

# The MARKET CALL

Capital Markets Research



FMIC and UA&P Capital Markets Research

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## Executive Summary

More positive economic data that have come to light have lifted further our confidence that we may expect a faster GDP growth of 6.1% in Q2 from 5.7% in Q1. The data included high employment levels and historic lows for the underemployed persons (4.8-M) and the underemployment rate (9.9%). Besides, the widely feared El Niño had dissipated by April-May as shown by NOAA graphs (see page 3). These, together with government spending on a high growth path, should provide the needed impetus. Besides, decelerating inflation to 3.7% in June and to average at 3.2% in Q3 and 2.9% in Q4 would encourage consumer spending as the BSP starts cutting policy rates in August. Financial markets will benefit as well from the BSP easing as bond investors have driven yields much lower and those should continue to fall in Q4. Similarly, PSEi has breached through 6,700 level by mid-July. With inflation and interest rates on a clear downtrend and faster Q2 GDP growth, we feel more assured that PSEi will achieve our target range of 7,000 to 7,500 before the end of year, with a stable or stronger peso to boot.

## Macroeconomy

**3** Sustained elevated employment levels and government spending in April and May should provide the impetus for faster GDP growth of 6.1% in Q2 from 5.7% in Q1. Empirical evidence in PH shows that increases in employment systematically lead GDP expansion. With more income, consumers will likely resume spending in Q2, but the big splash will occur in Q3 and Q4 when average inflation would have slowed to 3.2% YoY and 2.9%, respectively. With BSP ready to start cutting policy rates in August, interest rates have begun to fall in July and the property market could benefit from the latter. However, the peso will noticeably appreciate only by September when the Fed will likely cut its own policy rates.

May saw a 510,000 increase in employment and a fall of underemployment rate and level to historic lows. • NG spending kept its high trajectory, expanding by 22.2% YoY in May after soaring by 32.2% in April. • Manufacturing PMI at 51.3 in June remained expansionary for the 10th month, albeit slower than 51.9 in May. • Headline inflation eased to 3.7% in June from 3.9% a month ago with only the food (FNAB) category showing faster increases. • Exports declined by -3.1% in May after a 27.9% surge in April and partly caused trade deficit to remain high at \$4.5-B a tad lower than \$4.6-B a month ago. • Average USDPHP in June weakened by -1.6% due to U.S. dollar strength and large trade deficit in May.

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 (June 2024)	3.7	3.9	3.5	5.8	6.0
Government Spending (May 2024)	22.2	32.2	18.0	10.2	3.7
Gross International Reserves (\$B) (June 2024)	104.7	105.0	103.6	100.5	100.6
PHP/USD rate (June 2024)	58.70	57.76	56.86	54.48	55.63
10-year T-bond yield (end-June 2024)	6.61	6.76	6.52	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

## Bond Markets

**11** U.S. Fed will likely cut policy rates in September, while BSP gets ahead of it in August. The Fed has gained more confidence to cut amid a large revision (negative) in April and May new jobs, and the first fall in inflation rate (MoM, seasonally adjusted) in June to bring YoY inflation to 3.0% from 3.3% earlier. This did not only usher in lower bond yields (i.e., longer dated) in the U.S. but also induced local 10-year bond yields to plunge even more by some 40 bps over a 19-day period to July 19. But the domestic market started perking up with the first slowdown in PH inflation to 3.7% with more to come especially in Q4. This also should embolden BSP to cut policy rates by 25 bps in August and support further drops in local bond yields.

Auctions by the Bureau of the Treasury showed mixed movements, with key auctions of 10-year (FXTN 10-72) and 20-year (FXTN 20-27), pushing down overall tender-offer ratio (TOR) to 2.078x compared to 2.350x in the previous month. • In the secondary market, trading volume mildly rose with a total volume of P597.6-B a 0.6% MoM increase. • There were two corporate bond issuances totaling P40.0-B, Maynilad Water Services, Inc. (P15.0-B) and SM Prime Holdings, Inc. (P25.0-B), amid a further slump in trading in the secondary market by -10.4% MoM. • ROP bonds displayed relative resilience compared to U.S. Treasuries, as the latter saw more significant yield fluctuations. The spread between the two bonds narrowed by 7.8 bps and 3.8 bps for 1-year and 20-year maturities, respectively.

## Equities Market

**17** Despite reaching a low of 6,158.48 on June 21, the PSEi strongly rebounded to surpass the 6,500 resistance level by early July, driven by strong Q1 earnings growth of 11.2% YoY with hopes for sustained double-digit earnings growth in Q2-2024 buoyed by early reported muscular growth of BPI, BDO and Meralco and ease of inflation in June which boosted risk-on sentiment. By mid-July, the upward trend looked credible, supported by the possible 25 bps policy rate cut by the BSP in August and a similar cut by the Fed in September. Further catalyst has emerged with calmer discourse over West Philippine Sea (WPS) conflict with the renewal of China-PH dialogue. A stronger-than-expected Q2 GDP growth would drive further gains in Q3 and solidify the 6,500 support level for the PSEi. Moving forward, our constructive outlook for the Philippine equities remains unchanged.

PSEi modestly fell by -0.3% MoM to end June at 6,411.91, as it recovered in the last 10 days of the month. • Among the sectoral indexes, the Property sector (+4.8% MoM) gained the most in June, followed by the Services sector (+0.5% MoM). • Aboitiz Equity Ventures, Inc. led the PSEi-constituent stocks with a +10.7% MoM gain. • Monde Nissin Corporation tumbled the most with a -16.1% MoM loss. • The Services sector (+24.4%) led sectoral growth with ICTSI (+41.7%) as PSEi's top performer. • Foreign investors continue to be net sellers in June to the tune of P6.1-B from P10.1-B in May.

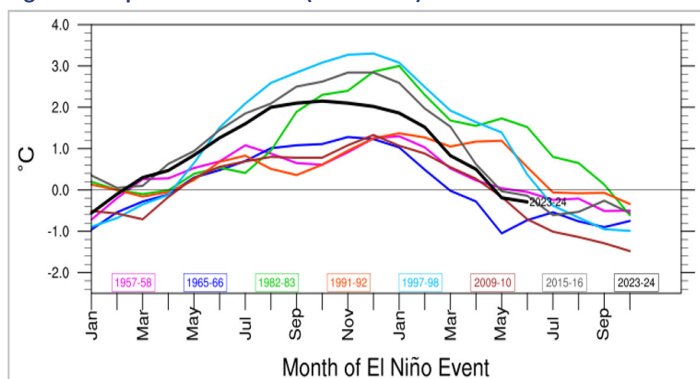
# MACROECONOMY

## GOOD ECONOMIC VIBES CONTINUE IN JUNE

The economy continued to churn out good economic data in June despite lingering geopolitical concerns specially those pertaining to the West Philippine Sea. For one, it generated 510,000 jobs in May with the Industry sector providing the lead (+491,000) and it pummeled the underemployment numbers and rate to record-low prints of 4.8-M and 9.9%, respectively. National Government (NG) expenditures remained elevated with a 22.2% year-on-year (YoY) uptick in May after the 32.2% surge in April as infrastructure spending gained traction. Headline inflation eased to 3.7% YoY in June, the first deceleration in 2024 after peaking at 3.9% in May. Overseas Filipino Workers' remittances turned the highest YoY growth of 3.7% in May. However, the USDPHP rate depreciated by an average 1.6% MoM in June amid U.S. dollar strength and high trade deficits.

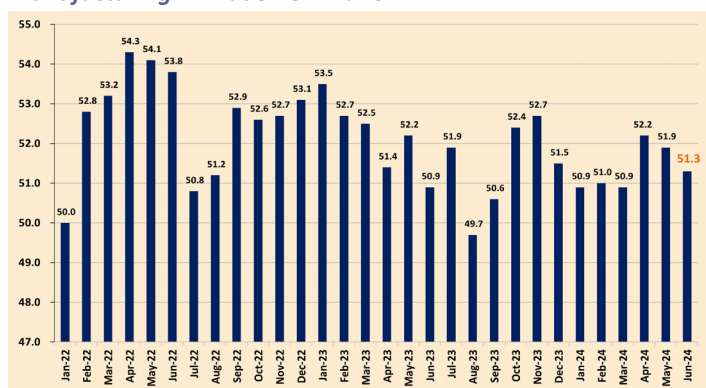
**Outlook:** In the Philippine context and empirically, gains in employment systematically precede GDP growth. Government spending in constant terms should exceed 10.0% YoY to make up for the tepid 1.6% pace in Q1, given the strong upswing seen in April and May. Consumers will likely remain cautious in Q2, but should still improve on the 4.6% YoY growth in Q1. They will loosen their purse strings in H2, since inflation, especially rice, will average ever closer to 3.0% in this semester, even as BSP starts lowering its policy rate in its August meeting. With the U.S. economy and the dollar losing some of its glitter in Q3, the peso will slowly recover after the Fed also begins its policy rate cutting cycle in September.

