

STOCK MARKET	ASIAN MARKETS	WORLD MARKETS	PESO-DOLLAR RATES	ASIAN MONIES-US\$ RATE	WORLD CURRENCIES	DUBAI CRUDE OIL
PSEI OPEN: 6,399.37 HIGH: 6,399.37 LOW: 6,348.06 CLOSE: 6,358.96 VOL.: 0.423 B VAL(P): 3.937 B 39.81 pts. 0.62% 30 DAYS TO JULY 2, 2024	JULY 2, 2024 JAPAN (NIKKEI 225) 40,074.69 ▲ 443.63 1.12 HONG KONG (HANG SENG) 17,769.14 ▲ 50.53 0.29 TAIWAN (WEIGHTED) 22,879.37 ▲ -179.20 -0.78 THAILAND (SET INDEX) 1,288.65 ▼ -10.70 -0.82 S. KOREA (KSE COMPOSITE) 2,780.86 ▼ -23.45 -0.84 SINGAPORE (STRAITS TIMES) 3,366.13 ▲ 27.56 0.83 SYDNEY (ALL ORDINARIES) 7,718.20 ▼ -32.50 -0.42 MALAYSIA (KLCSE COMPOSITE) 1,597.96 ▼ -0.24 -0.02	JULY 1, 2024 DOW JONES 39,169.520 ▲ 50.660 NASDAQ 17,879.300 ▲ 146.697 S&P 500 5,475.090 ▲ 14.610 FTSE 100 8,166.760 ▲ 2.640 Euro Stoxx50 4,507.920 ▲ 16.490	FX OPEN P58.750 HIGH P58.735 LOW P58.840 CLOSE P58.795 W.AVE. P58.805 VOL. \$915.14 M SOURCE : BAP 14.50 ctyv 30 DAYS TO JULY 2, 2024	JULY 2, 2024 LATEST BID (0900GMT) PREVIOUS JAPAN (YEN) 161.600 161.010 HONG KONG (HK DOLLAR) 7.814 7.811 TAIWAN (NT DOLLAR) 32.638 32.504 THAILAND (BAHT) 36.830 36.700 S. KOREA (WON) 1,388.590 1,381.180 SINGAPORE (DOLLAR) 1.358 1.355 INDONESIA (RUPIAH) 16,390 16,320 MALAYSIA (RINGGIT) 4.717 4.710	JULY 2, 2024 US\$/UK POUND 1.2628 ▼ 1.2674 US\$/EURO 1.0713 ▼ 1.0766 US\$/AUSTRALIAN DOLLAR 0.6647 ▼ 0.6679 CANADA DOLLAR/US\$ 1.3730 ▲ 1.3678 SWISS FRANC/US\$ 0.9041 ▲ 0.9000	DUBAI CRUDE OIL FUTURES PRICE ON NEAREST MONTH OF DELIVERY \$85.80/BBL 30 DAYS TO JULY 1, 2024 \$0.05

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

URC	P107.300	ICT	P352.000	AC	P565.000	SM	P828.000	BDO	P128.500	ALI	P28.500	MBT	P65.000	GTCAP	P561.000	SMPH	P28.100	AP	P32.400
Value	P468,944,669	Value	P307,956,356	Value	P283,227,870	Value	P242,655,150	Value	P231,325,601	Value	P196,558,895	Value	P193,760,881	Value	P177,526,970	Value	P159,415,715	Value	P117,335,810
	-P1.100 ▼ -1.015%		P3.000 ▲ 0.860%		-P12.000 ▼ -2.080%		-P4.000 ▼ -0.481%		-P1.500 ▼ -1.154%		-P0.400 ▼ -1.384%		-P1.250 ▼ -1.887%		-P17.000 ▼ -2.941%		P0.100 ▲ 0.357%		-P1.400 ▼ -4.142%

BSP seen to have 'slower' easing cycle

THE BANGKO SENTRAL ng Pilipinas (BSP) may delay its easing cycle amid continued risks to the inflation outlook, the peso's depreciation and a hawkish US Federal Reserve, analysts said.

"We expect BSP to start its cutting cycle only after the Fed (i.e., in October), which is when we also expect inflation to be more entrenched within

BSP's 2-4% target," Nomura Global Markets Research said in a report.

According to Nomura data, the Philippines was among the top countries facing "underlying inflationary pressures" in Asia, second only to Singapore.

Nomura sees the BSP cutting rates by 50 basis points (bps) this year and another 100 bps in 2025.

The Monetary Board only has three policy review meetings left for the year — Aug. 15, Oct. 17 and Dec. 19.

Citi economist for the Philippines Nalin Chutchothitham said there is a chance the BSP will have a "slower" easing cycle.

"In any case, we note the risk of slower rate cuts, which most likely depend on the speed of inflation decline, the timing of the

Fed's rate cuts and potential depreciation pressure on the peso," she said in a commentary.

Fed officials earlier signaled the possibility of rate cuts being pushed back to as late as December.

The peso has been trading at the P58-per-dollar range since May, when it sank to the level for the first time since November 2022.

However, Citi still forecasts that the BSP will begin cutting rates by August for a total of 75 bps this year.

