



# BusinessWorld



33<sup>rd</sup> EJAP-AYALA Business Journalism Awards  
The 2023 Business News Source of the Year Award

STOCK MARKET	ASIAN MARKETS	WORLD MARKETS	PESO-DOLLAR RATES	ASIAN MONIES-US\$ RATE	WORLD CURRENCIES	DUBAI CRUDE OIL
<b>PSEi</b> OPEN: 6,692.95 HIGH: 6,729.14 LOW: 6,645.28 CLOSE: 6,729.14 VOL.: 0.861 B VAL(P): 5.711 B 38.37 pts. 0.57% 30 DAYS TO DECEMBER 6, 2024	<b>DECEMBER 6, 2024</b> JAPAN (NIKKEI 225) 39,091.17 ▼ -304.43 -0.77 HONG KONG (HANG SENG) 19,865.85 ▲ 305.41 1.56 TAIWAN (WEIGHTED) 23,193.27 ▼ -74.67 -0.32 THAILAND (SET INDEX) 1,451.96 ▲ 1.14 0.08 S.KOREA (KSE COMPOSITE) 2,428.16 ▼ -13.69 -0.56 SINGAPORE (STRAITS TIMES) 3,796.16 ▼ -26.52 -0.69 SYDNEY (ALL ORDINARIES) 8,420.90 ▼ -54.00 -0.64 MALAYSIA (KLCSE COMPOSITE) 1,613.25 ▼ -2.39 -0.15	<b>DECEMBER 6, 2024</b> DOW JONES 44,642.520 ▼ -123.190 NASDAQ 19,859.774 ▲ 159.051 S&P 500 6,090.270 ▲ 15.160 FTSE 100 8,308.610 ▼ -40.770 EURO STOXX50 4,416.250 ▲ 13.270	<b>FX</b> OPEN P57.800 HIGH P57.700 LOW P57.850 CLOSE P57.735 W.AVE. P57.780 VOL. \$1,715.50 M 14.50 ctyes 30 DAYS TO DECEMBER 6, 2024 SOURCE : BAP	<b>DECEMBER 6, 2024 LATEST BID (0900GMT)</b> JAPAN (YEN) 150.030 ▲ 150.250 HONG KONG (HK DOLLAR) 7.779 ▲ 7.782 TAIWAN (NT DOLLAR) 32.395 ▲ 32.423 THAILAND (BAHT) 34.060 ▲ 34.160 S. KOREA (WON) 1,424.140 ▼ 1,416.870 SINGAPORE (DOLLAR) 1.342 ▼ 1.341 INDONESIA (RUPIAH) 15,845 ▲ 15,855 MALAYSIA (RINGGIT) 4.417 ▲ 4.425	<b>DECEMBER 6, 2024</b> US\$/UK POUND 1.2742 ▲ 1.2716 US\$/EURO 1.0568 ▲ 1.0527 US\$/AUSTRALIAN DOLLAR 0.6389 ▼ 0.6437 CANADA DOLLAR/US\$ 1.4155 ▲ 1.4060 SWISS FRANC/US\$ 0.8784 ▼ 0.8847	<b>FUTURES PRICE ON NEAREST MONTH OF DELIVERY</b> \$71.70/BBL ▼ \$0.40 30 DAYS TO DECEMBER 6, 2024

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PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • DECEMBER 6, 2024 (PSEi snapshot on S1/3; article on S2/2)													
<b>BPI</b> P130.000 Value P761,867,186 P2.000 ▲ 1.563%	<b>BDO</b> P151.600 Value P494,092,238 ▼ -P4.300 ▼ -2.758%	<b>DITO</b> P1.260 Value P482,462,050 ▼ -P0.110 ▼ -8.029%	<b>ICT</b> P391.000 Value P329,990,534 ▲ P5.800 ▲ 1.506%	<b>ALI</b> P28.400 Value P320,109,740 ▼ -P0.600 ▼ -2.069%	<b>SM</b> P915.000 Value P277,200,605 ▲ P25.000 ▲ 2.809%	<b>SMPH</b> P26.700 Value P191,542,210 ▲ P0.500 ▲ 1.908%	<b>URC</b> P76.150 Value P150,430,954 ▲ P0.150 ▲ 0.197%	<b>MBT</b> P76.000 Value P139,171,331 ▲ P1.100 ▲ 1.469%	<b>MER</b> P480.000 Value P100,665,012 ▼ -P1.000 ▼ -0.208%				

