P25 IN METRO MANILA, PHILIPPINES

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STOCK MARKET — PSEi (30 DAYS TO MAY 29, 2024)

PSEi	
OPEN:	6,506.40
HIGH:	6,506.40
LOW:	6,411.41
CLOSE:	6,411.41
VOL.:	0.685 B
VAL(P):	5.406 B

▼ 89.93 PTS. 1.38%

ASIAN MARKETS — MAY 29, 2024

	CLOSE		NET	%
Japan (Nikkei 225)	38,556.87	▼	-298.50	-0.77
Hong Kong (Hang Seng)	18,477.01	▼	-344.15	-1.83
Taiwan (Weighted)	21,662.50	▼	-195.91	-0.90
Thailand (SET Index)	1,351.98	▼	-10.72	-0.79
S.Korea (Kse Composite)	2,677.30	▼	-45.55	-1.67
Singapore (Straits Times)	3,326.04	▼	-4.05	-0.12
Sydney (All Ordinaries)	7,665.60	▼	-101.10	-1.30
Malaysia (Klse Composite)	1,605.35	▼	-10.47	-0.65

WORLD MARKETS — MAY 28, 2024

	CLOSE		NET
Dow Jones	38,852.860	▼	-216.730
NASDAQ	17,019.880	▲	99.09
S&P 500	5,306.040	▲	1.320
FTSE 100	8,254.180	▼	-63.41
Euro Stoxx50	4,478.280	▼	-29.96

PESO-DOLLAR RATES — FX (30 DAYS TO MAY 29, 2024)

FX	
OPEN	P58.070
HIGH	P58.070
LOW	P58.510
CLOSE	P58.420
W.AVE.	P58.286
VOL.	$1,399.75 M

▼ 45.00 CTVS

SOURCE : BAP

ASIAN MONIES-US$ RATE — MAY 29, 2024

	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	157.140	▼	156.940
Hong Kong (HK dollar)	7.813	▼	7.810
Taiwan (NT dollar)	32.348	▼	32.194
Thailand (baht)	36.720	▼	36.620
S. Korea (won)	1,365.950	▼	1,359.640
Singapore (dollar)	1.349	▼	1.348
Indonesia (rupiah)	16,155	▼	16,085
Malaysia (ringgit)	4.702	▼	4.693

WORLD CURRENCIES — MAY 29, 2024

	CLOSE		PREVIOUS
US$/UK pound	1.2756	▼	1.2764
US$/Euro	1.0844	▼	1.0869
US$/Aust dollar	0.6647	▼	0.6658
Canada dollar/US$	1.3657	▲	1.3624
Swiss Franc/US$	0.9125	▲	0.9117

DUBAI CRUDE OIL — FUTURES PRICE ON NEAREST MONTH OF DELIVERY

$84.44/BBL

▲ $1.14

30 DAYS TO MAY 28, 2024

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PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • MAY 29, 2024 (PSEi snapshot on *S1/2*; article on *S2/2*)

		Value			
ICT	P329.600	P656,882,916	-P9.000	▼	-2.658%
BDO	P130.200	P466,082,096	-P5.000	▼	-3.698%
SM	P870.000	P429,699,375	-P1.500	▼	-0.172%
BPI	P120.800	P422,141,892	-P2.200	▼	-1.789%
SMPH	P26.550	P398,847,955	-P0.500	▼	-1.848%
ALI	P26.800	P332,843,445	-P0.300	▼	-1.107%
AC	P615.000	P218,882,580	P1.000	▲	0.163%
MBT	P67.000	P174,154,682	-P2.300	▼	-3.319%
TEL	P1,400.000	P173,740,480	-P10.000	▼	-0.709%
AEV	P36.150	P157,669,145	P0.150	▲	0.417%

New vehicle sales up 22% in April

By Adrian H. Halili
Reporter

NEW VEHICLE SALES jumped by an annual 22% in April, amid steady consumer demand, an industry report showed.

