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:	6,441.35
HIGH:	6,487.49
LOW:	6,433.94
CLOSE:	6,458.20
VOL.:	0.738 B
VAL(P):	7.948 B

▲ 68.71 PTS. 1.07%
30 DAYS TO MAY 9, 2025

ASIAN MARKETS — MAY 9, 2025

	CLOSE		NET	%
Japan (Nikkei 225)	37,503.33	▲	574.70	1.56
Hong Kong (Hang Seng)	22,867.74	▲	91.82	0.40
Taiwan (Weighted)	20,915.04	▲	371.64	1.81
Thailand (SET Index)	1,210.94	▲	4.35	0.36
S.Korea (Kse Composite)	2,577.27	▼	-2.21	-0.09
Singapore (Straits Times)	3,876.16	▲	27.94	0.73
Sydney (All Ordinaries)	8,231.20	▲	39.50	0.48
Malaysia (Klse Composite)	1,546.50	▲	3.76	0.24

WORLD MARKETS — MAY 9, 2025

	CLOSE		NET
Dow Jones	41,249.380	▼	-119.070
NASDAQ	17,928.916	▲	0.777
S&P 500	5,659.910	▼	-4.030
FTSE 100	8,554.800	▲	23.190
Euro Stoxx50	4,463.230	▲	18.570

PESO-DOLLAR RATES

FX	
OPEN	P55.700
HIGH	P55.395
LOW	P55.820
CLOSE	P55.510
W.AVE.	P55.625
VOL.	$1,645.45 M

▲ 11.50 CTVS
30 DAYS TO MAY 9, 2025
SOURCE : BAP

ASIAN MONIES-US$ RATE — MAY 9, 2025

	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	145.340	▼	144.760
Hong Kong (HK dollar)	7.779	▼	7.769
Taiwan (NT dollar)	30.195	▲	30.241
Thailand (baht)	32.940	▼	32.810
S. Korea (won)	1,395.150	▲	1,399.230
Singapore (dollar)	1.298	▼	1.296
Indonesia (rupiah)	16,510	▼	16,490
Malaysia (ringgit)	4.294	▼	4.273

WORLD CURRENCIES — MAY 9, 2025

	CLOSE		PREVIOUS
US$/UK pound	1.3304	▲	1.3270
US$/Euro	1.1247	▼	1.1296
US$/Aust dollar	0.6411	▼	0.6417
Canada dollar/US$	1.3937	▲	1.3867
Swiss Franc/US$	0.8311	▲	0.8261

DUBAI CRUDE OIL
FUTURES PRICE ON NEAREST MONTH OF DELIVERY
$63.89/BBL
▲ $1.73
30 DAYS TO MAY 9, 2025

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S1/1-14 • 3 SECTIONS, 22 PAGES

PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • MAY 9, 2025 (PSEi snapshot on *S1/4*; article on *S2/2*)

		Value			
ICT	P385.000	P1,356,503,806	-P0.400	▼	-0.104%
ALI	P22.850	P967,955,490	-P0.600	▼	-2.559%
BDO	P166.100	P818,844,349	P2.000	▲	1.219%
URC	P91.500	P752,788,390	P6.100	▲	7.143%
PLUS	P43.950	P443,349,070	P1.950	▲	4.643%
BPI	P136.800	P354,179,971	P2.300	▲	1.710%
BLOOM	P4.120	P324,498,620	P0.030	▲	0.733%
MBT	P78.000	P232,008,318	P1.150	▲	1.496%
SM	P884.000	P211,752,580	P29.000	▲	3.392%
SMPH	P23.850	P203,773,980	P0.300	▲	1.274%

Hitting GDP goal may be 'challenging'

By Aubrey Rose A. Inosante
Reporter

ACHIEVING ABOVE-6% gross domestic product (GDP) growth for the rest of the year to meet the government's target may be "challenging" with the global trade picture still uncertain due to the Trump administration's evolving tariff policies, analysts said.

