May 2024

The

MARKET CALL

Capital Markets Research

FIRST METRO INVESTMENT CORPORATION
Metrobank Group

UA&P
UNIVERSITY OF ASIA AND THE PACIFIC

FMIC and UA&P Capital Markets Research

Executive Summary

Q1 GDP growth of 5.7% (below expected 5.9%) colored analysts' outlook for the economy despite beating ASEAN including Vietnam. We retain our nuanced optimism with respect to an acceleration that should start in Q2 continuing for the rest of 2024. We base this on hefty employment levels, fiscal space that should enable the government to speed up spending, especially infrastructures, inflation likely to peak at slightly below 4% in July and steadier at close to 3.0% starting August amid easing rice and crude oil prices, and a likely BSP policy rate cut by August. Thus, we expect Q2 GDP to speed up to 5.9% and end the full year at 6.0% with a mild upward bias. High trade deficits and the U.S. dollar strength should keep the peso slightly under pressure up to Q3. While April has not favored bond and equity risk taking, the recovery in May likely due to expected cut in BSP policy rates in August and to Q1 earnings much above expectations portends a more promising H2.

Macroeconomy

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We have kept our cautious optimism despite the "disappointing" GDP growth in Q1. For the rest of the year, elevated employment levels, expected ramping up of government spending, and inflation maxing out at slightly below 4.0% up to July, dropping closer to 3.0% by August and a likely policy rate cut of 25 basis points (bps) by BSP in Q3 should put domestic demand back into the fast lane. Thus, we project a mild acceleration in GDP growth to 5.9% in Q2, but pace will likely hasten in H2 to bring full year GDP growth to 6.0% with a slight upside bias. Trade deficits will remain elevated, and the U.S. dollar's continuing strength should put upward pressure on the USDPHP rate, albeit at a more moderate pace compared to that seen in Q2.

GDP expanded by 5.7% YoY in Q1, faster than 5.5% in Q4, but slightly below market consensus of 5.9%. The Services sector again took the lead with a 6.9% YoY growth. • Total employment reached 49.2-M in March, the third highest on record, while total underemployed persons fell to all-time low of 5.4-M. • Manufacturing jobs increased by 351,000 MoM to handily offset losses in the Construction sub-sector of -214,000. • Manufacturing PMI speeded to 52.2 in April from 50.9 in March, with the latter showing an output drop of -0.8%. • Inflation inched up to 3.8% in April from 3.7% a month ago due mainly to food and fuel price increases. • Exports tumbled again by -7.3%, but imports slumped even more by -20.0% resulting in lower $3.2-B trade deficit, but this proved insufficient to blunt the U.S. dollar strength leading of an average 2.0% peso depreciation in April.

Bond Markets

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May has seen a reversal of the April upswing in interest rates as U.S. bond market players renewed hopes of Fed policy rate cuts starting September. Underwhelming economic data released in early May—U.S. GDP expansion in Q1 at 1.6% SAAR from 3.4% in the previous quarter, lower-than-expected job creation, slightly slower inflation in April MoM, and Manufacturing PMI slowing down to 50—all contributed to the view that inflation may abate as the economy shows broader signs of slowing down. The U.S. 10-year bond yield gave up some 25 bps from end-April to May 17, triggering a 42 bps plunge in local 10-year yields, even as the BSP governor averred that its policy rates may start going down as early as August. However, with headline inflation expected to hover around 4% until July, further downside in local yields appears limited. And while the governor also said that it may slash reserve requirements in 2024 to 2025, the policy rate appears as the more important driver for bond yields at present.

Interest in GS auctions waned as the tender-offer ratio (TOR) plunged to 1.808x in April from 2.439x a month ago, despite higher amount on offer. • Yields, especially for long tenors, soared in both primary and secondary markets. For the former, 7-year yields spiked by 82.1 bps to 7.058%, while for the latter, 10-year yields also vaulted the most by 79.8 bps to end at 7.029%.• Total trading volume in the secondary market, however, fared a little flat with -2.9% MoM, but gained by 33.0% YoY. • Secondary market trading for corporate bonds sank by -86.6% to P1.6-B YoY and -27.6% MoM. • Long dated ROPs yields tumbled by 42.5 bps and 46.6 bps for 10-year and 20-year papers respectively to 5.494% and 5.713%. • ROPs spread over equivalent U.S. Treasuries slimmed by -1.6 bps (20-year) and -6.5 bps (10-year) with their larger declines, but after a higher jump a month ago.

Equities Market

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After Q1-2024 GDP fell short of market expectations at 5.7% YoY, the PSEi retreated towards the support level of 6,500 by mid-May. The expected weakness in Q2, however, conceals the strong earnings of the top 3 local banks as they reported double-digit growth for the first quarter. Earnings of PSEi-constituent firms (excl. SMC) hopped by 12.9% YoY in Q1, easily beating consensus estimates. Thus, we see local investors engaging in bargain hunting in Q2 whenever the PSEi slips near or below 6,500. We also think that the PSEi can still reach our forecast of 7,000-7,500 in H2. However, PSEi now face headwinds with adjustments in the MSCI's Philippine index as a result of its May rebalancing exercise.

PSEi slipped by -2.9% MoM to end April at 6,700.49 but half of the six sectors posted gains. • The Mining & Oil sector gained the most in April with an +8.1% MoM jump, followed by the Financial sector with +2.9% MoM uptick. • Bank of the Philippine Islands led the PSEi-constituent stocks with +8.0% MoM gain. • SM Prime Holdings, Inc. dropped the most with -14.5% MoM loss. • Foreign investors remained net sellers in April to the tune of P23.7-B.

Economic Indicators (% change, latest month, unless otherwise stated)	Latest Period	Previous Period	Year-to-Date	2022 (year-end)	2023 (year-end)
GDP Growth (Q1-2024)	5.7	5.5	5.7	7.6	5.5
Inflation Rate (April 2024)	3.8	3.7	3.4	5.8	6.0
Government Spending (March 2024)	3.2	22.1	11.9	10.2	3.7
Gross International Reserves ($B) (April 2024)	103.4	104.1	103.2	100.5	100.6
PHP/USD rate (April 2024)	56.95	55.85	56.21	54.48	55.63
10-year T-bond yield (end-April 2024)	7.00	6.33	6.44	6.40	6.35

Sources: Philippine Statistics Authority (PSA), Bangko Sentral ng Pilipinas (BSP), Department of Budget and Management (DBM), Philippine Stock Exchange (PSE), Philippine Dealing System (PDS), and Authors' Calculations

MACROECONOMY

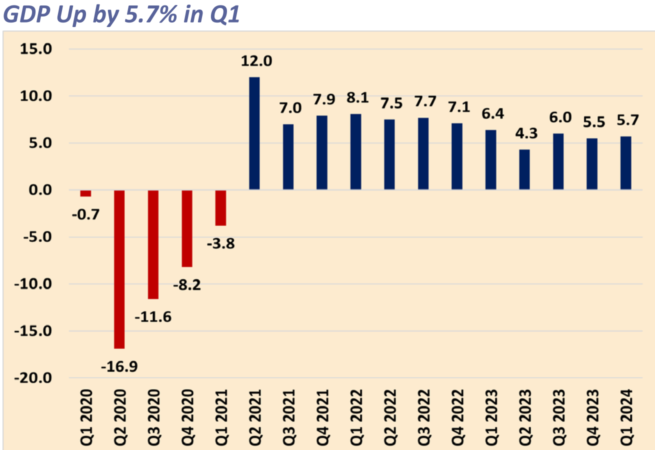
PH GDP Q1 EXPANSION DISAPPOINTS BUT STILL TOPS IN ASEAN

Filipinos' penchant for tragic songs played out with the "disappointing" 5.75% GDP year-on-year (YoY) growth in Q1-2024, despite posting the best record (with Vietnam at 5.66%) in ASEAN. High rice and fuel prices turned off consumers leading to a slowdown in domestic demand (+3.8%), which ordinarily paced the economy. Total employment in March reached 49.2-M, the third highest on record, as the Services sector contributed the large job gains at 515,000, while at the same time expanded the fastest in Q1 with an impressive 6.9% upswing. Meanwhile the Manufacturing sub-sector (under Industry) took in 356,000 more people into its workforce and saw its PMI jump to 52.2 in April after a temporary drop in the Volume of Production Index (VoPI) in March. Headline inflation inched higher to 3.8% YoY in April from 3.7% a month earlier, but core inflation (which excludes food and energy prices) eased to 3.2% YoY from 3.4% in March. Despite milder balance of trade deficit, the peso-dollar rate slipped by -2.0% on average in April.

***Outlook**: Moving forward, we don't see a repeat of Q1 downbeat. High employment levels, likely heightened government spending (less saddled by interest payments) and peaking inflation in Q2 should spur more domestic demand. Rice prices in May will likely slide by -1.0% MoM, while crude oil should fall by some -7.0%. Simultaneously, the balance of trade deficit will remain elevated, but still rise at a modest in H2. This, together with U.S. dollar strength should continue to put upward pressure on the USDPHP rate. The FX weakness improves the domestic production outlook as well, and so we see a slight acceleration of GDP expansion in Q2 to nearly 6.0% and full-year growth to slightly above 6.0%.*

Figure 1 - GDP Growth Rates, Year-on-Year Growth Rates

GDP Up by 5.7% in Q1



Source of Basic Data: Philippine Statistics Authority (PSA)

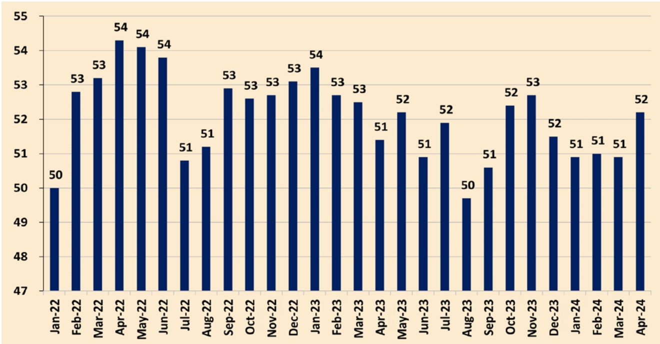
PH GDP Faster at 5.7% YoY in Q1-2024, but Below Expectations

The Philippine economy grew by 5.7% year-on-year (YoY) in Q1-2024, faster than the revised 5.5% YoY growth in the previous quarter. Net exports also supported the GDP growth as the current account became less deficitary, while domestic demand faltered amid high interest rates and food prices. Very relevant, but usually ignored, Gross National Income (GNI) soared by 9.7% YoY for the quarter, as Net Primary Income (NPI) from the Rest of the World expanded by 57.0% YoY. GNI expansion averaged an outstanding 10.2% YoY in the last eight quarters.

Domestic demand edged up by 3.6% YoY in Q1-2024. Household Final Consumption Expenditure (HFCE) led the uptick in demand by 4.6% YoY, albeit slower than the previous quarter's 5.3%, which could be attributed to the elevated prices of commodities. Expenditures on Restaurants & Hotels (+11.9%), Recreation & Culture (+8.4%), and Transport (+7.5%) drove the growth in consumer spending this quarter.

Meanwhile, Government Final Consumption Expenditure (GFCE) saw a mild rebound of 1.7% YoY from -1.0% YoY last quarter, as its fiscal consolidation efforts reduced spending. On the other hand, Gross Capital Formation (GCF) slowed down by 1.3% YoY from 11.6% YoY in the previous quarter, as spending on Construction decelerated (from +10.1% YoY to +6.8% YoY) and Durable Equipment turned negative (from +14.6% YoY to -4.8% YoY) due to relatively high borrowing costs and prolonged heat waves.

Figure 2 - Manufacturing PMI
Manufacturing PMI Rose to 52.2 in April



Source of Basic Data: S&P Global

Current account deficit also narrowed by -9.5% YoY to P546.1-B as exports of goods and services (+7.5% YoY) soared faster than imports of goods and services (+2.3% YoY).

Viewed from the production or value-added side, all sectors expanded. The Services sector reenacted its lead role as it grew by 6.9% YoY, albeit a bit slower than 7.4% YoY in Q4-2023, as all 13 sub-sectors posted gains. The Industry sector improved from the previous quarter with a 5.1% uptick compared to 3.1% in Q4-2023. All sub-sectors also ended in positive territory. The Agriculture sector fared the slowest growth with a 0.4% YoY increment despite El Niño, a clear slowdown from 1.3% climb in the previous quarter.

