PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • MARCH 26, 2025 (PSEi snapshot on \$1/2; article on \$2/2)

P22.500 P374.000 P233.600 MER P548.000 **APX** P4.950 P19.340 P153.100 **ICT** SM P786.500 **SMPH** ALI P21.950 CNVRG GTCAP P485.000 P290,134,980 P322,964,196 P274,311,070 P225,338,345 P151,629,017 P449,728,923 **Value** P258,461,790 Value P169,221,948 P275,217,205 P247,103,860 P10.800 **▼** -1.859% **2.974**% P0.800 **▲** 0.344% P0.050 **A** 1.020% -P8.500 **▼** -1.069% P23.000 4.381% -P0.900 ▼ -3.846% -P0.300 ▼ -1.348%

Moody's unit cuts PHL growth outlook

MOODY'S ANALYTICS trimmed its economic growth forecasts for the Philippines to below 6% for this year and 2026, reflecting the impact of uncertainties arising from the United States' tariff policies.

However, Moody's Analytics economist Sarah Tan said the Philippines still stands out as one of the fastest-growing economies in Southeast Asia.

Moody's Analytics projects Philippine gross domestic product (GDP) to grow by 5.9% this year, slightly slower than its 6% baseline forecast in November.

For 2026, it also trimmed its Philippine GDP growth projection to 5.8% from 6.1% previously.

If realized, these forecasts would both fall short of the government's 6-8% target for 2025 and 2026.

"While the expected growth is shy of the government's target, it will mark the strongest expansion in three years," Ms. Tan said in a webinar on Wednesday.

"Private consumption and investment will be the key driver of growth in the Philippines, supported by a stable inflation and easing monetary policy."

Household spending typically accounts for about three-fourths of the Philippine economy.

On the other hand, Ms. Tan said the growth outlook was downgraded to account for the impact of recent US tariff policies.

Moody's Analytics Head of Japan and Frontier Market Economics Stefan Angrick said the previous forecasts were produced in November before US President Donald J. Trump was elected president.

Since taking office in January, Mr. Trump has imposed a 20% levy on all Chinese imports; 25% tariffs on imports from Canada and Mexico, as well as duties of 25% on all steel and aluminum imports.

3.39

"Anything that happens outside the region, trade friction will depress growth elsewhere in the world. That will then feed into aggregate demand and depress growth in the Asia-Pacific region indirectly," Mr. Angrick said.

"For (Asia-Pacific) overall, we expect GDP growth this year to come in just north of 3.5%, which is down from about 4% last year."

The region is more exposed to these risks as it is dependent on free trade and is subsequently more vulnerable to a slowdown in global trade, Mr. Angrick said.

However, he noted that some parts of Southeast Asia do not heavily export to the US.

"The direct exposure to changes in the US tariff regime is more moderate," he added.

Ms. Tan said the Philippines' reliance on exports is "pretty small" compared with its neighbors.



PHILIPPINE STAR/RYAN BALDEM

VEHICLES are seen on the road during rush hour. The Philippine economy is projected to grow slightly below 6% this year and next.

Impunity Score

4.00 - 5.00

"The impact of Trump policies on the Philippine economy is not as large as what we're seeing in other countries, maybe like in Thailand or Indonesia." she said.

Thailand or Indonesia," she said.

"But the reciprocal tariffs or any tariffs that come from to impose recognitions."

Philippines."

Mr. Trump

the US will definitely hurt the Philippine exporters, only because the US is the largest export destination for the

Mr. Trump has also threatened to impose reciprocal tariffs on

countries that tax US imports as early as April.

"It is unlikely to leave a huge dent on the macroeconomy, but it will definitely hurt these exporters and manufacturers," Ms. Tan added.

The US is the top destination for Philippine-made goods. Last year, Philippine exports to the US were valued at \$12.12 billion or nearly 17% of total export sales.

EASING INFLATION

Meanwhile, Moody's Analytics expects headline inflation to remain within the central bank's 2-4% target until 2026.

"This year, we are expecting inflation to ease further and interest rates to go down even more and so that will boost private spending and investment," Ms. Tan said.

Moody's Analytics sees inflation averaging 2.8% this year and 3% in 2026.

Moody's, S1/3

Strong growth to support Philippine banking sector — Fitch Ratings

THE PHILIPPINE banking system's credit profile will likely remain stable on the back of the country's strong macroeconomic fundamentals, Fitch Ratings said.

"Fitch Ratings believes the Philippines' resilient medium-term economic potential and favorable banking business prospects reinforce banks' standalone credit profiles," it said in a peer credit analysis on Wednesday.

Earlier this month, the credit rater hiked the country's banking sector operating environment score to "bbb-" from "bb+."

All rated Philippine banks' viability ratings (VR) were also revised one notch higher this month.

"This considers the country's strong growth prospects, with Fitch forecasting GDP (gross domestic product) growth of 6% over the next two years, which should underpin banking business volume and keep impairment risks at bay," it said.

The government is targeting GDP to grow by 6-8% this year until 2028.

"Rising geopolitical tensions and greater trade protectionism pose downside risk to the Philippines' growth momentum, but we believe it is relatively insulated and more resilient than many of its export-oriented regional peers, given its lower reliance on merchandise exports."

The recent VR upgrade also "reflects steady improvement in the private banks' profitability and asset quality since the trough of the COVID-19 (coronavirus disease 2019) pandemic," Fitch said.

