

STOCK MARKET	ASIAN MARKETS	WORLD MARKETS	PESO-DOLLAR RATES	ASIAN MONIES-US\$ RATE	WORLD CURRENCIES	DUBAI CRUDE OIL
PSEI OPEN: 6,394.43 HIGH: 6,400.34 LOW: 6,370.68 CLOSE: 6,383.70 VOL.: 0.298 B VAL(P): 3.114 B 713 Pts. 0.11% 30 DAYS TO JUNE 14, 2024	JUNE 14, 2024 JAPAN (NIKKEI 225) 38,814.56 ▲ 94.09 0.24 HONG KONG (HANG SENG) 17,941.78 ▲ -170.85 -0.94 TAIWAN (WEIGHTED) 22,504.72 ▲ 192.68 0.86 THAILAND (SET INDEX) 1,306.56 ▲ -5.22 -0.40 S. KOREA (KSE COMPOSITE) 2,758.42 ▲ 3.53 0.13 SINGAPORE (STRAITS TIMES) 3,297.55 ▲ -26.98 -0.81 SYDNEY (ALL ORDINARIES) 7,724.30 ▲ -25.40 -0.33 MALAYSIA (KLCSE COMPOSITE) 1,607.32 ▲ -2.85 -0.18	JUNE 14, 2024 DOW JONES 38,589.160 ▼ -57.940 NASDAQ 17,688.882 ▲ 21.322 S&P 500 5,431.600 ▼ -2.140 FTSE 100 8,146.860 ▼ -16.810 EURO STOXX50 4,475.210 ▼ -30.880	FX OPEN P58.650 HIGH P58.560 LOW P58.690 CLOSE P58.650 W.AVE. P58.630 VOL. \$1,078.10 M SOURCE : BAP 7.00 CTVS 30 DAYS TO JUNE 14, 2024	JUNE 14, 2024 LATEST BID (0900GMT) JAPAN (YEN) 157.370 ▼ 157.220 HONG KONG (HK DOLLAR) 7.811 ▼ 7.810 TAIWAN (NT DOLLAR) 32.337 ▼ 32.325 THAILAND (BAHT) 36.650 ▼ 36.630 S. KOREA (WON) 1,381.840 ▼ 1,372.050 SINGAPORE (DOLLAR) 1.353 ▼ 1.348 INDONESIA (RUPIAH) 16,395 ▼ 16,265 MALAYSIA (RINGGIT) 4.717 ▼ 4.705	JUNE 14, 2024 US\$/UK POUND 1.2682 ▼ 1.2789 US\$/EURO 1.0700 ▼ 1.0806 US\$/AUSTRALIAN DOLLAR 0.6614 ▼ 0.6651 CANADA DOLLAR/US\$ 1.3735 ▲ 1.3734 SWISS FRANC/US\$ 0.8901 ▼ 0.8954	FUTURES PRICE ON NEAREST MONTH OF DELIVERY \$82.34/BBL ▲ \$0.29 30 DAYS TO JUNE 14, 2024

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PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • JUNE 14, 2024 (PSEi snapshot on S1/5; article on S2/2)

ICT	P339.600	SM	P832.000	JFC	P219.000	AC	P573.500	BLOOM	P10.100	AEV	P38.450	SMPH	P27.150	WLCON	P17.400	MBT	P69.400	BPI	P116.000
Value	P219,979,312	Value	P183,308,250	Value	P160,115,004	Value	P152,812,345	Value	P138,131,794	Value	P136,425,010	Value	P129,445,015	Value	P127,870,932	Value	P127,677,970	Value	P125,603,164
	-P0.400 ▼ -0.118%		-P4.000 ▼ -0.478%		-P3.200 ▼ -1.440%		-P1.500 ▼ -0.261%		-P0.140 ▼ -1.367%		-P0.350 ▼ -0.902%		P0.250 ▲ 0.929%		-P0.080 ▼ -0.458%		P0.250 ▲ 0.362%		-P0.100 ▼ -0.086%

Peso weakness 'temporary' — BSP

By **Luisa Maria Jacinta C. Jacson** Reporter

THE BANGKO SENTRAL ng Pilipinas (BSP) sees the recent peso weakness as temporary amid the expected delay in the US Federal Reserve's policy easing.