The two best performers in the Services sector—Accommodation & Food Services, and Financial and Insurance Activities—maintained their double-digit growth path, with their respective 13.6% and 10.0% paces, although a bit slower than 18.1% and 12.0%, respectively, in the previous quarter. Human Health & Social Work Activities and Other Services both racked up 8.5% YoY increases. Coming in the fifth place, Professional & Business Services climbed by 7.5% YoY and improvement from the previous quarter's 6.1% hike.

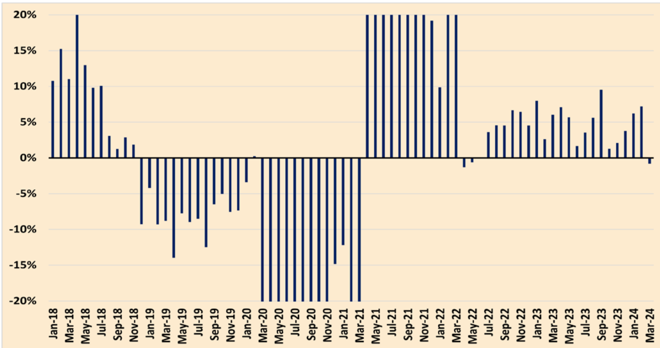
Output of the Manufacturing sub-sector (+4.5% YoY) and Electricity, Steam, Water & Waste Management sub-sector (+6.3%) accelerated most in Industry sector from their 0.5% and 5.5% records in the previous quarter, respectively. The Construction sub-sector maintained a good pace of 7.0% but still slower than 8.4% in the earlier quarter. The Mining sub-sector slowed the most to +0.3% from 10.3% previously.

On a seasonally adjusted (s.a.) basis, the country's GDP inched up by 1.3% quarter-on-quarter (QoQ), as GFCE and GCF jumped by 2.6% QoQ and 1.9% QoQ, respectively. From the production side, the Industry sector led with a 2.6% QoQ growth, followed by the Services sector, which saw an uptick of 1.0% QoQ.

Despite the below-expectations performance in Q1-2024, we think that GDP growth will accelerate for the rest of the year boosted by robust employment gains, stronger Manufacturing PMIs and output gains, and improved Agriculture with El Niño heat over. Thus, we maintain our 6.0% full year GDP forecast.

Figure 3 - Volume of Production Index

Volume of Production Index Posted a -0.8% YoY Downtick in March



Source of Basic Data: Philippine Statistics Authority (PSA)

Manufacturing PMI Expanded to a 5-Month High in April, While Output in March Fell by -0.8%

S&P Manufacturing PMI for the country sped up to a 5-month high of 52.2 in April from 50.9 in March, driven by the improvement in output growth and robust demand. This figure marked the 8th consecutive month of expansion of the country's manufacturing sector. Moving forward, local manufacturers maintained a positive outlook regarding their production in the coming months.

Industrial output as measured by the Volume of Production Index (VoPI) plunged to -0.8% YoY in March from 7.2% a month ago.

Out of the 22 industry divisions, nine experienced annual YoY gains, led by Manufacture of Chemical and Chemical Products (+29.1%), Manufacture of Wearing Apparel (+13.1%), and Manufacture of Coke and Refined Petroleum Products (+10.2%). These three industry divisions also registered positive performances in February last month.

Meanwhile, 13 industry divisions delivered annual declines, led by Manufacture of Wood, Bamboo, Cane, Rattan Articles and Related Products (-24.2%), Manufacture of Electrical Equipment (-18.2%), and Manufacture of Tobacco Products (-17.1%). The latter two industry divisions also received losses a month earlier.

Table 1 - Labor Force Survey Summary (in '000)

			MoM Change	
	February 2024	March 2024	Levels	% Change
Labor Force	50,746	51,153	407	0.8%
Employed	48,951	49,153	202	0.4%
Underemployed	6,076	5,391	(686)	-11.5%
Underemployment rate%	12.4	11.0	(1.4)	-11.7%
Unemployed	1,796	2,000	205	9.3%
Unemployment rate%	3.5	3.9	0.4	8.5%
Labor Participation rate%	64.8	65.3	0.5	0.8%
Not in Labor Force	27,561	27,161	(399)	-1.5%
Agriculture ('000)	10,445	10,069	(376)	-3.4%
Industry ('000)	8,859	8,919	60	0.7%
Mining and Quarrying	233	180	(53)	-24.9%
Manufacturing	3,672	4,023	351	10.0%
Electricity, Gas, Steam, and Air-Conditioning Supply	95	100	5	5.5%
Water Supply; Sewerage, etc.	94	66	(29)	-45.5%
Construction	4,765	4,551	(214)	-4.7%
Services ('000)	29,646	30,165	519	1.8%
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	10,663	10,745	83	0.8%
Transportation and Storage	3,854	3,562	(292)	-8.3%
Accomodation and Food Services Activities	2,453	2,562	110	5.0%
Information and Communication	370	529	159	33.5%
Financial and Insurance Services	720	763	43	6.9%
Real Estate Activities	253	263	10	4.2%
Professional, Scientific, and Technical Activities	405	372	(33)	-8.7%
Administrative and Support Services Activities	2,516	2,398	(118)	-5.0%
Public Administration and Defense; Compulsory Social Security	2,684	3,289	606	21.0%
Education	1,575	1,593	19	1.2%
Human Health and Social Work Activities	755	680	(75)	-10.8%
Arts, Entertainment, and Recreation	390	424	35	7.6%
Other Service Activities	3,009	2,982	(26)	-0.9%

Source of Basic Data: Philippine Statistics Authority (PSA)

Total Employment Hit 49.2-M in March, Only 3rd Time Achieved

Total employed persons reached 49.2-M in March, only the third time it exceeded 49.0-M. Although the unemployment rate moved up to 3.9% from 3.5% a month earlier, the number of underemployed fell 5.4-M, a record low since Philippine Statistics Authority (PSA) carried out monthly labor surveys starting January 2021. This lowered the underemployment rate to 11.0%, the second lowest for the same period from 12.4% in the previous month.

The Services sector generated 519,000 more jobs, while the Industry sector added 60,000 more workers, with the two sectors more than offsetting the 376,000 job losses in the Agriculture sector.

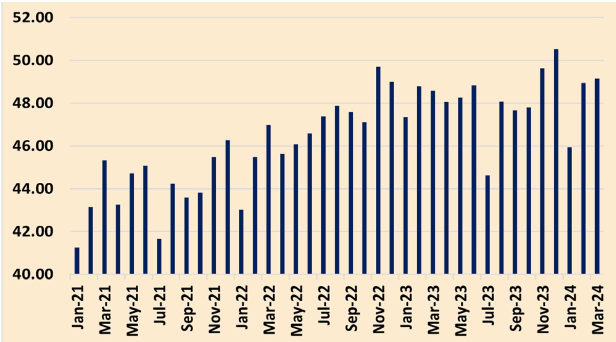
For the Services sector, solid growth in Accommodation & Food Services jobs (+110,000) and in Trade (Wholesale & Retail, +83,000) suggests revenge spending still in place. Not to be outdone, Public Administration , Defense & Social Security (+606,000) and Information & Communication (+159,000) provided the biggest boost to employment. All these proved sufficient to trump losses of 292,000 and 118,000 slots in Transport & Storage and Administrative &Support Service Activities, respectively.

The Manufacturing sub-sector hired 351,000 more people to compensate for the 214,000 jobs shed by the Construction sub-sector. The Mining sub-sector also lost 53,000 jobs due to lower output requirements.

The end of the rice harvest season sucked people out of Agriculture sector jobs.

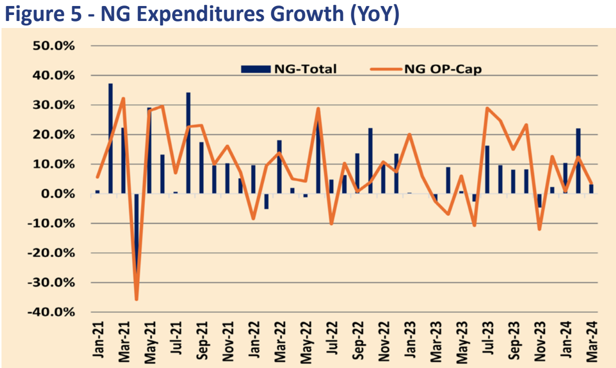
The elevated employment levels, Gross National Income (GNI) expanding by nearly 10% for the ninth consecutive quarter, better-than-expected Q1-2024 earnings of PSEi-constituent firms, and milder inflation should boost consumer spending and GDP in H2.

Figure 4 - Total Employment (in Millions)



Source of Basic Data: Philippine Statistics Authority (PSA)

Figure 5 - NG Expenditures Growth (YoY)



Source of Basic Data: Bureau of the Treasury (BTr)

NG Spending Slowed to 3.2% YoY Uptick in March

After ramping up spending in February, National Government (NG) spending in March slowed to 3.2% YoY. And while Total Revenues surged by 11.2% YoY, the spending movement tracked BIR collections (+3.1%) more closely. March fiscal deficit hit P195.9-B, but strong collections in January moderated the deficit increase to P272.6-B YTD, some 10.7% higher than the same period in 2023. Nonetheless, at this pace the deficit may fall some 20% short of the full year target of P1.36-T.

The slower 3.2% YoY climb in March expenditures arose from base effect—e.g., fall in subsidies and allotments to Local Government Units (LGUs). Despite the slowdown, year-to-date (YTD) expenditures still rose by 10.7%. NG spending on current operational and capital outlays YTD eased to a 5.4% YoY pace from 6.9% by February.

Overall NG expenditure YTD vaulted to P1.0-T. Interest payment (IP) for March went up by 16.5% YoY brought by coupon payments for domestic securities and the downward adjustments to last year's IP due to premia on re-issued bonds.

Tax revenues slid by -0.2% YoY in March, as collections by the Bureau of Customs (BOC) tumbled by -6.8% YoY due to a plunge in imports (see later). Bureau of Internal Revenue's tax take could not fully offset this as it only grew by 3.1% YoY from 6.7% a month earlier. This, however, followed a seasonal pattern in which the first month in a calendar quarter spikes but eases substantially in the next two months due to quarterly remittances by taxpayers. BIR's YTD tax intake, however, showed an impressive 17.1% upswing, while the BOC only managed to collect 2.3% more than a year ago. Total revenues YTD (+14.0%) got a boost from non-tax revenues (+23.8%), primarily, of the Bureau of the Treasury (BTr) which padded its contribution to NG by 85.3%. Higher dividends and interest advances from government corporations and from PAGCOR income accounted for the March surge.

We think, however, that NG spending will accelerate starting Q2 after the initial re-calibration at the beginning of the year.

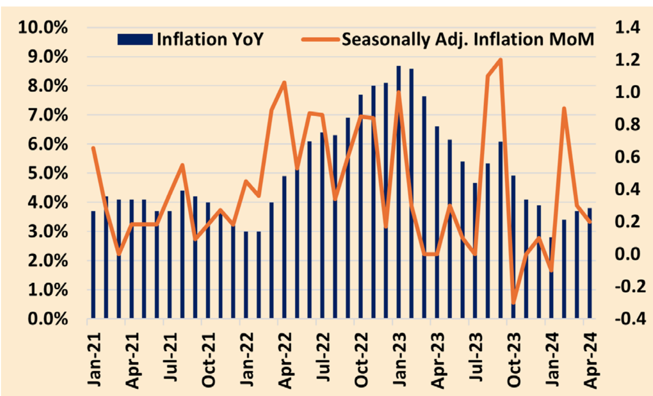
Table 2 - Major Contributors to Year-on-Year Inflation

Inflation Year-on-Year Growth Rates	Mar-2024	Apr-2024	YTD
	3.7%	3.8%	3.4%
Food and Non-Alcoholic Beverages	5.6%	6.0%	4.9 %
Alcoholic Beverages and Tobacco	6.7%	4.9%	7.1 %
Clothing and Footwear	3.6%	3.6%	3.7%
Housing, Water, Electricity, Gas, and Other Fuels	0.5%	0.4%	0.7%
Transport	2.1%	2.6%	1.4%
Restaurants and Accommodation	5.6%	5.4%	5.5%
Personal Care & Miscellaneous Goods and Services	3.6%	3.5%	3.7%

Note: Green font - means higher rate (bad) vs. previous month
Red font – means lower rate (good) vs. previous month

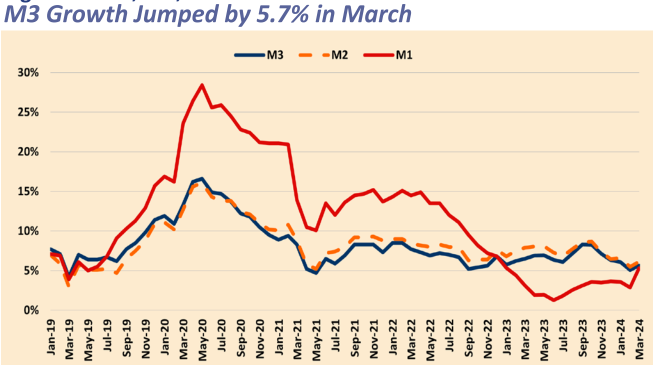
Source of Basic Data: Philippine Statistics Authority (PSA)

Figure 6 - Monthly Inflation Rates, YoY and MoM (s.a.)