"We continue to maintain our call for 25-bp rate cuts in August, October, and December 2024, followed by 25-bp rate cuts in February, May, and August 2025 as our base case," she said.

Citi said that weaker-than-expected growth will also pave

the way for reducing rates.

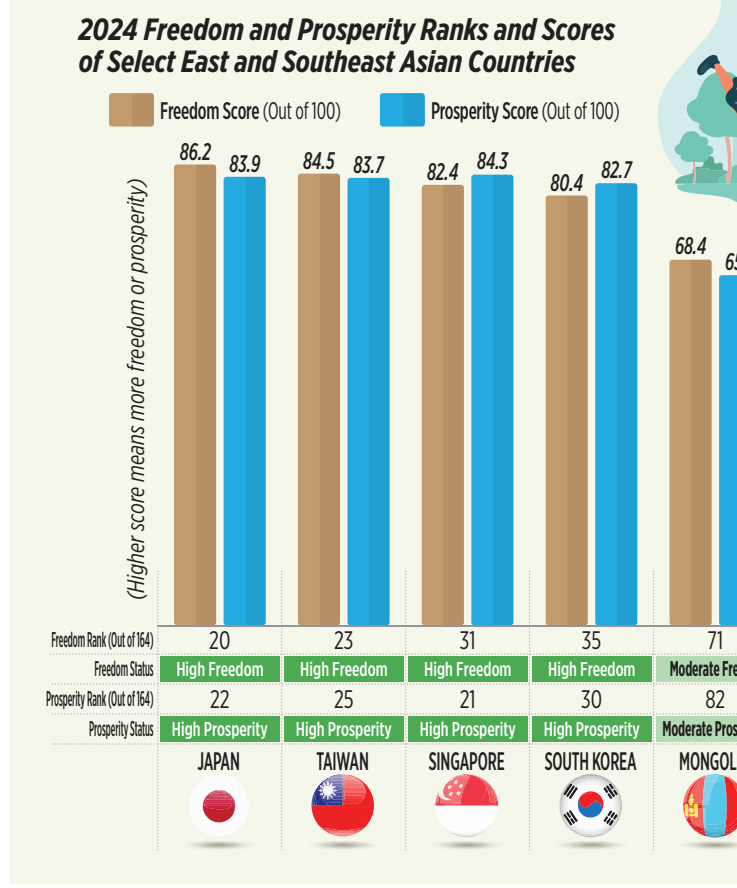
"Negative output gap projection supports monetary easing. While growth has been resilient so far, first-quarter 2024 gross domestic product (GDP) growth at 5.7% was below market's expectation," Ms. Chutchothitham said.

The government is targeting 6-7% growth this year.

BSP, S1/9

PHILIPPINES PLACES 92ND AND 100TH IN FREEDOM AND PROSPERITY LISTS

The Philippines ranked 92nd and 100th out of 164 countries in the 2024 edition of the Freedom and Prosperity Indexes published by US-based think tank Atlantic Council. Out of possible 100 points, the country scored 62.5 in the freedom index (low freedom) and 60.4 in the prosperity index (low prosperity).



Top 5 (Freedom Index)				Top 5 (Prosperity Index)			
Rank	Country	Freedom Score	Status	Rank	Country	Prosperity Score	Status
1	Denmark	93.4	High Freedom	1	Norway	91.0	High Prosperity
2	Luxembourg	92.7	High Freedom	2	Denmark	90.7	High Prosperity
3	Finland	92.0	High Freedom	3	Iceland	89.9	High Prosperity
4	Sweden	91.7	High Freedom	4	Sweden	89.8	High Prosperity
5	Switzerland	91.4	High Freedom	5	Ireland	89.6	High Prosperity

Source: Atlantic Council's The Path to Prosperity: The 2024 Freedom and Prosperity Indexes (https://www.atlanticcouncil.org/in-depth-research-reports/report/the-path-to-prosperity-the-2024-freedom-and-prosperity-indexes/)

BusinessWorld Research: Lourdes O. Pilar and Abigail Marie P. Yraola
BusinessWorld Graphics: Bong R. Fortin

Notes:

- The report used 2023 data.
- The Freedom Index measures economic, political, and legal factors, while the Prosperity Index considers income, health, education, environment, minorities, and inequality.

Philippines' Performance (2024)

Freedom Score	62.5
Economic Subindex	70.9
Womens Economic Freedom	78.8
Investment Freedom	60.0
Property Rights	66.6
Trade Freedom	78.2
Political Subindex	64.2
Elections	79.8
Civil Liberties	51.6
Political Rights	68.8
Legislative Constraints on the Executive	56.5
Legal Subindex	52.4
Bureaucracy and Corruption	41.4
Security	50.0
Clarity of the Law	36.1
Judicial Independence and Effectiveness	68.5
Informality	66.0
Prosperity Score	60.4
Income	54.0
Health	77.0
Inequality	61.1
Environment	51.7
Minorities	54.9
Education	64.0

Philippines' move to upper middle-income level unlikely by 2025

THE PHILIPPINES is unlikely to achieve the government's goal of becoming an upper middle-income country by 2025, analysts said.

