P25 IN METRO MANILA, PHILIPPINES

BusinessWorld

STOCK MARKET	
PSEi	
OPEN:	6,498.56
HIGH:	6,498.56
LOW:	6,351.19
CLOSE:	6,386.42
VOL.:	0.501 B
VAL(P):	6.015 B

▼ 84.32 PTS. 1.3%

30 DAYS TO JUNE 4, 2024

ASIAN MARKETS — JUNE 4, 2024

	CLOSE		NET	%
Japan (Nikkei 225)	38,837.46	▼	-85.57	-0.22
Hong Kong (Hang Seng)	18,444.11	▲	41.07	0.22
Taiwan (Weighted)	21,356.62	▼	-180.14	-0.84
Thailand (SET Index)	1,337.32	▼	-8.34	-0.62
S.Korea (Kse Composite)	2,662.10	▼	-20.42	-0.76
Singapore (Straits Times)	3,338.94	▼	-9.93	-0.30
Sydney (All Ordinaries)	7,737.10	▼	-23.90	-0.31
Malaysia (Klse Composite)	1,615.40	▲	18.72	1.17

WORLD MARKETS — JUNE 3, 2024

	CLOSE		NET
Dow Jones	38,571.030	▼	-115.290
NASDAQ	16,828.670	▲	93.66
S&P 500	5,283.400	▲	5.890
FTSE 100	8,262.750	▼	-12.63
Euro Stoxx50	4,498.770	▲	10.21

PESO-DOLLAR RATES

FX	
OPEN	P58.620
HIGH	P58.580
LOW	P58.750
CLOSE	P58.710
W.AVE.	P58.681
VOL.	$1,317.60 M

▼ 3.00 CTVS

30 DAYS TO JUNE 4, 2024

SOURCE : BAP

ASIAN MONIES-US$ RATE — JUNE 4, 2024

	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	155.100	▲	157.050
Hong Kong (HK dollar)	7.814	▲	7.820
Taiwan (NT dollar)	32.378	▼	32.372
Thailand (baht)	36.570	▲	36.850
S. Korea (won)	1,376.770	▲	1,378.440
Singapore (dollar)	1.347	▲	1.351
Indonesia (rupiah)	16,215	▲	16,225
Malaysia (ringgit)	4.700	▲	4.704

WORLD CURRENCIES — JUNE 4, 2024

	CLOSE		PREVIOUS
US$/UK pound	1.2767	▲	1.2700
US$/Euro	1.0876	▲	1.0831
US$/Aust dollar	0.6644	▲	0.6635
Canada dollar/US$	1.3683	▲	1.3664
Swiss Franc/US$	0.8939	▼	0.9021

DUBAI CRUDE OIL

FUTURES PRICE ON NEAREST MONTH OF DELIVERY

$81.89/BBL

▼ $1.51

30 DAYS TO JUNE 3, 2024

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PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • JUNE 4, 2024 (PSEi snapshot on *S1/2*; article on *S2/2*)

		Value			
SM	P818.000	P1,574,326,630	-P35.000	▼	-4.103%
ICT	P333.600	P541,526,486	-P4.400	▼	-1.302%
AEV	P38.000	P535,953,970	P1.100	▲	2.981%
BDO	P136.900	P443,511,040	-P1.100	▼	-0.797%
ALI	P27.650	P281,824,580	P0.150	▲	0.545%
MBT	P67.450	P255,250,112	P1.550	▲	2.352%
SMPH	P26.500	P217,409,915	-P0.850	▼	-3.108%
GTCAP	P596.500	P209,262,325	-P23.500	▼	-3.790%
AC	P589.000	P143,835,455	-P5.500	▼	-0.925%
TEL	P1,416.000	P138,804,475	P6.000	▲	0.426%

BSP may cut policy rate before Fed

By Luisa Maria Jacinta C. Jocson *Reporter*

THE Bangko Sentral ng Pilipinas (BSP) can cut its policy rate before the US central bank despite a volatile peso, Governor Eli M. Remolona, Jr. said on Tuesday.

"It's possible that the Fed can cut in July," he told reporters in mixed English and Filipino. "There are analyses that say July... We may go first, but it depends on whether their inflation is stubborn. They may not cut."

The BSP chief earlier said the earliest the central bank could cut the rate is by August.

The Monetary Board last month kept its key rate steady at a 17-year high of 6.5%. The central bank raised borrowing costs by 450 basis points (bps) from May 2022 to October 2023 to tame inflation.

