



33rd 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
7050 6820 6590 6360 6130 5900 ▲ 21.60 PTS. 0.33% 30 DAYS TO JANUARY 2, 2025 PSEi OPEN: 6,527.84 HIGH: 6,550.39 LOW: 6,484.57 CLOSE: 6,550.39 VOL.: 1.114 B VAL(P): 3.241 B	JANUARY 2, 2025 CLOSE NET % JAPAN (NIKKEI 225) * 39,894.54 ▼ -386.62 -0.96 HONG KONG (HANG SENG) 19,623.32 ▼ -436.63 -2.18 TAIWAN (WEIGHTED) 22,832.06 ▼ -203.04 -0.88 THAILAND (SET INDEX) 1,380.25 ▼ -19.96 -1.43 S.KOREA (KSE COMPOSITE) 2,398.94 ▼ -0.55 -0.02 SINGAPORE (STRAITS TIMES) 3,793.57 ▲ 5.97 0.16 SYDNEY (ALL ORDINARIES) 8,201.20 ▲ 42.10 0.52 MALAYSIA (Klse COMPOSITE) 1,632.87 ▼ -9.46 -0.58 * CLOSING PRICE AS OF DECEMBER 30, 2024	DECEMBER 31, 2024 CLOSE NET DOW JONES 42,544.220 ▼ -29.510 NASDAQ 19,310.792 ▼ -175.993 S&P 500 5,881.630 ▼ -25.310 FTSE 100 8,173.020 ▲ 52.010 Euro Stoxx50 4,895.980 ▲ 26.700	57.80 58.05 58.30 58.55 58.80 59.05 ▲ 6.50 CTVS 30 DAYS TO JANUARY 2, 2025 FX OPEN P57.900 HIGH P57.780 LOW P58.040 CLOSE P57.910 W.AVE. P57.883 VOL. \$1,195.29 M SOURCE : BAP	JANUARY 2, 2025 LATEST BID (0900GMT) PREVIOUS JAPAN (YEN) 156.810 ▲ 156.850 HONG KONG (HK DOLLAR) 7.775 ▼ 7.768 TAIWAN (NT DOLLAR) 32.864 ▼ 32.799 THAILAND (BAHT) 34.220 ▲ 34.240 S. KOREA (WON) 1,466.690 ▲ 1,476.780 SINGAPORE (DOLLAR) 1.362 ▲ 1.364 INDONESIA (RUPIAH) 16,190 ▼ 16,090 MALAYSIA (RINGGIT) 4.476 ▼ 4.468	JANUARY 2, 2025 CLOSE PREVIOUS US\$/UK POUND 1.2495 ▼ 1.2521 US\$/EURO 1.0363 ▲ 1.0340 US\$/AUST DOLLAR 0.6213 ▲ 0.6188 CANADA DOLLAR/US\$ 1.4412 ▲ 1.4380 SWISS FRANC/US\$ 0.9039 ▼ 0.9072	FUTURES PRICE ON NEAREST MONTH OF DELIVERY \$75.95/BBL ▲ \$0.62 30 DAYS TO DECEMBER 31, 2024

PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • JANUARY 2, 2025 (PSEi snapshot on S1/2; article on S2/2)

ICT	P399.000	SM	P899.000	BDO	P144.500	ALI	P26.400	SMPH	P25.000	DITO	P1.900	BPI	P122.000	AREIT	P38.400	CBC	P65.950	MBT	P73.700
Value	P376,839,696	Value	P275,352,865	Value	P259,148,507	Value	P187,652,860	Value	P165,487,250	Value	P157,326,930	Value	P122,334,317	Value	P105,417,555	Value	P89,792,334	Value	P83,328,815
P13.000	▲ 3.368%	P0.000	— 0.000%	P0.500	▲ 0.347%	P0.200	▲ 0.763%	-P0.150	▼ -0.596%	P0.260	▲ 15.854%	P0.000	— 0.000%	P0.450	▲ 1.186%	P2.450	▲ 3.858%	P1.700	▲ 2.361%

Factory activity expands in December

By Aubrey Rose A. Inosante Reporter

PHILIPPINE factory activity ended 2024 on a high as December growth was the fastest since November 2017, driven by an increase in production and new orders, S&P Global said on Thursday.

