P25 IN METRO MANILA, PHILIPPINES

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STOCK MARKET

PSEi — 30 DAYS TO JULY 4, 2024 (▲ 57.46 PTS., 0.89%)

OPEN:	6,447.29
HIGH:	6,517.64
LOW:	6,437.58
CLOSE:	6,507.49
VOL.:	0.512 B
VAL(P):	4.508 B

ASIAN MARKETS — JULY 4, 2024

	CLOSE		NET	%
Japan (Nikkei 225)	40,913.65	▲	332.89	0.82
Hong Kong (Hang Seng)	18,028.28	▲	49.71	0.28
Taiwan (Weighted)	23,522.53	▲	350.10	1.51
Thailand (SET Index)	1,302.02	▲	7.32	0.57
S.Korea (Kse Composite)	2,824.94	▲	30.93	1.11
Singapore (Straits Times)	3,437.16	▲	21.65	0.63
Sydney (All Ordinaries)	7,831.80	▲	91.90	1.19
Malaysia (Klse Composite)	1,616.75	▲	1.43	0.09

WORLD MARKETS — JULY 3, 2024

	CLOSE		NET
Dow Jones	39,308.000	▼	-23.850
NASDAQ	18,188.302	▲	159.539
S&P 500	5,537.020	▲	28.010
FTSE 100	8,171.120	▲	49.920
Euro Stoxx50	4,508.770	▲	18.030

PESO-DOLLAR RATES

FX — 30 DAYS TO JULY 4, 2024 (▲ 14.50 CTVS)

OPEN	P58.630
HIGH	P58.580
LOW	P58.695
CLOSE	P58.580
W.AVE.	P58.643
VOL.	$1,014.45 M

SOURCE : BAP

ASIAN MONIES-US$ RATE — JULY 4, 2024

	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	161.270	▲	161.800
Hong Kong (HK dollar)	7.809	▲	7.812
Taiwan (NT dollar)	32.445	▲	32.659
Thailand (baht)	36.620	▲	36.770
S. Korea (won)	1,380.060	▲	1,388.920
Singapore (dollar)	1.351	▲	1.356
Indonesia (rupiah)	16,325	▲	16,365
Malaysia (ringgit)	4.707	▲	4.718

WORLD CURRENCIES — JULY 4, 2024

	CLOSE		PREVIOUS
US$/UK pound	1.2753	▲	1.2694
US$/Euro	1.0798	▲	1.0759
US$/Aust dollar	0.6722	▲	0.6675
Canada dollar/US$	1.3622	▼	1.3677
Swiss Franc/US$	0.9007	▼	0.9031

DUBAI CRUDE OIL

FUTURES PRICE ON NEAREST MONTH OF DELIVERY: $86.58/BBL (▼ $0.51) — 30 DAYS TO JULY 3, 2024

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PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • JULY 4, 2024 (PSEi snapshot on *S1/2*; article on *S2/2*)

		Value			
BDO	P138.200	P521,291,812	P4.300	▲	3.211%
ICT	P369.000	P364,682,468	P9.200	▲	2.557%
SMPH	P28.650	P304,737,320	P0.200	▲	0.703%
GLO	P2,134.000	P294,536,030	P14.000	▲	0.660%
TEL	P1,479.000	P233,883,490	P39.000	▲	2.708%
ALI	P29.200	P227,710,320	P0.200	▲	0.690%
AC	P570.500	P200,565,985	-P2.000	▼	-0.349%
AEV	P37.550	P179,314,200	P0.050	▲	0.133%
MBT	P65.600	P177,230,977	P0.250	▲	0.383%
SM	P840.500	P143,157,055	P1.000	▲	0.119%

NG debt hits record P15.35 trillion

By Beatriz Marie D. Cruz
Reporter

THE NATIONAL Government's (NG) outstanding debt rose to a fresh high of P15.35 trillion as of end-May, reflecting the impact of the peso weakness on foreign currency-denominated debt, the Bureau of the Treasury (BTr) said.

Data from the BTr on Thursday showed that outstanding debt increased by 2.2% from P15.02 trillion as of end-April. Debt jumped by 8.4% from P14.15 trillion a year ago.

"Total debt increased by P330.39 billion or 2.2% from the end-April 2024 level primarily due to the impact of local currency depreciation on the valuation of foreign currency-denominated debt," the BTr said in a press release.

The peso closed at P58.52 against the dollar at end-May, depreciating by P0.94 from its P57.58 finish as of end-April.

The BTr said the bulk or 68% of the total debt stock came from domestic sources.

As of end-May, outstanding domestic debt inched up by 1.3% to P10.44 trillion from P10.31 trillion in the previous month. Year on year, it jumped by 8.9% from P9.59 trillion.

