P25 IN METRO MANILA, PHILIPPINES

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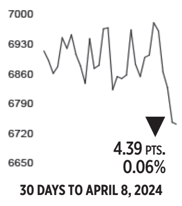
STOCK MARKET



PSEi	
OPEN:	6,750.74
HIGH:	6,750.74
LOW:	6,686.50
CLOSE:	6,741.07
VOL.:	0.571 B
VAL(P):	4.262 B

ASIAN MARKETS

APRIL 10, 2024

	CLOSE		NET	%
Japan (Nikkei 225)	39,581.81	▼	-191.32	-0.48
Hong Kong (Hang Seng)	17,139.17	▲	311.10	1.85
Taiwan (Weighted)	20,763.53	▼	-32.67	-0.16
Thailand (SET Index)	1,410.08	▲	8.97	0.64
S.Korea (Kse Composite) *	2,705.16	▼	-12.49	-0.46
Singapore (Straits Times) *	3,237.52	▲	21.53	0.67
Sydney (All Ordinaries)	7,848.50	▲	24.30	0.31
Malaysia (Klse Composite) *	1,553.51	▼	-6.47	-0.41

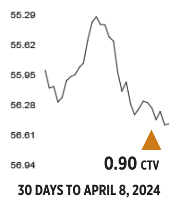
* CLOSING PRICES AS OF APRIL 9, 2024

WORLD MARKETS

APRIL 9, 2024

	CLOSE		NET
Dow Jones	38,883.670	▼	-9.130
NASDAQ	16,306.639	▲	52.684
S&P 500	5,209.910	▲	7.520
FTSE 100	7,934.790	▼	-8.680
Euro Stoxx50	4,363.560	▼	-28.390

PESO-DOLLAR RATES



FX	
OPEN	P56.700
HIGH	P56.450
LOW	P56.700
CLOSE	P56.491
W.AVE.	P56.554
VOL.	$1,220.60 M

SOURCE : BAP

ASIAN MONIES-US$ RATE

APRIL 10, 2024

	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	151.840	▲	151.850
Hong Kong (HK dollar)	7.833	▼	7.832
Taiwan (NT dollar)	31.958	▲	32.086
Thailand (baht)	36.360	▲	36.410
S. Korea (won)	1,349.610	▲	1,354.790
Singapore (dollar)	1.344	▲	1.346
Indonesia (rupiah)	15,840	—	15,840
Malaysia (ringgit)	4.745	▲	4.748

WORLD CURRENCIES

APRIL 10, 2024

	CLOSE		PREVIOUS
US$/UK pound	1.2689	▲	1.2664
US$/Euro	1.0858	▲	1.0857
US$/Aust dollar	0.6624	▲	0.6613
Canada dollar/US$	1.3564	▼	1.3568
Swiss Franc/US$	0.9034	▼	0.9039

DUBAI CRUDE OIL

FUTURES PRICE ON NEAREST MONTH OF DELIVERY

$90.75/BBL

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THURSDAY • APRIL 11, 2024 • www.bworldonline.com

S1/1-10 • 2 SECTIONS, 16 PAGES

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

		Value			
ALI	P29.750	P856,093,645	-P0.850	▼	-2.778%
AC	P614.000	P233,456,385	-P6.000	▼	-0.968%
AEV	P42.900	P217,631,970	P0.250	▲	0.586%
SCC	P29.950	P213,362,155	-P3.700	▼	-10.996%
SMPH	P31.600	P203,119,190	P1.000	▲	3.268%
ICT	P326.000	P198,035,444	P0.000	—	0.000%
SM	P970.000	P186,934,645	-P5.000	▼	-0.513%
BPI	P114.500	P179,756,960	P0.300	▲	0.263%
PLUS	P13.040	P172,430,038	-P0.420	▼	-3.120%
SECB	P69.200	P140,959,052	-P0.100	▼	-0.144%

FDI net inflows surge in January

By Luisa Maria Jacinta C. Jocson
Reporter

NET INFLOWS of foreign direct investments (FDIs) into the Philippines nearly doubled in January, amid strong demand for local debt instruments, the Bangko Sentral ng Pilipinas (BSP) reported on Wednesday.