"Rising capital buffers at the state-owned banks support their credit profiles, and we expect this to continue over the next 12-18 months, helped by enhanced internal capital generation."

The net earnings of the Philippine banking industry rose by 9.76% year on year to P391.28 billion in 2024.

Fitch raised the VR of BDO Unibank, Inc., Bank of the Philippine Islands, and Metropolitan Bank & Trust Company by one notch to "bbb-" from "bb+."

"The three privately owned banks have better standalone credit profiles than their state-owned counterparts, largely due to more established franchises and better underwriting standards," Fitch Ratings said.

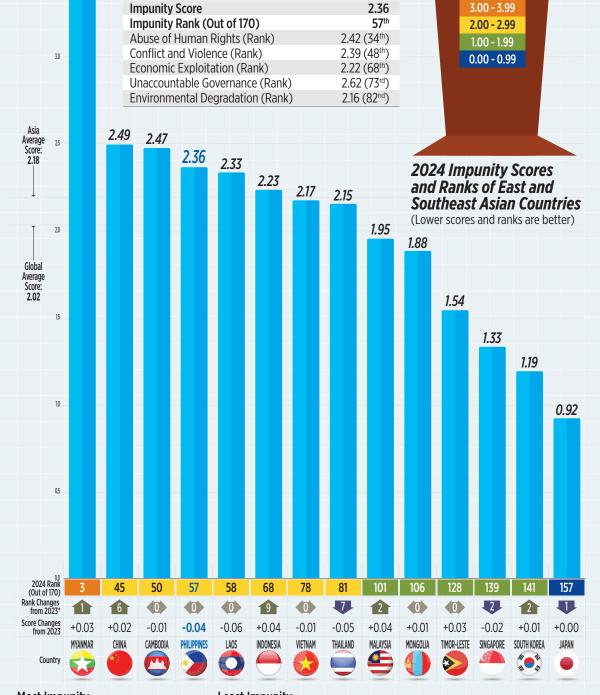
"These factors will continue to help the banks maintain their industry-leading profitability and loan quality even as they continue to broaden their retail customer base," it added.

Banking sector, S1/5



The Philippines placed 57th out of 170 countries in the latest edition of the Atlas of Impunity by the political risk analysis and consulting firm Eurasia Group. The country got an impunity score of 2.36 out of 5 (5 being worst) in 2024, worse than the Asia average score of 2.18 and global average score of 2.02. The Philippines had the fourth-highest level of impunity among its peers in the East and Southeast Asia region.

Philippines' Profile (2024)



Least Impunity Most Impunity 2024 Overall 2024 Rank 2024 Overall 2024 Rank (Out of 170) (Out of 170) Score (Out of 5) Score (Out of 5) Syria 170 Finland 0.59 169 Denmark 0.63 Yemen 2 Myanmar 168 Sweden 0.70 Afghanistan 167 0.71 Switzerland South Sudan 166 Norway 0.74

Source: Eurasia Group's The Atlas of Impunity 2024 (https://www.eurasiagroup.net/live-post/atlas-of-impunity-2025)

BusinessWorld Research: Pierce Oel A. Montalvo

BusinessWorld Graphics: Bong R. Fortin

Notes:

*Down arrows represent improvement in

methodology of the Atlas, reducing the total number of indicators included to 60

from 66 in 2023, and have been applied

Changes were made in the 2024

ranking while up arrows show

throughout the time series

Peso may breach P60:\$1 amid 'unpredictable' Trump policies

THE PESO may hit a record low of P60 against the US dollar this year amid heightened uncertainty arising from US President Donald J. Trump's protectionist policies, a Bank of the Philippine Islands (BPI) economist said.

According to BPI Global Markets Research estimates, the peso is expected to weaken to the P60.90-per-dollar level by the third quarter. By end-2025, it expects the peso to settle at P60.40 per dollar.

"It's a very low confidence forecast. We're looking at it reaching the P60 level just because Mr. Trump is so unpredictable. It's so hard to say what he's going to do next," BPI Lead Economist Emilio S. Neri, Jr. said at an online media briefing on Wednesday.

"And if he does pursue these reciprocal tariffs and causes the US to suffer from very high inflation, it is not far that the peso hits P59 again or even hit the P60 level," he added.

Mr. Trump has rattled markets with his "on-and-off again" tariff policies against major trading partners China, Canada, and Mexico. He is scheduled to announce details of a reciprocal tariff plan on April 2. However, Mr. Trump recently said that he may give "a lot of countries" breaks on tariffs.

BPI strategist Marco Javier said the peso could end the first quarter at P58.40, depending on the developments on Mr. Trump's tariff policy.

"We're looking around P58.40 to end the first quarter. This will all depend on if inflation in the US will move up because of the Trump tariff policies," he added.

On Wednesday, the peso closed at P57.69 per dollar, weakening by nine centavos from its P57.6 finish on Tuesday.

Mr. Neri said the country's exit from the Financial Action Task Force's (FATF) "gray list" also supported the local currency.

"Overall sentiment versus the dollar has generally softened, not because we're doing anything great — I think what we've done great more recently is the exclusion from the FATF list. Successfully excluding ourselves from the FATF (gray list) has helped the peso do better," Mr. Neri

Meanwhile, BPI economists said the threat of a "zero remittance week" by some overseas Filipino workers (OFW) could have some negative effects on the exchange rate, reserves and even the interest rate.

Peso, S1/5