

STOCK MARKET	ASIAN MARKETS	WORLD MARKETS	PESO-DOLLAR RATES	ASIAN MONIES-US\$ RATE	WORLD CURRENCIES	DUBAI CRUDE OIL
PSEi OPEN: 6,664.49 HIGH: 6,666.05 LOW: 6,604.51 CLOSE: 6,615.55 VOL.: 0.765 B VAL(P): 6.370 B 31.00 Pts. 0.46% 30 DAYS TO MAY 3, 2024	MAY 3, 2024 JAPAN (NIKKEI 225)* 38,236.07 ▲ -37.98 -0.10 HONG KONG (HANG SENG) 18,475.92 ▲ 268.79 1.48 TAIWAN (WEIGHTED) 20,330.32 ▲ 107.88 0.53 THAILAND (SET INDEX) 1,369.92 ▲ 6.67 0.49 S.KOREA (KSE COMPOSITE) 2,676.63 ▲ -7.02 -0.26 SINGAPORE (STRAITS TIMES) 3,292.93 ▲ -3.96 -0.12 SYDNEY (ALL ORDINARIES) 7,629.00 ▲ 42.00 0.55 MALAYSIA (KLSE COMPOSITE) 1,589.59 ▲ 9.29 0.59 <small>* CLOSING PRICE AS OF MAY 2, 2024</small>	MAY 3, 2024 DOW JONES 38,675.680 ▲ 450.020 NASDAQ 16,156.328 ▲ 315.370 S&P 500 5,127.790 ▲ 63.590 FTSE 100 8,213.490 ▲ 41.340 EURO STOXX50 4,378.550 ▲ 7.850	FX OPEN P57.400 HIGH P57.345 LOW P57.500 CLOSE P57.345 W.AVE. P57.411 VOL. \$1,411.10 M SOURCE : BAP 19.00 Cnts 30 DAYS TO MAY 3, 2024	MAY 3, 2024 LATEST BID (0900GMT) JAPAN (YEN) 152.980 ▲ 155.120 HONG KONG (HK DOLLAR) 7.811 ▲ 7.816 TAIWAN (NT DOLLAR) 32.280 ▲ 32.503 THAILAND (BAHT) 36.720 ▲ 36.940 S. KOREA (WON) 1,354.630 ▲ 1,375.710 SINGAPORE (DOLLAR) 1.349 ▲ 1.359 INDONESIA (RUPIAH) 16,080 ▲ 16,180 MALAYSIA (RINGGIT) 4.738 ▲ 4.751	MAY 3, 2024 US\$/UK POUND 1.2544 ▲ 1.2515 US\$/EURO 1.0758 ▲ 1.0704 US\$/AUSTRALIAN DOLLAR 0.6608 ▲ 0.6536 CANADA DOLLAR/US\$ 1.3684 ▲ 1.3712 SWISS FRANC/US\$ 0.9054 ▼ 0.9123	FUTURES PRICE ON NEAREST MONTH OF DELIVERY \$84.10/BBL 30 DAYS TO MAY 3, 2024

VOL. XXXVII • ISSUE 198 **MONDAY • MAY 6, 2024 • www.bworldonline.com** S1/1-10 • 2 SECTIONS, 20 PAGES

PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • MAY 3, 2024 (PSEi snapshot on S1/2; article on S2/2)

ALI	P26.850	JFC	P219.000	BDO	P148.300	ICT	P342.000	PLUS	P13.480	SM	P942.000	SMPH	P27.400	MBT	P71.600	BPI	P126.100	MER	P365.000
Value	P681,927,845	Value	P331,804,666	Value	P329,340,439	Value	P305,136,884	Value	P301,516,216	Value	P279,062,785	Value	P274,738,735	Value	P173,315,498	Value	P144,941,757	Value	P128,766,750
	-P0.850 ▼ -3.069%		-P7.000 ▼ -3.097%		P2.200 ▲ 1.506%		-P6.000 ▼ -1.724%		P1.140 ▲ 9.238%		P6.000 ▲ 0.641%		-P0.550 ▼ -1.968%		-P0.300 ▼ -0.417%		-P1.400 ▼ -1.098%		P0.000 — 0.000%

Economic growth likely faster in Q1

By Lourdes O. Pilar
Researcher

PHILIPPINE economic growth likely picked up in the first quarter from the prior three-month period amid strong private consumption and government spending, but elevated inflation and interest rates could have hampered expansion, analysts said.

A *BusinessWorld* poll of 20 economists and analysts conducted last week yielded a median gross domestic product (GDP) growth estimate of 5.9% for the first three months of 2024.

If realized, this would be faster than the preliminary 5.5% growth recorded in the previous quarter but slower than the 6.4% expansion logged in the first quarter of 2023.