Preliminary BSP data showed that FDI net inflows surged by 89.9% to $907 million in January from $478 million in the same month in 2023.

Month on month, net inflows rose by 9.8% from $826 million recorded in December.

Ruben Carlo O. Asuncion, chief economist at Union Bank of the Philippines, Inc., said that the growth in FDI inflows in January was largely driven by the increase in net investments in debt instruments.

BSP data showed nonresidents' net investments in debt instruments nearly tripled (173.2%) to $820 million in January from $300 million in the same month in 2023.

"The triple-digit growth may have come from strong demand for local debt instruments as foreign investors' appetite grew from earlier-than-expected interest rate cuts by the US Fed and market optimism from the potential monetary policy settings pivot," he said in a Viber message.

Back in January, markets were still expecting the US Federal Reserve to cut rates as early as March.

Now, markets are cutting their bets on future Fed rate cuts, with some now expecting easing to start in July instead of June. The Federal Open Market Committee kept its fed funds rate unchanged at the 5.25-5.5% range at its March meeting. It raised rates by a total of 525 bps from March 2022 to July 2023.

BSP data also showed net investments in equity capital other than reinvestment of earnings posted net outflows of $11 million, a reversal of the $93-million inflows a year ago.

Broken down, equity capital placements declined by 33.5% to $99 million from $149 million, while withdrawals jumped by 97.2% to $110 million from $56 million.

Reinvestment of earnings rose by 16.4% to $99 million from $85 million in January 2023.

Investments in equity and investment fund shares fell by 50.8% to $87 million in January from $178 million a year ago.

Investments in equity capital placements were mainly from Japan (69%) and the United States (19%). These were invested mostly in the manufacturing, real estate, construction and wholesale and retail trade industries.

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said that the higher FDI net inflows in January could be partly attributed to improved economic and financial markets performance.

He cited the easing headline inflation trend seen in January that lifted hopes for policy rate cuts later this year.

Inflation decelerated to a three-year low of 2.8% in January, its slowest since the 2.3% print in October 2020. It was also within the central bank's 2-4% target.

FDI, S1/5

PHL doubles efforts to finish rail projects as traffic hurts growth

PHILIPPINE President Ferdinand R. Marcos, Jr. on Wednesday said his government is working double time to fast-track railway projects as traffic gridlocks in the capital region alone cost billions of pesos in lost opportunities per day.

"Anyone can use trains, that's why it's the only solution," he said in Filipino during a town hall meeting on the country's traffic problems, noting that the National Government seeks to shift the mode of transportation to rails from buses, jeepneys, and private cars.

Mr. Marcos reported the progress of ongoing railway projects, including the proposed Metro Manila Subway, which he said was now 41% complete.

The completion rates for the two components of the 147-kilometer North-South Commuter Railway (NSCR) Project — the Tutuban-Malolos and Malolos-Clark sections — have already hit over 50%, he said.

Mr. Marcos said the proposed NSCR's South Extension, which connects Manila to Calamba, Laguna, was already 38%.

The completion rate for the Light Rail Transit (LRT) Line 1 Cavite Extension stood at 80%; 85% for the rehabilitation and maintenance of the Metro Rail Transit (MRT) Line 3; and 83% for the Unified Grand Central Station.

The MRT Line 7, which runs from Quezon City to San Jose del Monte in Bulacan province, is 67% completed.

Citing a study conducted by the Japan International Cooperation Agency, Mr. Marcos said traffic congestion in the capital region costs the Philippine economy at least P3.5 billion daily or P1.27 trillion annually.

"If we do not do anything, the cost will increase to P9 billion for each day," he said.

"The only solution to this is the mass transit system, that's why we are fast-tracking (the projects). That's our priority in terms of infrastructure against traffic congestion."

In a statement, the Department of Public Works and Highways (DPWH) outlined its traffic decongestion plan which focuses on the improvement and expansion of the national road network by building additional by-passes, diversion roads, expressways, flyovers, interchanges and underpasses.

"DPWH will continue to develop and conduct further study on infrastructure projects that will alleviate traffic in Metro Manila in coordination with various stakeholders," Public Works Secretary Manuel M. Bonoan said in a statement.