A joint report by the Chamber of Automotive Manufacturers of the Philippines, Inc. (CAMPI) and the Truck Manufacturers Association (TMA) showed new automotive sales rose to 37,314 units in April from 30,643 units in the same month last year.

Month on month, vehicle sales dipped by 0.4% from the 37,474 units sold in March.

CAMPI President Rommel R. Gutierrez said the industry posted "strong" year-to-date sales despite the month-on-month drop.

"On the demand side, positive consumer and business confidence plus stability in automotive finance boosted sales," he said in a statement.

Commercial vehicles accounted for nearly three-fourths of sales in April. Sales went up by 16.9% to 27,272 units in April from 23,326 units a year ago. Month on month, sales fell by 0.4%.

Broken down, light commercial vehicle sales went up by 10.7% year on year to 19,561 units, while sales of Asian utility vehicles rose by 47.5% to 6,816 units.

Sales of light-duty trucks and buses dropped by 29.7% to 491 units, while heavy trucks plunged by 44.9% to 49 units. Medium truck sales rose by 40.9% to 355 units in April.

Meanwhile, passenger car sales surged by 37.6% to 10,069 units in April from 7,317 units sold in the same month in 2023. Month on month, sales slipped by 0.57%.

For the first four months of 2024, new vehicle sales increased by 14.8% to 146,920 units from 127,927 units a year ago.

Passenger car sales jumped by 19.4% to 38,280 units, while commercial vehicle sales grew by 13.4% to 108,667 units.

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said higher car sales could be attributed to improved spending power of Filipino consumers despite elevated inflation and high interest rates.

The Bangko Sentral ng Pilipinas (BSP) has kept its key interest rate at a 17-year high of 6.5% since October 2023.

Vehicle sales, S1/2

DoF estimates P10B in foregone revenues from lower rice tariffs

THE DEPARTMENT of Finance (DoF) proposal to further lower the tariffs on rice imports is estimated to bring down prices by as much as P5 per kilo, but also result in around P10 billion in foregone revenues.

"Our current estimate is less than P10 billion in (foregone) revenues if the (tariff cut) is implemented," Finance Undersecretary and Chief Economist Domini S. Velasquez said in mixed English and Filipino at a forum on Wednesday.

Finance Secretary Ralph G. Recto earlier proposed to lower tariffs on rice imports to 17.5%, from the current 35%, to bring down prices of the staple.

Agriculture Assistant Secretary and Spokesperson Arnel V. de Mesa said the proposed tariff reduction could help bring down the price of imported rice by as much as P5 per kilo.

"If we lower the (tariff) to 17.5%, the reduction (in prices) will be big. Our initial estimates, we see about P4 to P5 reduction," he said.

As of May 28, the average retail price of imported well-milled rice rose to P52-P54 per kilo from P40-P46 a year ago. Imported regular milled rice ranged from P49-P51 to P37-P38.

Meanwhile, local well-milled rice ranged from P48-P55 per kilo, higher than the P39-P46 band in the year-ago period. Regular milled rice averaged P45-P52 from P34-P42 previously.

Ms. Velasquez said the government generates some P30 billion in tariff revenues from the implementation of the Rice Tariffication Law (RTL).

However, she said the potential drop in revenues is not an issue if the tariff reduction will help bring down prices of rice.

"On the DoF's part, we're willing to forego that tariff loss just to make sure inflation is down," she added.

Ms. Velasquez said that the discussions on the tariff proposal are still in the early stages.

"I think (the proposal) is 15% to 20%. Before, when rice prices increased, there were even requests of 10%," she said.

Tariffs, S1/2

Central bank sees high probability inflation may breach target band

UPSIDE RISKS to the inflation outlook are seen to persist this year, mainly coming from elevated transport, food, electricity and oil prices, the Bangko Sentral ng Pilipinas (BSP) said.

"The probability of inflation breaching the high end of the (2-4%) target band in 2024 and 2025 remains high, reflecting the possible impact of the various upside risks on the outlook," it said in its latest monetary policy report.

The BSP said the latest probability distribution shows a "slightly higher likelihood of inflation settling within the target range for 2024" versus the previous round after the baseline forecast was lowered.

