

STOCK MARKET	ASIAN MARKETS	WORLD MARKETS	PESO-DOLLAR RATES	ASIAN MONIES-US\$ RATE	WORLD CURRENCIES	DUBAI CRUDE OIL
<b>PSEI</b> OPEN: 6,524.36 HIGH: 6,532.93 LOW: 6,512.05 CLOSE: 6,518.76 VOL.: 0.580 B VAL(P): 5,048 B 8.90 PTS. 0.13% 30 DAYS TO JUNE 7, 2024	<b>JUNE 7, 2024</b> JAPAN (NIKKEI 225) 38,683.93 ▼ -19.58 -0.05 HONG KONG (HANG SENG) 18,366.95 ▼ -109.85 -0.59 TAIWAN (WEIGHTED) 21,858.38 ▼ -44.32 -0.20 THAILAND (SET INDEX) 1,332.74 ▲ 4.33 0.33 S. KOREA (KSE COMPOSITE) 2,722.67 ▲ 33.17 1.23 SINGAPORE (STRAITS TIMES) 3,330.77 ▼ -0.04 0.00 SYDNEY (ALL ORDINARIES) 7,860.00 ▲ 38.20 0.49 MALAYSIA (KLCSE COMPOSITE) 1,617.86 ▲ 3.13 0.19	<b>JUNE 7, 2024</b> DOW JONES 38,798.990 ▼ -87.180 NASDAQ 17,133.126 ▼ -39.995 S&P 500 5,346.990 ▼ -5.970 FTSE 100 8,245.370 ▼ -39.970 EURO STOXX50 4,571.450 ▼ -2.990	<b>FX</b> OPEN P58.555 HIGH P58.490 LOW P58.590 CLOSE P58.520 W.AVE. P58.539 VOL. \$1,234.60 M SOURCE : BAP 9.10 CTVS 30 DAYS TO JUNE 7, 2024	<b>JUNE 7, 2024 LATEST BID (0900GMT)</b> JAPAN (YEN) 156,700 ▼ 155,920 HONG KONG (HK DOLLAR) 7.812 ▼ 7.810 TAIWAN (NT DOLLAR) 32.402 ▼ 32.276 THAILAND (BAHT) 36.790 ▼ 36.480 S. KOREA (WON) 1,378,800 ▼ 1,366,580 SINGAPORE (DOLLAR) 1.352 ▼ 1.347 INDONESIA (RUPIAH) 16,190 ▼ 16,255 MALAYSIA (RINGGIT) 4.688 ▼ 4.692	<b>JUNE 7, 2024</b> US\$/UK POUND 1.2721 ▼ 1.2782 US\$/EURO 1.0800 ▼ 1.0879 US\$/AUSTRALIAN DOLLAR 0.6582 ▼ 0.6648 CANADA DOLLAR/US\$ 1.3764 ▼ 1.3689 SWISS FRANC/US\$ 0.8959 ▼ 0.8915	<b>FUTURES PRICE ON NEAREST MONTH OF DELIVERY \$80.10/BBL</b> 90.00 88.00 86.00 84.00 82.00 80.00 78.00 76.00 74.00 30 DAYS TO JUNE 7, 2024

VOL. XXXVII • ISSUE 223 MONDAY • JUNE 10, 2024 • www.bworldonline.com S1/1-12 • 5 SECTIONS, 44 PAGES

PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • JUNE 7, 2024 (PSEI snapshot on S1/2; article on S2/2)

ICT	P354.400	BDO	P139.900	JFC	P230.000	ALI	P27.800	TEL	P1,460.000	AEV	P38.500	SM	P840.000	MBT	P69.500	SCC	P32.000	GLO	P2,004.000
Value	P573,432,400	Value	P477,139,619	Value	P266,811,168	Value	P248,330,370	Value	P224,490,670	Value	P211,100,670	Value	P196,113,890	Value	P150,411,331	Value	P132,159,790	Value	P103,456,655
PO.600	▲ 0.170%	P1.900	▲ 1.377%	P1.200	▲ 0.524%	-P0.200	▼ -0.714%	P26.000	▲ 1.813%	P0.600	▲ 1.583%	-P11.000	▼ -1.293%	P0.900	▲ 1.312%	-P0.700	▼ -2.141%	P9.000	▲ 0.451%

# Dollar reserves rise to over 2-year high

By Luisa Maria Jacinta C. Jocson Reporter

THE PHILIPPINES saw its dollar reserves soar to its highest level in over two years, preliminary data from the Bangko Sentral ng Pilipinas (BSP) showed.

Gross international reserves (GIR) rose by 1.8% to \$104.48 billion as of end-May from \$102.65 billion as of end-April.

This was also 3.9% higher than the \$100.59 billion in the same period a year ago.

The dollar reserves were also at its highest level in 25 months 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, which include proceeds from its issuance of Republic of the Philippines (ROP) global bonds, and net income from the BSP's investments abroad," the BSP said.

Ample foreign exchange buffers protect the country from market volatility and ensure that it is capable of paying its debts in the event of an economic downturn.