Figure 1 - Top 8 El Niño Events (since 1950)



Source: National Oceanic and Atmospheric Administration (NOAA)

Figure 2 - Manufacturing PMI  
Manufacturing PMI at 51.3 in June



Source of Basic Data: S&P Global

### Manufacturing PMI Posted 10th Month of Expansion in June, as Output Slowed Down in May

S&P Manufacturing PMI for the country modestly rose to 51.3 in June from 51.9 in May, driven by higher output but weakened by the easing of new orders. This figure signaled the 10th consecutive month of expansion of the country's manufacturing sector. Moving forward, manufacturers continue to view the next 12 months constructively.

Industrial output as measured by the Volume of Production Index (VoPI) inched up by 3.2% YoY in May, slower than last month's revised figure of 6.3% YoY.

Out of the 22 industry divisions, seven posted annual gains, led by Manufacture of Coke and Refined Petroleum Products (+53.6%), Manufacture of Electrical Equipment (+22.3%), and Manufacture of Machinery and Equipment Except Electrical (+16.0%). The three industry divisions also registered positive performances in April.

Meanwhile, 15 industry divisions reported annual declines, led by Manufacture of Wood, Bamboo, Cane, Rattan Articles and Related Products (-19.2%), Other Manufacturing and Repair and Installation of Machinery and Equipment (-15.7%), and Manufacture of Fabricated Metal Products, Except Machinery and Equipment (-13.4%). The first two industry divisions also experienced losses in April.

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

	April 2024	May 2024	MoM Change	
			Levels	% Change
<b>Labor Force</b>	50,396	50,972	575	1.1%
<b>Employed</b>	48,355	48,865	510	1.1%
<b>Underemployed</b>	7,037	4,815	(2,222)	-31.6%
<b>Underemployment rate%</b>	14.6	9.9	(4.7)	-32.3%
<b>Unemployed</b>	2,041	2,106	65	3.2%
<b>Unemployment rate%</b>	4.0	4.1	0.1	2.0%
<b>Labor Participation rate%</b>	64.1	64.8	0.7	1.1%
<b>Not in Labor Force</b>	28,221	27,663	(558)	-2.0%
<b>Agriculture ('000)</b>	9798	10,166	369	3.8%
<b>Industry ('000)</b>	8,844	9,335	491	5.6%
Mining and Quarrying	244	242	(2)	-0.8%
Manufacturing	3,738	3,846	107	2.9%
Electricity, Gas, Steam, and Air-Conditioning Supply	70	75	5	6.7%
Water Supply; Sewerage, etc.	93	83	(10)	-10.6%
Construction	4,698	5,089	391	8.3%
<b>Services ('000)</b>	29,714	29,364	(350)	-1.2%
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	10,144	10,109	(35)	-0.3%
Transportation and Storage	3,754	3,727	(28)	-0.7%
Accommodation and Food Services Activities	2,754	2,432	(322)	-11.7%
Information and Communication	441	444	3	0.7%
Financial and Insurance Services	652	692	40	6.2%
Real Estate Activities	230	169	(61)	-26.4%
Professional, Scientific, and Technical Activities	391	290	(101)	-25.9%
Administrative and Support Services Activities	2,557	2,422	(135)	-5.3%
Public Administration and Defense; Compulsory Social Security	2,824	3,133	309	11.0%
Education	1,581	1,696	116	7.3%
Human Health and Social Work Activities	727	703	(24)	-3.3%
Arts, Entertainment, and Recreation	511	475	(36)	-7.0%
Other Service Activities	3,145	3,071	(74)	-2.4%

Source of Basic Data: Philippine Statistics Authority (PSA)

### Economy Added 510,000 Jobs in May

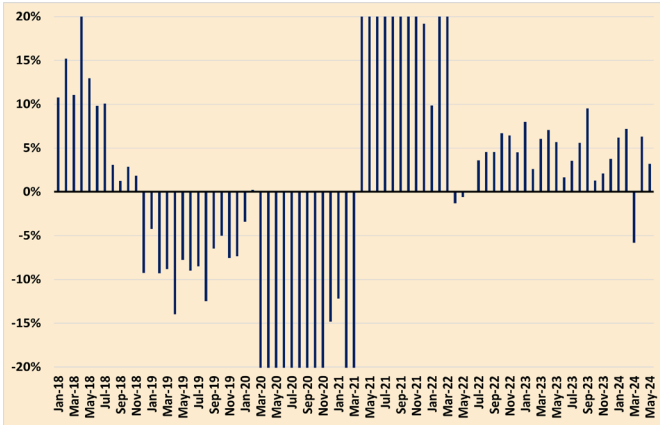
The Industry and Agriculture sectors hired 491,000 and 369,000 more workers, respectively, in May to net 510,000 more jobs during the month despite the erstwhile employment leader—the Services sector—letting go of some 350,000 people. While this resulted in a slight increase in the unemployment rate to 4.1% from 4.0% a month ago, the economy recorded the lowest underemployed persons (4.8-M) and underemployment rate of 9.9%.

The fillip in the Industry sector jobs came from large gains in the Construction sub-sector (+391,000) and the Manufacturing sub-sector (+107,000) as dry weather favored more activity. There were minor changes in the other two Industry sub-sectors. Meanwhile, the Agriculture sector’s increment resulted from the preparations for the rice planting season that starts in June.

As classes for the schoolyear mostly ended in May, the Services sector’s suffered the most job losses as only three out of 13 subsectors eked out gains. Public Administration & Defense provided the most openings of 309,000 while the Education subsector contributed 116,000 slots. Accommodation & Food Services shed 322,000 jobs as higher income families opted to take their vacation abroad. The other major slump occurred in the Administrative and Support Service Activities with 135,000 people laid off during the month.

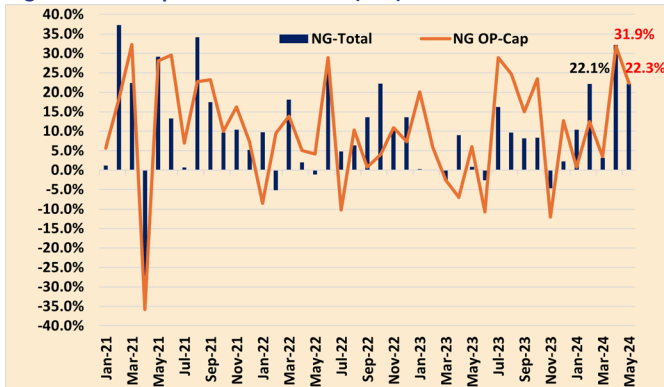
Nearly a million more workers spent greater than 40 hours per week, as the average hours per week inched up to 40.6 from 40.5 a month earlier.

**Figure 3 - Volume of Production Index**  
**Volume of Production Index Eased to 3.2% YoY in May**



Source of Basic Data: Philippine Statistics Authority (PSA)

**Figure 4 - NG Expenditures Growth (YoY)**



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

**NG Spending Remained Elevated, Up 22.2% YoY in May**  
 Powered by sustained National Government (NG) current operational and capital outlays (+22.3%), NG continued to ramp up total spending in May by 22.2% YoY. With a slower uptick of 14.6% in revenues, the fiscal deficit ballooned to P174.9-B, the highest so far achieved in 2024. Year-to-date (YTD) shortfall reached P404.8-B, some 29.5% of full year projected deficit of P1.36-T. This means that NG can still incur 70.5% of total target deficit with 58.3% of the year remaining.

Apart from the jump in interest payments (+47.8%) and non-operational expenses, NG spending focused on increased capital outlays for infrastructure projects of the Department of Public Works and Highways (DPWH), and the Department of National Defense. In addition, NG raised spending on social and health programs of the Department of Social Welfare and Development, and the Department of Health, respectively. The government expects infrastructure spending to reach 5.2% of GDP in 2024.