"We also have to consider that this depreciation of the peso, we

view it as temporary given the monetary policy stance of the US, particularly of delaying the reduction in the policy rate of the US. And we believe this is only temporary," BSP Senior Assistant Governor Iliminada T. Sicat told a press briefing on Friday.

The peso closed at P58.65 per dollar on Friday, weakening by seven centavos from its P58.58 finish on Thursday.

Week on week, the local unit declined by six centavos from its P58.52 finish on June 7.

The Fed on Wednesday left its policy rate unchanged in the 5.25%-5.5% range. Fed Chair Jerome H. Powell said any rate cuts would wait until the central bank is more confident that inflation is headed toward the Fed's 2% goal, or sees unexpected deterioration in the labor market, Reuters reported.

Fed officials are now projecting only one rate cut this year compared with previous expectations of three.

Ms. Sicat said that the peso will be impacted by foreign exchange (FX) supply and demand.

"We are anticipating our balance of payments (BoP) for 2024 to be at a surplus of \$1.6 billion. Meaning to say there will be more supply of FX. We are anticipating

more supply of FX in 2024 than what is being demanded."

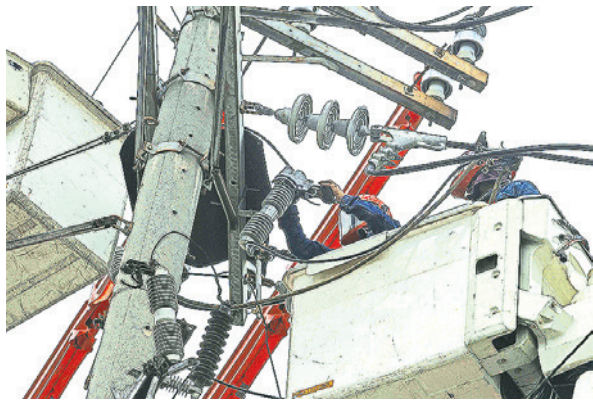
The BSP last week revised its BoP surplus forecast to \$1.6 billion or 0.3% of gross domestic product (GDP) for this year, higher than its previous estimate of \$700 million.

"Any depreciation of the peso would require more dollars for imports, for instance. In terms of BoP, that would require more dollar outflow," Ms. Sicat said.

"We believe the current depreciation of the peso is merely sentiment-driven but mainly the direction or path of the FX rate will be determined largely by what (are) the fundamental developments," she added.

BSP Governor Eli M. Remolona, Jr. earlier said that the peso's recent performance is a case of a "strong dollar" amid tensions in the Middle East.

Peso, S1/9



PHILIPPINE STAR/RUSSELL PALMA

LINEMEN are seen at work in Tondo, Manila.

Meralco rates to go down by almost P2 per kWh in June

RESIDENTIAL CUSTOMERS served by Manila Electric Co. (Meralco) will see a nearly P2 per kilowatt-hour (kWh) reduction in their electricity bills this month, instead of the previously announced rate hike.

Meralco made the announcement after the Energy Regulatory Commission (ERC) ordered all distribution utilities and electric cooperatives to implement a staggered collection of charges from their purchases from the Wholesale Electricity Spot Market (WESM) in May.

In a statement on Sunday, Meralco said that the overall rate will decrease by P1.9623 per kWh to P9.4516 per kWh in June from P11.4139 per kWh in May.

Households consuming 200 kWh will see their electricity bills decline by around P392.

The reduction was a turnaround from the P0.6436 per kWh increase that Meralco announced on June 13, citing the higher generation charge.

The ERC ordered the staggered collection of the charges over a four-month period starting with bills payable from June until September.

In compliance with the order, Meralco said the generation charge would go down by P1.8308 per kWh, a turnaround from the P0.3466 per kWh increase announced last week.

"We ask for the understanding of our customers over the delayed bills as we implement the newly issued order of the ERC. Rest assured that Meralco will implement adjusted due dates to give our customers enough time to pay their bills," Meralco Vice-President and Head of Corporate Communications Joe R. Zalzarriaga said in the statement.

To recall, charges from WESM went up by P1.5203 per kWh due to tight supply conditions in May as average demand increased by more than 1,200 megawatts.