The S&P Global Philippines Manufacturing Purchasing Managers' Index (PMI) rose to 54.3 in December from 53.8 in the previous month. This matched the April 2022 print and was the strongest improvement in operating conditions since the 54.8 reading in November 2017. A PMI reading above the 50 mark denotes improvement in operating conditions, while a

reading below 50 signals deterioration. "The Filipino manufacturing sector ended 2024 on a positive note, with further improvements in demand resulting in sharp and significant increases in new orders and output," Maryam Baluch, economist at S&P Global Market Intelligence, said in a report. The Philippines' PMI reading remained the fastest among six

Association of Southeast Asian Nations (ASEAN) member countries in December. It was ahead of Thailand (51.4), Indonesia (51.2) and Myanmar (50.4). A contraction in manufacturing activity was seen in Vietnam (49.8) and Malaysia (48.6). In its report, S&P Global said output and new orders "positively influenced" the Philippines' PMI reading in December.

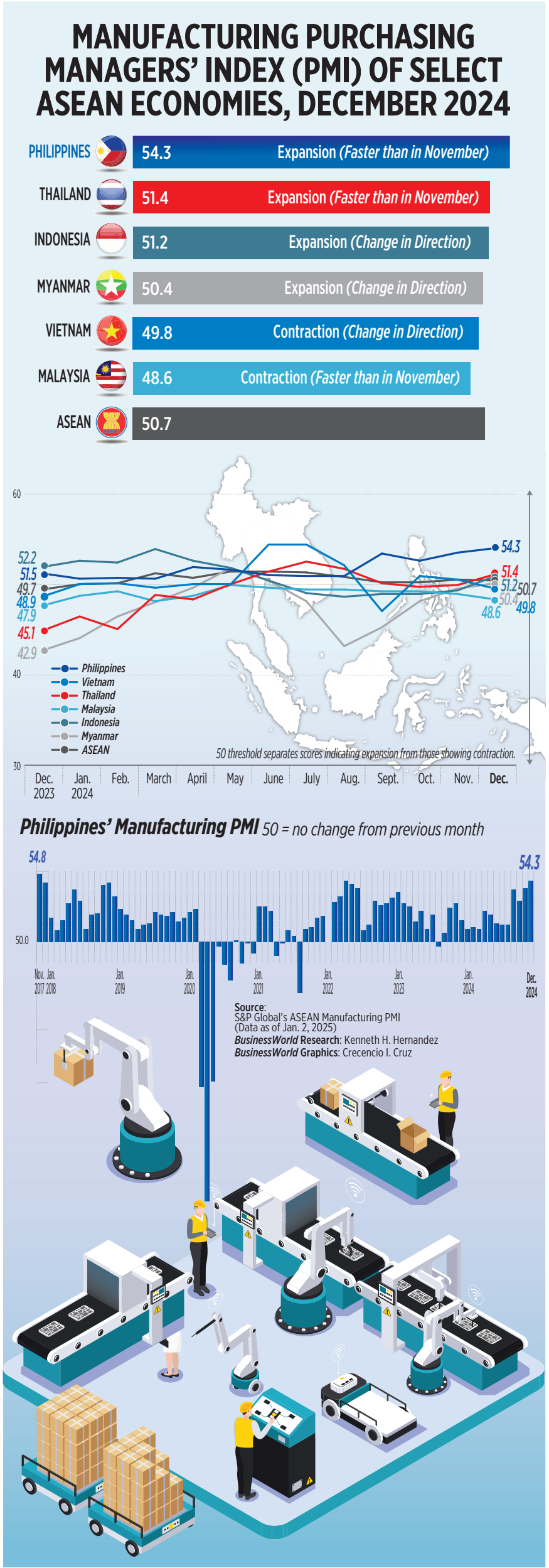
"Sharp expansions in both new orders and output were reported, supported by anecdotal evidence of robust underlying demand trends, product diversification, and new client acquisitions," it said. International markets saw a resurgence in demand, leading to the first uptick in new export orders in five months, S&P Global said. An increase in production requirements prompted manufac-