From the revenue side, the near doubling of non-tax revenues (+98.5%YoY) offset the tepid collections by the Bureau of Internal Revenue (BIR, +2.9%) and the Bureau of Customs (BOC, +4.3%). Higher interest receipts on advances to GOCCs and NG's share in PAGCOR profits fueled Bureau of the Treasury's (BTr) revenues to zoom up by 181.3% YoY to offset the weakness in tax revenues. Nonetheless, BIR's YTD tax take exceeded the previous year's collections by 12.8% while BOC topped its 2023 YTD haul by 6.0%, both suggesting good output growth for that period.

We expect the government to continue a fast pace of spending for the rest of the year as its agencies act with greater confidence.



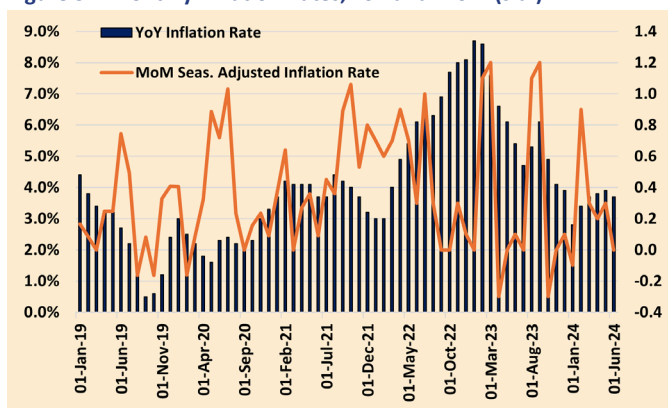
**Table 2 - Major Contributors to Year-on-Year Inflation**

Inflation Year-on-Year Growth Rates	May-2024	June-2024	YTD
	3.9%	3.7%	3.5%
Food and Non-Alcoholic Beverages	5.8%	6.1%	5.3%
Alcoholic Beverages and Tobacco	4.2%	3.8%	6.1%
Clothing and Footwear	3.4%	3.2%	3.5%
Housing, Water, Electricity, Gas, and Other Fuels	0.9%	0.1%	0.6%
Transport	3.5%	3.1%	2.0%
Restaurants and Accommodation	5.3%	5.1%	5.4%
Personal Care & Miscellaneous Goods and Services	3.4%	3.2%	3.6%

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 5 - Monthly Inflation Rates, YoY and MoM (s.a.)**



Source of Basic Data: Philippine Statistics Authority (PSA)

**June Inflation Eased to 3.7% YoY from 3.9% a Month Ago**

For the first time in 2024, headline inflation rate decelerated in June to 3.7% YoY from 3.9% a month earlier as only one price category—Food & Non-Alcoholic Beverages (FNAB)—raced faster. Price gains in seven out of 13 commodity groups slowed down, led by Housing, Water, Electricity, Gas & Other Fuels (HWEGOF), which eased to 0.1% YoY from 0.9% in May.

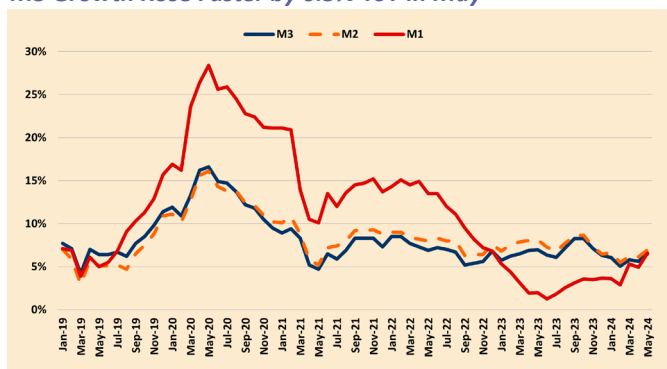
Supporting the milder YoY inflation, the month-on-month (MoM) fall in operation of personal transport equipment costs (i.e., vehicles fuel and oils) led to a major easing from 5.3% YoY to 3.5% in the Transport sub-index. In addition, Alcoholic Beverages & Tobacco sub-index took a similar slower pace as this sub-index closed at 3.8% YoY from 4.2% in the previous month.

Despite only four out of 11 food categories showing weaker price gains, the heavily weighted Food & Non-Alcoholic Beverages category (37.7% of total CPI) speeded up only modestly by 6.1% YoY from 5.8% previously. The slowdown in rice prices (by -0.5% pct points from 23.0% YoY a month ago) and lower fish & other seafood prices (-1.4% YoY from 0%) largely made up for price increases in seven other food categories.

MoM inflation (seasonally adjusted) fell to zero from 0.3% in May as the declines in HWEGOF (-0.9%) and Transportation (-0.6%) offset the large MoM gain in FNAB of +0.7%.

As seasonally adjusted MoM inflation trended downwards towards 0.2%, and tariffs on rice imports reduced to 15.0% from 35.0%, we have revised our full year inflation to 3.3% from 3.5% earlier.

**Figure 6 - M1, M2, M3 Growth Rates**  
**M3 Growth Rose Faster by 6.5% YoY in May**



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

**Money Supply (M3) Hastened to 6.5% YoY in May**

Domestic liquidity (M3) grew by 6.5% YoY to P17.4-T in May, faster than its 5.6% expansion the previous month. On a MoM seasonally adjusted basis, M3 increased by 1.1%.

Net foreign assets (NFA) in peso terms sped up by 4.9% YoY in May from 2.1% in April. The Bangko Sentral ng Pilipinas' (BSP) NFA position also jumped by 8.6% YoY in May from 4.6% a month ago. In addition, the NFA of banks decreased on account of higher bills and bonds payable.

Lending for production activities also advanced by 8.4% YoY in May from 7.8% in April, as outstanding loans to key industries grew, specifically Transportation and Storage (+26.7%) and Real Estate Activities (+13.2%). Wholesale and Retail Trade, and Repair of Motor Vehicles and Motorcycles (+11.1%) also saw an increase in its loan availments.

Meanwhile, consumer loans remained elevated, rising by 25.6% in May from 25.3% in April, driven by the sustained increase in credit card, motor vehicle, and salary-based general purpose consumption loans.

**Exports Slumped by -3.1% YoY in May after Surge in April**

The country's exports slightly dipped by -3.1% YoY in May, reversing April's 27.9% acceleration. However, with half of the major product categories in positive territory, total exports amounted to \$6.3-B in May from \$6.5-B a year ago. Exports remained in the green YTD with a 7.8% uptick.

Five of the 10 major commodities showed increases in May. Sales increased largely for Coconut Oil with a 38.4% YoY vault. Furthermore, exports also grew for Chemicals (33.6% YoY) and Copper Concentrates (17.1% YoY). Meanwhile, Exports of Ignition Wiring Set and Other Wiring Sets plunged the most by -13.0%. Exports of Electronic Products, which comprised 56.2% of total outward shipments, also decreased by -5.1% YoY.

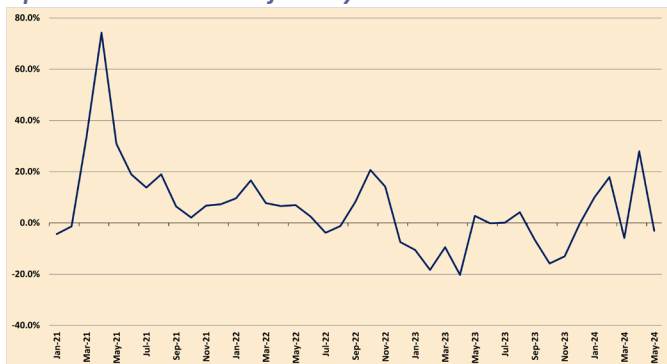
In terms of major trading partners, the U.S. emerged as the top destination for the country's exports in May with shipments valued at \$1.1-B, a 5.0% YoY growth from a year ago. From its erstwhile first place, Hong Kong followed suit with a total of \$904.8-M, representing 14.1% of total exports for the month. Moreover, Japan and People's Republic of China came next with a 36.1% YoY and -5.2% YoY growth, respectively.