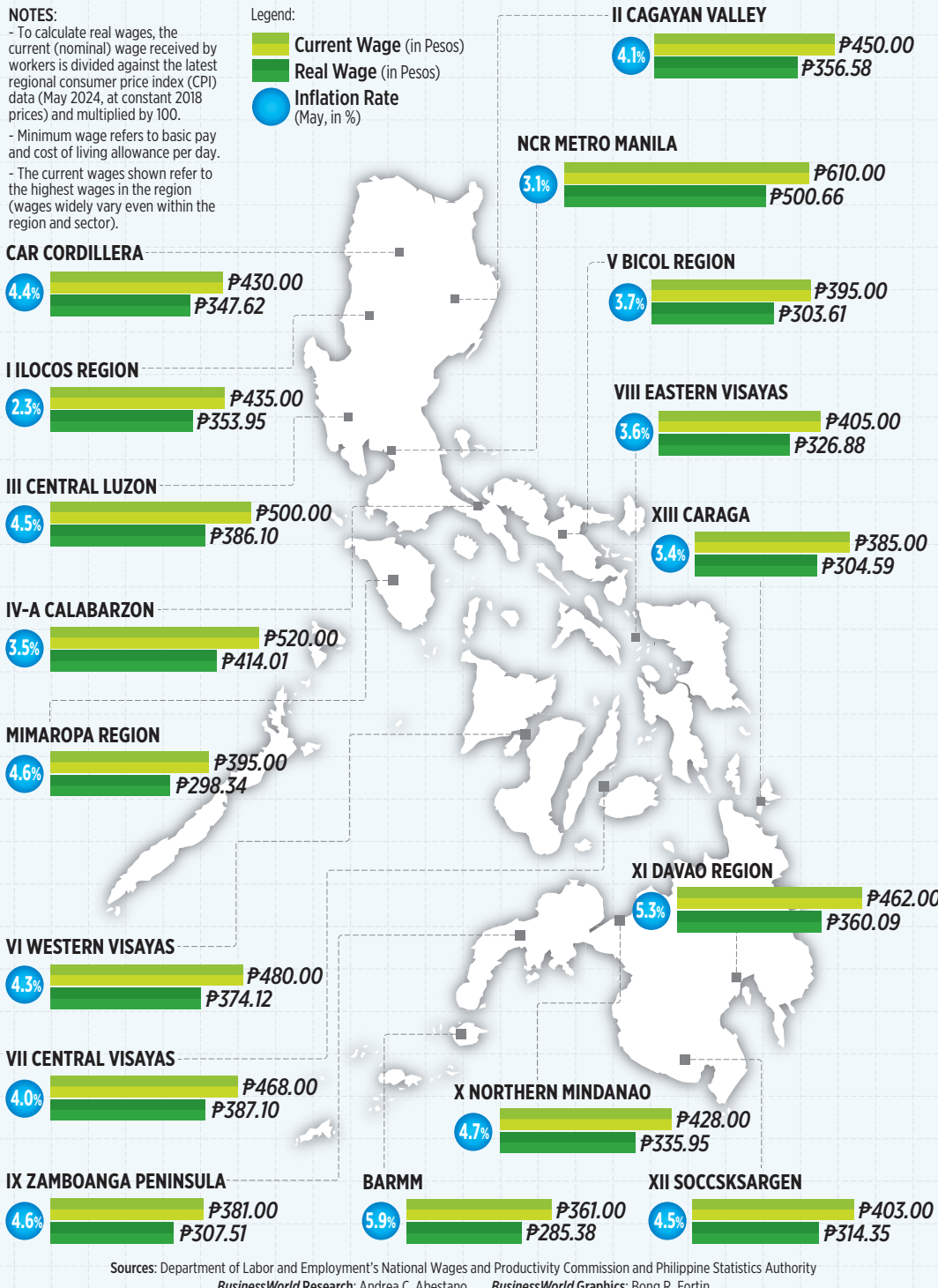
The transmission charge will still go up by P0.1450 per kWh, mainly due to the higher ancillary service charge.

Meralco, S1/9

HOW MINIMUM WAGES COMPARED ACROSS REGIONS IN MAY (AFTER ACCOUNTING FOR INFLATION)

Inflation-adjusted wages for May were 17.3% to 24.5% lower than the latest daily minimum wages across the regions in the country. In peso terms, real wages were P73.49 to P113.90 lower than the current daily minimum wages set by the Regional Tripartite Wages and Productivity Board.