However, the median estimate is a tad lower than the government's 6-7% GDP growth target for the year.

The Philippine Statistics Authority (PSA) will release first-quarter GDP data on May 9, Thursday.

Public and private spending likely drove economic expansion in the first three months of the

year, although high inflation, which has caused the central bank to remain hawkish, continues to be a drag on growth, analysts said.

HSBC economist for ASEAN (Association of Southeast Asian Nations) Aris D. Dacanay said that despite the tough global environment, the Philippines likely continued to outperform its peers in the region last quarter.

"Leading indicators show that consumption, the bulwark of Philippine GDP, remained robust. The economy continues to be in a labor boom, while the household saving rate is still lower than pre-pandemic levels to help make up for the higher cost of living," Mr. Dacanay said in an e-mail.

"Government spending rose year on year. Learning from last

year's low utilization rate, agencies made it a priority to spend their budget more efficiently in 2024," he added.

Exports also remained resilient, he said.

Data from the Bureau of the Treasury showed that government spending picked up by 10.72% to P1.206 trillion in the first quarter from P1.09 trillion in the same period in 2023.

Meanwhile, merchandise exports dropped by 15.6% to \$10.33 billion in the first two months of 2024, while imports declined 3.9% to \$19.94 billion.

This caused the trade deficit to widen to \$9.61 billion in the period from the \$8.5-billion gap a year prior.

Infrastructure spending may have provided a boost to economic growth in the period, Colegio de San Juan de Letran Graduate School Associate Professor Emmanuel J. Lopez added in an e-mail.

For the first two months of the year, infrastructure spending went up by 6.7% to P120.5 billion from P113 billion in the same period a year ago, data from the Budget department showed.

The government is targeting to sustain infrastructure spending of up to 5-6% of GDP annually. The Marcos administration has approved the implementation of its flagship infrastructure program comprised of 185 projects worth P9.14 trillion.

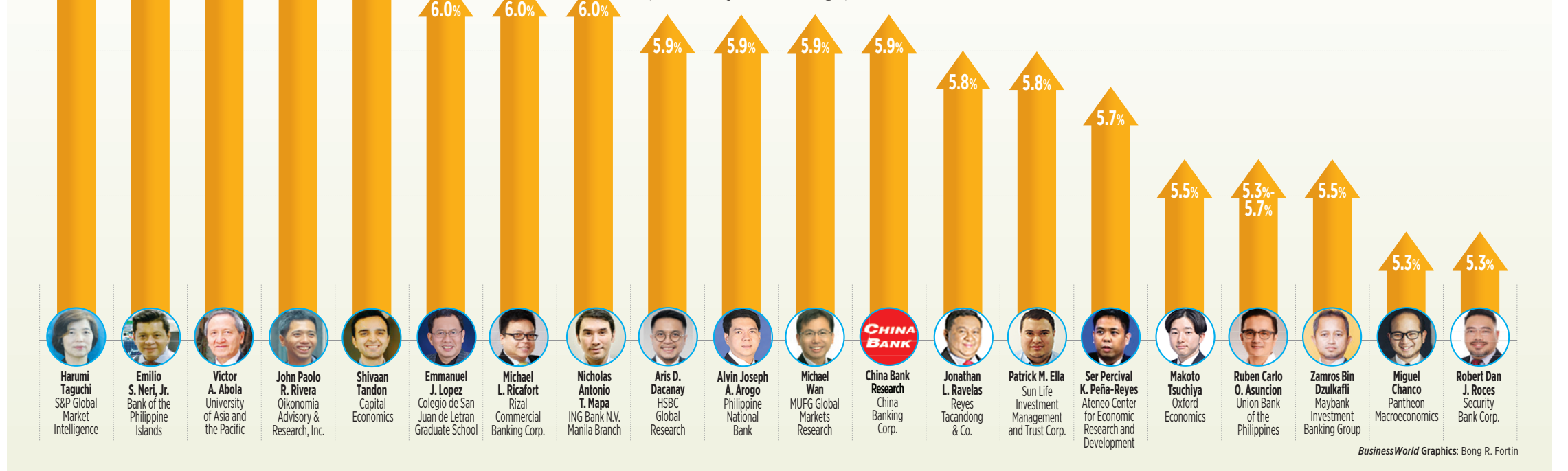
Meanwhile, Makoto Tsuchiya, assistant economist at Oxford Economics, said the contributions of exports and private spending to growth in the first quarter may have been minimal due to a challenging global environment.

