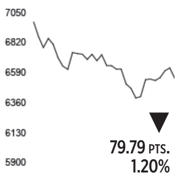
P25 IN METRO MANILA, PHILIPPINES

BusinessWorld

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

STOCK MARKET



PSEi	
OPEN:	6,628.16
HIGH:	6,640.99
LOW:	6,545.38
CLOSE:	6,545.38
VOL.:	1.515 B
VAL(P):	4.512 B

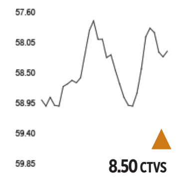
ASIAN MARKETS — JANUARY 7, 2025

	CLOSE		NET	%
Japan (Nikkei 225)	40,083.30	▲	776.25	1.97
Hong Kong (Hang Seng)	19,447.58	▼	-240.71	-1.22
Taiwan (Weighted)	23,651.27	▲	103.56	0.44
Thailand (SET Index)	1,392.36	▲	19.71	1.44
S.Korea (Kse Composite)	2,492.10	▲	3.46	0.14
Singapore (Straits Times)	3,821.49	▼	-0.35	-0.01
Sydney (All Ordinaries)	8,285.10	▲	27.70	0.34
Malaysia (Klse Composite)	1,629.79	▲	4.32	0.27

WORLD MARKETS — JANUARY 6, 2025

	CLOSE		NET
Dow Jones	42,706.560	▼	-25.570
NASDAQ	19,864.981	▲	243.304
S&P 500	5,975.380	▲	32.910
FTSE 100	8,249.660	▲	25.680
Euro Stoxx50	4,365.590	▲	49.550

PESO-DOLLAR RATES



FX	
OPEN	P58.150
HIGH	P58.020
LOW	P58.185
CLOSE	P58.185
W.AVE.	P58.099
VOL.	$1,869.00 M

SOURCE : BAP

ASIAN MONIES-US$ RATE — JANUARY 7, 2025

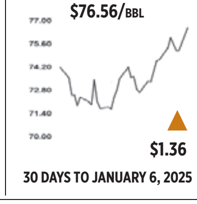
	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	157.620	▲	157.660
Hong Kong (HK dollar)	7.773	▲	7.775
Taiwan (NT dollar)	32.684	▲	32.830
Thailand (baht)	34.490	▲	34.610
S. Korea (won)	1,446.310	▲	1,464.220
Singapore (dollar)	1.360	▲	1.366
Indonesia (rupiah)	16,125	▲	16,190
Malaysia (ringgit)	4.485	▲	4.510

WORLD CURRENCIES — JANUARY 7, 2025

	CLOSE		PREVIOUS
US$/UK pound	1.2560	▲	1.2478
US$/Euro	1.0426	▲	1.0358
US$/Aust dollar	0.6278	▲	0.6244
Canada dollar/US$	1.4307	▼	1.4377
Swiss Franc/US$	0.9037	▼	0.9056

