P25 IN METRO MANILA, PHILIPPINES

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STOCK MARKET

PSEi — 30 DAYS TO JUNE 26, 2024

OPEN:	6,308.57
HIGH:	6,313.11
LOW:	6,277.86
CLOSE:	6,313.11
VOL.:	0.324 B
VAL(P):	4.957 B

▲ 14.06 PTS. 0.22 %

ASIAN MARKETS — JUNE 26, 2024

	CLOSE		NET	%
Japan (Nikkei 225)	39,667.07	▲	493.92	1.26
Hong Kong (Hang Seng)	18,089.93	▲	17.03	0.09
Taiwan (Weighted)	22,986.69	▲	110.72	0.48
Thailand (SET Index)	1,321.02	▲	1.88	0.14
S.Korea (Kse Composite)	2,792.05	▲	17.66	0.64
Singapore (Straits Times)	3,327.68	▲	1.40	0.04
Sydney (All Ordinaries)	7,783.00	▼	-55.80	-0.71
Malaysia (Klse Composite)	1,590.95	▲	5.57	0.35

WORLD MARKETS — JUNE 25, 2024

	CLOSE		NET
Dow Jones	39,112.160	▼	-299.050
NASDAQ	17,717.654	▲	220.837
S&P 500	5,469.300	▲	21.430
FTSE 100	8,247.790	▼	-33.760
Euro Stoxx50	4,547.350	▲	5.430

PESO-DOLLAR RATES

FX — 30 DAYS TO JUNE 26, 2024

OPEN	P58.820
HIGH	P58.770
LOW	P58.880
CLOSE	P58.860
W.AVE.	P58.824
VOL.	$720.25 M

▼ 9.00 CTVS

SOURCE : BAP

ASIAN MONIES-US$ RATE — JUNE 26, 2024

	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	159.960	▼	159.500
Hong Kong (HK dollar)	7.809	▼	7.807
Taiwan (NT dollar)	32.537	▼	32.463
Thailand (baht)	36.810	▼	36.640
S. Korea (won)	1,389.880	▲	1,389.950
Singapore (dollar)	1.356	▼	1.353
Indonesia (rupiah)	16,400	▼	16,370
Malaysia (ringgit)	4.710	▼	4.700

WORLD CURRENCIES — JUNE 26, 2024

	CLOSE		PREVIOUS
US$/UK pound	1.2668	▼	1.2690
US$/Euro	1.0695	▼	1.0727
US$/Aust dollar	0.6673	▲	0.6657
Canada dollar/US$	1.3668	▲	1.3656
Swiss Franc/US$	0.8971	▲	0.8933

DUBAI CRUDE OIL

FUTURES PRICE ON NEAREST MONTH OF DELIVERY $85.29/BBL

▲ $0.75

30 DAYS TO JUNE 25, 2024

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PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • JUNE 26, 2024 (PSEi snapshot on *S1/5*; article on *S2/2*)

		Value			
SMPH	P27.150	P620,980,175	P0.000	—	0.000%
SM	P809.000	P395,861,125	-P17.000	▼	-2.058%
BDO	P127.000	P357,079,620	-P2.000	▼	-1.550%
ALI	P29.000	P268,015,485	P0.250	▲	0.870%
ICT	P349.800	P259,619,934	P3.800	▲	1.098%
GLO	P2,050.000	P254,890,905	P42.000	▲	2.092%
BPI	P116.000	P250,584,876	P3.900	▲	3.479%
TEL	P1,409.000	P169,291,320	P39.000	▲	2.847%
CNVRG	P10.980	P148,919,112	P0.320	▲	3.002%
MBT	P65.250	P128,848,211	-P1.450	▼	-2.174%

CEOs worry over business viability

By Justine Irish D. Tabile
Reporter

OVER HALF of Philippine-based chief executive officers (CEOs) are concerned over the viability of their businesses in the next 10 years without reinvention, according to a report by PwC Philippines.

The Philippine report of PwC's 27th Global CEO Survey showed that 54% of CEOs believe that their companies "will not be economically viable in the next decade if they continue on their current path." This is lower than the Asia-Pacific average of 63%.

Asked about the long-term viability of their businesses, 46% of Philippine-based CEOs expressed concern, much higher than the 34% average in the Asia-Pacific region.

Conducted from October to November 2023, the survey covered 1,774 CEOs in the Asia-Pacific region, including 35 CEOs in the Philippines.

More than half or 57% of Philippine-based CEOs are optimistic that the global economy will improve over the next 12 months, higher than the Asia-Pacific average of 40%.

Around 77% of Philippine-based CEOs said the United States is the most important for their growth prospects, while 40% cited China.

"The Philippines has undertaken efforts to improve its investment climate and attract foreign direct investment. This sustained growth and the positive investment climate could have promoted optimism among CEOs regarding both local and global economies," PwC Philippines Deals and Corporate Finance Managing Partner Mary Jade Roxas-Divinagracia said in a statement.

For the next 12 months, 40% of Philippine-based CEOs identified geopolitical conflict as a key threat, while 37% cited inflation. At least 29% of the CEOs said macroeconomic volatility and cyber risks are also main threats.