Source of Basic Data: Philippine Statistics Authority (PSA)

Figure 7 - M1, M2, M3 Growth Rates
M3 Growth Jumped by 5.7% in March



Source of Basic Data: Bangko Sentral ng Pilipinas (BSP)

April Inflation at 3.8%, a Tad Higher than 3.7% in March

Headline inflation in April edged up higher to 3.8% YoY a miniscule rise from 3.7% YoY in March. While the usual suspects—food and transport prices—climbed again déjà vu, seven other product categories eased while three others kept their previous pace. Core inflation (excluding food and energy prices) continued to ease to 3.2% YoY and to 3.5% YTD in April. The slide occurred despite a slightly higher YTD headline inflation rate of 3.4% from 3.3% a month earlier. This appears logical since the recent upward movements had occurred in the food and fuel price space.

The Food and Non-Alcoholic Beverages (FNAB) sub-index increased to 6.0% YoY from 5.6% in March as Vegetable and Fish prices took faster pace of +4.3% YoY (from -2.5% earlier) and +0.4% (from -0.9% a month ago), respectively. Rice prices remained elevated, but five other food commodity prices slowed to partly offset the gains in the upward-bound food items.

Transport sub-index picked up pace the most with a 2.6% YoY jump from 2.1% in March. Fuel (+3.4% YoY from 2.0%) and transport fares (2.4% from 0%) provided the main boost, although two other components also added to the uptick. Crude oil prices, after all, continued its ascent to average \$85.35/barrel (bbl) for West Texas Intermediate (WTI, U.S. benchmark) and \$89.97/bbl for Brent (European benchmark). These represented increments of 7.4% YoY and 6.3%, respectively.

Money Supply (M3) Soared by 5.7% YoY in March

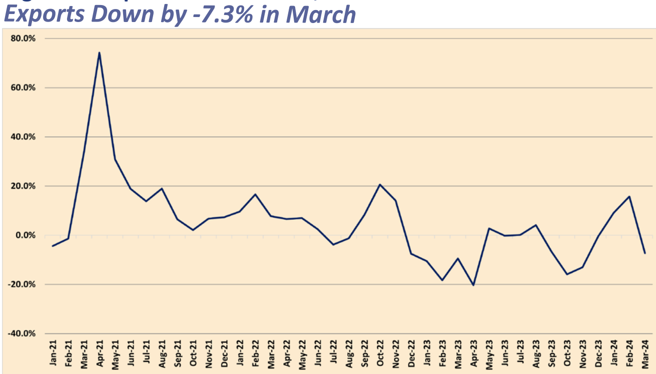
Domestic liquidity (M3) grew by 5.7% YoY to P17.2-T in March, faster than its 5.1% expansion last month. On a MoM seasonally adjusted basis, M3 increased by 0.9%.

Net foreign assets (NFA) in peso terms surged by 5.0% YoY in March, beating its 3.6% growth a month ago. The Bangko Sentral ng Pilipinas' (BSP) NFA position also went up by 6.2% YoY from 5.9% in February. Additionally, the NFA of banks fell on account of higher bills payable.

Lending for production activities also climbed faster by 7.7% YoY in March from 6.8% in February, as outstanding loans to key industries grew, specifically Construction (+18.3%) and Transportation and Storage (+14.3%). Real Estate Activities (+11.5%) also saw an increase in its loan availments.

Meanwhile, consumer loans accelerated by 25.4% in March from 25.2% in February, fueled by the rise in credit card, motor vehicle, and salary-based general purpose consumption loans.

Figure 8 - Exports Growth Rates, Year-on-Year
Exports Down by -7.3% in March



Source of Basic Data: Philippine Statistics Authority (PSA)

Table 3 - Exports Year-on-Year Growth Rates

	Feb-2024	Mar-2024	YTD
Total Exports	**15.7**	**-7.3**	**4.8**
Agro-Based Products	**29.3**	**0.8**	**14.8**
Mineral Products, of which	**23.4**	**-26.4**	**-7.4**
Copper cathodes	5.3	-27.1	-11.0
Others (incl. nickel)	61.5	-50.5	-22.5
Manufactured Goods	**14.9**	**-4.6**	**6.2**
Electronic Products	26.8	0.8	13.4
Other Electronics	-13.3	-20.2	-11.0
Chemicals	26.2	-10.7	7.0
Machinery and Transport Equipment	-15.3	-13.3	-4.6
Processed Food and Beverages	24.2	3.5	16.0
Others	-12.1	-21.0	-15.4

Source of Basic Data: Philippine Statistics Authority (PSA)

Exports Slumped by -7.3% YoY in March

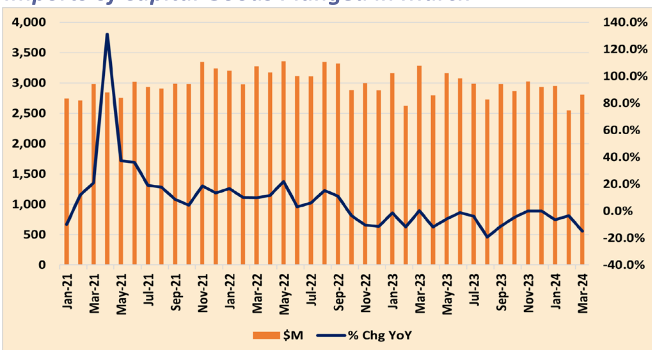
After the 15.7% YoY surge in February, exports slumped by -7.3% YoY in March, a likely correction from a month earlier. In monetary terms, this amounted to $6.1-B in March from $6.6-B a year ago.

Six of the 10 major commodities showed declines in March. Exports of Copper Concentrates grabbed the top spot with a 76.9% YoY vault. And while Agro-based products only inched up by 0.2% YoY, banana exports climbed by 11.1% to $114.5-M. Exports of electronics products which accounted for some 58.6% of total outward shipments could manage only a miniscule 0.8% increase, while exports of copper cathodes (-27.1 %) and other mineral products including nickel plunged the most or by -50.5% YoY.

Reflecting robust economic growth, the U.S. emerged as the top destination for the country's exports in March with shipments valued at $961.9-M, a 9.5% YoY uptick from a year ago. Hongkong followed suit with a total of $880.9-M, representing 14.4% of total exports for the month. Furthermore, People's Republic of China and Japan came next with a 13.7% and 12.9% export share, respectively.

As the global economy shows mixed patterns of recovery, we don't expect exports to exceed 10% full-year growth in 2024.

Figure 9 - Imports of Capital Goods (in Million USD)
Imports of Capital Goods Plunged in March



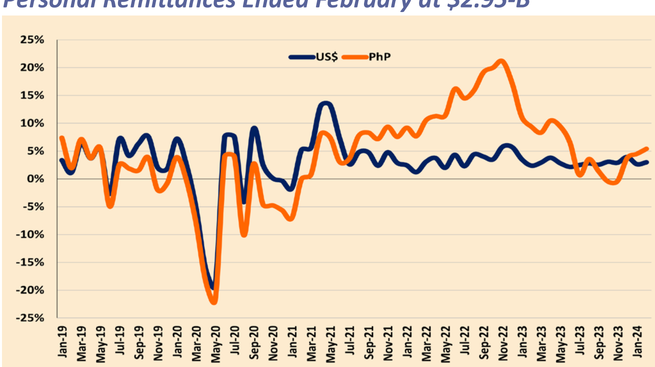
Source of Basic Data: Philippine Statistics Authority (PSA)

Table 4 - Imports Year-on-Year Growth Rates

	Feb-2024	Mar-2024	YTD
Total Imports	**6.3**	**-20.0**	**-7.6**
Capital Goods	**-3.4**	**-14.8**	**-8.4**
Power Generating and Specialized Machines	4.5	-36.3	-8.6
Office and EDP Machines	29.8	-14.8	4.2
Telecommunication Equipment and Electrical Machinery	-17.0	-13.0	-15.2
Land Transport Equipment Excluding Passenger Cars and Motorized Cycle	21.2	-15.1	6.3
Aircraft, Ships and Boats	19.1	163.3	14.0
Prof. Sci and Cont. Inst., Photographic Equipment and Optical Goods	4.4	-20.0	-2.3
Raw Materials and Intermediate Goods	**11.8**	**-25.2**	**-7.9**
Mineral Fuels, Lubricant and Related Materials	**8.3**	**-18.1**	**-13.8**
Consumer Goods	**9.2**	**-19.1**	**0.0**

Source of Basic Data: Philippine Statistics Authority (PSA)

Figure 10 - OFW Remittances Growth Rates, Year-on-Year
Personal Remittances Ended February at $2.95-B



Source of Basic Data: Bangko Sentral ng Pilipinas (BSP)

Capital Goods Imports Slid Further by -14.8% YoY in March

Hindered by elevated inflation and high interest rates, firms imported -14.8% YoY fewer capital goods in March. Only one type of durable equipment landed in positive territory—i.e., imports of Aircraft, Ships & Boats—as it soared by 163.3% YoY, albeit from a low base, and taking only the third highest level among this set of imports. Telecommunication Equipment & Electrical Machinery, which accounted for nearly half of capital goods imports—tumbled by -13.0% YoY, while Power Generating & Specialized Machines (usually, 20%-25% of capital goods imports) plummeted even more by -36.3%. This explains the poor performance of Gross Capital Formation (or Investments) in GDP accounting (see above).

All major categories of imports dove so that total goods imports in March plunged by -20.0% YoY from 6.5% in February. In terms of value, it indicated an annual imported amount of $9.3-B from $11.6-B in the same month of 2023. With a red-colored sea of specific items, Raw Materials and Intermediate Goods imports skidded by -25.2% YoY, the biggest fall among the main categories. Consumer goods imports likewise dove by -19.1% punctuated by large drops in all products except home appliances (+6.6%).

Given the milder fall of exports compared to imports, the country's trade deficit in March narrowed to $3.2-B, an annual decline of 36.6%.

OFW Remittances Up by 3.0% in February

Personal remittances of Overseas Filipino Workers (OFWs) increased by 3.0% YoY to $2.95-B in February. The growth in personal transfers during February benefited from land-based workers which jumped by 3.3% YoY to $2.31-B and sea-land based workers which went up by 1.7% to $0.57-B.

Cash remittances from OFWs coursed through banks also inched up by 3.0% YoY to $2.65-B in February from $2.57-B in the same month a year ago. The rise in cash remittances from the United States (U.S.), Saudi Arabia, Singapore, and the United Arab Emirates (U.A.E.) led the growth in remittances on a YTD basis.

As for the country origin, the U.S. accounted for the highest share of overall remittances at 41.4% followed by Singapore, Saudi Arabia, Japan, United Kingdom, United Arab Emirates, Canada, Taiwan, Qatar, and Malaysia. The consolidated remittances from these top 10 countries accounted for 79.5% of the total remittances for the first two months of 2024.

