sequential momentum remained limited," Makoto Tsuchiya, economist from Oxford Economics, said in an e-mail.

Headline inflation accelerated for a second straight month to 3.7% in March from 3.4% in February. This was within the BSP's 3.4-4.2% forecast and marked the fourth straight month that inflation was within the 2-4% target range.

Pantheon Chief Emerging Asia Economist Miguel Chanco said in an e-mail that the Monetary Board is likely to keep rates steady "especially in the wake of the recent reacceleration in headline inflation on the back of food prices."

Food inflation rose to 5.7% in March, its fastest pace in four months, mainly driven by the continued surge in rice prices.

"Though the March inflation rate of 3.7% year on year came in slightly lower than the consensus estimate of 3.8%, indicating that inflationary pressures may be moderating, the balance of risks remain on the upside notably with food and fuel prices threatening to go even higher," Security Bank Corp. Chief Economist Robert Dan J. Roces said in an e-mail.

Rate pause, S1/3

Pursue progressive tax reforms, gov't urged

THE MARCOS administration should find new sources of revenue and reconsider the bill that seeks to further lower taxes imposed on domestic and foreign companies, economists said.

This as the government raised its budget deficit ceiling for the next five years to pursue flagship infrastructure projects.

"Increasing the deficit is not the only way to support an increasing budget which is necessary when growth is declining," former Finance Secretary Cielo D. Magno said in a Facebook Messenger chat.

The Development Budget Coordination Committee (DBCC) last week lowered the gross domestic product (GDP) target for this year to 6-7% from the 6.5-7.5% estimate given in December.

It also raised this year's deficit ceiling to P1.48 trillion, slightly bigger than the previous P1.39-trillion ceiling. It expects the deficit as a share of gross domestic product (GDP) to settle at -5.6% this year from -5.1% previously.

The deficit ceiling for 2025 was also revised to P1.49 trillion from P1.23-trillion previously. The target for the deficit-to-

GDP ratio was raised to -5.2% for 2025 from -4.1% previously.

Ms. Magno said the government can create new sources of revenue by raising taxes on mining, alcohol, and tobacco.

The government should reconsider proposed policies that may erode the tax base, and those that may create additional tax leakages, she added.

Ms. Magno mentioned the bill seeking to amend the pandemic-era Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act. The CREATE MORE (Maximize Opportunities for Reinvigorating the Economy) bill proposes to lower the corporate income tax to 20% under an enhanced deduction regime and streamlining the tax refund system for corporations.

Ms. Magno lamented that there has been an increase in discretionary spending like the confidential and intelligence funds, and insertions in the 2024 national budget that were not part of the national expenditure program like items lodged under the Public Works department that have no program of work.

Tax, S1/3

RLC's real estate investment trust seen to have room to expand its portfolio

By Revin Mikhael D. Ochave Reporter

THE REAL ESTATE investment trust (REIT) of Gokongwei-led property developer Robinsons Land Corp. (RLC) is now in a better position to absorb assets from the latter and expand its portfolio, according to analysts.

This after RLC sold P8.5 billion worth of RL Commercial REIT Corp. (RCR) shares last Friday, a move the property giant said would "fuel the growth of RCR by infusing yield-accretive and high-quality assets."

China Bank Capital Corp. Managing Director Juan Paolo E. Colet said in a Viber message that the sale of RCR shares is intended to boost its public float in preparation for "a massive asset infusion from RLC."

"With its public ownership now close to 50%, there is a lot of room for

RCR to execute asset-for-share swaps, so that RLC can transfer mature properties to RCR in exchange for shares in the Gokongwei Group's listed REIT vehicle," Mr. Colet said.

"Once the infusion is completed, the public float is expected to revert close to the pre-placement level."

RLC sold 1.73 billion common shares in RCR to "high-quality long-only institutional investors" at P4.92 apiece. This raised RCR's public float to 49.95% from the previous 33.86%.

"The increased float is one of the considerations that would be favorable for the investing public in terms of increased market liquidity. Global and local market conditions already improved recently to time the said block sale," Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said in a Viber message.

AP Securities, Inc. Research Head Alfred Benjamin R. Garcia said the transaction is priced "at a discount to the market."

"They emphasized the increase in public float in their disclosure, so I would speculate that they are gearing up for an asset infusion via asset-for-share swap," Mr. Garcia said in a Viber message.

"They have one of the best dividend yields, and possibly the most geographically diversified portfolio of assets," he added.

According to Mr. Colet, the recent move will be beneficial to RCR shareholders.

"This bodes well for RCR shareholders as the infusion of yield-accretive assets will boost their total return from increased dividends and capital appreciation. Moreover, they will benefit from a significant diversification of the REIT's portfolio beyond offices to include retail, hospitality, and logistics assets," Mr. Colet said.

"This type of diversification can make RCR more resilient to economic cycles," he added.

RLC, S1/3