turers to hike purchasing activity, with input buying rising at the highest rate in nearly two years. "A sustained increase led to a resumption of pre-production inventory building, following two consecutive months of contraction," it said. S&P Global said vendor performance deteriorated sharply in December, although at a slower pace than in November. *Factory, S1/4*

Palay production to rebound in 2025

By Adrian H. Halili Reporter

LOCAL RICE PRODUCTION is expected to rebound in 2025, an analyst said, citing low base effects. "It will likely be an increase since we are starting with a low base in 2024, where palay production had shrunk a million metric tons (MT), by our calculation," Former Agriculture Undersecretary Fermin D. Adriano said in a Viber message. Earlier, the Department of Agriculture said palay or unmilled rice production would likely fall to 19.3 million MT in 2024. The agriculture sector was negatively impacted by dry spells and droughts caused by El Niño in the first half, and heavy rains and typhoons in the latter part of 2024. If realized, rice output would fall by 3.63% from 20.06 million MT in actual production in 2023. This would also be the lowest level of rice production since the 19.29 million MT posted in 2020. Meanwhile, the US Department of Agriculture (USDA) said that milled rice production for 2025 would decline by 3% due to the impact of the El Niño and La Niña events. The USDA said that milled rice production would likely fall to 11.95 million MT in 2025 from the 12.32 million MT forecast for 2024. Roehlano M. Briones, a senior research fellow at the Philippine Institute for Development Studies said in a Viber message that rice output will likely improve in 2025 due to an increase in productivity. "There is no way to go but up because we hit rock bottom (in 2024), unless natural calamities again affect our rice-growing areas," Mr. Adriano added. Before it ended in June 2024, El Niño caused drought and dry conditions that affected agricultural production. Farm damage caused by El Niño stood at P15.3 billion, according to the DA's final estimate. Damage to rice crops amounted to P5.93 billion or 38.8% of the total. Lost volume stood at 330,717 MT, across 109,481 hectares of farmland. In the fourth quarter, several storms hit the country. The DA estimated that agricultural damage due to typhoons Kristine and Leon reached P9.81 billion, covering 183,877 hectares of land and production loss of 380,704 MT. Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said rice production in 2025 "should be better," amid the increase rainfall during La Niña. "As La Niña is expected to last up to early first quarter of 2025, provided there would be no large storm or flood damage. Unlike the El Niño from the latter part of 2023 to June 2024 that reduced rainfall and rice production, as well as the series of strong storms since July 2024," he said in a Viber message. The Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAGASA) said that La Niña-like conditions are currently prevailing in the tropical Pacific. "La Niña conditions for December to February 2024-25 is favored, with a return to ENSO-neutral conditions starting the March-April-May," PAGASA said in its latest monitoring as of Dec 18. Weather conditions that are neither El Niño nor La Niña are considered to be El Niño-Southern Oscillation (ENSO) neutral. Meanwhile, Mr. Briones said rice prices in 2025 would be "lower than the average in 2024." The government had slashed tariffs on imported rice to 15% from 35% until 2028 to lower prices of rice. "Rice prices will likely go down given the release of rice imports made last year, but it will be gradually," Mr. Adriano added. He said that regular milled rice would be unlikely to fall between P38 and P40 per kilogram due to higher input costs. In an earlier report, Fitch Solutions' unit BMI said international rice prices are expected to decline in 2025 as India eased restrictions on exports of white rice. Last September, India's Directorate of Foreign Trade lifted the export ban on non-basmati white rice, citing ample inventory levels. The Philippines remains the world's top importer of rice, according to the USDA. The Philippines is projected to import 5.3 million MT of rice in 2025.