"It will certainly be challenging to achieve a 6.2% growth rate for the rest of the year, but it is still possible," Ateneo School of Government Dean and Economics Professor Philip Arnold P. Tuaño said in an e-mail over the weekend. "Some of the downside risks for the Philippine economy remain the continued high levels of US tariffs, global political and security uncertainties especially in Europe and the Middle East which affect global demand for goods, and climate related shocks."

"US President Donald J. Trump's reciprocal tariffs, trade wars, and other protectionist policies could still slow down global trade, investments, employment, and overall world economic growth that could slow down, indirectly, Philippine GDP growth," Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said in a Viber message, but likewise added that the growth goal remains achievable.

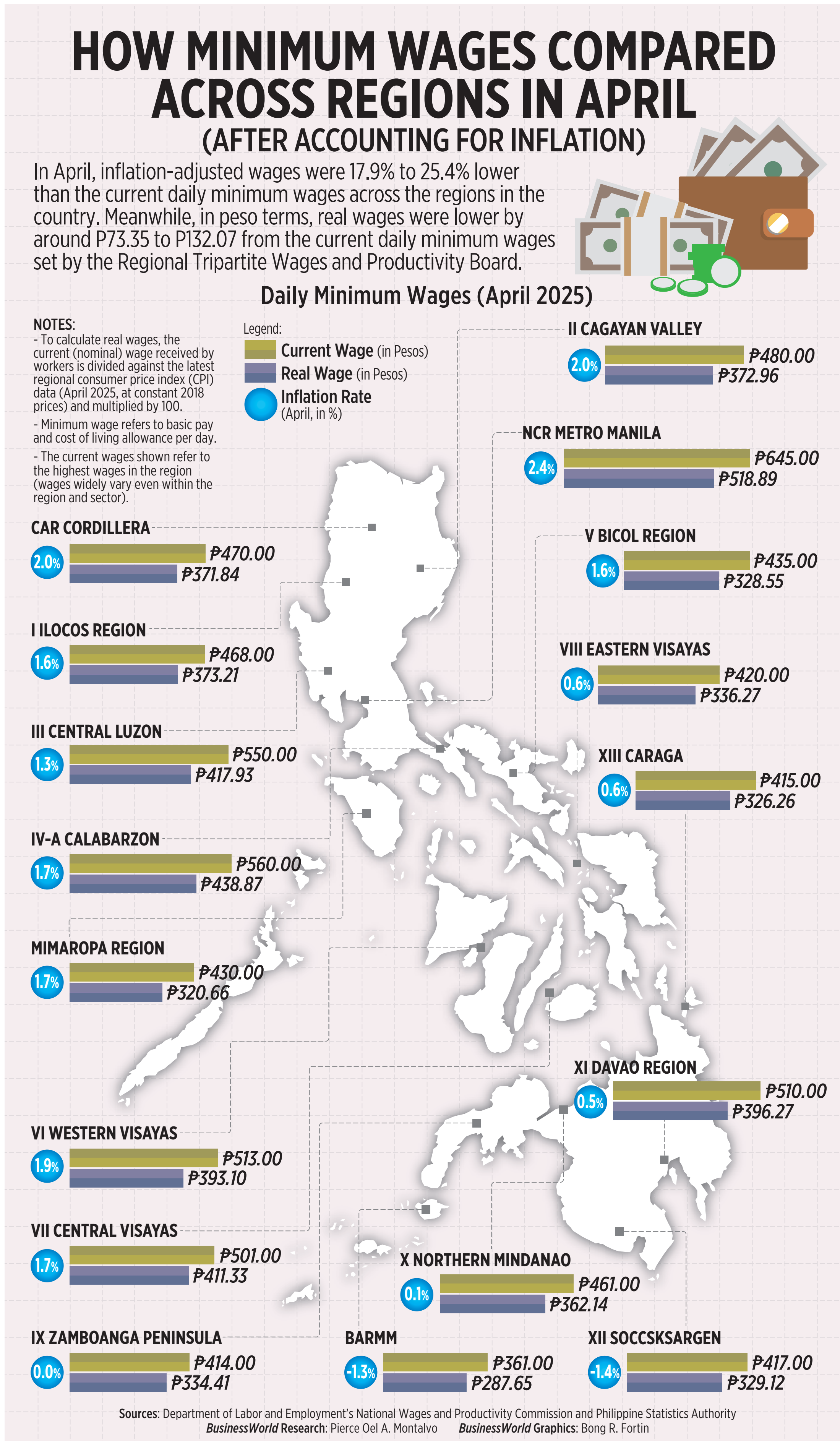
The Philippine economy expanded by 5.4% in the first quarter, slightly faster than the 5.3% growth in the prior three-month period but slower than the 5.9% pace in the same quarter last year, the government reported last week.

