

STOCK MARKET	ASIAN MARKETS	WORLD MARKETS	PESO-DOLLAR RATES	ASIAN MONIES-US\$ RATE	WORLD CURRENCIES	DUBAI CRUDE OIL
<b>PSEI</b> OPEN: 6,439.80 HIGH: 6,512.47 LOW: 6,433.24 CLOSE: 6,433.24 1.49 VOL.: 0.419 B 0.02% 30 DAYS TO AUGUST 6, 2024 VAL(P): 5.115 B	<b>AUGUST 6, 2024</b> CLOSE NET % JAPAN (NIKKEI 225) 34,675.46 ▲ 3,217.04 10.23 HONG KONG (HANG SENG) 16,647.34 ▼ -51.02 -0.31 TAIWAN (WEIGHTED) 20,501.02 ▲ 670.14 3.58 THAILAND (SET INDEX) 1,274.01 ▲ -0.66 -0.05 S.KOREA (KSE COMPOSITE) 2,522.15 ▲ 80.66 3.30 SINGAPORE (STRAITS TIMES) 3,198.44 ▼ -45.23 -1.39 SYDNEY (ALL ORDINARIES) 7,680.60 ▲ 31.00 0.41 MALAYSIA (KLSE Composite) 1,574.39 ▲ 37.91 2.47	<b>AUGUST 5, 2024</b> CLOSE NET DOW JONES 38,703.270 ▼ -1,033.990 NASDAQ 16,200.082 ▼ -576.082 S&P 500 5,186.330 ▼ -160.230 FTSE 100 8,008.230 ▼ -166.480 EURO STOXX 50 4,234.930 ▼ -86.090	<b>FX</b> OPEN P57.960 HIGH P57.800 LOW P58.020 CLOSE P57.810 W.AVE. P57.910 9.00 cts VOL. \$1,214.40 M 30 DAYS TO AUGUST 6, 2024 SOURCE: BAP	<b>AUGUST 6, 2024</b> LATEST BID (0900GMT) JAPAN (YEN) 144.810 ▼ 142.240 HONG KONG (HK DOLLAR) 7.792 ▼ 7.778 TAIWAN (NT DOLLAR) 32.754 ▼ 32.563 THAILAND (BAHT) 35.500 ▼ 35.190 S. KOREA (WON) 1,379.430 ▼ 1,362.690 SINGAPORE (DOLLAR) 1.327 ▼ 1.320 INDONESIA (RUPIAH) 16,160 ▲ 16,180 MALAYSIA (RINGGIT) 4.470 ▼ 4.420	CLOSE PREVIOUS US\$/UK POUND 1.2704 ▼ 1.2769 US\$/EURO 1.0912 ▼ 1.0954 US\$/AUST DOLLAR 0.6482 ▲ 0.6448 CANADA DOLLAR/US\$ 1.3845 ▼ 1.3869 SWISS FRANC/US\$ 0.8539 ▲ 0.8494	FUTURES PRICE ON NEAREST MONTHS OF DELIVERY \$74.50/BBL 80.00 78.00 76.00 74.00 72.00 70.00 30 DAYS TO AUGUST 5, 2024

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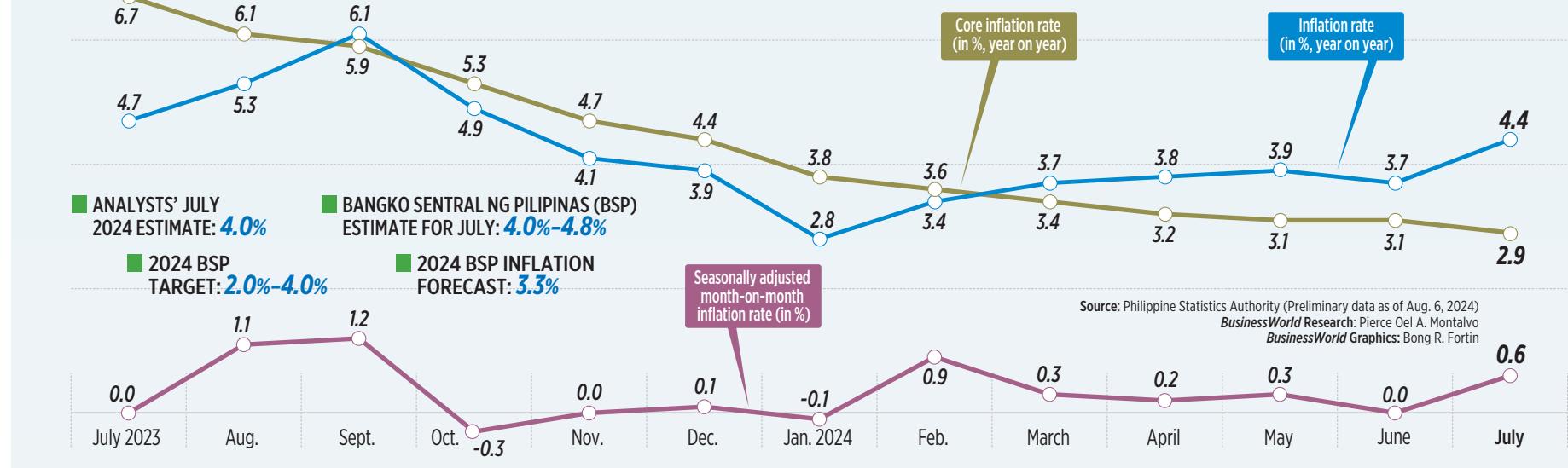
PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • AUGUST 6, 2024 (PSEI snapshot on S1/3; article on S2/2)