**Table 3 - Exports Year-on-Year Growth Rates**

	Apr-2024	May-2024	YTD
<b>Total Exports</b>	<b>27.9</b>	<b>-3.1</b>	<b>7.8</b>
<b>Agro-Based Products</b>	<b>55.1</b>	<b>9.1</b>	<b>20.3</b>
<b>Mineral Products, of which</b>	<b>6.7</b>	<b>-8.4</b>	<b>-5.1</b>
Copper cathodes	-21.8	-7.9	-12.5
Others (incl. nickel)	39.0	-12.6	-10.1
<b>Manufactured Goods</b>	<b>27.7</b>	<b>-3.5</b>	<b>9.0</b>
Electronic Products	33.3	-5.1	12.7
Other Electronics	0.2	-10.4	-8.1
Chemicals	41.5	30.6	21.4
Machinery and Transport Equipment	31.2	4.9	10.4
Processed Food and Beverages	32.5	3.1	16.0
Others	14.0	1.7	-4.1

Source of Basic Data: Philippine Statistics Authority (PSA)

**Figure 7 - Exports Growth Rates, Year-on-Year**  
**Up-Down Pattern Holds for May**



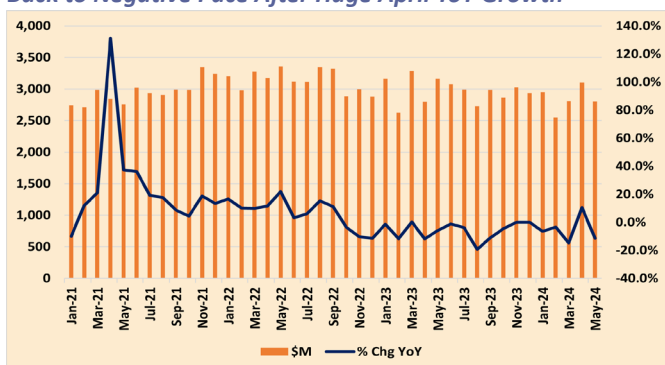
Source of Basic Data: Philippine Statistics Authority (PSA)

**Table 4 - Imports Year-on-Year Growth Rates**

	Apr-2024	May-2024	YTD
<b>Total Imports</b>	<b>12.6</b>	<b>-0.03</b>	<b>-1.7</b>
<b>Capital Goods</b>	<b>10.5</b>	<b>-11.5</b>	<b>-5.7</b>
Power Generating and Specialized Machines	23.3	-2.2	-1.3
Office and EDP Machines	25.9	15.2	10.9
Telecommunication Equipment and Electrical Machinery	0.5	-2.9	-10.6
Land Transport Equipment Excluding Passenger Cars and Motorized Cycle	25.3	17.5	12.6
Aircraft, Ships and Boats	21.1	-76.9	-26.4
Prof. Sci and Cont. Inst., Photographic Equipment and Optical Goods	1.9	-9.3	-2.7
<b>Raw Materials and Intermediate Goods</b>	<b>14.3</b>	<b>0.6</b>	<b>-1.6</b>
<b>Mineral Fuels, Lubricant and Related Materials</b>	<b>8.4</b>	<b>21.4</b>	<b>-0.6</b>
<b>Consumer Goods</b>	<b>15.7</b>	<b>0.4</b>	<b>3.5</b>

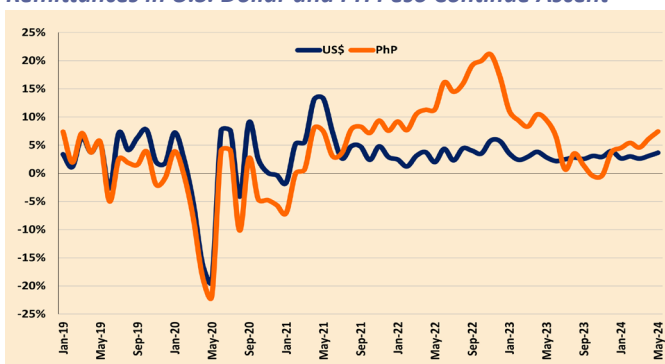
Source of Basic Data: Philippine Statistics Authority (PSA)

**Figure 8 - Imports of Capital Goods (in Million USD)  
Back to Negative Pace After Huge April YoY Growth**



Source of Basic Data: Philippine Statistics Authority (PSA)

**Figure 9 - OFW Remittances Growth Rates, Year-on-Year  
Remittances in U.S. Dollar and PH Peso Continue Ascent**



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

### Imports of Capital Goods Slipped Deja Vu by -11.5% YoY in May

Imports of capital goods registered a -11.5% YoY decrement in May amidst flat total imports of \$10.9-B. Only two out of five durable equipment import categories showed expansions. Land transportation equipment led the growth race (+17.5%) followed by Office and EDP equipment (+15.2%). But these only accounted for 18.7% of this type of imports.

Mineral Fuels, Lubricants and Related Materials imports took the high ground with 21.4% YoY growth as crude oil prices continued to rise. Imports of Raw Materials and Intermediate Goods (+0.6%) and Consumer Goods (+0.4%) posted minimal gains.

Given the lower base of exports compared to imports, the former's higher growth had little effect on the country's trade deficit in May, which widened by 4.5% YoY to \$4.6-B from \$4.4-B in the same month the previous year. On a MoM basis, it slightly slipped from \$4.7-B in April.

### OFW Remittances Climbed by 3.7% in May

Personal remittances of Overseas Filipino Workers (OFWs) rose by 3.7% YoY to \$2.9-B in May, the fastest in 2024. The growth in personal transfers during May benefited from land-based workers, which surged by 3.6% YoY to \$2.2-B and sea-land-based workers which jumped by 3.5% YoY to \$0.6-B.

Cash remittances from OFWs coursed through banks also advanced by 3.6% YoY to \$2.6-B in May from \$2.5-B in the same month a year ago. The increase in cash remittances from the United States (U.S.), Saudi Arabia, and Singapore led the growth in remittances for the first five months of 2024.

As for the country origin, the U.S. accounted for the largest share of overall remittances at 40.9% followed by Singapore, Saudi Arabia, Japan, United Kingdom, United Arab Emirates, Canada, Republic of Korea, Qatar, and Taiwan. The consolidated remittances from these top 10 countries accounted for 79.6% of the total remittances from January to May.



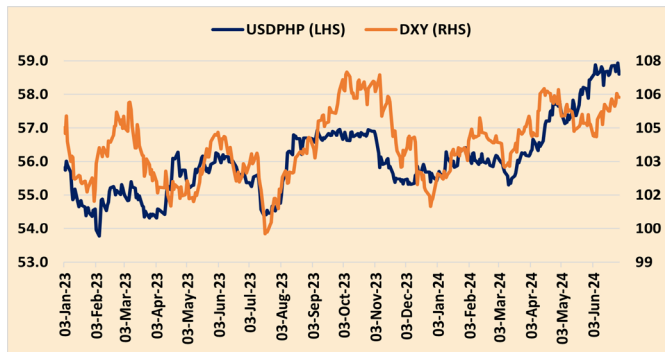
Table 5 - Exchange Rates vs USD for Selected Asian Countries

Exchange Rates vs USD for Selected Asian Countries			
	May-2024	June-2024	YTD
AUD	-1.0%	-0.2%	2.8%
CNY	0.1%	0.5%	2.2%
INR	-0.2%	0.2%	0.3%
IDR	0.0%	1.6%	6.6%
KRW	0.0%	0.8%	7.5%
MYR	-1.3%	0.3%	2.5%
PHP	1.6%	0.4%	5.9%
SGD	-0.7%	0.6%	2.8%
THB	-0.8%	0.3%	7.7%

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

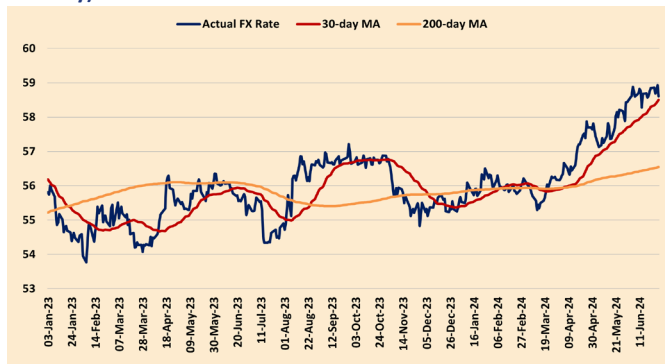
Source of Basic Data: Bangko Sentral ng Pilipinas (BSP)

Figure 10 - USDPHP vs USD Weighted Index  
 FX Rate Tracked Robust U.S. Dollar in June



Source of Basic Data: Trading Economics

Figure 11 - USDPHP Rate, Actual and Moving Averages (30-day and 200-day)



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

**FX Rate Weakened by 1.6% MoM to P58.696 in June**

Amid continued U.S. dollar strength and elevated trade deficits, the peso weakened anew by 1.6% YoY, as it averaged P58.696 in June 2024. The USDPHP movement resonated in the region, with only the Australian dollar able to appreciate, among the nine currencies we track. On a month-end basis, the peso also dropped 0.4% MoM.