DUBAI CRUDE OIL

FUTURES PRICE ON NEAREST MONTH OF DELIVERY
$76.56/BBL

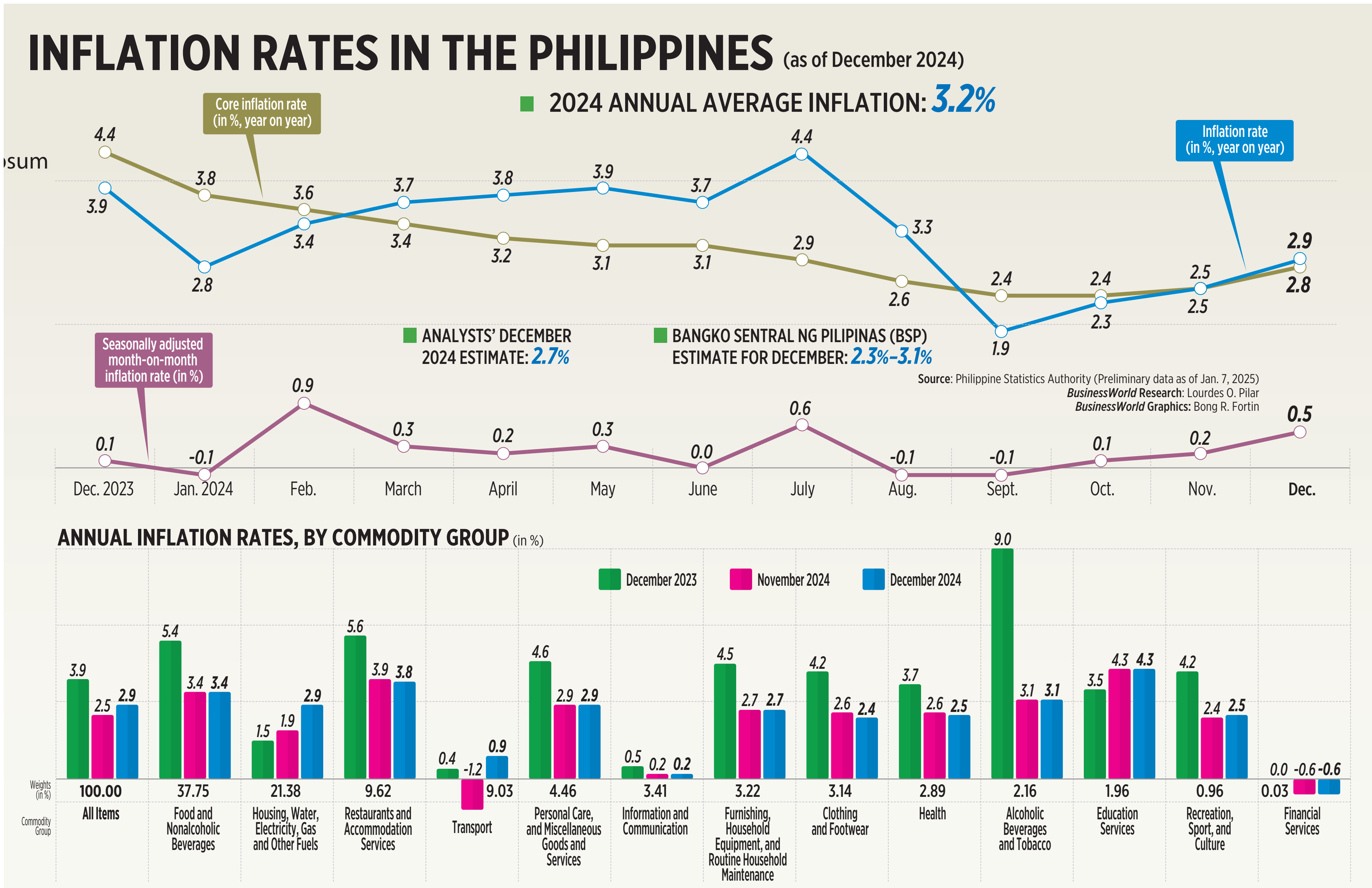


VOL. XXXVIII • ISSUE 116 | WEDNESDAY • JANUARY 8, 2025 • www.bworldonline.com | S1/1-10 • 2 SECTIONS, 14 PAGES

PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • JANUARY 7, 2025 (PSEi snapshot on *S1/4*; article on *S2/2*)

		Value			
ALI	P26.100	P565,836,585	-P0.900	▼	-3.333%
ICT	P400.000	P425,162,838	-P10.600	▼	-2.582%
BDO	P145.500	P349,621,213	-P2.400	▼	-1.623%
DITO	P2.020	P321,678,640	-P0.210	▼	-9.417%
BPI	P123.000	P286,167,172	-P1.000	▼	-0.806%
SM	P893.000	P198,946,990	-P6.000	▼	-0.667%
SMPH	P24.700	P191,366,570	-P0.450	▼	-1.789%
PLUS	P28.500	P173,514,105	P0.550	▲	1.968%
AREIT	P39.300	P123,144,390	P0.500	▲	1.289%
JFC	P264.000	P118,110,508	P3.000	▲	1.149%

December inflation rises to 2.9%



By Luisa Maria Jacinta C. Jocson *Reporter*

INFLATION accelerated for a third straight month in December amid a faster rise in food, utility and transport prices, the Philippine Statistics Authority (PSA) said.