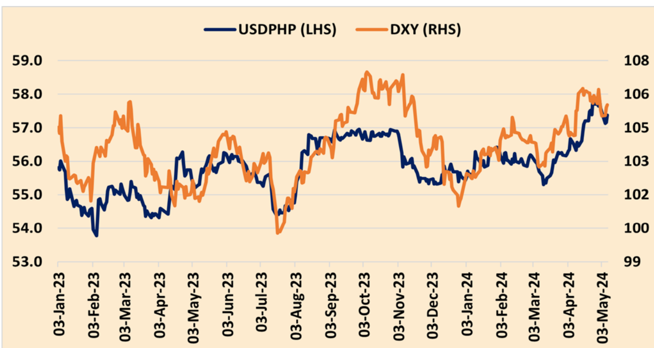
Table 5 - Exchange Rates vs USD for Selected Asian Countries

Exchange Rates vs USD for Selected Asian Countries			
	Mar-2024	Mar-2024	YTD
AUD	-0.6%	-0.5%	4.0%
CNY	0.2%	0.1%	1.6%
INR	-0.9%	0.1%	0.3%
IDR	1.6%	1.6%	4.8%
KRW	0.5%	2.5%	6.6%
MYR	-1.0%	1.0%	3.5%
PHP	-0.3%	2.5%	3.8%
SGD	0.0%	1.0%	3.0%
THB	1.0%	1.8%	8.2%

Note: Green font - means it depreciated, weaker currency
Red font – means it appreciated, stronger currency

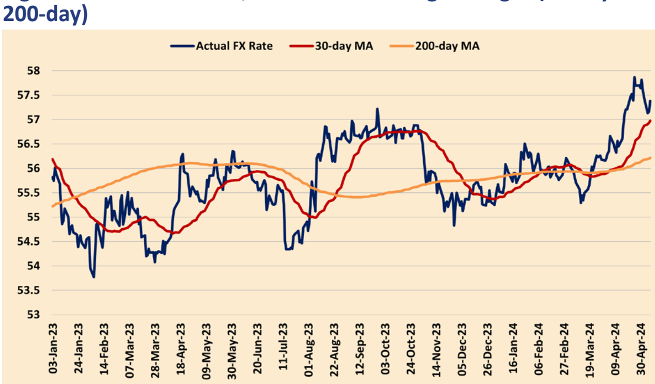
Source of Basic Data: Bangko Sentral ng Pilipinas (BSP)

Figure 11 - USDPHP vs USD Weighted Index



Source of Basic Data: Trading Economics

Figure 12 - USDPHP Rate, Actual and Moving Averages (30-day and 200-day)



Source of Basic Data: Bangko Sentral ng Pilipinas (BSP)

Peso Depreciated by 2.0% MoM on Average in April

The peso experienced a depreciation in April as dollar-peso rate rose by 2.0% on average at P56.951. On end-month changes, the peso showed slightly greater loss at 2.5% (see table 5). Except for Australian dollar (AUD), everything else on our tracked currencies showed weakness against the U.S. dollar for the month.

Technical analysis also indicated that the USDPHP rate trekked above both the 30-day and 200-day moving averages (MA) in April. With the Fed extending a pause on its policy rate and the latest local inflation print falling within the BSP's target range, the latter also kept its policy rate steady in its May 16 meeting. Hawkishness of BSP has weakened in this meeting, given that inflation has remained within the BSP's target range, and that GDP growth has gone below 6.0% for two consecutive quarters.

Outlook

While Q1-2024 GDP growth of 5.7% fell short of market expectations (5.9%), we retain our full year forecast of 6.0% as we expect an acceleration starting Q2. This finds support from continuing elevated levels of employment, recovery of the Manufacturing sub-sector, weakening inflation and a slightly less negative external sector account.

- Elevated prices kept consumer spending in check (+4.6% YoY from +5.3% in previous quarter) while high interest rates choked investment outlays (+1.3% YoY from +11.1% a quarter earlier) resulting in weaker domestic demand (+3.6%) from the previous quarter (+5.8%). The public sector could hardly boost demand as it managed to increase spending by 1.7%, as NG agencies held expenditures at bay despite availability of funds. However, we don't expect those negativities to persist in the next quarters, as explained below.

- Total employment recovered to elevated levels in March (49.2-M) improving further on 49.0-M in February. These represented the third and fourth highest levels achieved by the economy, even as Manufacturing PMI's big leap in April to 52.2 from 50.9 a month earlier provided more basis for optimism in the coming quarter.

- Interest payment ate much of the growth in NG spending in Q1, but such won't hinder much its ability to ramp up spending specially in infrastructures during the last months of the dry season in Q2. Besides, interest rates likely have peaked in April as BSP prepares to start cutting policy rates in Q3.

- Inflation will accelerate in Q2 to average 3.9% from 3.3% in Q1 largely due to base effects. Thus, we see it go closer to 3.0% by August and the rest of the year. In fact, BSP adjusted its inflation forecast to 3.8% in its May policy setting meeting from 4.0% it had projected earlier. After all, crude oil prices (WTI) have returned to below $80/bbl, a nearly $10 fall from its peak as global economic growth (especially in advanced economies) appeared more tepid than expected.

- The external sector (i.e., current account) will likely show less negative figures as exports have bounced back to positive territory.

- The dollar-peso rate remains challenged in Q2 given the strength of the U.S. dollar which should ease only mildly in H2.

FIXED INCOME SECURITIES

APRIL SEES UNABATED RISE IN BOND YIELDS, BUT REVERSES COURSE IN MAY

As may be gleaned from the previous TMC issue, bond yields continued their ascent in April with the local 10-year benchmark ending at 7.029% or nearly 80 basis points (bps) from the previous month, as the U.S. economy still showed robustness and inflation remained stubbornly high. Locally, bond investors kept their powders dry during the Bureau of the Treasury's (BTr) auctions in April where the tender-offer ratio (TOR) plummeted to 1.808x from 2.439x a month earlier, and the tenders clustered in the shorter tenors. Secondary market trading kept a steady pace, but this masked the aversion towards longer dated papers which saw a steep climb in yields.

***Outlook**: May has seen a reversal of the April upswing in interest rates as U.S. bond market players renewed hopes of Fed policy rate cuts starting September. Underwhelming economic data released in early May—GDP expansion in Q1 at 1.6% SAAR[1] from 3.4% in the previous quarter, lower-than-expected job creation, slightly slower inflation in April MoM, and Manufacturing PMI slowing down to 50—all contributed to the view that inflation may abate as the economy shows broader signs of slowing down. Besides, banks remain very liquid as BSP sterilization (via TDF, ODF, RRP, and BSP bills) drew P1.97-T by May 3 from P1.71-T at the end of February 2024. The U.S. 10-year bond yield gave up some 25 bps from end-April to May 17, triggering a 42 bps plunge in local 10-year yields, even as the BSP governor averred that its policy rates may start going down as early as August. However, with headline inflation expected to hover around 4% until July, further downside in local yields appears limited. And while the governor also said that it may slash reserve requirements in 2024-2025, the policy rate appears as the more important driver for bond yields at present.*

Table 6 - April Auction Results

Date	T-Bond/ T-Bill	Offer (Php B)	Tendered (Php B)	Accepted (Php B)	Tendered ÷ Offered	Ave. Yield	Change bps
29-Apr	91-day	25.0	63.460	25.000	2.538	5.869	15.9
	182-day	25.0	79.498	25.000	3.180	5.988	10.8
	364-day	27.0	80.606	27.000	2.985	6.081	9.9
Subtotal		**77.0**	**223.564**	**77.000**	**2.903**		
2-Apr	7 year (FXTN 07-71)	30.0	40.247	30.000	1.342	6.299	2.9
8-Apr	10 year (FXTN 10-72)	30.0	37.360	20.625	1.245	6.439	21.2
16-Apr	20 year	30.0	37.555	0.000	1.252	0.000	
23-Apr	20 year (FXTN 20-26)	30.0	34.927	16.633	1.164	7.017	82.8
30-Apr	7.2 year (FXTN 20-17)	30.0	36.842	27.476	1.228	7.058	82.1
Subtotal		**150.0**	**186.931**	**94.734**	**1.246**		
All Auctions		**227.0**	**410.495**	**171.734**	**1.808**		

Source: Bureau of the Treasury (BTr)

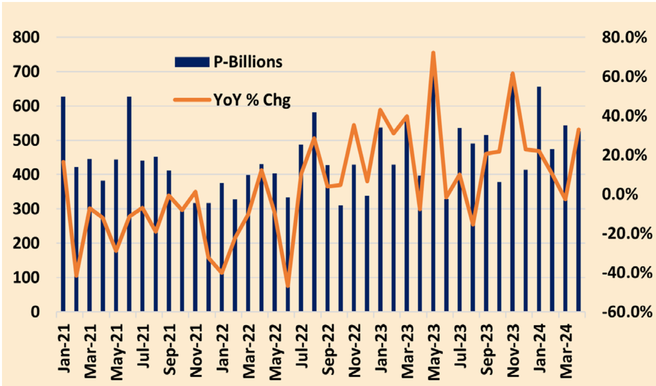
GS Auctions: Clearly Less Interest in Long Dated Papers

Despite offering less papers in April, amid rising interest rates investors veered away from long-term bonds pushing down total Tender-Offer-Ratio (TOR) of 1.808x compared to 2.439x in the previous month. This resulted in a huge 82.8 bps surge in 20-year yields to 7.017%, outdone however by the 7.2-year T-bond (20-17) which yielded 7.058%, also 82.1 bps higher than in the previous auction of similar tenor.

Investors kept focus on Treasury bills (T-bills) which had a TOR of 2.903x only slightly down from 3.089x a month earlier even as yields for 364-day and 91-day T-bills climbed by 9.9 bps and 15.9 bps, respectively.

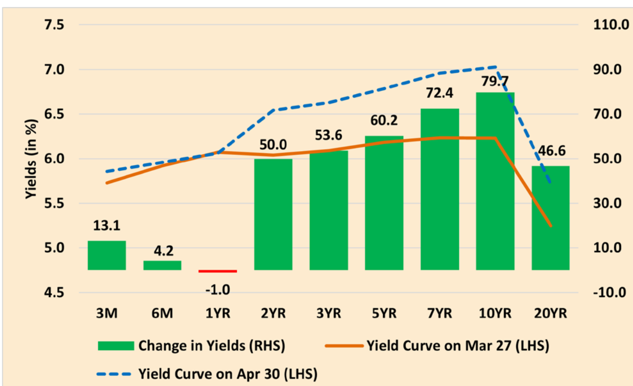
[1] SAAR means "seasonally adjusted annualized rate". The reference period of SAAR measure is the immediate quarter or month, thus, in most U.S. seasonally adjusted, the SAAR starts with a QoQ or MoM rate. It then annualizes that rate by compounding the rate by the appropriate period.

Figure 13 - GS Secondary Trading Volume
April Trading Up Both from March and YoY



Source: Philippine Dealing Systems (PDS)

Figure 14 - GS Peso Yield Curves and MoM Change
Yields Soared for Long-dated as Fed Harped on Extended Pause



Sources: Bloomberg, Philippine Dealing Exchange (PDEx)

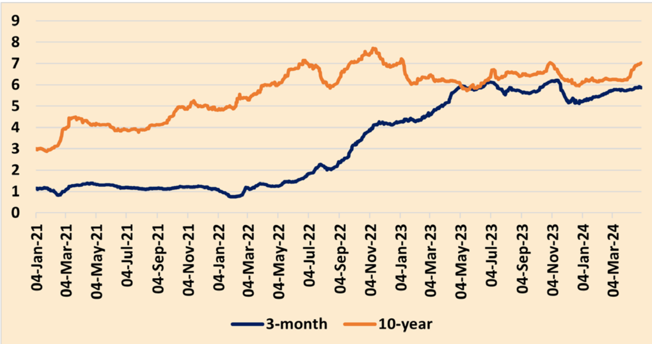
GS Secondary Market: Trading Flat MoM, while Yields Soared

Trading of government securities (GS) in the secondary market remained relatively brisk in April with a total volume of P527.3-B a minor -2.9% dip from March. On a YoY basis, however, it represented a 33.0% jump.

Petrified by climbing interest rates, investors in the GS secondary market stayed away from the long end of the curve, thus driving 10-year benchmark yields up by 79.7 bps to 7.029%. Similarly, 2-year to 7-year tenors vaulted by 46.6 bps to 72.4 bps to 6.542% and 6.961%, respectively. The 3-year and 5-year spaces also had huge upticks of 53.6 bps and 60.2 bps to respectively reach 6.628% and 6.785%. Only 1-year maturities saw a tiny decline of -1.0 bps to 6.064% while the 3-month tenor added 13.1 bps to end at 5.856%.

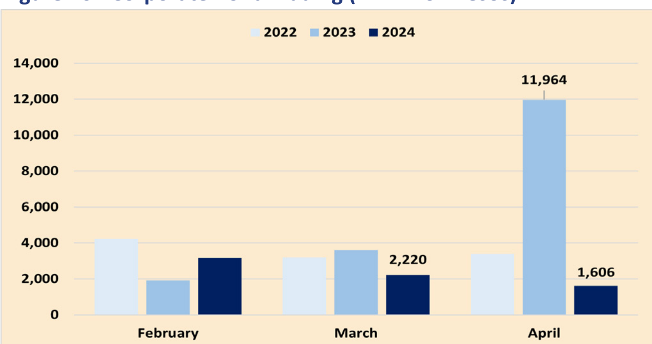
With these movements, the yield curve gapped by 30 bps to total 49 bps (measured by spread between 10-year and 2-year yields), the steepest in ASEAN.