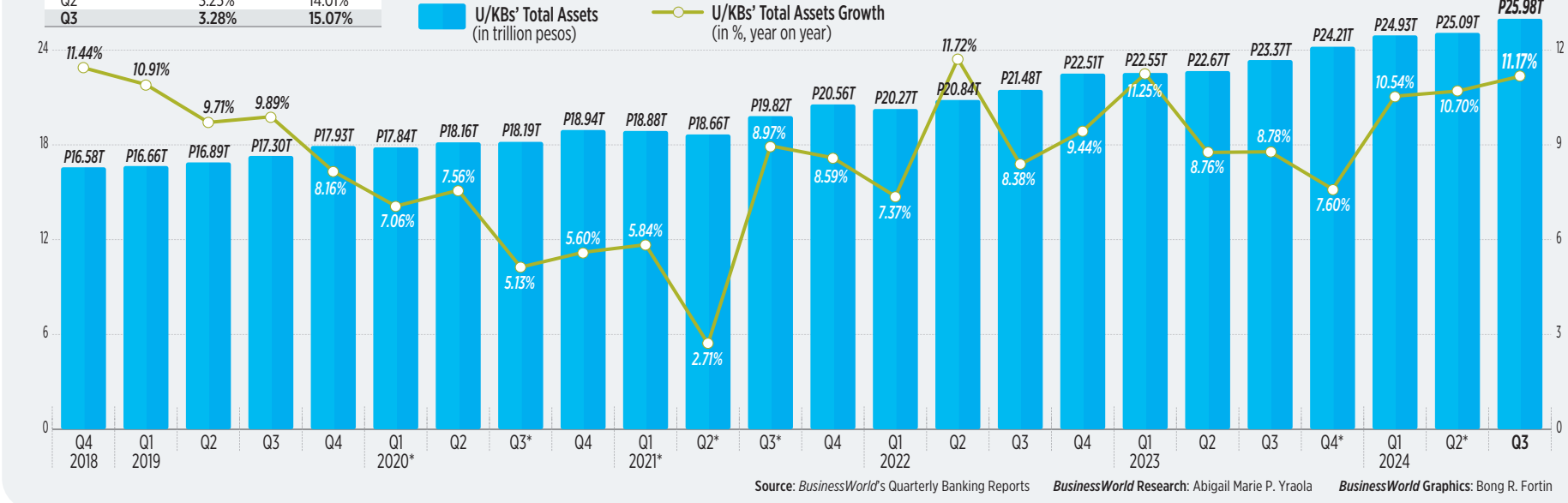
## Dollar reserves slip 2% at end-Nov.

	Gross Nonperforming Loans Ratio (Q4 2018-Q2 2024)**	U/KBs' Total Assets Growth (in %, year on year)
Q4 2018	1.45%	15.13%
Q1 2019	1.53%	12.38%
Q2	1.58%	10.25%
Q3	1.66%	9.10%
Q4	1.88%	9.30%
Q1 2020*	1.93%	9.73%
Q2	2.02%	5.37%
Q3*	3.57%	-0.74%
Q4	3.68%	-3.96%
Q1 2021*	4.12%	-5.98%
Q2*	4.67%	-5.60%
Q3*	4.49%	3.24%
Q4	3.95%	5.93%
Q1 2022	4.03%	6.21%
Q2	3.75%	12.61%
Q3	2.91%	9.74%
Q4	3.17%	9.73%
Q1 2023	3.63%	10.84%
Q2	3.58%	8.22%
Q3	3.62%	7.01%
Q4*	3.39%	10.22%
Q1 2024	3.60%	13.75%
Q2*	3.25%	14.01%
Q3	3.28%	15.07%