ICT	P348,000	URC	P98,100	BDO	P140,000	ALI	P28,550	MBT	P65,000	AC	P588,500	SM	P880,000	SMPH	P27,850	BPI	P117,400	WLCON	P16,500
Value	P722,557,254	Value	P703,489,441	Value	P488,267,550	Value	P302,419,580	Value	P238,208,521	Value	P177,596,820	Value	P173,767,165	Value	P171,493,210	Value	P149,512,377	Value	P141,174,100
P.O.000	— 0.000%	-P6.900	▼ -6.571%	P1.000	▲ 0.719%	P0.400	▲ 1.421%	-P0.800	▼ -1.216%	P7.500	▲ 1.291%	-P4.000	▼ -0.452%	-P0.050	▼ -0.179%	-P0.800	▼ -0.677%	-P0.200	▼ -1.198%

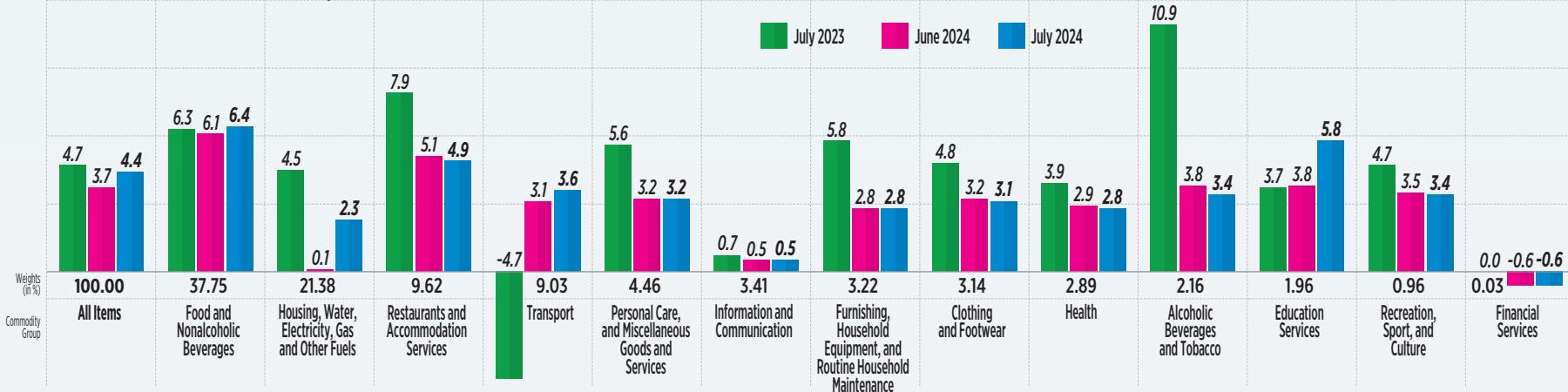
## Inflation quickens to 9-month high

### INFLATION RATES IN THE PHILIPPINES

(as of July 2024)



### ANNUAL INFLATION RATES, BY COMMODITY GROUP (in %)



By Luisa Maria Jacinta C. Jocson Reporter

HEADLINE INFLATION accelerated to a nine-month high in July, mainly driven by a spike in electricity rates and food costs, data from the Philippine Statistics Authority (PSA) showed.

The consumer price index quickened to 4.4% year on year in July from 3.7% in June, falling within the Bangko Sentral ng Pilipinas' (BSP) 4%-4.8% forecast.

It was higher than the 4% median estimate in a *BusinessWorld* poll of 15 analysts conducted last week.

The July print was also the fastest in nine months or since the 4.9% clip in October 2023.

July also ended seven straight months of inflation settling within the central bank's 2-4% target band. Inflation had been within target from December 2023 to June 2024.

In the first seven months of the year, headline inflation averaged 3.7%, above the central bank's 3.3% full-year forecast.

Core inflation, which excludes volatile prices of food and fuel, sharply eased to 2.9% in July from 6.7% a year ago. Core inflation averaged 3.3% in the first seven months.

Inflation, SI/5

## Trade-in-goods deficit widens to \$4.3B in June

By Beatriz Marie D. Cruz  
 Reporter

THE PHILIPPINES' trade-in-goods deficit ballooned to \$4.3 billion in June as imports and exports contracted, the Philippine Statistics Authority (PSA) said on Tuesday.

Preliminary data from the PSA showed that the country's trade-in-goods balance — the difference between exports and imports — stood at a \$4.3-billion deficit in June, 9.3% bigger than the \$3.94-billion gap in the same month last year.

Month on month, the June trade gap shrank from the \$4.71-billion deficit in May.