Mr. Remolona said the peso is depreciating not because it is weak but more because the dollar is strong.

"The story is not about the weak peso," he said. "The real story is about a strong dollar. Anytime there's tension, anytime there's uncertainty, money goes into the US dollar and the dollar gets stronger against other currencies."

The peso closed three centavos weaker against the dollar at P58.71 on Tuesday, according to Bankers Association of the Philippines data posted on its website. On May 21, it sank to the P58-a-dollar level for the first time since November 2022.

The dollar is also strengthening due to hawkish signals from the US Federal Reserve, the BSP chief said.

"The Fed has been saying that policy rates in the US will be high for longer. But the longer part keeps shifting, so that creates some uncertainty," he added.

The BSP does not target a specific level for the peso, Mr. Remolona said.

"We don't worry too much about the level itself," he said. "We worry more about how it gets to where it's going. We try to guide the market by occasionally expressing our own view on where it should go."

The Development Budget Coordination Committee (DBCC) expects the peso to range from P55-P57 a dollar this year.

The central bank has not been intervening in the foreign exchange market daily, but it does so from time to time to "express our own view about where the peso should be going."

"We don't intervene every day," Mr. Remolona said. "We intervene when we have to. And when we say we have to, it's when the currency is under stress. Under stress means we find some dysfunction in the market."

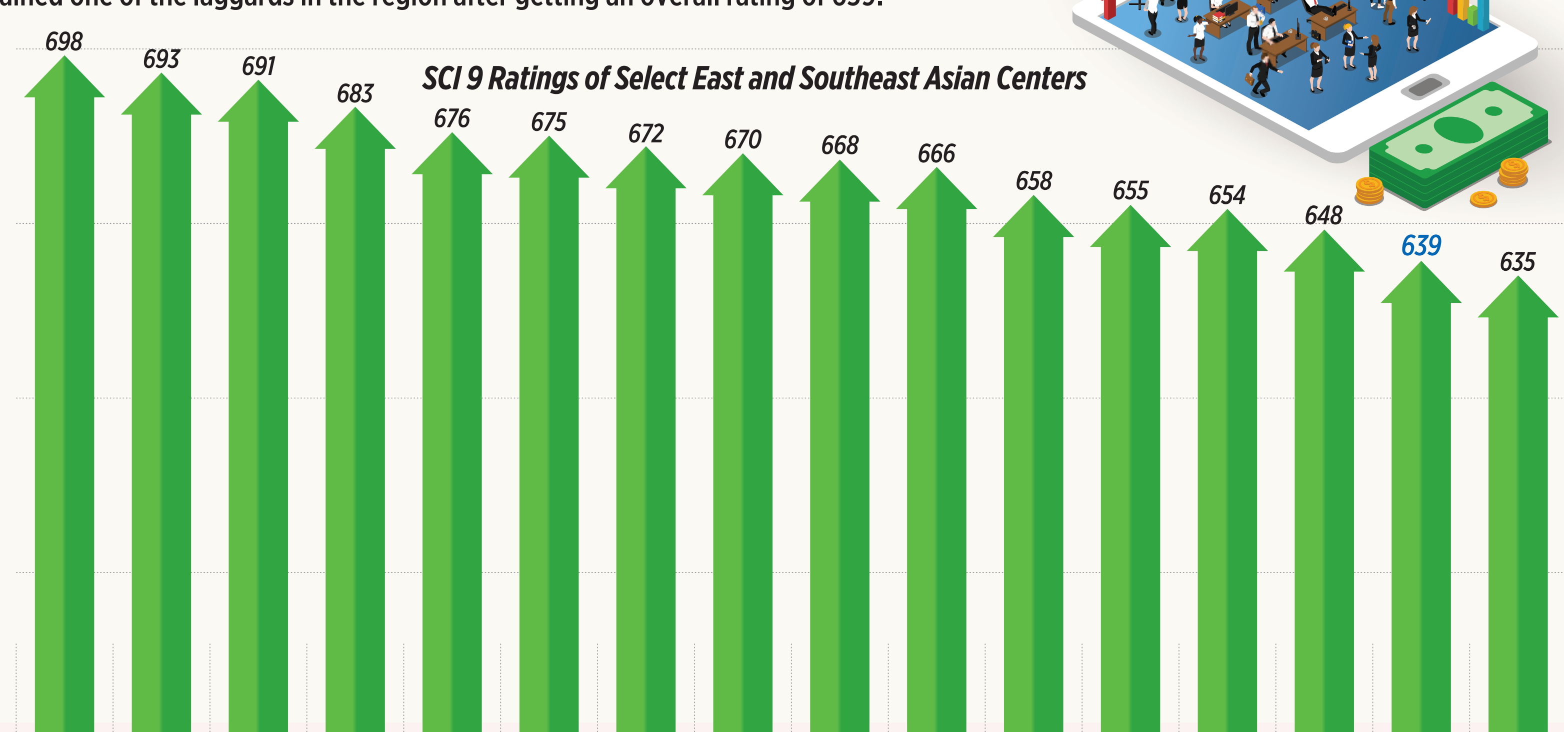
"Sometimes, the peso goes sharply in the wrong direction, and then we might intervene," he added.