Daily Minimum Wages (May 2024)



External debt hits \$128.7B as of end-March

THE PHILIPPINES' outstanding external debt stood at a record \$128.7 billion as of end-March, the Bangko Sentral ng Pilipinas (BSP) reported.

Data from the central bank showed that external debt rose by 8.3% from \$118.8 billion in the same period a year ago. It was also higher by 2.6% from \$125.4 billion in the fourth quarter of 2023.

External debt includes all types of borrowings by residents from nonresidents.

"The rise in the debt level was due to resident entities' net availments of \$2.5 billion, largely by private sector banks which raised \$2.1-billion funds from offshore creditors for general corporate expenditures, refinancing of borrowings and liquidity purposes," the BSP said.

Net availments by public sector entities amounted to \$331 million as of end-March. These were driven by the National Government (NG) funding for programs that seek to "enhance tax system efficiency and foster an enabling environment for digital technology adoption."

The Department of Finance has been seeking ways to improve tax administration and collection.

"Positive investor sentiment also contributed to the growth in the debt stock as investments in Philippine debt securities by non-residents rose by \$1.2 billion," the BSP said.

"In addition, prior periods' adjustments also increased the country's debt level by \$551 million. The negative \$927-million foreign exchange (FX) revaluation of borrowings denominated in other currencies amid US dollar appreciation partially tempered the rise in the debt stock."

The peso weakened by P0.04 to P56.24 against the dollar as of end-March from its P56.20 close as of end-February.

Meanwhile, the BSP said that the year-on-year increase in external debt was due to total net availments worth \$8.9 billion.

Of the total net availments, \$5.4 billion were from borrowings by private sector entities, mainly banks.

"The net acquisition of Philippine debt securities by nonresidents of \$1.5 billion and prior years' adjustments of \$1 billion further contributed to the year-on-year increase," it said.

"The negative \$1.6-billion FX revaluation of borrowings denominated in other currencies partially tempered the rise in the debt stock," it added.

This brought external debt as a percentage of gross domestic product (GDP) at 29% as of end-March, up from 28.7% in fourth quarter and 28.9% in the same period in 2023.

The debt service ratio, or principal and interest payments as a fraction of export receipts and primary income, eased to 3% in the first quarter from 4.3% in the year-ago period.

"The external debt-to-GDP ratio is still relatively lower compared to other Asian countries amid a more conservative stance on foreign borrowings due to forex risks involved," Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said in a Viber message.

BSP data showed that private sector debt increased by 4.7% to \$49.8 billion at end-March from \$47.6 billion in the previous quarter, driven by bond issuances by local private banks.

External debt, S1/8

PHL gov't should consider raising taxes, analysts say

THE GOVERNMENT should consider raising taxes in order to ramp up revenues and meet its fiscal consolidation targets, analysts said.

"Improved tax collection is crucial, but additional revenue streams might be necessary. The government's stance against new taxes could be tweaked," Security Bank Corp. Chief Economist Robert Dan J. Roces said in a Viber message.

This after the International Monetary Fund (IMF) said that there is room to generate more revenues both through better tax administration and higher taxes, as it expects the pace

of the country's fiscal consolidation to be slower than initially anticipated.

The Development Budget Coordination Committee at its April meeting raised the budget deficit ceiling for the medium term as it boosts infrastructure spending.

The government is targeting to bring down the deficit-to-gross domestic product (GDP) ratio to 3.7% by 2028.

This year, it set the deficit ceiling at 5.6% of GDP or equivalent to P1.48 trillion.

"The current administration's policy of raising taxes simply through

tax administration measures is not sufficient on its own," Leonardo A. Lanzona, an economics professor at the Ateneo de Manila University said in an e-mail.

Finance Secretary Ralph G. Recto has said he does not plan to introduce any new or implement higher taxes until the end of the Marcos administration. Instead, he wants to focus on enhancing tax administration and boosting nontax revenue sources.

Mr. Lanzona said that the plan to rely on simply improving tax administration only has "marginal" gains.

"An over-reliance on improved tax administration will overlook the need to diversify revenue sources that can expand the number of revenue options needed for structural transformation," he said.

"A balanced approach introduces a flexibility especially if the tax administration measures are faced with political and social resistance forcing the government to struggle to achieve the necessary political consensus for broader reforms."

Taxes, S1/8