"On the annual term, exports likely recovered from a contraction in the fourth quarter, largely supported by favorable base effects. Bumpy but stronger semiconductor exports also likely boosted the headline figure. Meanwhile, private consumption likely remained soft as consumers' outlook turned bleak. Private investment also likely remained sluggish, hampered by soft external demand," Mr. Tsuchiya said in an e-mail.

GDP, S1/5

Q1 2024 GDP GROWTH FORECAST

(Year-on-year % change) Median: 5.9%



Government's debt service bill balloons in March

THE NATIONAL Government's (NG) debt service bill nearly quadrupled in March amid a surge in amortization payments, data from the Bureau of the Treasury (BTr) showed.

BTr data showed that debt payments surged by 275.3% to P533.523 billion in March from P142.171 billion in the same period a year ago.

The bulk or 86.7% of the debt service bill for the month was composed of amortization payments.

In March, principal payments soared by 469.2% to P462.579 billion from P81.273

billion in the same month in 2023.

Broken down, amortization on domestic debt climbed by 521.5% to P455.91 billion in March from P73.361 billion a year earlier.

Principal payments on external debt declined by 15.7% to P6.669 billion from P7.912 billion.

On the other hand, interest payments rose by 16.5% to P70.944 billion in March from P60.898 billion a year prior.

Interest paid on domestic debt stood at P55.705 billion, higher by 19% from P46.754 billion a year ago.

Interest paid to foreign creditors went up by 7.7% to P15.239 billion from P14.144 billion.

For the first quarter, the NG's debt service bill jumped by 74.3% to P986.036 billion from P565.716 billion in the comparable year-ago period.

Amortization payments shot up by 87.2% to P793.044 billion in the first three months from P423.739 billion a year ago. Principal payments on domestic debt stood at P699.673 billion, while those on external debt amounted to P93.371 billion.

Meanwhile, interest payments likewise increased by 35.9% to P192.992 billion in the first three months from P141.977 billion a year prior. Broken down, interest paid on domestic debt reached P138.878 billion, while interest payments for external debt stood at P54.114 billion.

Higher debt servicing in March was primarily due to the large maturities of previously issued retail Treasury bonds (RTBs) worth about P700 billion early that month, Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said.

Debt service, S1/5

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Further BSP rate hikes unlikely even if inflation exceeds target anew

By Luisa Maria Jacinta C. Jocsos
Reporter

FURTHER TIGHTENING by the Bangko Sentral ng Pilipinas (BSP) is unlikely unless inflation expectations take a turn for the worse, analysts said.

"More tightening is only likely if inflation expectations significantly worsen, potentially leading to a difficult decision between controlling inflation and economic growth," Security Bank Corp. Chief Economist Robert

Dan J. Roces said in a Viber message.

"Even more important is that our inflation problem is supply side, which technically means that there is only so much that monetary policy can do," he added.

The Monetary Board last month kept its policy rate steady at a near 17-year high of 6.5% for a fourth straight meeting after it raised benchmark interest rates by a cumulative 450 basis points (bps) from May 2022 to October 2023 to help tame elevated inflation.

BSP Governor Eli M. Remolona, Jr. earlier said that their current policy rate is "already tight" and that they would only consider further rate hikes if inflation expectations are de-anchored.

Jonathan L. Ravelas, senior adviser at professional service firm Reyes Tacardong & Co., said further rate increases would "depend on how inflation unfolds in the coming months, along with climate concerns and geopolitical noise."

Headline inflation averaged 3.3% in the first quarter, below the BSP's 3.8% forecast and within its 2-4% target for the year.

A *BusinessWorld* poll of 16 analysts yielded a median estimate of 4.1% for April inflation, within the BSP's 3.5-4.3% forecast for the month.

If realized, this would overshoot the central bank's target range for the first time since the 4.1% print in November 2023.

The Philippine Statistics Authority will release April inflation data on May 7, Tuesday.

The BSP earlier said that inflation may temporarily go above their 2-4% target over the next two quarters due to base effects and the impact if the El Niño dry

spell on the prices of key commodities like rice.

GlobalSource Partners said in a report that inflation may have quickened further in April amid high food prices due to the agricultural damage from the El Niño weather event.

"We therefore estimate that the April inflation could skew closer to 4%. The actual core inflation that we will be seeing next week will tell us the extent of monetary policy bite," Diwa C. Guinigundo, country analyst for the Philippines of GlobalSource Partners, said.

"Given the unprecedented high temperatures, based on official government reports, huge agricultural damage is expected. Water shortage is serious in many parts of the country with rivers and other bodies of water drying up. For this reason, food items which comprise more than 35% of the consumer basket could drive the April inflation much higher."

Agricultural damage due to El Niño is now valued at P5.9 billion, according to the latest bulletin by the Department of Agriculture.

Rate hikes, S1/5