For the first six months of the year, the trade deficit narrowed by 9.5% to \$25 billion.

The country's balance of trade in goods has been in the red for 109 straight months (nine years) or since the \$64.95-million surplus in May 2015.

In June, the value of exports slumped by 17.3% to \$5.57 billion from \$6.73 billion a year ago, the first double-digit decline since November 2023. Month on month, exports slid by 12%.

This was the lowest export value in 13 months or since \$4.92 billion in April last year.

Year to date, exports rose by 3% to \$36.41 billion.

On the other hand, the value of imports declined by 7.5% year on year to \$9.87 billion in June from \$10.67 billion in the same month a year ago. Month on month, it dropped by 10.6%.

The value of imports was the lowest since \$9.57 billion in March, the PSA said.

## BSP chief says 'a little bit less likely' to cut rates

THE BANGKO SENTRAL ng Pilipinas (BSP) is now "a little bit less likely" to cut rates at its Aug. 15 meeting after inflation breached the 2-4% target band in July, its governor said.

"A little bit less likely (to ease) because inflation is high. But we have to look at other numbers," BSP Governor Eli M. Remolona, Jr. told reporters in mixed English and Filipino on the sidelines of an event on Tuesday.

Mr. Remolona said that July inflation was "slightly worse than expected."

"That 4.4% (inflation print), there is a base effect there of 0.3 percentage point. Without the base effect, it's really 4.1%, which is still worse than expected but not that bad because it only slightly breached the ceiling."

Headline inflation accelerated to 4.4% in July from 3.7% in June. This was the fastest inflation print in nine months or since the 4.9% recorded in October 2023.

The July print also ended the seven straight months of inflation settling within the central bank's 2-4% target range.

Asked if the BSP is on track to cut rates this month, Mr. Remolona replied: "Medyo (Somewhat)."

Mr. Remolona earlier signaled that the Monetary Board is on track to begin easing by August, possibly by 25 basis points (bps).

Asked if the BSP will hold rates steady, he said: "We are not sure because there is still a lot of data we are looking at."

The BSP chief said they will be able to cut rates if gross domestic product (GDP) growth is weaker than expected. Second-quarter GDP data will be released on Aug. 8 (Thursday).

"If growth is unexpectedly weak, then it looks like our projections of inflation and inflation expectations suggest lower inflation going forward. Then we can cut," he said.

A *BusinessWorld* poll of 19 economists and analysts yielded a median GDP estimate of 6% for the second quarter. If realized, this would be faster than the preliminary 5.7% expansion in the first quarter and 4.3% in the second quarter of 2023.

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

Mr. Remolona also said he expects the US Federal Reserve to cut in September. "It looks like they will cut because the employment report was a triple whammy."

Global stock markets plunged on Monday amid concern the US central bank has waited too long to begin cutting interest rates. Interest rate futures contracts at the day's end reflected overwhelming bets that the Fed will start cutting borrowing costs next month with a bigger-than-usual 50-bp reduction to its policy rate, Reuters reported.

The Fed kept its benchmark interest rate unchanged in the current 5.25%-5.5% range last week and signaled it was on course to begin cutting rates in September, but that decision was followed by worrying signs the labor market might already have turned.

The central bank is also open to the possibility of an off-cycle rate cut if it does not ease rates next week, Mr. Remolona said.

"We're always open to off-cycle (moves)," he said.

After Aug. 15, the Monetary Board's remaining policy-setting meetings this year are on Oct. 17 and Dec. 19.

The Monetary Board has raised borrowing costs by a cumulative 450 bps from May 2022 to October 2023, bringing the key rate to an over 17-year high of 6.5%. — Luisa Maria Jacinta C. Jocson

## Gov't to consider new taxes if revenue collection falls short — Recto

THE GOVERNMENT will only consider introducing new taxes if revenue collection falls short of target, the Department of Finance (DoF) said.

"It's a high target. Assuming there's a shortfall in that, then we just manage the expenditures," he added.

While Mr. Recto has repeatedly said there are no plans to introduce new taxes, the DoF has urged Congress to approve tax reforms that will generate as much as P28.38 billion in revenues next year.

The National Government (NG) aims to collect P4.64 trillion

in revenues next year, up 8.77% from this year's projected P4.27-trillion collection. Of this, the government looks to collect P4.33 trillion in tax revenues, 13.41% lower than this year's target.

"It's a high target. Assuming there's a shortfall in that, then we just manage the expenditures," he added.

While Mr. Recto has repeatedly said there are no plans to introduce new taxes, the DoF has urged Congress to approve tax reforms that will generate as much as P28.38 billion in revenues next year.

Priority bills include the value-added tax on digital service pro-

viders, excise taxes on single-use plastics and pickup trucks, the rationalization of the mining fiscal regime, the motor vehicle road user's charge, and the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy.

Filomeno S. Sta. Ana III, co-founder and coordinator at the Action for Economic Reforms, said that better tax administration is not enough to fund the government's deficit.

"The challenge that the government faces is to unwind the deficit resulting from the heavy borrow-

ing during the pandemic, and at the same time, it has to sustain high investments in social development,