Analysts said Philippine gross domestic product (GDP) needs to expand by at least 6% annually in the near term to ensure a significant growth in Filipino incomes.

"The Philippines can still become an upper middle-income country if it grows by 6-6.5% every year for the next two to three years," University of Asia and the Pacific Senior Economist Cid L. Terosa said in an e-mail.

The Marcos administration is aiming to achieve upper-middle income status for the country by 2025, but this may take longer as the World Bank raised the income classification levels again.

To become an upper middle-income country, the Philippines now needs to have an estimated gross national income (GNI) per capita of \$4,516 to \$14,005. This is higher than the previous range of \$4,466 to \$13,845.

According to the World Bank's latest income classification data, the Philippines remained a lower middle-income country with a GNI per capita of \$4,230 in 2023, higher than \$3,950 in 2022.

The World Bank now classifies a country as lower middle-income if the GNI per capita level is at \$1,146 to \$4,515. This is higher than the \$1,136 to \$4,465 level set last year.

The World Bank computes a country's GNI through the Atlas method, which serves as the basis of its income classifications — low, lower-middle, upper-middle and high. GNI refers to the total amount of money earned by its residents both inside and outside its borders.

"Upper middle-income status is just a number but there are strong reasons to doubt if the Philippines will achieve even that in 2025," IBON Foundation Executive Director Jose Enrique A. Africa said citing the economy's slowing growth over the past year.

"This continues a general slowdown that actually started in 2017 and was momentarily camouflaged by the pandemic lockdowns, contraction and rebound," he said in a Viber chat message.

Last week, National Economic and Development Authority Secretary Arsenio M. Balisacan said the country can reach the upper middle-income status by late 2025 or early 2026.

The Philippines has been classified as a lower middle-income country since 1987.

Upper middle-income, S1/9

Angara named DepEd chief amid education crisis

By Kyle Aristophere T. Atienza
Reporter

MALACANANG on Tuesday named Senator Juan Edgardo M. Angara as the new secretary of the Department of Education (DepEd) as the Philippines faces a learning crisis spurred by the pandemic and decades-old bureaucratic inefficiencies.

Mr. Angara will take over the DepEd after Vice-President Sara Duterte-Carpio's resignation from the post takes effect on July 19, the Presidential Palace said in a press release.

The Palace recognized Mr. Angara for pushing "significant educational reforms"

since joining the Senate in 2013, including a law that added two more years to secondary education in a bid to make Filipino students "globally competitive."

"With a Master of Laws from Harvard University, a Bachelor of Laws from the University of the Philippines, and a Bachelor of Science in Economics from the London School of Economics, his background positions him well to lead DepEd," the Palace said, quoting President Ferdinand R. Marcos, Jr.

Mr. Angara was endorsed by the Coordinating Council of Private Educational Associations and the Philippine Association of Colleges and Universities. He was also included in the Philippine Business for Education's (PBED) short list of candidates for the position.

PBED said his experience as commissioner of the Second Congressional Commission on Education (EDCOMM2) "will bolster our chances of addressing the learning crisis effectively."

Mr. Angara, who was among the legislators who pushed for the creation of EDCOMM2, said he's committed to working with "all sectors of society, including my predecessor, Vice-President Sara Duterte, to ensure that every Filipino child has access to quality education."

"I look forward to building upon her accomplishments," he said in a statement.

Ms. Duterte-Carpio left the education in a poor state, with Filipino students faring poorly in global education assessments.

Angara, S1/9

Philippines to post huge twin deficits this year

THE PHILIPPINES will continue to post large deficits for the current account and budget this year due to an expected increase in rice imports and infrastructure spending, Nomura Global Markets Research said.

"We expect the current account deficit (CAD) to remain large and fiscal consolidation targets to be challenging this year," it said in a report.

"In our view, prioritization of infrastructure projects under the 'Build Better More' program and a substantial reduction of rice import tariffs will result in the

current account deficit remaining large, make fiscal consolidation more challenging and could imply persistence in currency weakness."

The government is aiming to spend 5-6% of gross domestic product (GDP) on infrastructure annually. The Marcos administration has approved 185 infrastructure flagship projects valued at P9.55 trillion.

"The upshot is a still-large CAD, which we forecast at 2.7% of GDP in 2024, well above the pre-pandemic (2016-2019) average of 1.1% and reflecting, in

part, rising capital goods and raw materials imports due to infrastructure implementation," Nomura said.

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

The current account deficit stood at \$1.7 billion in the first quarter, equivalent to 1.6% of GDP.

Meanwhile, Nomura also sees the National Government's (NG) fiscal deficit reaching 5.9% of GDP this year. This is slightly higher than the government's deficit ceiling of 5.6% of GDP, equivalent to P1.48 trillion.

Nomura said its higher deficit-to-GDP forecast is due to the Philippine government's "challenging" fiscal targets.

"Our recent discussions with officials suggest the risk of a repeat of last year's underspending is low, thanks to catch-up plans and recent budget reforms," it added.

Latest data from the Treasury showed that the NG's budget deficit in the January-May period widened by 24.06% to P404.8 billion.

Deficits, S1/9