P25 IN METRO MANILA, PHILIPPINES

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STOCK MARKET

PSEi

OPEN:	6,428.28
HIGH:	6,446.06
LOW:	6,390.83
CLOSE:	6,390.83
VOL.:	0.290 B
VAL(P):	4.946 B

▼ 19.24 PTS. 0.3%

30 DAYS TO JUNE 13, 2024

ASIAN MARKETS

JUNE 13, 2024

	CLOSE		NET	%
Japan (Nikkei 225)	38,720.47	▼	-156.24	-0.40
Hong Kong (Hang Seng)	18,112.63	▲	174.79	0.97
Taiwan (Weighted)	22,312.04	▲	263.08	1.19
Thailand (SET Index)	1,314.68	▼	-2.01	-0.15
S.Korea (Kse Composite)	2,754.89	▲	26.72	0.98
Singapore (Straits Times)	3,322.77	▲	15.33	0.46
Sydney (All Ordinaries)	7,749.70	▲	34.20	0.44
Malaysia (Klse Composite)	1,610.17	▲	1.22	0.08

WORLD MARKETS

JUNE 12, 2024

	CLOSE		NET
Dow Jones	38,712.210	▼	-35.210
NASDAQ	17,608.436	▲	264.890
S&P 500	5,421.030	▲	45.710
FTSE 100	8,215.480	▲	67.670
Euro Stoxx50	4,559.910	▲	44.060

PESO-DOLLAR RATES

FX

OPEN	P58.480
HIGH	P58.470
LOW	P58.690
CLOSE	P58.580
W.AVE.	P58.589
VOL.	$1,318.18 M

▲ 10.00 CTVS

30 DAYS TO JUNE 13, 2024

SOURCE : BAP

ASIAN MONIES-US$ RATE

JUNE 13, 2024

	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	157.220	▲	157.270
Hong Kong (HK dollar)	7.810	—	7.810
Taiwan (NT dollar)	32.325	▲	32.328
Thailand (baht)	36.630	▲	36.670
S. Korea (won)	1,372.050	▲	1,374.840
Singapore (dollar)	1.348	▲	1.352
Indonesia (rupiah)	16,265	▲	16,290
Malaysia (ringgit)	4.705	▲	4.715

WORLD CURRENCIES

JUNE 13, 2024

	CLOSE		PREVIOUS
US$/UK pound	1.2789	▲	1.2751
US$/Euro	1.0806	▲	1.0750
US$/Aust dollar	0.6651	▲	0.6614
Canada dollar/US$	1.3734	▼	1.3747
Swiss Franc/US$	0.8954	▼	0.8964

DUBAI CRUDE OIL

FUTURES PRICE ON NEAREST MONTH OF DELIVERY

$82.66/BBL

▲ $0.80

30 DAYS TO JUNE 12, 2024

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PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • JUNE 13, 2024 (PSEi snapshot on *S1/2*; article on *S2/2*)

		Value			
ICT	P340.000	P868,071,194	-P1.200	▼	-0.352%
AC	P575.000	P457,788,425	-P7.500	▼	-1.288%
BDO	P136.000	P360,555,908	P0.000	—	0.000%
ALI	P27.850	P331,658,250	P0.550	▲	2.015%
SM	P836.000	P272,144,210	-P12.000	▼	-1.415%
SMPH	P26.900	P270,330,500	P0.200	▲	0.749%
BPI	P116.100	P226,659,513	-P2.000	▼	-1.693%
MER	P376.000	P199,720,182	P11.000	▲	3.014%
AEV	P38.800	P191,095,440	P0.300	▲	0.779%
MBT	P69.150	P187,364,354	P1.300	▲	1.916%

Rate cut probably after Fed — Recto

By Luisa Maria Jacinta C. Jocson *Reporter*

THE BANGKO SENTRAL ng Pilipinas (BSP) will probably cut its policy rate after the US Federal Reserve, which has signaled it may start easing as late as December.

Finance Secretary Ralph G. Recto said in a text message that he does not think the BSP will cut rates ahead of the Fed.

Asked if the BSP would begin its easing cycle once the US central bank cuts rates, Mr. Recto, a member of the Monetary Board, said this was "highly probable."

The Federal Reserve held interest rates steady on Wednesday and pushed out the start of rate cuts to perhaps as late as December, Reuters reported. Fed officials are now projecting only one rate cut for the year compared with previous expectations of three.

HSBC economist for ASEAN (Association of Southeast Asian Nations) Aris D. Dacanay said that the BSP does not have much room to cut ahead of the Fed.