Figure 15 - 3-Month and 10-Year Bond Yields
Uptick in Yields More Pronounced at Long End of Curve



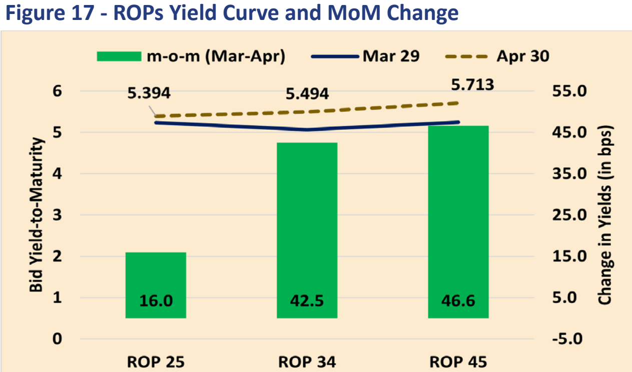
Source: Philippine Dealing Systems (PDS)

Figure 16 - Corporate Bond Trading (in Million Pesos)



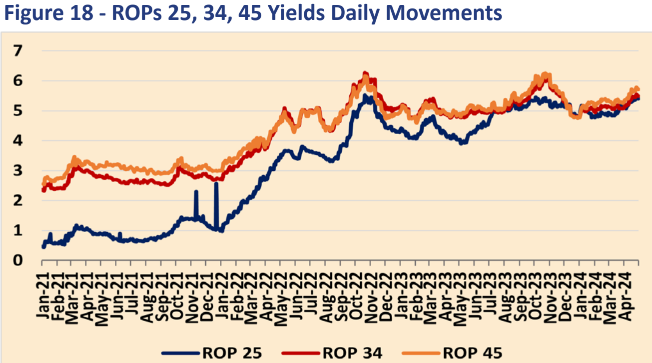
Sources: Bloomberg, Philippine Dealing Exchange (PDEx)

Figure 17 - ROPs Yield Curve and MoM Change



Source: Bloomberg

Figure 18 - ROPs 25, 34, 45 Yields Daily Movements



Sources: Bloomberg, First Metro Investment Corporation (FMIC)

Corporate Bond Trading

Issuances. Firms remained wary of issuing bonds at high rates as they preferred to utilize more their bank lines. However, one company issued a quasi-debt paper, a preferred share issue.

- Cebu Landmasters Inc. issued preferred shares worth P4.28-B with dividend rates of 7.585% p.a. and 8.25% p.a. for 4-year and 7-year call dates, respectively.

- Bank of Commerce, an affiliate of conglomerate San Miguel Corporate issued P6.57-B of fixed rate bonds with a tenor of 1.5 years and a coupon of 6.5635%. The bonds, with bid-to-cover of 1.3x, represent the second tranche of BankCom's P20.0-B Bonds Program.

- Security Bank (SECB) issued $400.0-M worth of U.S. dollar-denominated bonds with 5-year tenor and coupon rate of 5.50%, which had a spread of 110 bps over equivalent U.S. Treasury bonds.

Secondary Market. Trading of corporate bonds in the secondary market declined further by -27.6% MoM to P1.6-B in April from P2.2-B a month earlier. On a yearly (YoY) basis, it plunged even more, by -86.6% from P12.0-B.

ROPs: Yields Rise, Cause Curve Steepening

Much like their U.S. Treasury counterparts, yields of Republic of the Philippines' U.S. dollar-denominated bonds (ROPs) headed north across the yield curve. The longer end of the curve absorbed the upsurge with ROP-34 (~10-year maturity) yields rising by 42.5 bps to 5.494% by end-April while ROP-45 (~20-year maturity) increasing by 46.6 bps to 5.713%. The increment for ROP-25 (~1-year tenor) had a more modest ascent of 16 bps to 5.394%.

U.S. Treasuries showed greater volatility with yields swelling to 4.69% or a 49 bps increase in April for 10-year maturities and to 4.90% or a 45 bps uptick. The shorter 1-year maturities escalated by 22 bps to end the month at 5.25%, the floor of the Fed's policy rate range. U.S. bond traders appeared more unsettled by the Fed's flip-flops.

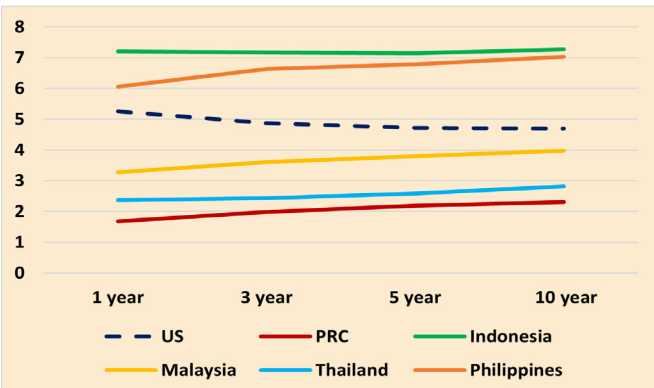
Thus, the spread of ROPs over equivalent U.S. Treasuries narrowed by 6.5 bps and 6 bps for the 10-year and 1-year maturities, but mildly widened for the 20-year maturity by 1.6 bps.

Table 7 - Spreads of ROPs Over Equivalent U.S. Treasuries (bps)

Spreads of ROPs over Equivalent U.S. Treasuries (bps)			
Date	1-year	10-year	20-year
29-Feb	-6.5	89.1	81.7
29-Mar	20.4	86.9	79.7
30-Apr	14.4	80.4	81.3

Sources: UA&P Direct Estimates from Federal Reserve Board, Philippine Dealing & Exchange Corporation (PDEx)

Figure 19 - Comparative ASEAN+1 Yield Curves, End-April 2024



Sources: Asian Development Bank (ADB), Federal Reserve Board

In May, the Philippine government raised $2.0-B in U.S. dollar-denominated bonds (ROPs) with 10 and 25 year maturities. The 10-year debt papers had a spread of 80 bps over 10-year U.S. T-bonds while the 25-year maturity fetched a yield of 5.60%, or 99.8 bps above 25-year U.S. T-bonds. The issuance obtained a negative new issue concession of 5 bps and 7 bps realized for the 10 year and 25 year tranches, respectively, which enables the government to lessen its annual interest bill. Finance officials say it may borrow an additional $3.0-B from international markets.

ASEAN+1: Yield Curves Steepened in April, Paced by PH

U.S.: GDP growth slowed to 1.6% (SAAR, QoQ) in Q1-2024 from 3.4% in the previous quarter, as the rise in consumer spending and housing investment but the decline in inventory investment dampened the expansion. The country's manufacturing sector barely expanded as Manufacturing PMI in April hit 50, lower than the 51.9 recorded in March, with a decline in new orders.

In March, both exports and imports contracted by -2.0% to $257.6-B and -1.6% to $327.0-B, respectively. Consequently, the country's trade deficit in March reached $69.4-B, almost the same as the February figure.

The Fed kept its policy rate unchanged at 5.25%-5.50% in its May 1st meeting. The yield curve's steepness measure remained negative (i.e., inverted) in April at -35 bps.

CHINA: The economy grew faster by 5.3% YoY in Q1-2024 from 5.2% last quarter, fueled by fiscal and monetary stimulus measures and increased expenditures from the Lunar New Year festival. Meanwhile, the Caixin General Manufacturing PMI advanced mildly to 51.4 in April from 51.1 in March, as demand conditions improved.

China's exports edged up by 1.5% YoY to $292.5-B in April while imports soared by 8.4% to $220.2-B. With this, the country's trade surplus narrowed to $72.4-B in April from $86.5-B a year ago.

The People's Bank of China's (PBoC) 1-year medium-term lending facility (MLF) rate remains at 2.50%. The spread between 10-year and 2-year bond yield rose by 3 bps to 42 bps in April.

INDONESIA: Q1-2024 GDP rose by 5.1% YoY from 5.0% in the previous quarter, due to strong household spending and a surge in government expenditures caused by February election. Indonesia's manufacturing sector expanded for the 31st consecutive month in March as its PMI jumped to 54.2 from 52.7 in February. The country's inflation rate eased to 3.0% in April from 3.05% in March, driven by a moderate price increase in food and non-food items.

Outward shipments in March declined for the 10th straight month by -4.2% YoY to $22.4-B. Meanwhile, imports plunged for the first time in 2024 by -12.8% YoY to $17.9-B. As a result, trade surplus widened to $4.5-B in March from $2.8-B in the same month a year ago.

In its April meeting, Bank Indonesia (BI) raised its policy rate by 25 bps to 6.25% to ensure stability of its currency against risks of global economic decline and inflation. The yield curve's steepness measure contracted by 19 bps to 13 bps in April.

MALAYSIA: GDP accelerated by 3.9% YoY in Q1-2024 from 3.0% in the previous quarter, as all sectors, led by Services, made positive contributions. In April, the country's Manufacturing PMI reached 49.0, signifying the manufacturing sector's contraction for the 20th consecutive month. Meanwhile, the country's annual inflation rate stood at 1.8% YoY similar to February's inflation print.

Exports in March slipped by -0.8% to MYR 128.6-B (~$27.3-B) while imports surged by 12.5% to a 19-month high of MYR 115.8-B (~$24.6-B). This reduced the country's trade surplus to MYR 12.8-B (~$2.7-B) in March from MYR 26.7-B (~$5.7-B) in the same month the previous year.

Bank Negara Malaysia (BNM) retained its policy rate at 3.0% in its May meeting. The spread between 10-year and 2-year bond yields increased by 2 bps to 48 bps in April.

THAILAND: Q1 GDP expanded by 1.5% YoY, above expectations. Consumer prices increased for the first time this year to 0.19% in April from -0.47% in March, as food and transport prices rose. The manufacturing sector remained in contraction mode for the 9th consecutive month as Manufacturing PMI in April eased to 48.6 from 49.1 in March.

The country's exports trekked down by -10.9% to $24.9-B in March. On the other hand, imports inched up by 5.6% to $26.1-B. Overall, it registered a trade deficit of $1.1-B from a surplus of $2.7-B a year ago.

The Bank of Thailand (BOT) set its policy rate at the current 2.50%. The yield curve's steepness measure steepened by 5 bps to 39 bps in April.

Table 8 - Spreads Between 10-year and 2-year T-Bonds

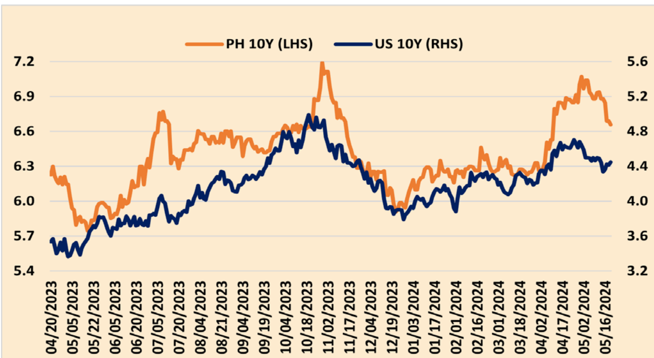
Spreads between 10-year and 2-year T-Bonds									
Country	2-year Yields	10-year Yields	Projected Inflation Rates	Real 10-Year Yield	10-Year and 2-Year Spread (bps)		Spread Change (bps)	Latest Policy Rate	Real Policy Rate
					Mar-24	Apr-24			
U.S.	5.04	4.69	2.4	2.29	(39)	(35)	4	5.50	3.10
PRC	1.89	2.31	2.0	0.31	39	42	3	2.50	0.50
Indonesia	7.14	7.27	3.0	4.27	32	13	(19)	6.25	3.25
Malaysia	3.50	3.98	2.7	1.28	46	48	2	3.00	0.30
Thailand	2.43	2.82	2.3	0.52	34	39	5	2.50	0.20
Philippines	6.54	7.03	3.8	3.23	19	49	30	6.50	2.70

Sources: Asian Development Bank (ADB), The Economist & UA&P
**1-year yields are used for PH because 2-year papers are illiquid*

Outlook

After a steep vault of nearly 80 bps to breach 7% at 7.029% by end-April, local 10-year bond yields recovered some half of it or 42 bps to 6.612% by mid-May as U.S. bond yields eased on renewed expectations that the Fed would start cutting policy rates this year while local inflation remained within the BSP's target range of 3-4% in April.