Preliminary data from the PSA showed the consumer price index (CPI) rose to 2.9% year on year in December from 2.5% in November but was slower than 3.9% a year earlier.

It also settled within the 2.3%-3.1% forecast for the month given by the Bangko Sentral ng Pilipinas (BSP).

The latest inflation print is slightly higher than the 2.7% median estimate in a *BusinessWorld* poll of 13 analysts.

The December print brought 2024 inflation to 3.2%, in line with the BSP's forecast. This was the first time that full-year inflation fell within the central bank's 2-4% target since 2021, when inflation averaged 3.9%. It was also the slowest since 2.4% in 2020.

"On balance, the within-target inflation outlook and well-anchored inflation expectations continue to support the BSP's shift toward a less restrictive monetary policy. Nonetheless, the monetary authority will continue to closely monitor the emerging

Inflation, S1/8

PHL end-December dollar reserves drop to $106.8B

THE PHILIPPINES' gross international reserves (GIR) inched lower at end-December, falling short of the central bank's full-year projection.

Preliminary data released by the Bangko Sentral ng Pilipinas (BSP) on Tuesday showed reserves stood at $106.84 billion, down by 1.5% from $108.49 billion at end-November.

Year on year, dollar reserves rose by 3% from $103.75 billion a year earlier.

The GIR was below the BSP's end-2024 projection of $109 billion.

"The month-on-month decrease in the GIR level reflected mainly the BSP's net foreign exchange operations," the central bank said.

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said the peso volatility in the fourth quarter might have weighed on the GIR level due to the "need to smoothen or manage the volatility."

In 2024, the peso closed at its record low of P59 thrice — on Nov. 21, Nov. 26 and Dec. 19.

At its end-December level, the GIR was enough to cover 7.5 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.

The dollar reserves were also equivalent to about 3.8 times the country's short-term external debt based on residual maturity.

Having an ample level of foreign exchange buffers safeguards an economy from market volatility and is an assurance of the country's capability for debt repayment in the event of an economic downturn.

The central bank said the lower GIR level was due to the "drawdown on the National Government's (NG) deposits with the BSP to pay off its foreign currency debt obligations."

Foreign currency deposits slumped by 20.6% to $1.37 billion as of end-December from $1.73 billion the month prior. It increased by 78.2% from $770.7 million as of end-2023.

The BSP also cited the downward valuation adjustments in its gold holdings due to the "decrease in the price of gold in the international market."

The country's gold reserves were valued at $11 billion as of end-2024, down by 0.2% from $11.03 billion at end-November. However, it was higher by 4.2% from $10.56 billion a year ago.

Central bank data showed reserves in the form of foreign investments declined by 1.4% to $90 billion as of December from $91.3 billion a month earlier. It rose by 2.5% from $87.85 billion at end-December 2023.

Net international reserves dropped by 1.5% to $106.83 billion from $108.46 billion a month ago.

Net international reserves are the difference between the BSP's reserve assets (GIR) and reserve liabilities such as short-term foreign debt, and credit and loans from the International Monetary Fund (IMF).

The Philippines' reserve position in the IMF went up by 1.1% month on month to $675.6 million from $668.2 million. Year on year, it decreased by 11.2% from $760.9 million.

Dollar, S1/8

Outstanding debt hits fresh high of P16.09T

By Aubrey Rose A. Inosante *Reporter*

THE NATIONAL Government's (NG) outstanding debt rose to a fresh high of P16.09 trillion as of end-November, partly reflecting the impact of the peso depreciation on the value of foreign obligations, the Bureau of the Treasury (BTr) said.

Data from the BTr on Tuesday showed that outstanding debt inched up by 0.4% or P70.7 billion to P16.09 trillion as of end-November from P16.02 trillion as of end-October.

Year on year, debt jumped by 10.9% from P14.51 trillion.

The BTr attributed the higher debt level to "net financing and the impact of local currency depreciation on the valuation of foreign currency-denominated debt."

The bulk or 67.87% of the total debt stock came from domestic sources.