PwC Philippines Chairman and Senior Partner Roderick M. Danao said that there is growing impetus to reinvent among Philippine business leaders.

"Many of our country's business leaders are now working on accelerating the transformation of their business models, investing in technology and their workforce, and managing the risks and opportunities related to climate change," Mr. Danao said in a statement.

"In this era of continuous reinvention, CEOs have vast opportunities to reshape their organizations and themselves, to thrive on disruption, and to transform aspirations into realities," he added.

According to the report, 97% of the Philippine respondents said that they have already taken steps to change "how they create, deliver, and capture value over the past five years."

Meanwhile, 86% said that they at least took one action that largely impacted their company's business models.

However, 71% of the Philippine CEOs cite the lack of workforce skills as a barrier to reinventing the business models of their companies.

CEOs, S1/9

NCR wage increase likely in July, says Labor chief

By Chloe Mari A. Hufana

A WAGE INCREASE in the Philippine capital and nearby cities is likely in July, based on past decisions by the regional wage board, according to the country's Labor chief.

"There is always an adjustment based on historical data," Labor Secretary Bienvenido E. Laguesma told reporters on the sidelines of an event on Wednesday. "The challenge is how much."

He declined to give an estimate.

The wage board in the National Capital Region (NCR) is expected to release its decision on the petitions to raise the daily minimum wage on or before July 16, the anniversary of the previous wage order.

To recall, the NCR wage board last July approved a P40 increase, which brought the daily minimum wage to P610 for nonagriculture sector workers and P573 for agricultural workers.

The Employers Confederation of the Philippines (ECoP) on Wednesday sought minimum wage-setting mechanisms that consider productivity, the market value of jobs, and the financial capacity of businesses, especially micro, small, and medium enterprises.

This would "ensure sustainable job creation and business growth," the group said in a resolution signed at the National Employment Summit.

Wage hike decisions should also consider the impact on the majority of the population that will not benefit from such adjustments, ECoP said.

ECoP Governor and Philippine Chamber of Commerce and Industry Director Arturo "Butch" C. Guerrero III said the wage-setting mechanism they are pushing for is through a tripartite system, not a legislated one.

The Senate last February approved on third and final reading a bill increasing the daily minimum wage in the private sector by P100.

At the House of Representatives, separate bills that seek to increase wages of private sector workers by P150 to P750 have been filed.

Wage, S1/9

Peso to remain weak as BSP appears less likely to defend

THE PESO may remain weak against the dollar as the Bangko Sentral ng Pilipinas (BSP) is not expected to "strongly" defend the currency amid its recent dovish policy signals, Bank of America (BofA) Global Research said.

"(The Philippine peso) remains on the weaker side, taking cues from the BSP's dovish turn in the last policy meeting and lack of concern on the FX (foreign exchange) moves," it said in a report.

BofA Global Research said the "bearish positioning could slow further weakness" but the BSP appears less likely to defend the peso from falling to P59 against the US dollar.

"Geopolitical concerns need to be watched as another trigger for further weakness," it added.

The peso closed at P58.86 against the dollar on Wednesday, weakening by nine centavos from its P58.77 finish on Tuesday. This was its weakest finish in over 20 months or since its P58.87-per-dollar close on Oct. 24, 2022.

The BSP earlier said that the peso's recent performance is "temporary" given the expected delay in the US Federal Reserve's policy easing.

BSP Governor Eli M. Remolona, Jr. had also said that it is a case of a "strong dollar" and not a weak peso due to the tensions in the Middle East.

To keep markets orderly and control speculation, the BSP said that it has intervened in the foreign exchange market in "modest" amounts.

"(Philippine peso's) weakness may reflect concerns on a weak growth outlook which has also led to a dovish turn in BSP's policy guidance," BofA said.

"The governor's comments about the possibility of a cut in the August meeting may have changed market expectations on the policy priorities between supporting the domestic economy vs. preserving FX stability," it added.

Mr. Remolona earlier signaled the possibility of starting the easing cycle by August, for a total of 25-50 bps worth of cuts for the entire year.

"Lower rates in the Philippines have raised the chances of even narrower interest-rate buffer against (US dollar) rates, which may impact the hedging behavior of corporates," BofA said, adding pressure could go up if the US dollar strength picks up or US yields rise again.

Peso, S1/9

MANILA INCHES UP IN COSTLIEST CITY LIST FOR EXPATS

The country's capital inched up two notches to 131st out of 226 cities in the 2024 Cost of Living City Ranking by global consulting firm Mercer. Based on the rankings, the cost of living in Manila became relatively more expensive for international assignees.