Figure 20 - Philippine 10-Year Government Bond Yield Vs. United States 10-Year Government Bond Yield



Source: Trading Economics

- Lower than expected employment gains at 175,000 (vs. survey of 243,000) in April and slightly milder YoY core PCE Index based inflation at 3.6% from 3.8% turned U.S. market players more hopeful for Fed rate cuts to start in September (some 2/3 of Reuters poll by second week of May vs. less than ½ a month earlier). Thus, U.S. 10-year bond yields slid by some 25 bps from end-April to end at 4.42% by May 17. The Fed had earlier kept policy rates unchanged in its May 1 meeting but decided to reduce its government securities holdings starting June 1st. We think the Fed will do a 25 bps cut in September but another similar one before the end of 2024 will depend largely on speed of inflation easing before the end of 2024.

- Local players took the cue and pushed local 10-year bond yields by 42 bps to 6.6712% by May 17 on significantly higher volume. Local investors also took to heart of the more dovish stance taken by BSP Governor Eli Remolona who expressed the view that BSP could start cutting its own policy rates by August in anticipation of Fed's move. While he admitted that reserve requirement ratios are the highest in the region and that BSP remains committed to reducing it, he qualified it by saying a reduction in Q3 remains "unlikely".

- Since the trajectory of NG deficit in Q1 falls 20.0% below FY deficit target and has not changed its current pace of gross borrowing at P15.0-B per week for T-bills and P120.0-B per week for T-bonds, BTr will likely keep this plan until Q3 while leaving itself open in Q4. Thus, for the short-term, NG borrowings won't have a big impact on bond yields.

- Further declines in 10-year benchmark yields may have little scope as upside risks in the local inflation front remain with volatile food and crude oil prices still in place.

- ROPs movements will likely track equivalent U.S. Treasuries since no special reasons for entry/exit for the former unless there is a sizeable and sustained drop in domestic inflation.

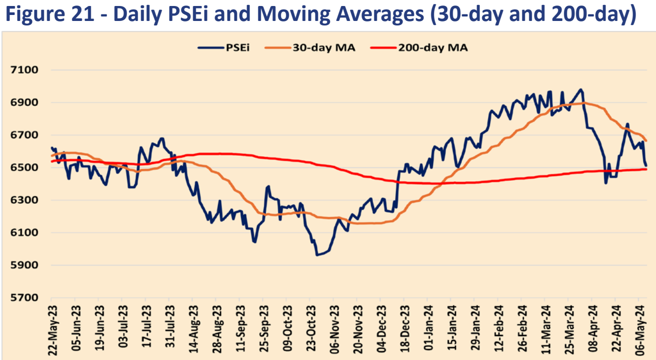
EQUITY MARKETS

PSEI CONSOLIDATES IN APRIL, BUT RECOVERS BY MID-MAY

Along with its ASEAN peers, except Malaysia, PSEi emerged as the weakest performer after dropping by -2.9% MoM to close at 6,700.49 in April, as more foreign investors exited the market. In ASEAN, only Malaysia, alongside advanced economies like London, Hong Kong, and Shanghai, experienced gains for the month. The Mining & Oil sector had the best sectoral performance, rebounding by +8.1% from its -4.6% loss last month, driven by remarkable MoM gains from Philex Mining Corporation (PX, +4.5%), and other copper mining firms. The firms drew the impulse from the 13.8% surge in copper prices. Financial Sector came next with a +2.9% jump as top banks – Bank of the Philippine Islands (BPI, +25.8% YoY) and Metrobank (MBT, +14.5% YoY), reported double-digit Q1 earnings growth. The Property sector came out last with a -10.7% MoM fall as SM Prime Holdings, Inc. led the decliners among the PSEi-constituents (SMPH, -14.5%).

***Outlook**: PSEi into mid-May headed back above the strong support level of 6,500 as GDP print for Q1-2024 came in below market expectations at 5.7% YoY, albeit faster than 5.5% in Q4-2023. Foreign investors took profits as the PSEi recovered starting the second half of April. The expected Q2 weakness, however, masks the robust earnings of the top 3 local banks, which supported double-digit 12.9% earnings growth in Q1 for PSEi-constituent firms. Thus, we see some bargain hunting in Q2 by local investors each time PSEi slides toward or slightly below 6,500, and also keep our forecast of 7,000-7,500 achievable in H2. The expected BSP policy rate cut in August provides additional support to this view. But a dampener has emerged for Philippine stocks with the rebalancing of weights of MSCI's Philippine index that takes effect at close of May 31, 2024.*

Figure 21 - Daily PSEi and Moving Averages (30-day and 200-day)



Source: Yahoo Finance

Global Picture. Majority of our tracked global equity markets experienced losses, while four registered gains. Hong Kong's HSI ended April with a +7.4% month-on-month (MoM) jump, continuing its 0.2% gain a month ago. Malaysia's KLSE followed suit with a 2.6% MoM uptick, rebounding from its -1.0% loss in March. Meanwhile, U.S.' DJIA plunged by -5.0% MoM for the month, erasing its 2.1% gain the previous month. Similarly, the Philippines' PSEi registered a -2.9% MoM drop to end April at 6,700.49.

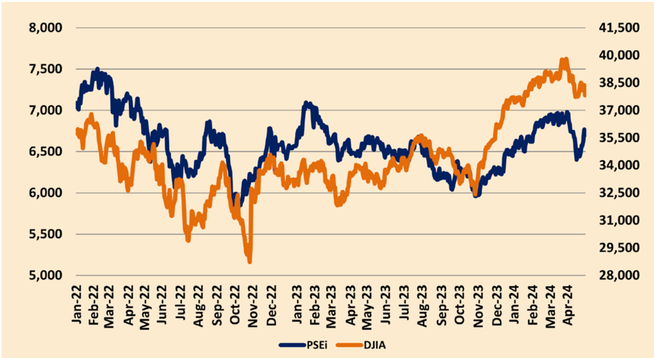
Table 9 - Global Equities Markets Performances

Global Equities Markets Performances				
Region	Country	Index	April M-o-M Change	2024 % Change
Americas	US	DJIA	-5.0%	0.3%
Europe	Germany	DAX	-3.0%	7.0%
	London	FTSE 101	2.4%	5.3%
East Asia	Hong Kong	HSI	7.4%	4.2%
	Shanghai	SSEC	2.1%	4.4%
	Japan	NIKKEI	-4.9%	14.8%
	South Korea	KOSPI	-2.0%	1.4%
Asia-Pacific	Australia	S&P/ASX 200	-2.9%	1.0%
Southeast Asia	Indonesia	JCI	-0.7%	-0.5%
	Malaysia	KLSE	2.6%	8.6%
	Thailand	SET	-0.7%	-3.4%
	Philippines	PSEi	-2.9%	3.9%

Sources: Bloomberg and Yahoo Finance

Figure 22 - PSEi vs DJIA

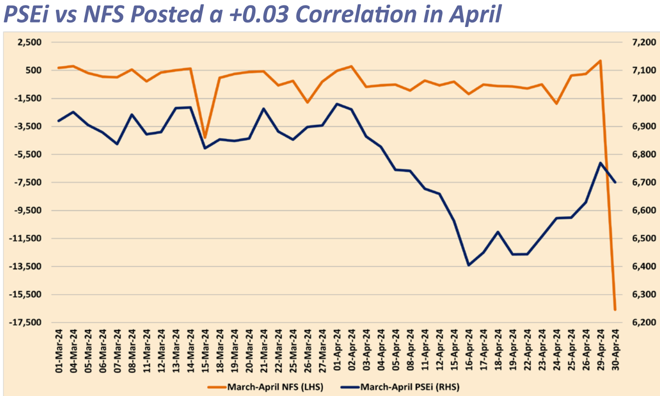
PSEi vs DJIA Correlation in April Increased to +0.81



Source: Yahoo Finance

Figure 23 - PSEi vs Net Foreign Selling

PSEi vs NFS Posted a +0.03 Correlation in April



Sources: PSE Quotation Reports & Yahoo Finance

Table 10 - Monthly Turnover (in Million Php)

Monthly Turnover (in Million Pesos)				
	Total Turnover		Average Daily Turnover	
Sector	Value	% Change	Value	% Change
Financial	20,899.51	-36.8%	1,044.98	-39.9%
Industrial	20,171.95	-19.0%	1,008.60	-23.1%
Holdings	21,302.43	-3.5%	1,065.12	-8.3%
Property	29,509.61	27.2%	1,475.48	20.9%
Services	37,997.67	35.7%	1,899.88	28.9%
Mining & Oil	2,796.87	341.3%	139.84	319.3%
Total	**132,678.04**	**0.6%**	**6,633.90**	**-4.4%**
Foreign Buying	49,657.06	-23.6%	2,482.85	-27.4%
Foreign Selling	73,372.56	8.6%	3,668.63	3.1%
Net Buying (Selling)	(23,715.50)	(824.3%)	(1,185.78)	778.1%

Source of Basic Data: PSE Quotation Reports

PSEi and DJIA. The Dow Jones Industrial Average (DJIA) finished a volatile month of trading. DJIA ended April at 37,815.92. Meanwhile, PSEi closed the month lower at 6,700.49 from the previous month's close of 6,903.53. The PSEi broke through during the month to a low of 6,404.97, on April 16 due to heavy foreign selling but recovered as local investors went bargain-hunting to bring it higher by end-April. The correlation between the two indices in April went up to +0.81 from +0.17 the previous month.

Net Foreign Buying/Selling. In terms of trading volume, half of the sectors landed on the green in April, with the Mining & Oil sector at the forefront after experiencing a massive 341.3% MoM growth. The Services sector followed next with a 35.7% MoM jump. On the other hand, the Financial sector led the decliners for the month with a -36.8% MoM contraction in trading volume.

Foreign investors hurried through the exit doors in April to the tune of P23.7-B from net selling of only P2.5-B in March.

The top five favorite stocks (net buying) of foreign investors amounted to P4.3-B with Metropolitan Bank & Trust Company (MBT, P1.5-B) and Bank of the Philippine Islands (BPI, P951.7-M) in the front rows.

The top five disfavored stocks (net selling) in April amounted to P7.8-B with Ayala Land, Inc. (ALI, P3.9-B) and Ayala Corporation (AC, P1.3-B) taking the lead.

Half of the sectors landed on the green in April, while the rest experienced losses. This resulted in a -2.9% MoM loss of PSEi in April. The Mining & Oil sector gained the most for the month with an +8.1% MoM uptick, followed by the Financial sector with a +2.9% MoM increment. Meanwhile, the Property sector took the lead for the decliners as it delivered a -10.7% MoM loss in April. On the other hand, the Financial sector still has the best year-to-date (YTD) performance among the sectoral indexes with a solid +20.4% upswing.

Table 11 - Top Foreign Buy in April (in Million Php)

Top Foreign Buy	
Company	**Total Value**
MBT Equity	1,452.57
BPI Equity	951.73
ICT Equity	896.82
SM Equity	603.55
RLC Equity	353.96
Total Buy Value	**4,258.64**

Sources of Basic Data: Bloomberg, First Metro Investment Corporation (FMIC)

Table 12 - Top Foreign Sell in April (in Million Php)

Top Foreign Sell	
Company	**Total Value**
ALI Equity	-3,914.34
AC Equity	-1,328.15
SMPH Equity	-986.71
JFC Equity	-901.98
URC Equity	-701.58
Total Sell Value	**-7,832.77**

Sources of Basic Data: Bloomberg, First Metro Investment Corporation (FMIC)

Table 13 - Monthly Sectoral Performance

Monthly Sectoral Performance					
	27-March-2024		30-April-2024		2024 YTD
Sector	Index	% Change	Index	% Change	
PSEi	6,903.53	-0.6%	6,700.49	-2.9%	3.9%
Financial	2,034.27	-0.7%	2,094.20	2.9%	20.4%
Industrial	9,099.58	-2.6%	9,014.34	-0.9%	-0.7%
Holdings	6,461.22	-1.4%	6,189.77	-4.2%	1.4%
Property	2,809.81	-1.2%	2,509.49	-10.7%	-12.1%
Services	1,851.02	5.3%	1,856.90	0.3%	15.7%
Mining & Oil	8,123.30	-4.6%	8,784.58	8.1%	-12.2%

Source of Basic Data: PSE Quotation Reports

Table 14 - Financial Sector Constituent Stocks

Company	Symbol	03/27/2024 Close	04/30/2024 Close	M-o-M % Change	2024 YTD
Metropolitan Bank and Trust Company	MBT	65.15	70.00	7.4%	36.5%
BDO Unibank, Inc.	BDO	154.50	148.20	-4.1%	13.6%
Bank of the Philippine Islands	BPI	118.10	127.50	8.0%	22.8%

Source of Basic Data: PSE Quotation Reports

The Financial sector ranked second in the sectoral race, with a +2.9% MoM uptick in April, reversing its -0.7% loss the previous month.

