

| STOCK MARKET | ASIAN MARKETS | WORLD MARKETS | PESO-DOLLAR RATES | ASIAN MONIES-US\$ RATE | WORLD CURRENCIES | DUBAI CRUDE OIL |
|---|--|--|--|--|---|---|
| PSEI AUGUST 23, 2024 OPEN: 6,917.29 HIGH: 6,987.04 LOW: 6,917.29 CLOSE: 6,961.96 VOL: 0.653 B 30 DAYS TO AUGUST 22, 2024 VAL(P): 6,994 B | ASIAN MARKETS AUGUST 23, 2024 CLOSE NET % JAPAN (NIKKEI 225) 38,364.27 ▲ 152.26 0.40 HONG KONG (HANG SENG) 17,612.10 ▼ -28.90 -0.16 TAIWAN (WEIGHTED) 22,158.05 ▲ 9.22 0.04 THAILAND (SET INDEX) 1,354.87 ▲ 13.84 1.03 S.KOREA (KSE COMPOSITE) 2,701.69 ▼ -5.94 -0.22 SINGAPORE (STRAITS TIMES) 3,387.99 ▲ 14.41 0.43 SYDNEY (ALL ORDINARIES) 8,023.90 ▼ -3.10 -0.04 MALAYSIA (KLSE Composite) 1,635.74 ▼ -5.92 -0.36 | WORLD MARKETS AUGUST 23, 2024 CLOSE NET DOW JONES 41,175.080 ▲ 462.300 NASDAQ 17,877.794 ▲ 258.440 S&P 500 5,634.610 ▲ 63.970 FTSE 100 8,327.780 ▲ 39.780 EURO Stoxx 50 4,494.630 ▲ 11.890 | FX AUGUST 23, 2024 OPEN HIGH LOW CLOSE JAPAN (YEN) 144.370 ▲ 145.590 HONG KONG (HK DOLLAR) 7.795 □ 7.795 TAIWAN (NT DOLLAR) 31.740 □ 31.954 THAILAND (BAHT) 33.850 ▲ 34.340 S. KOREA (WON) 1,323.430 ▲ 1,335.820 SINGAPORE (DOLLAR) 1.300 ▲ 1.307 INDONESIA (RUPIAH) 15,485 ▲ 15,595 MALAYSIA (RINGGIT) 4.372 ▲ 4.374 | ASIAN MONIES-US\$ RATE AUGUST 23, 2024 LATEST BID (0900GMT) PREVIOUS | AUGUST 23, 2024 CLOSE PREVIOUS US\$/UK POUND 1.3209 ▲ 1.3117 US\$/EURO 1.1190 ▲ 1.1139 US\$/AUST DOLLAR 0.6792 ▲ 0.6744 CANADA DOLLAR/US\$ 1.3507 ▼ 1.3574 SWISS FRANC/US\$ 0.8479 ▼ 0.8510 | FUTURES PRICE ON NEAREST MONTHS OF DELIVERY \$76.69/BBL 88.00 84.00 80.00 78.00 72.00 68.00 \$1.54 30 DAYS TO AUGUST 23, 2024 |

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PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • AUGUST 22, 2024 (PSEI snapshot on S1/4; article on S2/2)

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|--------|--------------|--------|--------------|---------|--------------|--------|--------------|-------|---------|--------------|----------|--------------|---------|--------------|---------|--------------|----------|--------------|-----------|--------------|
| ICT | P417.200 | BDO | P154.000 | ACEN | P5.200 | BPI | P124.800 | PLUS | P20.950 | SM | P935.000 | SMPH | P29.700 | MBT | P74.800 | CNRG | P14.980 | ALI | P32.750 | |
| Value | P699,174,916 | Value | P612,294,901 | Value | P327,792,989 | Value | P318,081,106 | Value | P0.850 | P237,475,515 | Value | P234,008,390 | Value | P227,715,445 | Value | P217,030,533 | Value | P188,032,178 | Value | P177,195,400 |
| P6.200 | ▲ 1.509% | P5.500 | ▲ 3.704% | -P0.260 | ▼ -4.762% | P3.200 | ▲ 2.632% | | | | | | | | | P0.520 | ▲ 3.596% | -P0.450 | ▼ -1.355% | |

Fed cuts to bolster BSP easing cycle

By Luisa Maria Jacinta C. Jocson Reporter

THE US Federal Reserve's latest signals of policy easing may give the Bangko Sentral ng Pilipinas (BSP) more confidence to continue its own rate cut cycle, analysts said.