Diwa C. Guinigundo, country analyst at GlobalSource Partners, said comments made by central bank officials are affecting the peso's performance.

Policy rate, S1/5

MANILA CLIMBS IN SMART CENTERS LIST

Manila climbed nine spots to 66th out of 79 ranked centers in the ninth edition of the Smart Centers Index (SCI) by Long Finance Initiative. The index rates the innovation and technology offerings of commercial and financial centers. Despite an improvement in rankings, the Philippine capital remained one of the laggards in the region after getting an overall rating of 639.



Rank (Out of 79)	7	12	14	22	29	30	33	35	37	39	47	50	51	57	66	70
Center	Singapore	Hong Kong	Busan	Shenzhen	Seoul	Beijing	Tokyo	Shanghai	Guangzhou	Chengdu	Taipei	Osaka	Tianjin	Bangkok	Manila	Kuala Lumpur
Country	Singapore	China	South Korea	China	South Korea	China	Japan	China	China	China	Taiwan	Japan	China	Thailand	Philippines	Malaysia
Rank Change(s) from SCI 8	▼4	▼2	▲1	▼1	0	▲6	▼3	▼8	▲4	▲4	▼10	▲1	▲1	▼11	▲9	0
Rating Change(s) from SCI 8	-19	-9	-6	-8	-7	-1	-10	-15	-3	-3	-17	-6	-6	-18	+2	-7

Top 10

Rank (Out of 79)	Center, Country	Rank Change(s) from SCI 8	SCI 9 Rating	Rating Change(s) from SCI 8
1	**London**, United Kingdom	0	713	-19
2	**Zurich**, Switzerland	▲2	703	-12
3	**New York**, United States	▼1	702	-25
4	**Oxford**, United Kingdom	▲1	701	-12
5	**Cambridge**, United Kingdom	▲4	700	-3
6	**Los Angeles**, United States	▲2	699	-6
7	**Singapore**, Singapore	▼4	698	-19
8	**San Francisco**, United States	▼2	697	-14
9	**Geneva**, Switzerland	▲9	696	+2
10	**Tel Aviv**, Israel	▼3	695	-12

Bottom 10

Rank (Out of 79)	Center, Country	Rank Change(s) from SCI 8	SCI 9 Rating	Rating Change(s) from SCI 8
79	**Bahrain**, Bahrain	▼6	609	-30
78	**British Virgin Islands**, BVI	▼1	619	+4
77	**Istanbul**, Turkey	▼9	628	-16
76	**Warsaw**, Poland	▼11	629	-18
75	**Mexico City**, Mexico	▼13	630	-20
74	**Johannesburg**, South Africa	▼13	631	-20
73	**Riyadh**, Saudi Arabia	▼9	632	-16
72	**Isle of Man**, Isle of Man	▼1	633	-8
71	**Moscow**, Russia	▲1	634	-6
70	**Kuala Lumpur**, Malaysia	0	635	-7

Notes:
— Ratings are from a combination of survey respondents and a statistical model.
— For the survey respondent ratings, centers are rated under three dimensions: innovation support, creative intensity, and delivery capability.
— Under the statistical model, the index is made using 135 instrumental factors categorized under six areas of competitiveness: technology, financial services, reputational factors, business environment, human capital, and infrastructure.

Source: Z/Yen Group's Long Finance Initiative's The Smart Centers Index 9 *(https://www.longfinance.net/programmes/financial-centre-futures/smart-centres-index/)*

***BusinessWorld* Research**: Karis Kasarinlan Paolo D. Mendoza

***BusinessWorld* Graphics**: Bong R. Fortin

Finance secretary wants to keep original revenue goals

THE government is still looking at keeping its revenue goals for the year, Finance Secretary Ralph G. Recto said on Tuesday, after the Development Budget Coordination Committee (DBCC) cut the targets for the Tax and Customs bureaus.