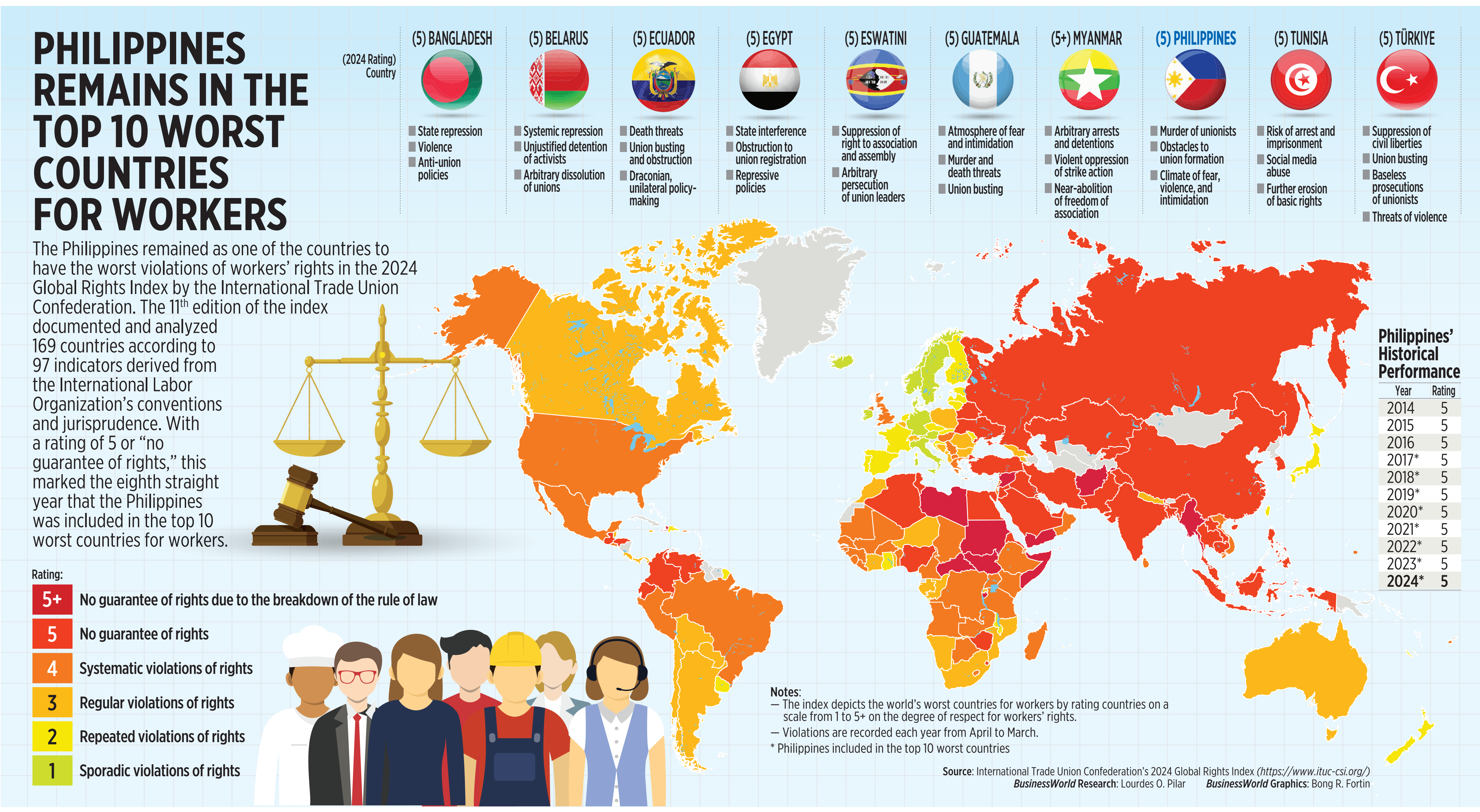
"With no dovish signals by the Fed, we think the space for the BSP to cut as early as August without leading to much volatility in the peso is limited," he said in an e-mail.

HSBC expects the BSP to begin reducing rates after the Fed in the fourth quarter. The Monetary Board only has two meetings in the fourth quarter — Oct. 17 and Dec. 19.

The Monetary Board has kept its benchmark rate steady at a 17-year high of 6.5% since October 2023.

BSP Governor Eli M. Remolona, Jr. has previously said that the earliest the central bank can begin cutting rates is in August, with a total of 25-50 basis points this year.

Fed, S1/5



World Bank to support more agriculture projects in PHL

THE WORLD BANK is seeking to fund more Philippine projects that seek to bolster productivity in the agriculture sector amid rising prices of food.

"The World Bank is very supportive of agriculture and agricultural productivity in the Philippines," Ndiamé Diop, World Bank Country Director for Brunei, Malaysia, Philippines and Thailand, told *BusinessWorld* on the sidelines of a forum last week.

"For us, agricultural productivity in the medium-to-long term is one of the key ways in which you can reduce food price, a key driver of overall inflation," he said.

Headline inflation quickened to a six-month high of 3.9% in May amid rising utility and transport prices. It was the fourth straight month of faster annual inflation.

The Philippine central bank has said that the latest inflation data were consistent with its expectations that inflation could quicken through July due to the impact on El Niño on agricultural output.