Within-target inflation to keep BSP on easing path

By Luisa Maria Jacinta C. Jocson Reporter

PHILIPPINE INFLATION is seen to remain within target in 2025, analysts said, paving the way for the central bank to continue its easing cycle. "Looking ahead, inflation will likely be contained reflecting the moderation in global commodity prices, and administrative measures such as tariff cuts on food items, particularly tariff cuts on imported rice from July," the ASEAN+3 Macroeconomic Research Office (AMRO) Senior Economist Andrew Tsang said. AMRO expects inflation to settle within the Bangko Sentral ng Pilipinas' (BSP) 2-4% target range for 2024 and 2025. "Specifically, average inflation is projected to be 3.2% in 2025, the same level as in 2024, which is a substantial decline from the 6% in 2023," Mr. Tsang added. Philippine headline inflation averaged 3.2% in January-November 2024. In 2024, monthly inflation prints have so far stayed within the BSP's target band except for the 4.4% spike in July.

The BSP expects inflation to average 3.2% in 2024 and 3.3% in 2025. "We still expect the Philippines' inflation to remain within the BSP's 2-4% target range," Krisjanis Krustins, director at Fitch Ratings' Asia-Pacific Sovereigns team and primary sovereign ratings analyst for the Philippines, said. "In my new view, considering all risks and given past and current information, inflation in 2025 will still generally fall within the target range," Enrico P. Villanueva, a senior lecturer at the University of the Philippines Los Baños Economics Department, said. The Philippines has grappled with elevated inflation since 2022 amid external headwinds and supply-chain disruptions. From April 2022 to November 2023, inflation breached the 2-4% target band. "The inflation outlook for 2025 largely hinges on external factors like commodity prices and exchange rates, as well as domestic supply-side management," John Paolo R. Rivera, a senior research fellow at the Philippine Institute for Development Studies, said. "While the BSP's easing cycle is likely to continue, its trajectory will depend on inflation trends, peso stability, and global monetary policy movements," he added.

PRICE RISKS
However, analysts flagged potential risks that could stoke inflation anew in 2025. "There is always a risk that a component of the consumer price index (CPI) will go up, like in electricity and wages as pointed out in BSP medium-term inflation path," Mr. Villanueva said. He said that these must be viewed as "regular possibilities." "What is crucial for policy making, though, is the severity, likelihood and correlation of these risks. Are the risk possibilities severe and likely enough to occur and will these stand out or be offset by price declines for other items in the consumer basket?" he added. The BSP earlier said that the risks to the inflation outlook for 2025 and 2026 remain tilted to the upside. "There could be some upside risk to inflation due to robust economic growth and increases in minimum wages," Mr. Tsang likewise said. He cited shocks such as supply-side disruptions due to natural disasters, which could drive up food prices. "Climate change impacts through potential strings of strong typhoons

can make landfall and wreak havoc in Luzon and the Visayas," Union Bank of the Philippines, Inc., Chief Economist Ruben Carlo O. Asuncion said. The Philippines has remained the most at-risk country globally for 16 straight years, according to the latest edition of the World Risk Index (WRI), which measures a country's exposure to natural disasters and societal capacity to respond. A recent report by the Asian Development Bank (ADB) also showed that the Philippines could potentially lose 18.1% of its gross domestic product (GDP) by 2070 due to climate change under a high emissions scenario. "Meanwhile, worsening geopolitical tensions in other regions, such as Ukraine and the Middle East, could raise the risk of global supply disruption leading to sharp spikes in commodity prices and shipping costs, and cause another round of upward pressures on inflation," Mr. Tsang said. "The impact would be exacerbated if there were to be a sharp depreciation of the peso caused by external shocks," he added. Mr. Rivera said the depreciation of the peso due to a stronger dollar or trade imbalances "could increase import costs, exacerbating inflation pressures."

Inflation, S1/4