Jonathan L. Ravelas, senior adviser at professional service firm Reyes Tacandong & Co. said that the start of the Fed's easing

cycle would "open doors" for the BSP to continue cutting rates.

"If Philippine inflation continues to trend lower, a cut in December is likely," Mr. Ravelas said in a Viber message.

Federal Reserve Chair Jerome H. Powell on Friday endorsed an imminent start to interest rate cuts, saying further cooling in the job market would be unwelcome and expressing confidence that inflation is within reach of the US central bank's 2% target, Reuters reported.

"The time has come for policy to adjust," Mr. Powell said in a highly anticipated speech to the Kansas City Fed's annual economic conference in Jackson Hole, Wyoming. "The direction of travel is clear, and the timing and pace of rate cuts will depend on incoming data, the evolving outlook, and the balance of risks."

Analysts and financial markets anticipate the Fed to deliver its first rate cut at its Sept. 17-18 policy meeting, a view that was cemented after a readout of the central bank's July

meeting said a "vast majority" of policy makers agreed the policy easing likely would begin next month.

Leonardo A. Lanzona, an economics professor at the Ateneo de Manila University, said that Fed rate cuts have already been widely expected as US inflation has stabilized.

"The delay has resulted in a slowdown in the US economy.

Thus, the BSP anticipated this eventual decline in rates and proceeded to reduce its policy rates before the Fed in order to avoid any negative effects on the

Philippines," he said in an e-mail.

"Considering these factors, the eventual decrease in Fed rates will no longer have any impact on the Philippine economy."

The Monetary Board this month reduced the target reverse repurchase rate by 25 basis points (bps) to 6.25% from the over 17-year high of 6.5%.

Mr. Lanzona said that markets likely already took into account the Fed's projected moves as the BSP had already cut ahead of the US central bank.

"Whatever its consequences it could have made were already incorporated into business decisions, and thus whatever we are experiencing now is going to continue since the lower rates have already been enforced by the BSP," he said.

"While short-term investments might slightly be affected, the long-term investments are not going to change since the lower rates in both countries have already been rationally incorporated in their forecasts."

BSP, S1/5

NEDA says PHL needs to benchmark number of holidays against neighbors

By Beatriz Marie D. Cruz Reporter

THE PHILIPPINES may have to benchmark its number of holidays against other Southeast Asian countries, as having "too much" holidays may discourage foreign investors, National Economic and Development Authority (NEDA) Secretary Arsenio M. Balisacan said.

"We are a country that is competing with other countries for investment. So of course, investors will look at productivity as a factor," he told *BusinessWorld* in an Aug. 15 interview.

"We have to benchmark our holidays with the norm... You can't go... far away from it because that will introduce disincentives for our investors."

The Philippine Chamber of Commerce and Industry (PCCI) claimed the country has "too many holidays" with an average of 27 holidays a year, saying it was not healthy for businesses and the economy.

The PCCI tally includes special holidays declared by the Palace, but excludes other provincial and municipal holidays, as well as work suspension due to calamities.

In comparison, Malaysia has 21 holidays, Indonesia has 17, Singapore with 11, Thailand has 20, and Vietnam has six.

"Look at the entire year and if you have much, many more holidays than the alternative (countries) for them, of course, you don't attract (foreign investors)," Mr. Balisacan said.

Earlier this month, Senate President Francis Joseph G. Escudero said the Senate plans on limiting the approval of bills on local holidays to boost the country's competitiveness. He earlier received backlash for floating the possibility of combining or cutting the number of holidays.

Mr. Balisacan also noted that not all workers stand to benefit from the so-called "holiday economics."

"The poor will suffer more from too many holidays," he said.