"We've been supporting agriculture for four years, and our support has continued to be strong," Mr. Diop said.

In November last year, the Department of Agriculture launched three World Bank-funded projects worth a combined $920 million to make the agriculture and fisheries sector more resilient to climate shocks.

World Bank, S1/5

June Meralco rates jump amid higher generation charge

TYPICAL HOUSEHOLDS in areas served by Manila Electric Co. (Meralco) will have to pay higher electricity bills this month, even as the utility deferred the collection of a portion of generation costs.

Meralco in a statement on Thursday said the overall rate will increase by P0.6436 per kilowatt-hour (kWh) to P12.0575 per kWh in June from P11.4139 per kWh in May.

"Driving this month's overall rate increase is the generation charge which went up by P0.3466 per kWh mainly due to higher costs from the Wholesale Electricity Spot Market (WESM)," the power distributor said.

Residential customers consuming 200 kWh will see their monthly electricity bill go up by around P129 this month.

Meanwhile, households consuming 300 kWh, 400 kWh, and 500 kWh will see their monthly bills increase by P193, P257, and P322, respectively.

"The increase in the generation charge this month would have been higher but Meralco took the initiative to cushion the impact of the higher pass-through costs to our customers with the help from some of our suppliers which deferred the collection of portions of their generation costs," Meralco Senior Vice-President and Head of Regulatory Management Office Atty. Jose Ronald V. Valles said.

This move allowed this month's generation charge to go down by P0.1313 per kWh.

At a briefing, Joe R. Zaldarriaga, Meralco's vice-president and head of corporate communications, said that the company sent a letter to the Energy Regulatory Commission (ERC) on June 5 to propose the deferral of the collection of around P300 million in generation charges from suppliers Quezon Power (Philippines) Ltd., San Buenaventura Power Ltd. (SBPL), and South Premiere Power Corp. (SPPC).

Meralco will also defer the collection of around P200 million in generation costs.

Mr. Zaldarriaga said the total of P500 million will be collected without interest over the July-to-September 2024 billing period.

"We are still waiting for regulatory approval of our 400-MW (megawatt) interim power supply agreement (PSA) with Limay Power, Inc. which could significantly reduce our WESM exposure and generation costs," Mr. Valles said.

Among the generation components, WESM charges increased by P1.5203 per kWh due to tight supply conditions in May as average demand rose by more than 1,200 MW.

From January to May, the Luzon power grid was placed on red and yellow alerts for 12 and 27 days, respectively.

Meralco, S1/5

PHL banks fall short of lending quota for small, medium businesses

PHILIPPINE BANKS failed to meet the mandated quota for small business loans in the first quarter, data from the Bangko Sentral ng Pilipinas (BSP) showed.

Loans extended by the banking industry to micro-, small-, and medium-sized enterprises (MSMEs) amounted to P474.922 billion as of end-March.

This made up only 4.41% of their total loan portfolio of P10.77 trillion, well-below the mandated 10% quota.

Under Republic Act No. 6977 or the Magna Carta for MSMEs, banks are required to allocate 10% of their total loan portfolio for small businesses. Of this, 8% of loans should be allocated for micro and small enterprises, while 2% should go to medium-sized enterprises.

However, banks have long opted to incur penalties for noncompliance instead of taking on the risks associated with lending to small businesses.

As of end-March, BSP data showed lending to micro and small enterprises stood at P191.276 billion, equivalent to just 1.78% of their total loan portfolio and well below the 8% quota.

On the other hand, loans for medium-sized enterprises amounted to P283.646 billion, accounting for 2.63% of their total credit book.

By type of bank, universal and commercial banks disbursed P122.523 billion in loans to micro and small enterprises in the first quarter. This was only 1.33% of their total loan book.

Big banks' loans to medium-sized enterprises stood at P235.213 billion or 2.37% of their total lending.

Thrift banks extended loans to micro and small enterprises worth P30.263 billion or 3.4% of their loan portfolio, falling short of the quota.

Thrift banks' loans to medium enterprises hit P28.811 billion, equivalent to 4.61% of their total lending.

Meanwhile, rural and cooperative banks exceeded the quota for lending to MSMEs. They extended loans to micro and small enterprises worth P38.49 billion, equivalent to 17.74%.

Their loans to medium enterprises hit P19.622 billion or 9.29% of their loan portfolio.

Loans granted by digital banks to the micro and small enterprise sector stood at P180 million in the first quarter, comprising 1.02% of their credit book.

Digital banks disbursed P10 million to medium enterprises, equivalent to 0.07% of their portfolio.

During the pandemic, the BSP allowed banks to count MSME loans as alternative reserve compliance with the reserve requirements to help support the sector.

This relief measure expired on June 30, 2023. However, it was extended to thrift banks as well as rural and cooperative banks until Dec. 31, 2025. — **Luisa Maria Jacinta C. Jocson**