However, Terry L. Ridon, convenor of InfraWatchPH, said the government should clarify how it is "working double time" to fast-track railway projects.

"Is it expanding personnel working on the various project sites or is it now expediting and expanding the orders for construction materials for these projects?" he said in a Facebook Messenger chat.

Rail projects, S1/3

Revised 6-7% goal still 'optimistic' — analyst

By Beatriz Marie D.Cruz
Reporter

THE GOVERNMENT of President Ferdinand R. Marcos, Jr. must temper inflation, cautiously boost spending, and ramp up revenue collection to meet its revised growth targets this year, according to analysts.

The Development Budget Coordination Committee (DBCC) last week lowered the gross domestic product (GDP) growth target range for this year to 6-7% from 6.5-7.5% previously, citing rising prices, geopolitical tensions and trade restrictions.

"We think the downgrade brought the target to a more plausible range, considering economic headwinds including high inflation and slowing global economy," Makoto Tsuchiya, economist at Oxford Economics Japan, said in an e-mail.

However, the DBCC's target range is still higher than Oxford Economics' baseline growth forecast of 5.2% this year, he added.

"The revised (DBCC) target is still quite optimistic in our view," Mr. Tsuchiya said.

Security Bank Corp. Chief Economist Robert Dan J. Roces said the attainability of the DBCC's revised target will depend on several factors, including inflation.

Inflation accelerated for the second straight month in March to 3.7% due to the continued increase in prices of rice, a major food staple in the Philippines.

Rice inflation quickened to 24.4% in March, the fastest print since the 24.6% uptick in February 2009.

Foundation for Economic Freedom President Calixto V. Chikiamco said the government must further lower rice tariffs to at least 10% from the current 35% rate.

"Rising food inflation would make Filipino consumers wary of increasing consumption, thereby impacting GDP growth," he said in a Viber message.

Goal, S1/5

RRR cut unlikely by 3rd quarter — BSP's Remolona

THE BANGKO SENTRAL ng Pilipinas (BSP) is seeking to reduce banks' reserve requirement ratio (RRR) soon, but this is unlikely to happen by the third quarter of this year.

Analysts also cautioned that cutting lenders' reserve requirement should be timed properly to prevent fanning inflationary pressures.

"We want to eventually reduce the reserve requirement, but we're trying to figure out the right timing for doing that," BSP Governor Eli M. Remolona, Jr. told reporters on Monday.

"We will raise it at the Monetary Board meeting at some point soon — when to do it and how much would be reduced but that's one of the things we want to do going forward."

Asked if he expects to reduce the reserve requirement by the third quarter, Mr. Remolona said this was "unlikely."

The RRR is the percentage of bank deposits and deposit substitute liabilities that banks cannot lend out and must set aside in deposits with the BSP.

The BSP has already brought down the RRR for big banks to a single-digit level last year from a high of 20% in 2018.

In June 2023, the BSP slashed the ratio for big banks and nonbank financial institutions with quasi-banking functions by 250 bps to 9.5%.

ING Bank N.V. Manila Senior Economist Nicholas Antonio T. Mapa said that the move to lower the reserve requirement ratio is welcome but "must be timed properly."

"This is the reason why Mr. Remolona indicated that the reduction may be after the third quarter as any lowering should come after the BSP has shifted to easing," he said in an e-mail.

"This is because the BSP learned its lesson from the past when they lowered the ratio at a time when they were hawkish, which led to confusion and negative market reaction," Mr. Mapa added.

Mr. Remolona on Monday said the Monetary Board could cut rates as early as the third quarter if data show an inflation downtrend and weak economic growth.

"I think the rate cuts are more of the spotlight at this point. Mr. Remolona did mention about finding the right timing for the RRR cut and I personally feel that the time is not yet ripe," Ruben Carlo O. Asuncion, chief economist at Union Bank of the Philippines, Inc., added.

Meanwhile, John Paolo R. Rivera, president and chief economist at Oikonomia Advisory & Research, Inc., warned that the RRR cut could stoke inflation if ill-timed.

"Lowering the RRR later this year alongside expected lowering of policy rate would reinforce economic growth through increased spending brought about by greater money supply in the economy," he said in a Viber message.

RRR, S1/5