This was well below the government's 6-8% growth target band for the year.

The weak growth came as gross capital formation growth was dampened by businesses' anticipation of global trade uncertainties.

Since Mr. Trump was inaugurated in January, he has launched a series of protectionist policies, with one of them hiking import tariffs imposed on its major trading partners, including the Philippines. Countries are now negotiating with the US regarding the higher "reciprocal" tariffs, which have been suspended until July.

GDP, S1/13



Gov't debt service bill plunges 66% in March

THE NATIONAL Government's (NG) debt service bill plunged in March amid a decline in amortization payments, the Bureau of the Treasury (BTr) said.

The latest data from the Treasury showed that payments made by the government for its obligations went down by 65.63% to P183.36 billion in March from P533.52 billion in the same month a year ago.

Month on month, however, debt service surged by 251.57% from the P52.15 billion in February.

Debt service refers to payments made by the NG for its domestic and foreign debt.

More than half or 51.94% of the March debt service bill was made up of amortization payments.

The government's repayment of its loan principal or amortization declined by 79.41% to P95.24 billion in March from P462.58 billion a year ago.

This came as amortization on domestic debt plunged to just P138 million from P455.91 billion in the same month last year.

Meanwhile, principal payments for external obligations surged to P95.1 billion in March from P6.67 billion a year prior.

On the other hand, the National Government's interest payments rose by 24.21% to P88.12 billion in March from P70.94 billion in the same month a year earlier.

Interest payments for domestic debt stood at P64.21 billion, up by 15.27% from P55.71 billion in March 2024.

Of this total, P40.42 billion went to interest payments for fixed-rate Treasury bonds, P19.18 billion for retail Treasury bonds, and P4.58 billion for Treasury bills.

Meanwhile, interest payments for foreign borrowings climbed by 56.91% to P23.91 billion in March from P15.24 billion a year prior.

For the first quarter, the government's debt service bill went down by 65.31% to P342.02 billion from P986.04 billion in the same period last year.

Amortization payments in the period plunged by 87.26% to P101.02 billion from P793.04 billion in the first quarter of 2024.

Broken down, principal payments for domestic debt slumped to P576 million from P699.67 billion, while those for external borrowings climbed to P100.45 billion from P93.371 billion.

Meanwhile, interest payments stood at P241.001 billion in the three months ended March, up 24.88% from P192.99 billion in the same period a year ago to make up the bulk of the government's total debt service bill in the first quarter.

Debt service, S1/13

Nomura cuts PHL growth forecasts for 2025, 2026

NOMURA GLOBAL Markets Research has trimmed its gross domestic product (GDP) growth forecasts for the Philippines for this year and 2026 following the weak first-quarter expansion.

Nomura cut its Philippine economic growth forecast to 5.3% for this year from 5.9% previously, it said in a report dated May 9. It also slashed its 2026 projection to 5.6% from 6.1%.

Both projections are well below the Development Budget Coordination Committee's 6-8% growth target for 2025 until 2028.

"Our 2025-26 GDP forecast revisions take into account the disappointing first-quarter outturn, which only rose slightly to 5.4% year on year from 5.3% in fourth quarter 2024, despite election-related spending," Nomura analysts Euben Paracuelles and Nabila Amani said in the report.

"Escalating global trade and geopolitical tensions are the main downside risks to growth. A faster rollout of infrastructure projects and lower oil prices are upside risks."