"The increase resulted from the P131.66-billion net issuance

NG debt, S1/5

PHL unlikely to breach upper end of growth goal

THE PHILIPPINES may have difficulty achieving the upper end of the government's 6-7% gross domestic product (GDP) growth target this year amid expectations of weaker consumption and investment, Fitch Solutions' unit BMI said.

"The economy will find it hard to breach the upper half of the 6-7% growth target which the government has set. Headwinds stemming from restrictive financial conditions alongside a weaker external sector will keep a lid on growth," it said in a report.

BMI forecasts GDP to expand by 6.2% this year, within the government's target.

In the first quarter, the Philippines posted 5.7% GDP growth, faster than the 5.5% a quarter ago.

However, BMI noted that while first-quarter GDP showed an annual increase, this is still "by no means an accurate representation of the economy's health."

"A more detailed breakdown suggests that underlying domestic demand has softened even though the external sector showed some tentative signs of rebound. That said, we think there are still reasons to be optimistic even when downside risks dominate," it said.

Household spending, which typically accounts for three-fourths of GDP, rose by 4.6% in the first quarter. This was its slowest since the 4.8% drop in the first quarter of 2021.

"Risk to our growth outlook hinges largely on the recovery in private consumption. In our current forecast, we have taken April's robust import growth figures to indicate early signs of a rebound in household spending."

"But if May and June data disappoint, this anticipated recovery in private consumption will not materialize," it added.

Meanwhile, BMI said sluggish investments will also weigh on the Philippine growth outlook.

"Investment activity will stay muted against the backdrop of high interest rates. Indeed, the contribution of fixed capital to growth has been very weak, most recently coming in at just 0.5 percentage point (pp)."

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

While BSP Governor Eli M. Remolona, Jr. has hinted at the possibility of policy easing as early as August, BMI said this is "improbable" at the moment due to the peso's weakness and expectations of a delay in the US Federal Reserve's easing.

The peso has been trading at the P58-per-dollar range since May, slowly inching to the record low P59 level.

Growth, S1/5

Philippine reliance on coal deepens amid slow transition to green energy

By Sheldeen Joy Talavera
Reporter

THE PHILIPPINES continues to depend on coal-fired power as it struggles to implement policies to boost renewable energy capacity, analysts said.

Data from energy think tank Ember showed the Philippines is now the most coal-reliant country in Southeast Asia, surpassing Indonesia and China.

"This is a consequence of the country's inability to transition to energy renewables and its inability to predict its long-term social effects," Leonardo A. Lanzona, Jr., an economics professor at the Ateneo de Manila University, said in a Facebook Messenger chat.

"While we may reduce the costs of production, the looming environmental costs brought about by this policy will be greater than the benefits," he added.

Ember data showed the share of electricity generated from coal in the Philippines increased by 2.9% to 61.9% in 2023 from 59.1% in 2022.

"As for the Philippines, coal generation grew much higher than the rise in electricity demand (9.7% vs. 4.6%). Its absolute coal generation ranks 17th in the world, but it is placed eighth in terms of generation shares," Ember said in a statement on Monday.

Mr. Lanzona said the Philippines' coal dependence has not significantly increased but surpassed other countries that had limited coal usage.

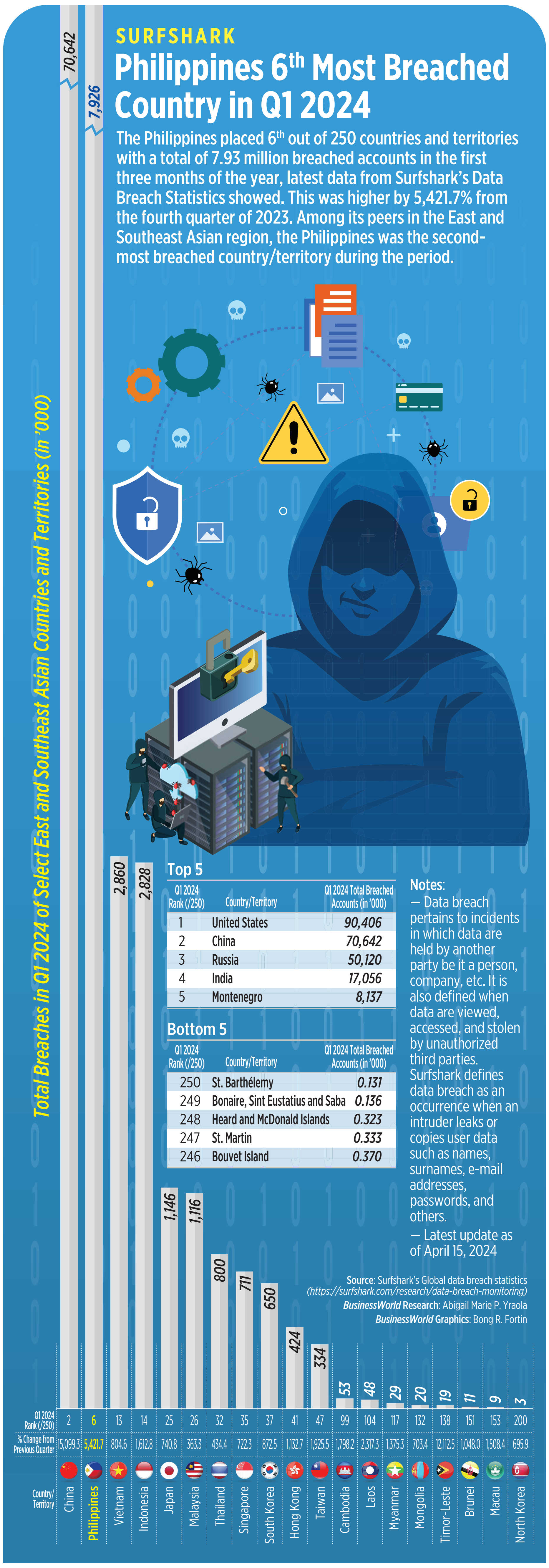
In 2023, 62% of power generation was supplied by coal-fired power plants at 69,472 gigawatt-hours, based on the data from the Department of Energy (DoE).