### ASSET AND LOAN GROWTH OF PHILIPPINES' BIGGEST BANKS SURGES IN Q3

In the July-to-September period, the combined assets of the country's universal and commercial banks (U/KBs) rose by 11.17% year on year to P25.98 trillion. This was faster than the 8.78% growth logged in the same period last year. Total loans issued by these banks also grew by 15.07%, reaching P13.16 trillion, the highest growth rate in 23 quarters (five years) or since the 15.13% recorded in the fourth quarter of 2018. Loan growth was higher than the 7.01% recorded a year ago.

**Notes:**  
\*Five of the big banks were excluded in the first quarter of 2020 due to unavailability of data at the time of collection. One during the third quarter of 2020 and first quarter of 2021, four in the second quarter of 2021, two in the third quarter of 2021, two in the fourth quarter of 2023, and one in the second quarter of this year.  
\*\* The current method uses the bad loan data obtained from the banks. As of fourth quarter 2023, gross NPL ratio data excluded loans in accordance with Bangko Sentral ng Pilipinas' amended guidelines on publishing balance sheets for lenders.



Source: BusinessWorld's Quarterly Banking Reports BusinessWorld Research: Abigail Marie P. Yraola BusinessWorld Graphics: Bong R. Fortin

By Luisa Maria Jacinta C. Jocsen Reporter

THE PHILIPPINES' gross international reserves (GIR) dipped at the end of November as the government settled some of its foreign currency-denominated debt, data from the Bangko Sentral ng Pilipinas (BSP) showed.

Preliminary data showed dollar reserves slipped by 2.4% to \$108.5 billion at the end of November from \$111.1 billion at the end of October.

Year on year, gross international reserves rose by 5.6% from \$102.7 billion.

"The month-on-month decrease in the GIR level reflected mainly the National Government's (NG) net foreign currency withdrawals from its deposits with the BSP to settle its foreign currency debt obligations and pay for its various expenditures," the central bank said.

The level of dollar reserves was enough to cover about 4.3 times the country's short-term external debt based on residual maturity.

The GIR as of end-November was also equivalent to 7.8 months' worth of imports of goods and payments of services and primary income.

"By convention, GIR is viewed to be adequate if it can finance at least three months' worth of the country's imports of goods and payments of services and primary income," the BSP said.

Ample foreign exchange buffers protect an economy from market volatility and ensure that a country can pay its debts in the event of an economic downturn.

Net foreign currency deposits dropped by 18% to \$1.75 billion at end-November from \$2.14 billion a month ago. It likewise fell by 8.1% from \$1.91 billion a year ago.

Dollar, S1/2

## Big banks post double-digit growth in loans, assets in Q3

THE COMBINED ASSETS and loans of the Philippines' biggest banks rose by double digits in the third quarter, amid increased economic activity.

The latest edition of *BusinessWorld's* quarterly banking report showed that the aggregate assets of 44 universal and commercial banks (U/KBs) grew by 11.17% year on year to P25.98 trillion in the July-to-September

period from P23.37 trillion a year ago.

The third-quarter asset growth was faster than the 10.7% logged in the second quarter, and the 8.78% in the same period in 2023. It was also the quickest in six quarters or since the 11.25% in the first quarter of 2023.

Meanwhile, total loans of these big banks surged by 15.07% to P13.16 trillion in the third

quarter, faster than 7.01% a year ago.

In the July-to-September period, lending growth was the fastest in 23 quarters or since the 15.13% posted in the fourth quarter of 2018.

Heightened lending activity in the third quarter may have reflected improving credit demand as the central bank began its easing cycle in August.

At its Aug. 15 meeting, the Bangko Sentral ng Pilipinas (BSP) reduced policy rates by 25 basis points (bps), the first rate cut in nearly four years. This brought the benchmark rate to 6.25% from the over 17-year high of 6.5%.

The BSP followed it up with another 25-bp cut at its October meeting, bringing the key rate to 6%.