Holidays, S1/5

Gov't urged to hike selling price for palay

THE GOVERNMENT needs to hike the selling price for locally produced palay or unmilled rice to increase local rice production, an analyst said.

"The farmer needs to earn... They would no longer aspire to yield five metric tons (MT) per hectare, if palay prices were at P15 to P16 per kilogram," Teodoro C. Mendoza, an agronomist and a retired professor at the University of the Philippines Los Baños, told *BusinessWorld* in a phone call.

In April, the National Food Authority (NFA) had set a price of P23 to P30 per kilo for dry and clean palay, and P17 to P23 per kilo for fresh palay. Agriculture Secretary Francisco P. Tiu Laurel, Jr. has said the selling price for the NFA during the wet season harvest would be set at P23 per kilo for dry palay and P20 per kilo for wet palay.

In July, the farmgate price for palay was at P24.47 per kilo, 19.07% higher than the P22.08 per kilo price in the same month last year, according to the Philippine Statistics Authority (PSA).

Mr. Mendoza said palay prices may further decline during the harvest months of November and December.

He noted farmers yielding five MT per hectare need to make about P50,000 per hectare to keep profit up amid higher input costs.

The current national average yield for palay is 4.17 MT per hectare, equivalent to 84 bags weighing 50 kilograms, according to the Department of Agriculture (DA).

"What we want is to raise the selling price of rice which is essentially the price received by the farmers. But this is a function of the market. The government is not supposed to intervene unless there is a market failure," Ateneo de Manila University economics professor Leonardo A. Lanzona said in a Facebook Messenger chat.

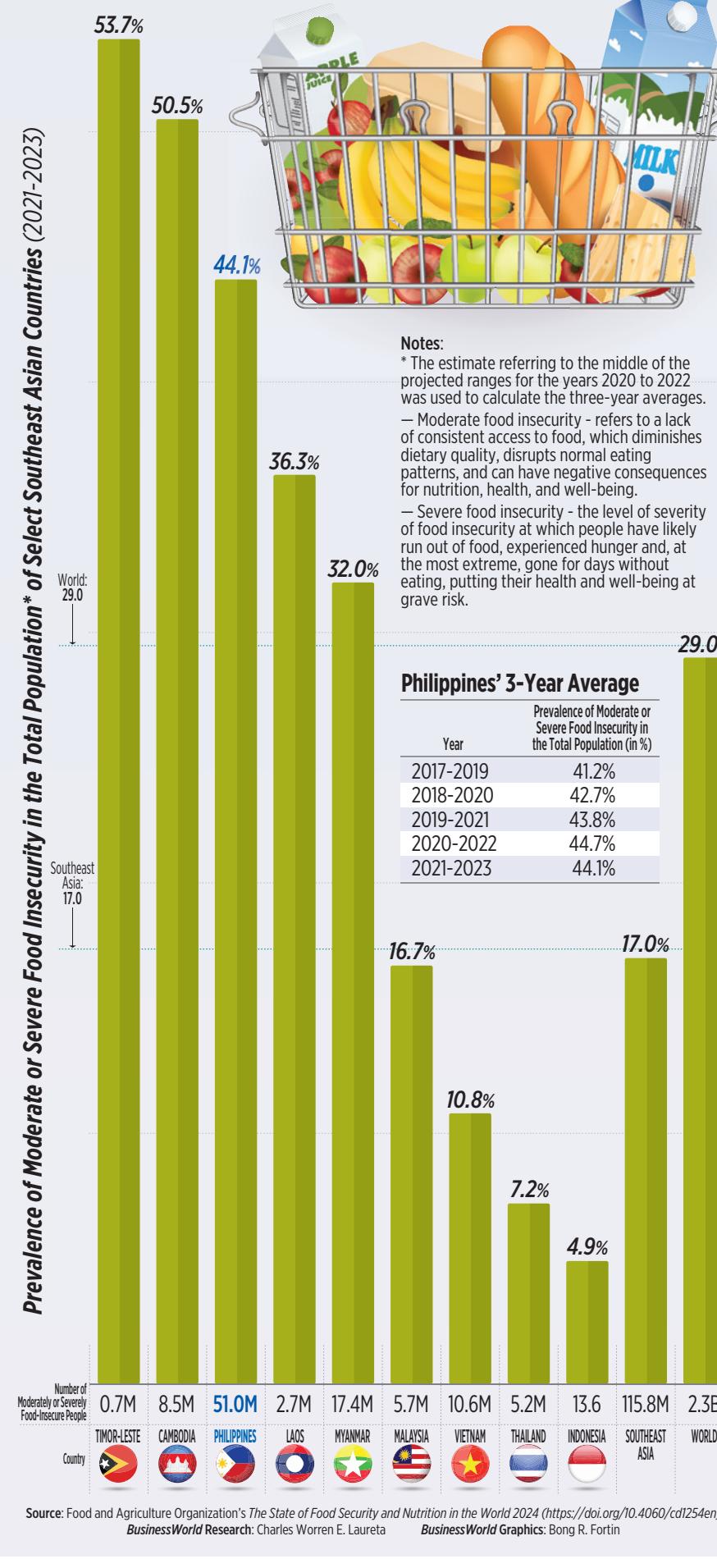
Philippine Rice Research Institute (PhilRice) Deputy Executive Director Florodeliza H. Bordey said the seeds distributed by the government to farmers are not fully resistant to adverse weather conditions.