The start of the import season and the reversal of policy rate hikes by BSP and the Fed mean that the peso's appreciation will likely wait until later in the year when the Fed probably reduces rates in its September meeting. With the BSP poised to cut rates by 25 bps in August, the USDPHP rate will likely temporarily weaken until the actual Fed move.

Technical analysis which shows actual USDPHP above both 200 and 30-day moving averages (MAs) suggests peso softness in the short-term despite slightly narrowing trade deficits, increased overseas Filipino remittances, and business process outsourcing (BPO) income.

## Outlook

We keep our more sanguine outlook (vs. other analysts) for Q2 and FY 2024 as total employment and NG spending remained elevated in May while inflation eased in June.

- The large gain in employment (510,000) in May brought it above the 2023 average by 1.4% with little rains in June suggesting uninterrupted upswing in June. And although some easing may be expected during the main rainy and typhoon season in July-August, the economy will likely add more jobs in H2 beyond those achieved in April and May, as the increases emerged from two large Industry sub-sectors—Construction and Manufacturing.
- NG will continue to ramp up spending, specially for infrastructures in June and H2 as seen in the large YoY upticks in April and May. On the other hand, NG borrowing should remain elevated even as it tries to raise tax and non-tax revenues in H2. If it falls short, our earlier projected 59.0% debt-to-GDP ratio by end-2024 won't hold, but the overage won't be much. Public construction will continue its upward trend, high interest rate still in place in Q2 will limit Private Construction growth in the same quarter. However, for the latter, the large ongoing PPP projects will likely keep it slightly positive until Q3.
- Headline inflation finally retreated to 3.7% YoY in June from 3.9% in May, the first easing since the end of last year. Rice prices had begun to ease by April and their decline should speed up by Q3 when lower rice tariffs kick in and harvests come by October at the latest. We also may see crude oil prices peak in Q3 due to the slower GDP of China in Q2 and supply from non-OPEC and OPEC-exempted producers take bigger market shares. In short, we lower our Q3 and Q4 inflation averages to 3.2% and 3.0%, respectively, and for the full year at 3.3% from our earlier 3.5% projection.
- YTD to May show positive export growth while imports remain negative. Modestly lower or even the same trade deficits would have a slightly positive effect on the national accounts in Q2 and the full-year GDP.
- The USDPHP rate will likely remain elevated especially since we expect BSP to cut rates in its August meeting while the Fed may only do so in September. An appreciation bias will likely emerge in Q4.
- Considering the above, we think Q2 GDP growth at 6.1% will create a positive surprise, but we retain the 6.2% full year forecast as H2 momentum should offset the weak Q1 GDP print.

# FIXED INCOME SECURITIES

## AFTER VOLATILE JUNE, JULY RALLIES ON POSITIVE OUTLOOK ON FED, BSP AND INFLATION

Local long-term bond yields exhibited much volatility in June, albeit with a slight downward drift, as investors sentiment skipped and hopped amidst shifting global economic indicators and monetary policy signals. The auctions by the Bureau of the Treasury (Btr) showed mixed movements, with the 91-day Treasury bill yield easing by -5.3 basis points (bps) to end June at 5.666%, while only the 10-year (FXTN 10-72) slid by -7.1 bps to 6.754%, as other tenors either rose or stayed flat. Trading volumes in the secondary market, however, remained elevated while yields for longer tenors showed modest declines with 10-year papers sliding most by 9.8 bps to 6.65%. All other long dated papers starting from 2-year tenors saw smaller downticks, while 3-month to 1-year maturing papers mildly ascended. We did see two corporate bond issuances totalling P40.0-B, while Republic of the Philippines (ROP) U.S. dollar bonds fared slightly better than U.S. Treasuries resulting in tighter spreads for ROP-45.

**Outlook:** Starting with the first slowdown in local inflation for June, the large downward revision of new jobs by 111,000 for April and May in the U.S. amidst more tepid labor indicators, and the first decline (-0.1%) in seasonally adjusted month-on-month (MoM) inflation in four years all gelled to create a risk-on atmosphere in the bond markets. The Fed will likely start cutting its policy rates by 25 bps in its September meeting, while the BSP will get ahead of it in August. The revised forecasts of lower inflation especially locally find much support from lower rice prices (i.e., with lower tariffs, harvest season in Q3) and stable to lower crude oil prices as China's growth faltered. We expect a slower pace of further local 10-year yield decline for the rest of Q3, but it should hasten in Q4 to our year-end target of 5.25% to 5.75%.

Table 6 - June Auction Results

Date	T-Bond/ T-Bill	Offer (Php B)	Tendered (Php B)	Accepted (Php B)	Tendered ÷ Offered	Ave. Yield	Change bps
25-Jun	91-day	20.0	68.4	20.0	3.421	5.666	-5.3
	182-day	20.0	46.5	20.0	2.327	5.930	4.4
	364-day	20.0	51.5	20.0	2.574	6.031	-1.2
Subtotal		60.0	166.438	60.000	2.774		
4-Jun	7 year	30.0	57.087	30.000	1.903	6.624	
11-Jun	10 year (FXTN 10-72)	30.0	53.131	26.225	1.771	6.754	-7.1
19-Jun	15 year	30.0	46.331	24.003	1.544	6.781	
26-Jun	20 year (FXTN 20-27)	30.0	51.097	30.000	1.703	6.860	6.3
Subtotal		120.0	207.646	110.228	1.730		
All Auctions		180.0	374.084	170.228	2.078		

Source: Bureau of the Treasury (BTr)

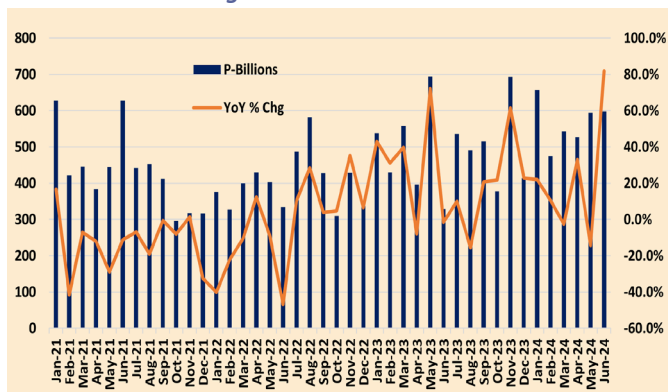
### GS Auctions: Mixed Yield Movements in June

Yields of government securities (GS) auctioned in June 2024 took different direction as the global and internal investor sentiment played on shifting sands. Early in the month, the market faced selling pressure due to rising global yields, but the sentiment shifted positively mid-month. Dovish comments from the Bangko Sentral ng Pilipinas (BSP) and strong demand in the Bureau of the Treasury (BTr) auctions had much bearing.

Key auctions included the 10-year FXTN 10-72, which had an average yield of 6.754%, and the 20-year FXTN 20-27, which printed an average yield of 6.860%, pushing down overall tender-offer ratio (TOR) to 2.078x compared to 2.350x in the previous month. This resulted in a 7.1 bps drop in 10-year yields, while the 20-year T-bond climbed higher by 6.3 bps. Local players appeared more concerned about the high U.S. employment and slow easing of inflation that could sway the Fed to keep policy rates "higher for longer".

Investors kept focus on Treasury bills (T-bill) which had a TOR of 2.774x lower from 3.394x a month earlier despite yields for 91-day and 364-dy dropping by 5.3 bps and 1.2 bps, respectively. The 91-day T-bill rate continued its mild downward drift since May.