However, gross domestic product (GDP) growth slowed to 5.2%

in the third quarter from 6.4% in the second quarter. This was the weakest growth in five quarters or since the 4.3% expansion in the second quarter of 2023.

Data also showed the share of bad loans to the total loan portfolio, also known as the nonperforming loan (NPL) ratio, rose to 3.28% from 3.25% in the previous quarter but fell from 3.62% a year ago.

Big banks, S1/10

## Central bank likely to continue easing despite inflation uptick, say analysts

THE BANGKO SENTRAL ng Pilipinas (BSP) will likely continue its rate-cutting cycle despite the slight uptick in November inflation, analysts said.

However, risks such as the weakening of the peso could prompt the central bank to be more cautious about further easing.

"Overall, the inflationary pressures were not broad-based, and the near-term outlook remains benign. Therefore, we think the BSP will lower its policy rate by 25 basis points (bps) at its next meeting in December," ANZ Research said.

Headline inflation quickened to 2.5% year on year in November from 2.3% in October, mainly driven by higher food prices due to typhoon damage.

This brought average inflation to 3.2% in the 11-month period, well within the 2-4% target band.

Pantheon Macroeconomics Chief Emerging Asia Economist Miguel Chanco said that it is "all clear" for a third straight rate cut later this month.

"Crucially, the result was also well within the BSP's forecast range, 2.2% to 3%, which means the bank will almost certainly make another 25-bp cut to the target reverse repo rate later this month, to 5.75%," he said.

The Monetary Board is set to have its final policy-setting meeting for the year on Dec. 19.

The central bank could opt to pause its easing cycle or deliver another 25-bp rate cut later this month, BSP Governor Eli M. Remolona, Jr. earlier said.

He said inflationary pressures may prompt them to keep rates steady, while a cut is likely if economic growth remains weak.

Since August, the Monetary Board has delivered a total of 50 bps worth of rate cuts, bringing the key rate to 6%.

"The soft inflation print supports our view of a rate cut in the Dec. 19 meeting, on top of the third-quarter 2024 growth which surprised to the downside," HSBC economist for ASEAN Aris D. Dacanay said.

Inflation, S1/10

## Investment banks eye 2025 income boom as Trump drives deal rebound

LONDON — President-elect Donald J. Trump's return to the White House is seen fueling a dealmaking revival that could bolster investment banking income to \$316 billion globally next year, a jump of about 5.7% on 2024, data seen by Reuters show.

Mergers and acquisitions (M&A) bankers are forecast to rake in about \$27.6 billion in fees, according to previously unreported

figures from analytics and insight provider Coalition Greenwich, in what could be their second-best year in at least two decades.

Global investment banking income has only topped \$300 billion five times in the last 20 years, the data show, with earnings power in recent years stifled by the pandemic, inflation and global political unease.

Mr. Trump's pro-business leanings should help an already thriving

US economy, which could in turn encourage greater volumes of cross-border dealmaking and investment from European firms chasing growth, bankers said.

"I know it's that time of year where bankers love to be bullish, but we actually do think that the current climate — political clarity and macro stability — will help drive M&A," Richard King, head of corporate banking, EMEA, at Bank of America said.

"There's a lot of pent-up demand that will likely come through in 2025," he said, pointing to private equity as well as acquisitive trade buyers across a range of sectors including healthcare, tech and energy.

Mr. Trump's administration could be particularly conducive to M&A because he is seen as likely to wave more deals through that had been blocked under the

previous administration over competition or US strategic importance concerns, bankers said.

While rainmakers are getting busier, bankers managing debt sales for companies and governments could also see a jump in activity, bringing in as much as \$49 billion, a new record, according to Coalition.

Revenue from the trading of securities — the biggest contributor to investment bank income — forecast at \$220 billion for 2025 would be the highest since 2022.

Credit and emerging markets macro-related products are likely to see the biggest jump on 2024 figures next year, with a 6% increase each while trading in interest rate-related products could shrink as much as 3.5%.

Trump, S1/10