"Those are DBCC numbers," he told *BusinessWorld* in a Viber message. "We haven't adjusted revenue targets for the year yet."

In the DBCC's latest quarterly fiscal program, the Bureau of Internal Revenue's full-year revenue estimate was slashed to P2.85 trillion from P3.055 trillion, while its estimate for the Bureau of Customs was trimmed to P939.7 billion from P959 billion.

Mr. Recto said the revisions in the DBCC program were a "consequence of adjusting growth numbers." "As I mentioned, [this is for the] DBCC. But [we] have not adjusted the Budget of Expenditures and Sources of Financing target."

The cuts in the collection goals "reflect the current economic climate," Robert Dan J. Roces, chief economist at Security Bank Corp., said in a Viber message, citing weaker-than-expected growth and global uncertainties.

The economy grew by 5.7% in the first quarter. At its April meeting, the DBCC narrowed this year's growth target to 6-7% from 6.5-7.5%.

"It is hardly surprising that revenues are lower than expected," Leonardo A. Lanzona, an economics professor at the Ateneo de Manila University, said in an e-mailed reply to questions. "Even if efforts are made to raise these funds more efficiently, the revenue receipts will not be able to meet the required amount needed for government purposes."

Mr. Recto earlier said the government would not seek to impose new taxes and would instead boost tax administration and collection efficiency.

The Finance department is also working on privatizing government assets to boost state coffers.

"While this may necessitate adjustments to government spending and could lead to a wider fiscal deficit, the government's focus on nontax revenue measures like privatization is a welcome alternative to introducing new taxes," Mr. Roces said.

Revenue goals, S1/5

NEDA board OKs low tariff regime amid rising prices

By Kyle Aristophere T. Atienza *Reporter*

THE BOARD of the National Economic and Development Authority (NEDA) has approved a medium-term plan to lower tariffs on agricultural and industrial products, as the Philippines struggles with rising prices and declining factory performance.

The NEDA board approved the Comprehensive Tariff Program for 2024 to 2028 amid concerns about inflation, which is widely expected to have quickened further in May. The expansion in local manufacturing output also slowed in May.

Under the plan, the government would keep the rates for "more than half of the tariff lines" for products that have relatively low tariffs," NEDA Secretary Arsenio M. Balisacan told a news briefing at the presidential palace on Tuesday.

He said the program seeks to improve manufacturers' access to inputs and boost their competitiveness.

"This measure will help our domestic industries by reducing the costs they incur for their inputs, enabling them to be more competitive, especially in the global market," he added.

Mr. Balisacan said the board had approved a recommendation to reduce the tariff on certain chemicals and coal briquettes to "improve energy security and reduce input costs."

Chemicals under reduced tariffs include inputs for antiseptics, detergents and medical research.

Reduced tariffs on coal are timely as the country faces "energy constraints," he said.

Terry L. Ridon, a public investment analyst, said the decision to further lower coal tariffs goes against the government's policy to phase out coal-fired power plants.

Tariff, S1/5

WB keeps PHL growth projection for 2024, 2025

By Beatriz Marie D. Cruz *Reporter*

THE WORLD BANK (WB) kept Philippine growth forecasts for 2024 and 2025 amid improved global conditions and better trade, but said delayed policy easing and China's property sector woes pose risks to the outlook.

In its Philippine Economic Update report, the lender said it expects growth at 5.8% this year and 5.9% next year.

"The Philippines has sustained its growth momentum into the first quarter of 2024, supported by an improvement in global economic activity," World Bank Senior Economist Ralph van Doorn separately told a news briefing on Tuesday.

"Growth will increase to an average of 5.9% between 2024 and 2026, which will be anchored by a strong domestic demand and a pickup in global growth," he added.

These are below the government's 6-7% target for 2024 and 6.5-7.5% for 2025.

The World Bank expects Philippine economic growth at 5.9% for 2026, which is also below the state's 6.5-8% estimate until 2028.

"The positive outlook hinges on successfully containing inflation and transitioning to a more accommodative monetary policy, which will support private domestic demand," according to the report.

The World Bank forecasts inflation to remain within the Philippine central bank's 2-4% target in the next few years.

Inflation quickened for a third straight month to 3.8% in April as food and transport costs picked up. The local statistics agency will release May inflation data on Wednesday.

Growth, S1/5