Dollar, S1/11

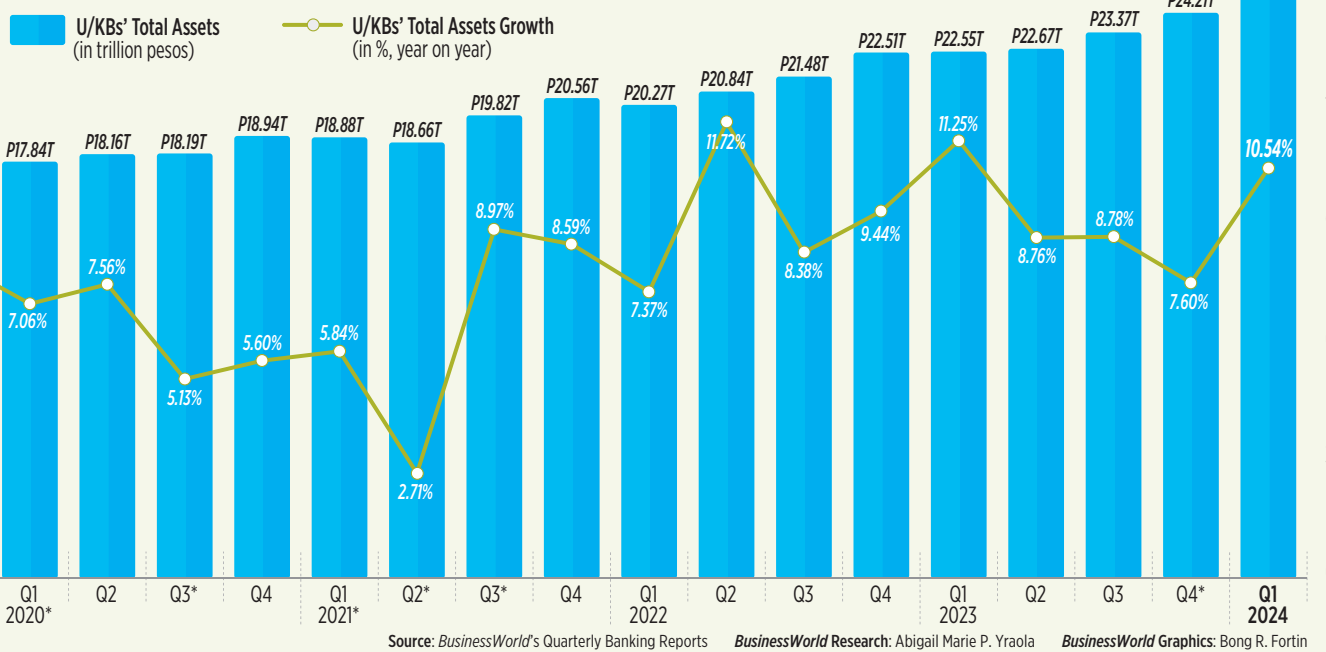
## BIG BANKS' ASSET AND LOAN GROWTH RISES IN Q1

In the first three months, the combined assets of the country's universal and commercial banks (U/KBs) increased by 10.5% year on year to P24.93 trillion. This was slower than the 11.3% growth recorded in the same period last year. Total loans issued by these banks also grew by 13.8% to reach P12.52 trillion, the highest growth rate in 21 quarters (five years) or since the 15.1% recorded in the fourth quarter of 2018. It was also a tad higher than the 10.8% annual gain recorded a year ago.

Notes:

\*Five of the big banks were excluded in the first quarter of 2020 due to unavailability of data at the time of collection. One during the third quarter of 2020 and first quarter of 2021, four in the second quarter of 2021, two in the third quarter of 2021, and two in the fourth quarter of 2023 were also unavailable.

\*\* The current method uses the bad loan data obtained from the banks. As of fourth quarter 2023, gross NPL ratio data in the bank excluded loans in accordance with Bangko Sentral ng Pilipinas' amended guidelines on publishing balance sheets for lenders.



Source: BusinessWorld's Quarterly Banking Reports BusinessWorld Research: Abigail Marie P. Yraola BusinessWorld Graphics: Bong R. Fortin



## PHL big banks' asset growth quickens in Q1

By Abigail Marie P. Yraola Deputy Research Head

THE COMBINED ASSETS of the Philippines' biggest lenders rose in the first quarter, fueled by increasing confidence in the economy's prospects.

The latest edition of *BusinessWorld's* quarterly banking report showed that the aggregate assets of 44 universal and commercial banks (U/KBs) grew by 10.54% year on year to P24.93 trillion in the first quarter from P22.55 trillion a year ago.

This pace was faster than 7.6% logged in the last three months of 2023.

Asset growth was the fastest since it posted 11.25% in the first quarter of 2023.

Total loans of these big banks went up by 13.75% to P12.52 trillion in the January-to-March period, faster than the 10.84% a year ago.

In the first three months, lending growth logged its highest in 21 quarters or since the 15.13% logged in the fourth quarter of 2018.

The growth in assets and lending may be attributed to the improved economic outlook, after gross domestic product (GDP) expanded by 5.7% in the January-to-March period. Businesses are likely to borrow more to support investment plans while consumers may take out loans when they expect higher incomes.