**Figure 12 - GS Secondary Trading Volume**  
**Bond Market Trading Remained Active in June**



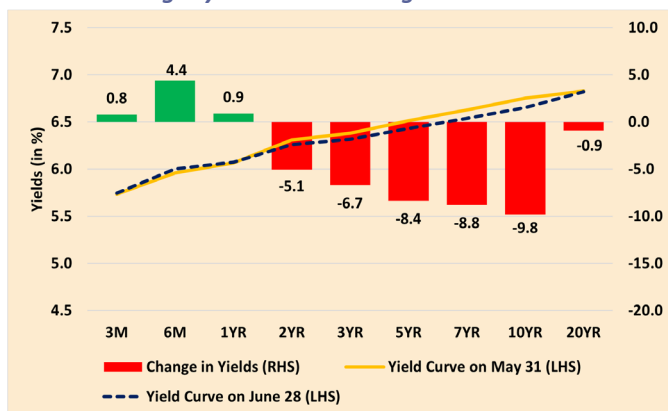
Source: Philippine Dealing Systems (PDS)

Looking forward, the focus remains on upcoming auction dynamics and monetary policy cues. Local market players will signal their pricing and demand appetite in the BTr's forthcoming auctions, particularly in the 5-year and 7-year segments. With the BSP strongly signaling a potential easing cycle, investors may maintain a strategic approach, selectively positioning in longer-dated bonds during market dips. Managing duration exposure and leveraging opportunities in BTr auctions appear as key strategies to navigate the evolving yield environment effectively.

**GS Secondary Market: Trading Remained Brisk in June**

Trading of government securities (GS) in the secondary market mildly rose in June with a total volume of P597.6-B a 0.6% increase from May. This garnered the third highest trading in 2024, next to January. On a year-on-year (YoY) basis, however, it reflected an 81.8% vault.

**Figure 13 - GS Peso Yield Curves and MoM Change**  
**Yield Curve Slightly Flattened as Longer Tenors Slide**



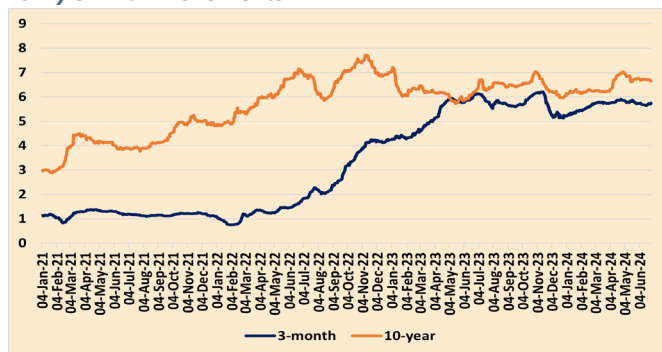
Sources: Bloomberg, Philippine Dealing Exchange (PDEX)

Bond performance across the yield curve demonstrated resilience amid global yield fluctuations. Early in the month, bonds faced upward pressure as global yields rose, but sentiment shifted mid-month following dovish statements from the BSP pushed down yields for longer tenors. Yields on benchmark tenors such as the 10-year and 5-year bonds saw significant declines as it dropped by 9.8 bps and 8.4 bps to 6.65% and 6.430%, respectively, as investors priced in expectations of lower interest rates. The 2-year to 7-year tenors dove by 5.1 bps to 8.8 bps to end at 6.258% and 6.539%, respectively. The 20-year space showed the least descent of -0.9 bps to 6.820%.

Meanwhile, short-term bonds 3-month, 6-month, and 1-year saw respectively upticks of 0.8 bps, 4.4 bps, and 0.9 bps to end at 5.743%, 6.004%, and 6.074%. The milder slippage in this space reflects the influence of BSP policy rates and yields in its open market operations via the "Interest Rate Corridor".

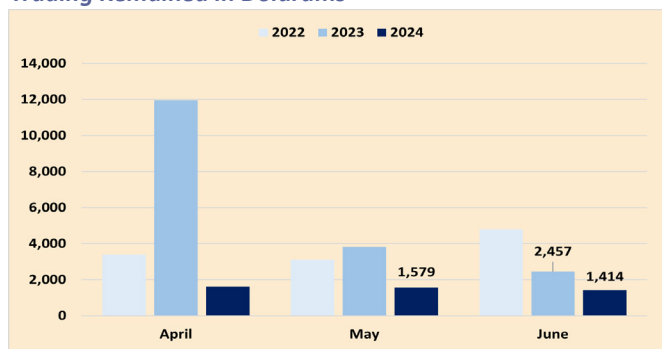
This yield compression contributed to a modestly flatter yield curve, as the spread between the 10-year and 2-year yields narrowed by 4.0 bps to end June at 40.0 bps.

**Figure 14 - 3-Month and 10-Year Bond Yields**  
**Fairly Similar Movements**



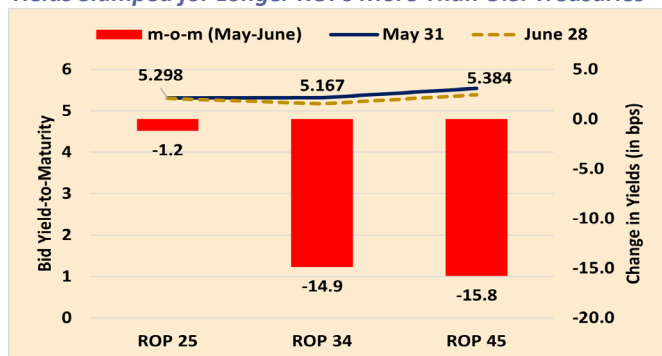
Source: Philippine Dealing Systems (PDS)

**Figure 15 - Corporate Bond Trading (in Million Pesos)**  
**Trading Remained in Doldrums**



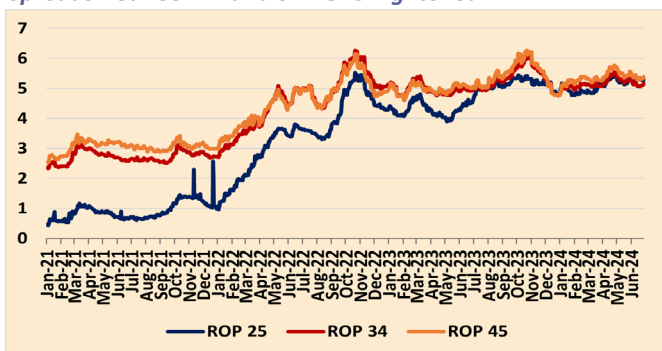
Sources: Bloomberg, Philippine Dealing Exchange (PDEX)

**Figure 16 - ROPs Yield Curve and MoM Change**  
**Yields Slumped for Longer ROPs More Than U.S. Treasuries**



Source: Bloomberg

**Figure 17 - ROPs 25, 34, 45 Yields Daily Movements**  
**Spreads Between LT and ST ROPs Tightened**



Sources: Bloomberg, First Metro Investment Corporation (FMIC)

## Corporate Bond Market

**Issuances.** Two companies listed their bond issuances in June.

- Maynilad Water Services, Inc. issued a record P15.0-B worth of 5-year & 10-year Fixed Rate Blue Bonds, with a 6.7092% and 7.0931% coupon payable, respectively. This marks a historic milestone as the first-ever SEC-registered Philippine-peso denominated blue bonds.
- SM Prime Holdings, Inc. (SM Prime) listed its P25.0-B Fixed Rate 3-year, 5-year and 7-year bonds, which carries a coupon rate of 6.5754% p.a., 6.7537% p.a., and 6.965% p.a., respectively, paid on a biyearly basis. It is the first tranche of SM Prime's P100.0-B Shelf Registration of Fixed Rates Bonds.

**Secondary Market.** Trading of corporate bonds in the secondary market remained in the doldrums as it severely slipped by -10.4% MoM to P1.4-B in June from P1.5-B a month earlier. On a yearly (YoY) basis, it took a deeper dive of -42.4% YoY from P2.4-B in June 2023.

## ROPs: Minor Yield Changes but Less Volatile than U.S. Treasuries

In June 2024, Philippine Republic of the Philippines (ROP) bonds displayed relative resilience compared to U.S. Treasuries. Throughout the month, U.S. Treasury yields experienced heightened volatility, driven by mixed economic data and shifting expectations around Federal Reserve policy. Early in the month, strong U.S. employment figures and rising inflation metrics pushed yields higher, reflecting concerns over potential interest rate hikes. However, later in the month, weaker-than-expected PMI data and dovish comments from Federal Reserve officials tempered this upward momentum, leading to a partial retracement in yields. U.S. treasuries showed periods of retracement with yields dropping to 4.36% or a -15.0 bps decrease in June for 10-year maturities and to 4.61% or a -12.0 bps fall for 20-year maturities. Following suit, 1-year maturities also tumbled by -9.0 bps to end the month at 5.09%.