DoE data showed the country has over 6,300 megawatts (MW) of dependable coal capacity aged 10 years or younger. These plants can be relied on to operate for at least another 30 years.

Mr. Lanzona said the Philippines' transition to green energy has been hampered by the lack of government programs.

"The lack of skills and manpower to develop full-scale renewable energy programs is one of the main constraints [in the green energy transition]," he said.

Coal, S1/5



Bad loan ratio soars to near two-year high

By Luisa Maria Jacinta C.Jocson *Reporter*

THE BANKING INDUSTRY'S nonperforming loan (NPL) ratio soared to a near two-year high in May, data from the Bangko Sentral ng Pilipinas (BSP) showed.

The Philippine banking industry's gross NPL ratio rose to 3.57% in May from 3.45% in April and 3.46% a year ago.

This matched the 3.57% ratio in July 2022. It was also the highest in 23 months or since 3.6% in June 2022.

Data from the BSP showed that soured loans rose by 3.1% to P495.67 billion in May from P480.65 billion a month earlier. Year on year, it jumped by 13.7% from P436.12 billion.

Loans are considered nonperforming once they remain unpaid for at least 90 days after the due date. These are deemed as risk assets since borrowers are unlikely to pay.

The loan portfolio of Philippine banks dipped by 0.3% to P13.89 trillion as of end-May from P13.94 trillion at end-April. However, it increased by 9.3% from P12.6 trillion a year ago.

Past due loans dropped 1.6% to P608.07 billion in May from P618.04 billion a month earlier but rose by 15.7% from P525.51 billion in the previous year.

This brought the past due ratio to 4.38%, lower than 4.43% in April but higher than 4.17% a year ago.

On the other hand, restructured loans stood at P295.89 billion, up by 1.9% from P290.37 billion in April but 4.6% lower than P310.3 billion a year ago.

These borrowings accounted for 2.13% of the industry's total loan portfolio, higher than 2.08% a month ago but lower than the 2.46% in May 2023.

Banks' loan loss reserves inched up by 0.7% to P474.88 billion in May from P471.35 billion in April and rose by 6.9% from P444.03 billion a year ago.

This brought the loan loss reserve ratio to 3.42%, up from 3.38% last month but lower than 3.52% a year ago.

Lenders' NPL coverage ratio, which gauges the allowance for potential losses due to bad loans, slipped to 95.81% from 98.07% in April and 101.81% in May 2023.

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said the higher NPL ratio was due to elevated interest rates.

The Monetary Board has kept its benchmark rate at 6.5%, the highest in over 17 years, since October 2023.

Mr. Ricafort also cited the weaker peso, which sank to the P58-per-dollar level in May. The local currency has been inching closer to its record low of P59 against the dollar in recent weeks.

"For the coming months, possible Fed and local rate cuts would help ease borrowing costs and spur greater demand for loans and other business activities, which would eventually help ease the NPL ratio going forward," Mr. Ricafort said.

BSP Governor Eli M. Remolona, Jr. has said that the central bank could begin its policy easing by August. He has also signaled rate cuts of up to 50 basis points for the entire year.

The Monetary Board is set to meet on Aug. 15, its only meeting in the third quarter. The last two meetings this year are scheduled for Oct. 17 and Dec. 19.

US Federal Reserve officials at their last meeting said the US economy appeared to be slowing and that "price pressures were diminishing," but still counseled a wait-and-see approach before committing to interest rate cuts, according to minutes of the June 11-12 session, Reuters reported.

Fed officials earlier signaled cutting rates as late as December and priced in just one cut from three previously.