BSP data also showed the share of bad loans to the total loan portfolio, also known as the nonperforming loan (NPL) ratio, jumped to 3.6% in the first quarter from 3.39% in the previous quarter. A year ago, NPL ratio stood at 3.63%.

Big banks, S1/11

## Lenders' nonperforming loan ratio hits 11-month high

THE PHILIPPINE banking industry's nonperforming loan (NPL) ratio in April rose to the highest in 11 months, as soured loans increased due to elevated interest rates.

Preliminary data from the Bangko Sentral ng Pilipinas (BSP) showed the banking industry's gross NPL ratio rose to 3.45% in April from 3.39% in March and 3.41% a year ago.

This was the highest bad loan ratio in 11 months or since 3.46% in May 2023.

BSP data showed that bad loans increased by 3.4% to P480.648 billion in April from P464.673 billion a month ago and jumped by 12.3% from P427.881 billion a year earlier.

Loans are considered nonperforming once they remain unpaid for at least 90 days after the due date. They

are deemed as risk assets since borrowers are unlikely to settle such loans.

The loan portfolio of Philippine banks rose by 1.8% to P13.94 trillion at end-April from P13.69 trillion in the previous month. Year on year, it grew by 11% from P12.56 trillion.

Past due loans went up by 5% to P618.036 billion in April from P588.447 billion in March. It also climbed by 19.2% from P518.549 billion in the same period in 2023.

This brought the past due ratio to 4.43% in April from 4.3% a month earlier and 4.13% a year ago.

On the other hand, restructured loans slipped by 1.4% month on month to P290.373 billion from P294.538 billion. It also declined by 10.5% from P324.382 billion in the year-ago period.

These borrowings made up 2.08% of the industry's total loan portfolio. This was lower than the 2.15% a month earlier and 2.58% in the previous year.

Banks' loan loss reserves stood at P471.353 billion in April, inching up by 0.8% from P467.757 billion in March and higher by 6.6% from P441.984 billion a year prior.

This brought the loan loss reserve ratio to 3.38%, down from 3.42% last month and 3.52% a year ago.

Lenders' NPL coverage ratio, which gauges the allowance for potential losses due to bad loans, slipped to 98.07% from 100.66% in March and 103.3% in the same month in 2023.

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said the uptick in bad loans was due to

elevated interest rates and a weaker peso exchange rate.

The Monetary Board has kept the benchmark rate steady at 6.5% for a fifth straight meeting, its highest in 17 years.

In April, the peso sank to the P57 level for the first time since November 2022. It further depreciated to the P58-per-dollar level in May.

"However, possible Fed and local interest rate cuts in the latter part of 2024 and in 2025 could reduce borrowing costs and could help ease banks' NPL ratio, going forward," Mr. Ricafort added.

BSP Governor Eli M. Remolona, Jr. earlier said that the central bank may begin its policy easing cycle as early as August. — Luisa Maria Jacinta C. Jocson

## Recto says Philippines still on track to achieve 'A' credit rating

THE PHILIPPINES is still on track to meeting its goal of achieving an "A" rating status, Finance Secretary Ralph G. Recto said.

This after Fitch Ratings affirmed the country's long-term foreign currency issuer default rating at "BBB" and retained its "stable" outlook.

"Yes, as expected. We are on the road to an 'A' rating. A better credit rating will help us create more jobs and reduce poverty by 2028," Mr. Recto told *BusinessWorld* in a Viber message.

In a commentary dated June 7, Fitch Ratings affirmed the Philippines' "BBB" investment grade rating and maintained its "stable" outlook.

A "BBB" rating indicates low default risk and reflects the economy's adequate capacity to pay debt. Meanwhile, a "stable outlook" means it is likely to be maintained rather than lowered or upgraded over the next 18-24 months.

Fitch cited the Philippines' "strong medium-term growth, which supports a gradual

reduction in government debt/gross domestic product (GDP) over the medium term and the large size of the economy relative to 'BBB' peers."

"The rating is constrained by low GDP per head, despite an upward trend. Governance standards are weaker than at 'BBB' peers, though Fitch believes World Bank Governance Indicator scores somewhat overstate this," it added.

The Philippine economy grew by 5.7% in the first quarter, better than the 5.5% in the previous quarter.

The government is targeting 6-7% growth this year, although Fitch expects Philippine GDP growth to average 5.8% this year.

"We forecast real GDP growth of above 6% over the medium term, considerably stronger than the 'BBB' median of 3%, supported by large investments in infrastructure and reforms to foster trade and investment, including public-private partnerships (PPPs)."

Credit rating, S1/11

**McDonald's PH and TESDA seal partnership for QSR Training Excellence!**

George Yang's McDonald's Philippines and Technical Education and Skills Development Authority (TESDA) recently signed a Memorandum of Agreement to create the first TESDA curriculum for Quick Service Restaurants. Through this partnership, McDonald's Crew training programs will now be adopted by TESDA to support upskilling and development for more Filipinos. (In photo are representatives from McDonald's Philippines and TESDA)