Against this backdrop, ROPs managed to maintain more stable performance. Despite the external pressures from rising U.S. yields, Philippine bonds found support from both local demand and a positive economic outlook domestically. The Bangko Sentral ng Pilipinas (BSP) held its key policy rates steady, reiterating a dovish stance and hinting at potential rate cuts later in the year.



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

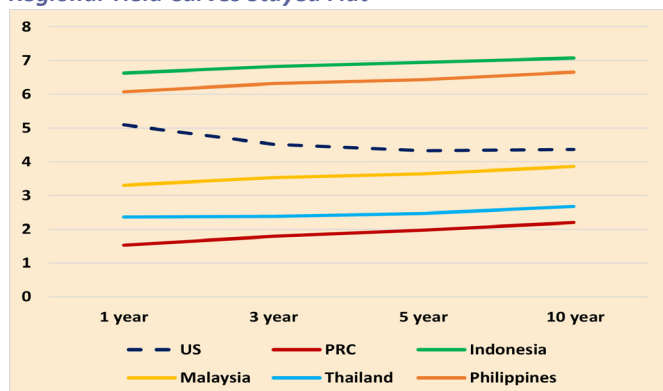
Spreads of ROPs over Equivalent U.S. Treasuries (bps)			
Date	1-year	10-year	20-year
30-Apr	14.4	80.4	81.3
31-May	13.0	80.6	81.2
28-Jun	20.8	80.7	77.4

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

This policy outlook, combined with an easing inflation environment, helped to anchor ROP yields and attract investor interest, particularly in the longer tenors. The longer end of the curved faced retracement however mild relatively to last month -- ROP-45 yields falling by -15.8 bps to 5.384% by end of June and ROP-34 decreasing by -17.1 bps to 5.167%. ROP-25 had a more modest descent of -1.2 bps to 5.298%.

As a result, while U.S. Treasuries saw significant yield fluctuations, ROPs experienced more muted movements, underscoring their relative attractiveness in a volatile global bond market. The spread of ROPs over equivalent U.S. treasuries narrowed by 7.8 bps and 3.8 bps for 1-year and 20-year maturities but remained similar for the 10-year maturities with practically no movement.

**Figure 18 - Comparative ASEAN+1 Yield Curves, End-June 2024**  
Regional Yield Curves Stayed Flat



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

**ASEAN+1: PH and Thai Yield Curves Softly Less Steeper**

**U.S.:** The economy created 206,000 jobs in June from (downward revised) 210,000 in May. Financial markets reacted more to the 110,000 total reduction in new jobs for April and May. Manufacturing sector expanded for the sixth straight month after Manufacturing PMI rose to 51.7 in June from 51.3 in May, as output and orders continued to rise. Meanwhile, U.S. inflation rate (s.a., MoM) slid by -0.1% for the first time in two years. Thus, YoY inflation eased for the third consecutive month to 3.0% in June, from 3.3% in May, despite elevated energy, shelter and transportation prices. The trade deficit widened in May to reach \$75.1-B, the largest since October 2022, amidst a 0.7% and 0.3% fall in both exports and imports, respectively.

As widely expected, the Fed retained the current 5.25%-5.50% policy rate. The yield curve's steepness measure stayed inverted in June at -35.0 bps a tad better than a month ago.

**CHINA:** Q2 GDP growth slowed to 4.7% from 5.3% in Q1, and below the government's 5.0% target amid weak domestic demand as property sector festered and ongoing trade sanctions in the West. The Caixin General Manufacturing PMI accelerated to 51.8 in June, the fastest since May 2021, as output and orders increased. The country's trade surplus widened to \$99.1-B in June, the third fastest historically, from \$69.8-B a year ago amid a robust 8.6% YoY jump in exports while imports dropped by 2.3%.

China's inflation print moderately eased by 0.2% in June from 0.3% in the previous month, as food prices slipped.

The People's Bank of China's (PBoC) 1-year medium lending facility (MLF) rate remained at 2.5% for the tenth straight month. Thus, the spread between 10-year and 2-year bond yield mildly flattened by 1.0 bp to 56.0 bps in June.

**INDONESIA:** Indonesia's manufacturing PMI decelerated in June to 50.7 from 52.1 in May, with slowest in 13 months. Its trade surplus accelerated sharply to \$2.9-B in May from \$0.4-B in the same month the previous year, as imports tumbled by -8.8% YoY while exports expanded by 2.9% YoY, replicating the previous month's gain.

The inflation rate continued easing in June to 2.5% from 2.8% in May, as food prices further moderated.

Bank Indonesia (BI) kept its policy rate unchanged at 6.25% during its June meeting to stabilize the country's inflation and exchange rate. The yield curve's steepness measure rose by 14.0 bps to 35.0 bps in June, the highest climb among its ASEAN peers.

**MALAYSIA:** The country's Manufacturing PMI dropped to 49.9 in June from 50.2 a month ago, as output scaled back. Exports in May grew by 7.3% to MYR 128.2-B (~\$27.2-B) while imports climbed by 13.8% to MYR 118.1-B (~\$25.0-B). This translated to a narrowing of the country's trade surplus to MYR 10.1-B (~\$2.1-B) in May from MYR 15.7-B (~\$3.3-B) a year earlier.

Malaysia's inflation rate accelerated to 2.0% in May from 1.8% in April, driven by the rise in food prices.

Bank Negara Malaysia's (BNM) policy rate stood still at 3.0% for the seventh straight month in June. Similarly, the yield curve's steepness held on as spread between 10-year and 2-year bond yields in June remained at 42.0 bps.

**THAILAND:** In June, the manufacturing sector expanded for the second month straight after its PMI rose to 51.7 from 50.3 in May. The trade surplus widened to \$0.6-B in May from a deficit of \$1.5-B a year ago. This resulted from the 7.2% YoY jump in exports to \$26.2-B in May, while imports fell by 1.7% to \$25.7-B.

Inflation remained low as it eased to 0.62% YoY in June from 1.54% in May, driven by the low base electricity prices.

Bank of Thailand's (BOT) policy rate remains steady at 2.50% for the fourth straight month. The yield curve's steepness measure declined by 11.0 bps to 33.0 bps in June.

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
					May-24	Jun-24			
U.S.	4.71	4.36	2.4	1.96	(38)	(35)	3	5.50	3.10
PRC	1.64	2.20	2.0	0.20	55	56	1	2.50	0.50
Indonesia	6.73	7.08	3.0	4.08	21	35	14	6.25	3.25
Malaysia	3.44	3.86	2.7	1.16	42	42	0	3.00	0.30
Thailand	2.34	2.67	2.3	0.37	44	33	(11)	2.50	0.20
Philippines	6.26	6.65	3.3	3.35	44	40	(4)	6.50	3.20

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

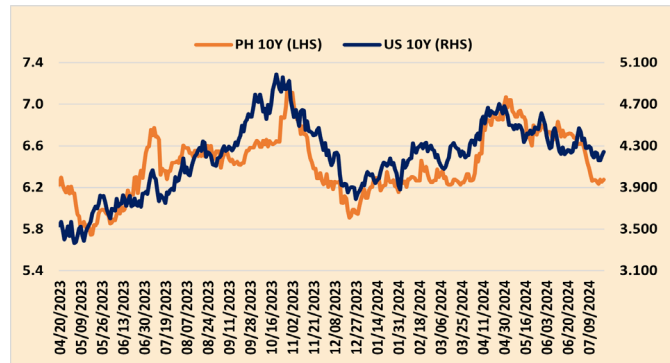
## Outlook

Local 10-year benchmark yields have shed 40.3 bps by July 19 from end-June as market players see light at the end of the tunnel for Fed and BSP policy rates amid receding inflation despite elevated crude oil prices.