As of end-November, outstanding domestic debt inched up by 0.3% to P10.92 trillion from P10.89 trillion at the end of October.

"The increment resulted from the P30.67-billion net issuance of domestic securities and P1.15-billion effect of peso depreciation on US dollar-denominated domestic debt," the BTr said.

Government securities accounted for nearly all of domestic debt.

Year on year, domestic debt increased by 9% from P10.02 trillion.

Meanwhile, external debt went up by 0.8% to P5.17 trillion at end-November from P5.13 trillion a month earlier.

"The significant depreciation of the peso led to a P35.61-billion escalation in the local valuation of US dollar-denominated debt while net foreign loan availments added P8.33 billion," the BTr said.

The Treasury added that the "favorable third-currency movements" against the greenback had shrunk the external debt by P5.06 billion.

Based on the data, the Treasury used a foreign exchange rate of P58.602 a dollar in November, against P58.198 in October and P54.77 in November 2023.

Year on year, external debt jumped by 15.3% from P4.48 trillion a year earlier.

Government securities consisted of P2.34 trillion in US dollar bonds, P213.72 billion in euro bonds, P59.32 billion in Japanese yen bonds, P58.6 billion in Islamic certificates and P54.77 billion in peso global bonds.

Meanwhile, NG-guaranteed obligations rose by 2.5% to P422.04 billion at end-November from P411.76 billion in October.

"This resulted from P8.95 billion in new domestic guarantees, as well as P1.85 billion in upward adjustments brought about by unfavorable foreign currency movements," the BTr said.

Year on year, NG-guaranteed obligations jumped by 19.51% from P353.14 billion.

Debt, S1/8

SSS sees no need for future contribution rate hikes

THE SOCIAL Security System (SSS) does not see the need for further increases in its contribution rate as the last tranche of hikes would double the fund life to 28 years.

SSS President and Chief Executive Officer (CEO) Robert Joseph M. de Claro defended the scheduled 1% increase in the contribution rate to 15%, which takes effect this month.

"With this last tranche of contribution rate and MSC (monthly salary credit) increases, the SSS fund is projected to last until 2053 — doubling the fund life to 28 years (vs 2032 or 14 years when an actuarial valuation study was performed in 2018). This will allow us to fulfill our social security obligations to current and future members during times of contingencies," he said in a statement.

Under Republic Act (RA) No. 11199 or the Social Security Act of 2018, the SSS implemented incremental contribution rate hikes of one percentage point every two years starting in 2019 from the original contribution rate of 11%.

Of the 15% contribution rate, employers will shoulder 10% of the contribution, while employees will pay the rest.

The SSS also raised the monthly salary credits to P5,000 from P4,000, and the maximum credits to P35,000 from the previous P30,000.

Mr. de Claro said the contribution rate and MSC increases would result in additional collections of about P51.5 billion in 2025. Of this, 35% or P18.3 billion will go to the Mandatory Provident Fund accounts of SSS members.

He also reassured SSS members that there will be no more increases in the contribution rate.

"It also doesn't make sense when you have to pay more than 15% from your salary considering that you have to pay your income tax which is around 25 to 30%. The take home amount will really shrink," Mr. de Claro said at a briefing in Malacañang on Monday.

In response to calls to delay the hike in the contribution rate, Mr. De Claro said the SSS might not be able to provide members with short-term benefits in case of emergencies.

"During the last administration, the president mandated a P1,000 increase in benefits. This resulted in the SSS fund life only reaching up to 2032 or for 14 years. I'm happy to report that as of the moment, we have already doubled the fund life," he said.

However, this is substantially below the ideal fund life of 68 years, Mr. de Claro said.

"I think 68 years is a dream unless we get subsidies from the government. Today, I'm happy to report that we are self-sustaining... I don't think it's practical also to target 68 years," he said.

Instead, the SSS will study how to shift to a variable or hybrid model from a defined benefit model, Mr. de Claro said.

"Actually, that is utopia for the actuarial people, 68 years. The reality is once we are able to shift from a defined benefit to a variable or hybrid model, then that fund life of 68 years doesn't come into play much because of the corresponding impact with regard to the unfunded liability," he said. — **AMCS**