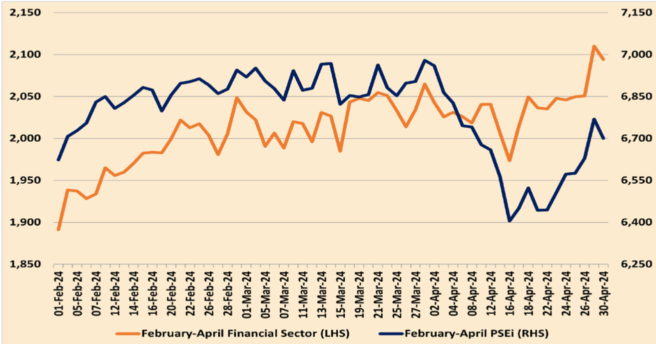
Bank of the Philippine Islands' (BPI) share prices led the sector as it closed the month with an +8.0% MoM gain, wiping out its -5.6% loss a month ago. BPI recorded a +25.8% YoY growth in its Q1-2024 net income to P15.3-B from P12.1-B a year ago, driven by higher revenues which more than offset the company's increased operating expenses.

Metropolitan Bank & Trust Company's (MBT) share prices followed suit with a +7.4% MoM increase, piling on top of its +5.1% gain in March, as MBT attracted foreign investors (see table on Top Foreign Buy). MBT recently announced that its Q1-2024 net income rose by +14.5% YoY to P12.0-B from P10.5-B in the same quarter the previous year. MBT attributed the growth of its net income to its robust lending activities, better operational efficiencies, and continued capital optimization strategies. MBT took top honors in YTD gains among PSEi-constituent stocks with its huge +36.5% YoY surge, edging erstwhile leader ICT which had a 34.1% upswing.

BDO Unibank, Inc.'s (BDO) share prices dropped by -4.1% MoM in April, leaving no trace of its +1.0% gain a month earlier. Nevertheless, BDO saw its Q1-2024 net income improve by +12.0% YoY to P18.5-B from P16.5-B a year earlier, fueled by the sustained growth of its core businesses.

Figure 24 - Financial Sector Index (February - April)

Financial Sector Increased by 2.9% in April



Source of Basic Data: PSE Quotation Reports

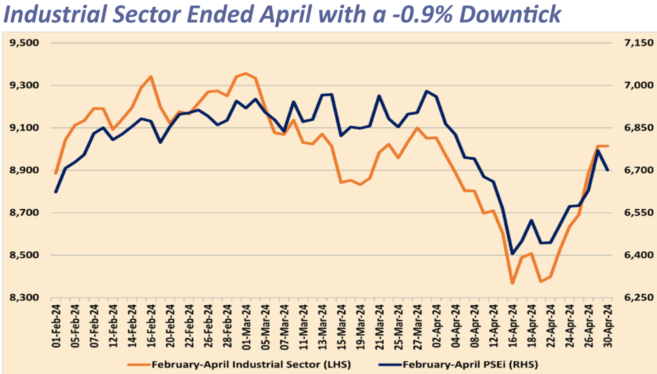
Table 15 - Industrial Sector Constituent Stocks

Company	Symbol	03/27/2024 Close	04/30/2024 Close	M-o-M % Change	2024 YTD
Meralco	MER	357.00	369.00	3.4%	-7.5%
Jollibee Foods Corporation	JFC	252.60	235.40	-6.8%	-6.4%
Universal Robina Corporation	URC	105.30	103.20	-2.0%	-12.7%
AC Energy Corporation	ACEN	3.85	4.15	7.8%	-5.3%
Emperador Inc.	EMI	19.00	19.04	0.2%	-8.7%
Monde Nissin Corporation	MONDE	10.92	10.68	-2.2%	27.4%
Century Pacific Food, Inc.	CNPF	40.00	38.00	-5.0%	22.8%
Semirara Mining and Power Corporation	SCC	34.90	32.95	-5.6%	8.9%

Source of Basic Data: PSE Quotation Reports

Figure 25 - Industrial Sector Index (February - April)

Industrial Sector Ended April with a -0.9% Downtick



Source of Basic Data: PSE Quotation Reports

The Industrial sector grabbed fourth place in the sectoral rankings with a -0.9% MoM decline in April, following its -2.6% loss a month ago.

ACEN Corporation's (ACEN) share prices took the lead in the sector with a +7.8% MoM gain in April, a recovery from its -7.5% loss in March. ACEN anticipates the addition of 1.6 gigawatts (GW) to its renewable energy portfolio this year, which will support the company's target of reaching 20 GW of renewable energy capacity by 2030.

Meralco's (MER) share prices also went up by +3.4% MoM in April, partially reversing its -8.5% loss the previous month. MER reported an +11.0% YoY growth on its Q1-2024 core net income to P10.1-B from P9.0-B a year ago, driven by higher energy sales and robust performances of its business segments.

Emperador Inc.'s (EMI) share prices closed the month with a +0.2% MoM uptick, a minor improvement from its -2.8% loss in March. EMI recently disclosed that its FY 2023 net income experienced a -10.5% YoY drop to P8.6-B from P9.6-B in 2022, caused by higher interest expense and taxes. Nevertheless, EMI managed to improve its revenues for FY 2023 by +4.6% YoY to P65.6-B from P62.7-B in 2022 due to the strong performance of its whisky segment.

Jollibee Foods Corporation's (JFC) share prices ended the month with a -6.8% MoM loss, continuing from its -7.7% drop the previous month. JFC recently signed a memorandum of understanding (MOU) with the Department of Environment and Natural Resources (DENR) for the rehabilitation of previously damaged mangrove sites and promotion of sustainability in local communities where JFC operates. This move is aligned with JFC's sustainability agenda called Joy for Tomorrow which focuses on three key areas, namely Food, People and Planet.

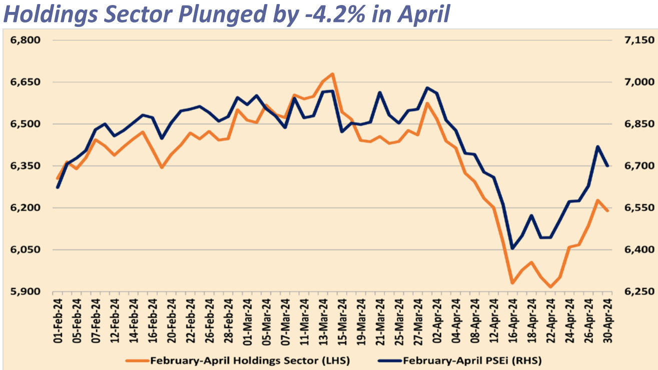
Table 16 - Holdings Sector Constituent Stocks

Company	Symbol	03/27/2024 Close	04/30/2024 Close	M-o-M % Change	2024 YTD
Ayala Corporation	AC	640.00	615.00	-3.9%	-9.7%
SM Investments Corporation	SM	972.00	950.00	-2.3%	8.9%
Aboitiz Equity Ventures	AEV	46.85	42.00	-10.4%	-5.8%
GT Capital Holdings, Inc.	GTCAP	704.00	639.50	-9.2%	8.4%
San Miguel Corporation	SMC	109.90	105.00	-4.5%	2.8%
Alliance Global Group, Inc.	AGI	10.16	10.08	-0.8%	-10.6%
LT Group, Inc.	LTG	9.99	10.16	1.7%	13.1%
JG Summit Holdings, Inc.	JGS	36.40	33.75	-7.3%	-11.5%
DMCI Holdings, Inc.	DMC	11.36	11.08	-2.5%	13.4%

Source of Basic Data: PSE Quotation Reports

Figure 26 - Holdings Sector Index (February - April)

Holdings Sector Plunged by -4.2% in April



Source of Basic Data: PSE Quotation Reports

The Holdings sector faded into fifth place in the sectoral race with a -4.2% MoM drop in April from -1.4% in March.

LT Group, Inc.'s (LTG) share prices increased by +1.7% MoM in April, augmenting its +5.2% gain a month ago. LTG recently disclosed the appointment of Mr. Gijs Lambert Johan de Best as the President of PMFTC, Inc., which is LTG's subsidiary and the Philippine affiliate of Philip Morris International (PMI).

Alliance Global Group, Inc.'s (AGI) share prices posted a minor -0.8% MoM downtick in April, following its -1.6% loss the previous month. AGI recently announced its FY 2023 net income, which soared by 20.0% YoY to P30.3-B from P25.2-B in 2022, due to the robust performances of all its business segments.

Ayala Corporation's (AC) share prices remained on the red after registering a -3.9% MoM loss in April, marking a continued downturn from its -5.6% decline in March. Nonetheless, AC recently signed a cooperation agreement to explore possible business opportunities with the New Zealand Trade and Enterprise (NZTE). The Ayala Group also intends to raise its capital expenditures for the year by 14% to P284.0-B in order to support the expansion plans of some of its core business units such as Ayala Land and ACEN.

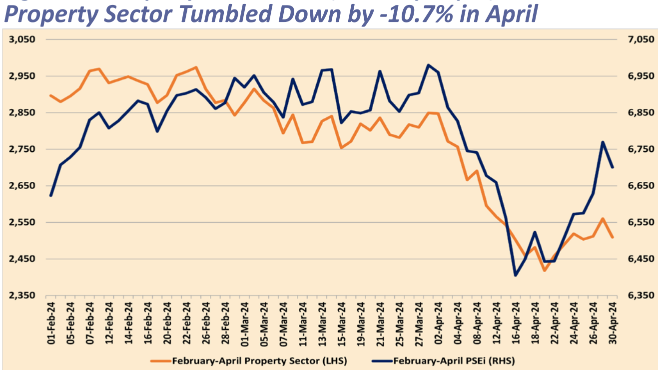
Aboitiz Equity Ventures, Inc.'s (AEV) share prices contracted further by -10.4% MoM in April from -11.6% in March. Nevertheless, AEV experienced an +8.0% YoY rise on its Q1-2024 core net income to P5.0-B from P4.6-B in the same quarter a year ago, driven by the sustained growth of its power and real estate segments and a recovery of its food and beverage segment.

Table 17 - Property Sector Constituent Stocks

Company	Symbol	03/27/2024 Close	04/30/2024 Close	M-o-M % Change	2024 YTD
Ayala Land, Inc.	ALI	32.25	28.75	-10.9%	-16.5%
SM Prime Holdings, Inc.	SMPH	32.70	27.95	-14.5%	-15.0%

Source of Basic Data: PSE Quotation Reports

Figure 27 - Property Sector Index (February - April)
Property Sector Tumbled Down by -10.7% in April



Source of Basic Data: PSE Quotation Reports

Table 18 - Services Sector Constituent Stocks

Company	Symbol	03/27/2024 Close	04/30/2024 Close	M-o-M % Change	2024 YTD
PLDT, Inc.	TEL	1,370.00	1,340.00	-2.2%	4.8%
Globe Telecom	GLO	1,769.00	1,774.00	0.3%	3.1%
Converge ICT Solutions, Inc.	CNVRG	9.96	9.40	-5.6%	12.2%
Puregold Price Club Inc.	PGOLD	26.80	23.70	-11.6%	-11.9%
Wilcon Depot, Inc.	WLCON	17.78	16.70	-6.1%	-20.1%
International Container Terminal Services, Inc.	ICT	318.00	331.00	4.1%	34.1%
Bloomberry Resorts Corporation	BLOOM	11.04	10.40	-5.8%	5.7%

Source of Basic Data: PSE Quotation Reports

The Property sector finished last in the sectoral race with a -10.7% MoM loss in April, continuing its -1.2% loss a month ago.