The Philippine economy expanded by 5.4% in the first quarter, the government reported last week. This was a tad faster than the revised 5.3% in the previous quarter but sharply slower from the 5.9% growth in the same period in 2024.

Department of Economy, Planning, and Development Undersecretary for Policy and Planning Group Rosemarie G. Edillon said that GDP would need to grow by 6.2% for the rest of the year to reach the lower end of the 6-8% goal.

Based on its forecasts, Nomura expects the Philippines to post below-6% GDP growth for the rest of the year. Broken down, it sees GDP growth of 5.3% in the second quarter, 5.4% in the third quarter, and just 5% in the fourth quarter.

In 2024, the economy expanded by 6.5% in the second quarter, 5.2% in the third quarter, and 5.3% in the fourth quarter.

"A key source of the downside surprise [in the first quarter] was investment spending growth, which we believe suggests businesses have already turned cautious amid surging global trade uncertainty, even in a less open economy," Nomura said.

"We expect a moderate pickup in real GDP growth in 2026, led by the government's strong push for more progress on infrastructure projects."

It added that it expects the country to post a current account deficit of 4.1% of GDP this year and 4.4% of GDP next year, wider than the 3.8% ratio in 2024, driven by an increase in capital goods imports amid the government's infrastructure push and weaker exports due to the US' tariffs.

"Positive terms-of-trade effects from lower oil prices should provide some offset," Nomura said.

US President Donald J. Trump on April 2 announced that Washington will impose "reciprocal" tariffs on most of its major trading partners, including the Philippines.

Nomura, S1/13

Global shift to bypass the dollar is gaining momentum in Asia as trade jitters persist

BANKS AND BROKERS are seeing rising demand for currency derivatives that bypass the dollar, as trade tensions add a sense of urgency to a years-long shift away from the greenback.

Firms are receiving more requests for transactions including hedges that sidestep the dollar and involve currencies such as the yuan, the Hong Kong dollar, the Emirati dirham and the euro. There's also demand for yuan-denominated loans, and a bank in Indonesia is setting up a desk for the Chinese currency.

The vast majority of foreign-exchange trades use the dollar even if they're transferring money between two local currencies. For example, an Egyptian company wanting Philippine pesos will typically transfer its local currency into the greenback before buying pesos with the dollars it receives. But companies are increasingly looking at strategies that skip the dollar's role as a go-between.

The attempt to find alternatives is another sign that companies and investors are turning their backs on the world's reserve currency, which was hit with a wave of selling last week amid shifting bets on trade deals. Stephen Jen, a high-profile strategist known for his work on the "dollar smile" theory, has warned of a potential $2.5-trillion "avalanche" of dollar selling that could derail the currency's long-term appeal.

The greenback's tumble last week reflected short-term anxieties about trade tensions that are now dominating sentiment. But structural changes in how the greenback is used — and by whom — point to a longer-term trend of de-dollarization.

"The increase in transactions between non-US currencies is largely due to technological development and increased liquidity," said Gene Ma, head of China research at the Institute of International Finance. "The trading parties feel that the price may not be worse than using the US dollar, so transactions naturally pick up."

PEAK DOLLAR

The attempt to bypass the dollar is picking up steam, based on conversations with employees of companies and financial institutions across Asia, who asked not to be identified as they aren't allowed to comment publicly.

Financial institutions from Europe and elsewhere are increasingly pitching yuan derivatives that cut out the US currency, said a person at a commodities trading firm in Singapore. Closer commercial ties between mainland China, Indonesia and the Gulf are spurring demand for non-dollar hedges, several people said.

European carmakers are driving up demand for euro-yuan hedges, said a trader at a financial institution in Singapore. In Indonesia, a foreign bank is due to set up a dedicated team in Jakarta this year to meet growing demand from local clients to facilitate rupiah-yuan transactions, according to an executive at the firm.

The gradual shift away from the dollar erodes one of the building blocks of global trade. For decades, it has been ubiquitous in everything from emerging market debt financing to trade settlement. The use of the dollar as a go-between currency accounts for around 13% of its daily trading volumes, according to a recent estimate.

Dollar, S1/9