Most Expensive Cities

2024 Rank (Out of 226)	City	Market	Rank Change(s) from 2023
1	Hong Kong	Hong Kong, SAR	0
2	Singapore	Singapore	0
3	Zurich	Switzerland	0
4	Geneva	Switzerland	0
5	Basel	Switzerland	0
6	Bern	Switzerland	▲ 1
7	New York City	United States	▼ 1
8	London	United Kingdom	▲ 9
9	Nassau	The Bahamas	▲ 1
10	Los Angeles	United States	▲ 1

Least Expensive Cities

2024 Rank (Out of 226)	City	Market	Rank Change(s) from 2023
226	Abuja	Nigeria	▼ 86
225	Lagos	Nigeria	▼ 178
224	Islamabad	Pakistan	▲ 3
223	Bishkek	Kyrgyzstan	▲ 1
222	Karachi	Pakistan	▲ 4
221	Blantyre	Malawi	▼ 23
220	Dushanbe	Tajikistan	▲ 3
219	Durban	South Africa	▲ 1
218	Windhoek	Namibia	▲ 4
217	Havana	Cuba	▲ 8

Notes:
— The survey assessed the comparative costs of 200 items including housing, transportation, food, clothing, household goods, and entertainment.
— Data were gathered from a survey conducted in March.
— The capital of Haiti was not included in the ranking, bringing the total number of cities to 226 from 227 previously.

2024 Cost of Living Rankings of Select Southeast Asian Cities

City	Market	2024 Rank	Rank Change(s) from 2023
Singapore	SINGAPORE	2	0
Phnom Penh	CAMBODIA	123	▲ 9
Bangkok	THAILAND	129	▼ 24
Manila	PHILIPPINES	131	▲ 2
Jakarta	INDONESIA	157	▼ 6
Hanoi	VIETNAM	172	▼ 16
Bandar Seri Begawan	BRUNEI	176	▼ 4
Ho Chi Minh City	VIETNAM	178	▼ 14
Yangon	MYANMAR	183	▲ 21
Kuala Lumpur	MALAYSIA	200	▼ 20
Vientiane	LAOS	211	▼ 2
Johor Bahru	MALAYSIA	214	▼ 2

Source: Mercer's Cost of Living City Ranking 2024 *(https://www.mercer.com/insights/total-rewards/talent-mobility-insights/cost-of-living/)*

***BusinessWorld* Research**: Karis Kasarinlan Paolo D. Mendoza and Bennett Jason F. Wong
***BusinessWorld* Graphics**: Bong R. Fortin

Philippines' current account deficit seen to further narrow this year

THE PHILIPPINES' current account deficit is seen narrowing further this year amid a more positive global outlook, Fitch Solutions' unit BMI said.

In a report dated June 25, BMI lowered its current account deficit forecast to 2.3% of gross domestic product (GDP) from 2.8% previously.

This is narrower than last year's current account deficit which stood at 2.6% of GDP, but wider than the average of -0.4% from 2015-2019.

The BSP projects a $4.7-billion current account deficit for 2024, equivalent to 1% of GDP.

"A more optimistic global outlook was the main reason behind this revision. We initially anticipated a more significant downturn in worldwide demand," BMI said.

"However, the global economy has proven to be much more resilient, prompting us to pencil in a stronger (global) expansion of 2.4% in 2024 after initially projecting global GDP growth of 2.1% at the start of the year," it added.

The latest data from the BSP showed that the current account deficit stood at $1.7 billion in the first quarter, equivalent to -1.6% of GDP. This was lower than the $4.4-billion gap or -4.3% of GDP seen in the same period a year ago.

"Risks to our current account outlook lean towards a larger shortfall. Much hinges on trends in the global economy," it said.

BMI said that it sees external demand weakening in the second half of the year, due to an expected economic slowdown in China, the United States, Japan, Hong Kong and Singapore.

"While external demand has held up relatively well in the first half of the year, we think that it will slow in earnest in the latter half as major trading partners face domestic economic headwinds of their own," it said.

BMI said the tourism sector's recovery may "not be as strong as the numbers suggest" and may be the "result of an anomaly."

"International visitors are still 40% lower than prior to the pandemic even though revenues have already exceeded pre-pandemic levels. We have determined that this increase is due to a temporary change in spending patterns, driven by a backlog of travel demand after the pandemic," it said.

The uptick in tourism revenues is expected to taper off soon, with some signs of a slowdown already emerging.

"Average expenditure to date this year is roughly 5% less than in 2023, once inflation adjustments are made," BMI said.

Foreign investments are also seen to remain muted this year, a trend seen in other countries in the region.

"While we are of the belief that extensive reforms implemented in recent years will indeed pay dividends, the prevailing environment of high interest rates will keep a lid on investment activity for now," BMI said.

BMI data showed FDI as a share of GDP averaged 1.9% in the last four quarters, lower than the previous decade's average of 2.2%.

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

In a separate report, BMI said that it expects the central bank to keep rates steady at its meeting on Thursday.

This is in line with a *BusinessWorld* poll conducted last week where all 15 analysts surveyed expect the Monetary Board to stand pat for a sixth straight meeting.

"Given that the economy has remained fairly resilient thus far, the Bank will be in no hurry to cut rates until price pressures have eased more convincingly," BMI said.

BMI said it is keeping its positive outlook for consumer spending in the Philippines despite elevated interest rates.

"Easing inflation and a tight labor market will support spending, as real wage growth returns to positive territory, which will support purchasing power over the year," it added.

The BSP expects inflation to temporarily accelerate to above the 2-4% target until July but settle within target after. — **Luisa Maria Jacinta C. Jocson**