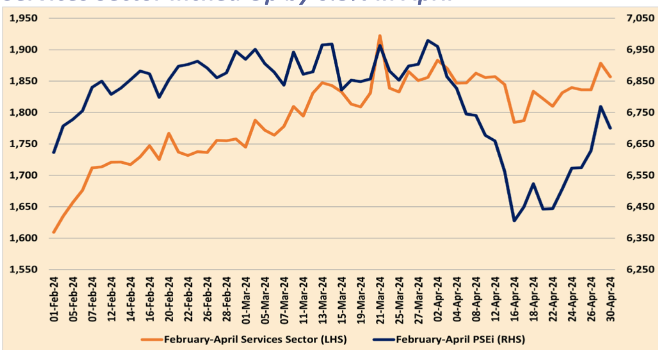
Ayala Land, Inc.'s (ALI) share prices declined by -10.9% MoM in April, following its -7.9% loss in March. ALI expects to complete the planned merger with its 34 subsidiaries on or before the first half of 2026. Currently, ALI is seeking approval from the Securities and Exchange Commission (SEC) for the said merger.

SM Prime Holdings, Inc.'s (SMPH) share prices landed on the red after ending April with a -14.5% MoM loss, a turnaround from its +3.5% gain the previous month. SMPH stepped forward to address the energy crisis in the Philippines by signing the Interruptible Load Program (ILP) with MORE Electric and Power Corporation (MORE Power). This agreement is expected to ease the pressure on the Visayas grid, which is experiencing yellow and red alert statuses due to low energy reserves. SMPH also looks forward to opening four new malls in the Philippines this year and launching up to 10,000 residential units for its residential business.

The Services sector ranked third in sectoral performance with a +0.3% MoM uptick in April, a minor boost from its +5.3% gain the previous month.

International Container Terminal Services, Inc.'s (ICT) share prices surged by +4.1% MoM in April, building on its +10.0% gain in March. ICT recently posted a +24.0% YoY growth in its Q1-2024 recurring net income to $191.0-M from $154.6-M in the same quarter a year ago, fueled by an increase in income coming from its operations.

Figure 28 - Services Sector Index (February - April)
Services Sector Inched Up by 0.3% in April



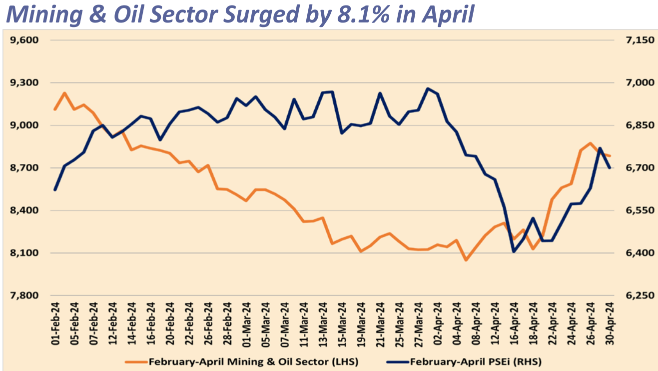
Source of Basic Data: PSE Quotation Reports

Table 19 - Mining & Oil Sector Constituent Stock

Company	Symbol	03/27/2024 Close	04/30/2024 Close	M-o-M % Change	2024 YTD
Nickel Asia Corporation	NIKL	4.00	4.02	0.5%	-26.6%

Source of Basic Data: PSE Quotation Reports

Figure 29 - Mining & Oil Sector Index (February - April)
Mining & Oil Sector Surged by 8.1% in April



Source of Basic Data: PSE Quotation Reports

Globe Telecom, Inc. (GLO) share prices registered a +0.3% MoM increment in April, augmenting its +2.8% gain a month earlier. GLO recently sold 181 more towers to Miescor Infrastructure Development Corporation (MIDC) for P2.17-B as part of the deal they made back in 2022. The funds obtained from the sale of its towers will be used by GLO to support its future capital expenditures, debt repayments and debt avoidance.

Puregold Price Club, Inc.'s (PGOLD) share prices posted an -11.6% MoM loss in April, a further drop from its -2.5% loss in March. PGOLD saw a -7.4% YoY plunge on its FY 2023 net income to P8.6-B from P9.3-B in 2022, due to higher operating expenses.

The Mining & Oil sector took pole position in the sectoral race as it ended April with an +8.1% MoM gain, which more than offset its -4.6% loss a month ago.

Nickel Asia Corporation's (NIKL) share prices posted a +0.5% MoM increment in April, a minor cut to its -11.9% loss the previous month amid an increase in nickel prices.

Apart from NIKL, other firms that contributed to the climb of the sectoral index include Philex Mining Corporation (PX, +4.5% MoM), Atlas Consolidated Mining and Development Corporation (AT, +25.3% MoM), and Apex Mining Co., Inc. (APX, +28.9% MoM).

Recent Economic Indicators

NATIONAL INCOME ACCOUNTS, CONSTANT PRICES (In Million Pesos)

	FY-2022		FY-2023		4th Quarter 2023			1st Quarter 2024		
	Levels	Y-o-Y G.R.	Levels	Y-o-Y G.R.	Levels	Q-o-Q G.R.	Y-o-Y G.R.	Levels	Q-o-Q G.R.	Y-o-Y G.R.
Production										
Agri, Hunting, Forestry and Fishing	1,783,735	0.5%	1,804,907	1.2%	532,282	29.7%	1.3%	446,303	-16.2%	0.4%
Industry Sector	5,913,748	6.5%	6,126,102	3.6%	1,750,706	29.4%	3.1%	1,543,974	-11.8%	5.1%
Service Sector	12,248,122	9.2%	13,120,749	7.1%	3,601,524	9.4%	7.4%	3,199,380	-11.2%	6.9%
Expenditure										
Household Final Consumption	14,570,348	8.3%	15,381,272	5.6%	4,418,869	19.9%	5.3%	3,863,984	-12.6%	4.6%
Government Final Consumption	2,988,609	5.1%	3,005,103	0.6%	700,904	-6.1%	-1.0%	729,210	4.0%	1.7%
Capital Formation	4,606,648	13.7%	4,878,674	5.9%	1,324,629	24.0%	11.6%	1,146,652	-13.4%	1.3%
Exports	5,691,851	11.0%	5,773,780	1.4%	1,396,501	-11.2%	-2.5%	1,481,031	6.1%	7.5%
Imports	7,911,852	14.0%	7,987,070	1.0%	1,979,746	-2.0%	2.0%	2,027,175	2.4%	2.3%
GDP	19,945,605	7.6%	21,051,758	5.5%	5,884,513	16.4%	5.5%	5,189,658	-11.8%	5.7%
NPI	1,130,111	76.8%	2,226,469	97.0%	705,654	14.1%	98.3%	642,751	-8.9%	57.0%
GNI	21,075,715	9.9%	23,278,227	10.5%	6,590,167	16.2%	11.1%	5,832,409	-11.5%	9.7%

Source: Philippine Statistics Authority (PSA)

NATIONAL GOVERNMENT CASH OPERATION (In Million Pesos)

	2022		2023		February-2024			March-2024		
	Levels	Y-o-Y G.R.	Levels	Y-o-Y G.R.	Levels	M-o-M G.R.	Y-o-Y G.R.	Levels	M-o-M G.R.	Y-o-Y G.R.
Revenues	3,545,505	18.0%	3,824,105	7.9%	224,016	-46.9%	5.7%	287,923	28.5%	11.3%
Tax	3,220,315	17.4%	3,429,292	6.5%	211,305	-45.1%	8.6%	223,871	5.9%	-0.2%
BIR	2,335,674	12.4%	2,516,986	7.8%	137,988	-55.3%	6.7%	145,346	5.3%	3.1%
BoC	862,420	34.0%	883,214	2.4%	70,560	-3.9%	12.2%	74,895	6.1%	-6.8%
Others	22,221	5.7%	29,092	30.9%	2,757	-17.1%	16.4%	3,630	31.7%	17.8%
Non-Tax	324,082	23.5%	394,164	21.6%	12,711	-65.3%	-26.2%	64,052	403.9%	86.9%
Expenditures	5,159,640	10.4%	5,336,191	3.4%	388,693	16.4%	22.1%	483,841	24.5%	3.2%
Allotment to LGUs	1,103,284	23.6%	926,052	-16.1%	101,522	29.6%	37.5%	80,025	-21.2%	-3.9%
Interest Payments	502,858	17.1%	628,333	25.0%	47,827	-35.6%	40.2%	70,944	48.3%	16.5%
Overall Surplus (or Deficit)	(1,614,135)	-3.4%	(1,512,086)	-6.3%	180,187	-83.2%	-269.4%	(491,888)	-373.0%	133.9%

Source: Bureau of the Treasury (BTr)

POWER SALES AND PRODUCTION INDICATORS
Manila Electric Company Sales (In Gigawatt-hours)

	2022		November-2023			December-2023		
	Annual Levels	Growth Rate	Levels	Y-o-Y G.R.	YTD	Levels	Y-o-Y G.R.	YTD
TOTAL	48,270.70	6.0%	4,261.80	4.3%	4.4%	4,122.30	3.1%	4.3%
Residential	17,140.40	1.4%	1,497.30	5.9%	3.7%	1,417.40	3.5%	3.7%
Commercial	17,052.40	14.1%	1,597.70	6.6%	9.4%	1,578.80	6.8%	9.1%
Industrial	13,296.80	3.1%	1,092.30	-1.3%	-2.9%	1,053.30	1.4%	-2.6%

Source: Meralco

BALANCE OF PAYMENTS (In Million U.S. Dollar)

	2022		2023		3rd Quarter 2023		4th Quarter 2023	
	Levels	Y-o-Y G.R.	Levels	Y-o-Y G.R.	Levels	Y-o-Y G.R.	Levels	Y-o-Y G.R.
I. CURRENT ACCOUNT								
Balance of Trade	-18,261	207%	-11,206	-39%	-2,276	-63.6%	-520	942.0%
Balance of Goods	-69,701	32%	-65,788	-6%	-16,721	-15.2%	-15,531	2.9%
Exports of Goods	57,710	6%	55,316	-4%	14,418	-0.1%	14,538	-3.2%
Import of Goods	127,412	19%	121,104	-5%	31,139	-8.8%	30,069	-0.1%
Balance of Services	15,895	13%	19,120	20%	5,069	16.4%	5,163	-3.4%
Exports of Services	41,122	22%	48,285	17%	12,486	14.7%	13,206	7.1%
Import of Services	25,226	29%	29,165	16%	7,418	13.5%	8,043	15.1%
Current Transfers & Others								
II. CAPITAL AND FINANCIAL ACCOUNT								
Capital Account	23	-71%	67	186%	16	25.5%	21	26.4%
Financial Account	-13,885	116%	-15,415	11%	-2,944	-23.7%	-6,380	208.5%
Direct Investments	-5,631	-42%	-4,959	-12%	-1,348	16.8%	-1,416	-6.7%
Portfolio Investments	-1,684	-116%	925	-155%	862	-31.6%	-2,797	10.0%
Financial Derivatives	-48	-198%	-115	139%	-50	-8.6%	-13	-143.1%
Other Investments	-6,523	-7%	-11,266	73%	-2,408	-38.4%	-2,154	-209.8%
III. NET UNCLASSIFIED ITEMS	-2,911	-476%	-604	-79%	-1,208	-48.5%	-3,944	168.9%
OVERALL BOP POSITION	-7,263	-640%	3,672	-151%	-524	-88.9%	1,936	241.0%
Use of Fund Credits								
Short-Term								
Memo Items								
Change in Net Foreign Assets	-3,099	-384%	-3,999	29%	-499	-80.4%	-635	-228.5%
Change in Commercial Banks' NFA	-2,829	-397%	-3,890	37%	-505	-80.0%	-633	-234.2%
Basic Balance	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a

Source: Bangko Sentral ng Pilipinas (BSP)

MONEY SUPPLY (In Million Pesos)

	2023		February-2024		March-2024	
	Average Levels	Y-o-Y G.R.	Levels	Y-o-Y G.R.	Levels	Y-o-Y G.R.
RESERVE MONEY	3,611,236	3.7%	3,384,054	-10.9%	3,843,472	4.5%
Sources:						
Net Foreign Asset of the BSP	6,438,911	0.2%	6,560,929	3.6%	6,637,223	5.0%
Net Domestic Asset of the BSP	17,339,294	10.7%	18,352,315	9.6%	18,697,546	10.8%
MONEY SUPPLY MEASURES AND COMPONENTS						
Money Supply-1	6,508,324	3.0%	6,646,251	2.9%	6,810,244	5.3%
Money Supply-2	16,015,356	7.6%	16,482,863	5.5%	16,739,636	6.1%
Money Supply-3	16,493,188	6.8%	16,923,695	5.1%	17,179,920	5.7%
MONEY MULTIPLIER (M2/RM)	4.43		4.87		4.36	

Source: Bangko Sentral ng Pilipinas (BSP)

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