The BSP's baseline forecast for inflation this year is now at 3.5%, while its risk-adjusted forecast is at 3.8%.

For 2025, the BSP's baseline inflation forecast is at 3.3% while its risk-adjusted forecast is at 3.7%.

However, the probability of inflation falling below the 2-4% target band for this year and next year "remains low," the central bank said.

The BSP said that the estimated impact of the upside risks was higher now due to upward adjustments in several indicators, such as transport charges and toll rates.

"Higher fares for jeepneys, trains, and taxis, as well as higher toll rates, pose upside risks to inflation," the BSP said.

"An overall medium probability is assigned to the risk of higher transport charges based on the consumer price index (CPI) weights of the various transport items considered," it added.

There are petitions to further increase the minimum fare for traditional jeepneys to P15 amid rising oil prices.

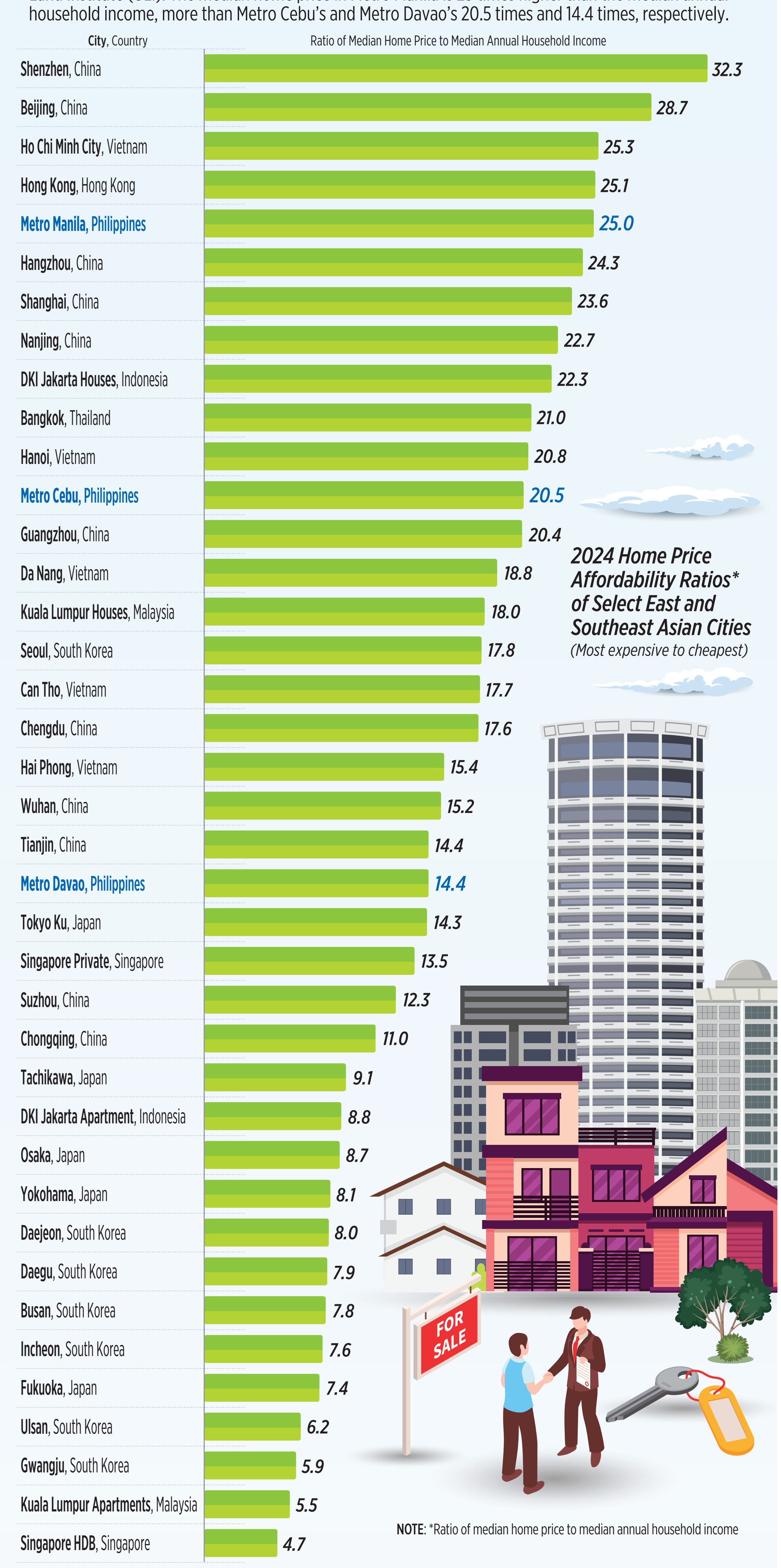
"The scenario assumes implementation by the second quarter of 2024 with medium probability, given the recent uptrend in oil prices," the BSP said.