"Nothing is really resistant to typhoons. As much as possible, we are trying to improve varieties that have a better probability of surviving if they are flooded, or droughts during El Niño," she said in an interview with reporters last week.

Palay, S1/5

FAO ALMOST 5 IN 10 FILIPINOS EXPERIENCE MODERATE OR SEVERE FOOD INSECURITY

According to *The State of Food Security and Nutrition in the World 2024* by the Food and Agriculture Organization, about 51 million Filipinos experienced moderate or severe food insecurity between 2021 and 2023. This was equivalent to 44.1% of the total population — the lowest share since 43.8% in 2019-2021. It was also the third-highest share in Southeast Asia. It was almost three times higher than the regional average and 1.5 times higher than the global average.



PHL economy 'will not lag far behind Vietnam' — Moody's Analytics

ECONOMIC GROWTH in the Philippines and the rest of Southeast Asia is seen to continue on an expansionary path until 2025, Moody's Analytics said.

"Growth will accelerate in Southeast Asia, supported by trade, investment, consumption, generally stimulatory fiscal policy, and, by early next year, easing monetary policy," Moody's Analytics Chief Asia-Pacific Economist Steven Cochrane said in a commentary.

"The Philippines and Indonesia will not lag far behind Vietnam, but their economies are not as closely tied to the global economy," he added.

Moody's Analytics expects Philippine gross domestic product (GDP) to expand by 5.9% this year, 6% next year, and 6.1% in 2026. This would fall short of the government's 6.7-7% growth target for 2024, 6.5-7.5% for 2025, and 6.5-8% for 2026.

The Philippine economy expanded by 6.3% in the second quarter, faster than 5.8% in the first quarter and 4.3% in the same period a year ago. This was also the fastest growth since 6.4% in the first quarter of 2023.

In order to meet the lower end of the government's 6-7% target band this year, GDP would need to expand by at least 6% in the second semester.

Moody's Analytics said it is optimistic about the growth in the overall Asia-Pacific (APAC) region.

"The outlook for the APAC economy in 2025 is good, even though economic growth in China and India will likely slow over the coming year," Mr. Cochrane said.

"A slow improvement in global trade, robust investment spending, and continued consumer spending will drive economic expansion in the region," he added.

For the Philippines, Mr. Cochrane said that there must be an "aggressive push" to ramp up infrastructure in order to support growth.

The Marcos administration plans to spend 5-6% of GDP on infrastructure annually.

The latest data from the Budget department showed that infrastructure spending jumped by 20.6% year on year to P611.8 billion in the first half of the year.

The Philippines "must stick to its plans and execute well," Mr. Cochrane said.

"Fiscal policy in the Philippines is strongly focused on infrastructure development, but actual execution of this policy has been uneven