The central bank also cited petitions to hike the minimum fare for the Metro Rail Transit Line 3 (MRT-3) and proposals to increase the flag-down rate for taxi operators, as well as toll rate adjustments.

Inflation, S1/2

HOW AFFORDABLE ARE METRO MANILA'S HOME PRICES COMPARED WITH ITS PEERS IN THE REGION?

Metro Manila has one of the highest (most expensive) home affordability ratio* in the East and Southeast Asian region according to the 2024 ULI Asia-Pacific Home Attainability Index by the Urban Land Institute (ULI). The median home price in Metro Manila is 25 times higher than the median annual household income, more than Metro Cebu's and Metro Davao's 20.5 times and 14.4 times, respectively.



NOTE: *Ratio of median home price to median annual household income

Source: Urban Land Institute's 2024 ULI Asia-Pacific Home Attainability Index (*https://knowledge.uli.org/en/reports/research-reports/2024/2024-uli-asia-pacific-home-attainability-index*)
***BusinessWorld* Research**: Andrea C. Abestano and Lourdes O. Pilar ***BusinessWorld* Graphics**: Bong R. Fortin

5.9% GDP growth seen in Q2

THE PHILIPPINE ECONOMY may grow faster in the second quarter due to improved state spending, putting it on track to hit the low end of the government's full-year target, according to First Metro Investment Corp. (FMIC) and the University of Asia and the Pacific (UA&P).

"We expect Q2 GDP (gross domestic product) to speed up to 5.9% and end the full year at 6% with a mild upward bias," FMIC and UA&P said in The Market Call report released on Wednesday.

If realized, the second-quarter GDP growth of 5.9% would be faster than 5.7% in the first quarter and the 4.3% print a year ago.

The Philippine Statistics Authority will release second-quarter GDP data on Aug. 8.

FMIC and UA&P's full-year forecast of 6% falls at the low end of the government's 6-7% GDP growth target.

"We retain our nuanced optimism with respect to an acceleration that should start in (the second) quarter continuing for the rest of 2024," they said.

"We base this on hefty employment levels, fiscal space that should enable the government to speed up spending, especially infrastructures."

After weaker-than-expected first-quarter GDP growth, National Economic and Development Authority Secretary Arsenio M. Balisacan earlier said that GDP growth must average 6.1% in the next three quarters to meet the government's target range.

The FMIC and UA&P said they do not expect to see a repeat of the "disappointing" first-quarter growth.

"We think that GDP growth will accelerate for the rest of the year boosted by robust employment gains, stronger manufacturing and output gains, and improved agriculture with El Niño heat over," they said.

FMIC and UA&P said a potential 25-basis-point (bp) rate cut by the Bangko Sentral ng Pilipinas (BSP) in the third quarter would also boost domestic demand.

The Monetary Board earlier this month kept its benchmark interest rate at a 17-year high 6.5% for the fifth straight meeting. However, the BSP signaled a possible rate cut by August.

Headline inflation would also likely quicken to the upper end of the central bank's 2-4% target in July before slightly cooling to 3% in August amid easing rice and crude oil prices, FMIC and UA&P said.

GDP, S1/2