- With the large 110,000 downward revision in new jobs for April and May and the first decline in inflation rate (0.1%, s.a., MoM) in four years, U.S. bond market players now expect a 25 bps policy rate cut by the Fed in its September meetings. The 10-year U.S. benchmark yields have sunk by 24.0 bps to 4.24% by July 19 from June 30th. Although a minority of Fed officials has said they prefer to wait for more data, the 18-24 month lag effect on output and prices of the sharp increases in policy rates that started in May 2022, should have a larger claim to obtain a “soft-landing”. We agree with this view.
- Correspondingly, local 10-year bond yields have plummeted even faster since these had risen much more than the U.S. Treasuries. Domestic bond players did not only rely on the U.S. market movements. They have also gained more confidence that inflation has nowhere to go but down with the easing of headline rate to 3.7% YoY in June. This assessment came despite higher crude oil prices since rice prices will likely fall as the lower tariff rate on its imports to 15.0% from 35.0% will start to make its effects felt only by July or some two months after the increase in tariff and lead times for new imports. Moreover, the BSP Governor reaffirmed that BSP would reduce policy rates in its August meeting.
- NG spending has gained traction as borne out by the huge YoY surges in April and May, but it looks likely that it will increase its monthly borrowing from the money market by some P30.0-B. It may not need that much if it decides to borrow from abroad and do some revenue-raising exercises—e.g., sale of assets, internet transactions tax, etc.

- A lot more corporate bond issuances will fill the pipeline for the rest of Q3 and Q4 with 10-year bond yields on the down trend.
- ROP's attraction will depend on Q2-2024 GDP performance and on a clear defeat of inflation.

**Figure 19 - Philippine 10-Year Government Bond Yield Vs. United States 10-Year Government Bond Yield**



Source: Trading Economics

# EQUITY MARKETS

## JULY UPSWING ERASES MEMORIES OF JUNE LOWS

Like its ASEAN peers, PSEi had a modest drop in June by -0.3% month-on-month (MoM) from -4.0% the previous month. Emerging as exception, Indonesia's bourse (JCI) posted a +1.3% gain. As for advanced economies, South Korea led with a +6.1% MoM recovery in its index from -2.1% a month ago, followed by Japan (NIKKEI, +2.8%). The Property sector (+4.8%) topped the sectoral rankings for June as big names, Ayala Land, Inc. (ALI, +8.6%) and SM Prime Holdings, Inc. (SMPH, +5.0%) posted gains. On the other hand, the Mining & Oil sector (-8.2%) was the worst performer among the sectors in June as Nickel Asia Corporation experienced an -8.4% MoM drop as nickel prices continued to drift downward.

**Outlook:** PSEi staged a strong recovery from the June 21 low of 6,158.48 enabling it to clearly breach the 6,500 resistance by early July as robust Q1 earnings growth of 11.2% YoY with hopes for sustained double-digit earnings growth in Q2-2024 buoyed by early reported muscular growth of BPI, BDO and Meralco and slower inflation in June whetted risk-on appetite. By mid-July, the upswing looked sustainable amid the likelihood of a BSP 25 bps policy rate cut in August and a similar one by the Fed in September. Further catalyst has emerged with calmer discourse over West Philippine Sea (WPS) conflict with the renewal of China-PH dialogue. The sharp climb has not reached clearly oversold levels. A better-than-expected GDP growth for Q2 would provide the impetus for further gains in Q3 at the same time that it would cement the 6,500 level as a floor for the PSEi. We remain sanguine about prospects of the Philippine equity market.

Table 9 - Global Equities Markets Performances

Global Equities Markets Performances					
Region	Country	Index	May M-o-M Change	June M-o-M Change	2024 YTD
Americas	US	DJIA	2.3%	1.1%	3.8%
Europe	Germany	DAX	3.2%	-1.4%	8.9%
	London	FTSE 101	1.6%	-1.3%	5.6%
East Asia	Hong Kong	HSI	1.8%	-2.0%	3.9%
	Shanghai	SSEC	-0.6%	-3.9%	-0.3%
	Japan	NIKKEI	0.2%	2.8%	18.3%
	South Korea	KOSPI	-2.1%	6.1%	5.4%
Asia-Pacific	Australia	S&P/ASX 200	0.5%	0.9%	2.3%
Southeast Asia	Indonesia	JCI	-3.6%	1.3%	-2.9%
	Malaysia	KLSE	1.3%	-0.4%	9.6%
	Thailand	SET	-1.6%	-3.3%	-8.1%
	Philippines	PSEi	-4.0%	-0.3%	-0.6%
	Singapore	STI	1.3%	-0.1%	2.9%

**Global Picture.** Majority of our tracked global equity markets ended June on the red territory, while five experienced gains. South Korea's KOSPI had the best MoM performance in June with a +6.1% gain, leaving no trace of its -2.1% loss a month ago. Japan's NIKKEI followed suit with a +2.8% MoM increase, augmenting its +0.2% gain the previous month. Meanwhile, Shanghai's SSEC led the decliners with a -3.9% MoM drop in June, continuing its -0.6% loss in May. On the other hand, the Philippines' PSEi registered a -0.3% MoM downtick in June from -4.0% a month earlier.

**Figure 20 - PSEi vs DJIA**  
**PSEi vs DJIA Posted a Negative Correlation in June at -0.58**



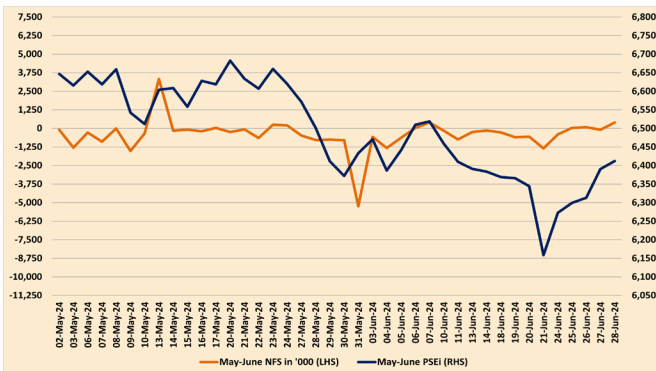
Source: Yahoo Finance

**PSEi and DJIA.** The Dow Jones Industrial Average (DJIA) closed a volatile month of trading. DJIA ended June at 39,118.86. During the month, the PSEi dropped to a low of 6,158.48 on June 21 but maintained a rally in the succeeding days to end the month at 6,411.91. The correlation between the two indices turned negative in June to -0.58 from +0.27 in May.

**Net Foreign Buying/Selling.** In terms of trading volume, all the sectoral indexes landed on the red in June, with the Mining & Oil sector leading the decliners with a -89.4% MoM dip, following its 209.6% surge the previous month. The Industrial sector followed suit with -62.7% MoM fall. The MoM decline in trading volume growth across sectors can be partly attributed to the fewer number of trading days in June, which totaled only to 18 days from 22 days in May.

Foreign investors remained as net sellers in June to the tune of P6.1-B from net selling of P10.1-B in May.

**Figure 21 - PSEi vs Net Foreign Selling**  
**PSEi vs NFS Posted a +0.44 Correlation in June**



Sources: PSE Quotation Reports & Yahoo Finance

**Table 10 - Monthly Turnover (in Million Php)**

Sector	Monthly Total Turnover (in Million Pesos)			
	31-May-2024	28-June-2024		2024 YTD
	% Change	Value	% Change	
Financial	21.8%	15,814.70	-37.9%	4.5%
Industrial	95.5%	14,693.34	-62.7%	-40.0%
Holdings	40.3%	19,835.52	-33.6%	23.8%
Property	-8.2%	13,065.87	-51.7%	-15.8%
Services	-5.9%	22,700.41	-36.5%	43.3%
Mining & Oil	209.6%	919.14	-89.4%	-49.3%
<b>Total</b>	<b>25.3%</b>	<b>87,028.97</b>	<b>-47.7%</b>	<b>-2.0%</b>
Foreign Buying	44.7%	38,996.93	-45.7%	-11.1%
Foreign Selling	11.7%	45,126.08	-44.9%	5.3%
Net Buying (Selling)	-57.5%	(6,129.15)	-39.2%	-709.8%

Source of Basic Data: PSE Quotation Reports



**Table 11 - Top Foreign Buy in June (in Million Php)**

Top Foreign Buy	
Company	Total Value
ICT Equity	924.04
GLO Equity	414.19
MBT Equity	371.52
ACEN Equity	302.26
OGP Equity	186.09
<b>Total Buy Value</b>	<b>2,198.10</b>

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

**Table 12 - Top Foreign Sell in June (in Million Php)**

Top Foreign Sell	
Company	Total Value
SM Equity	-1,283.57
AEV Equity	-1,187.29
AC Equity	-1,012.52
SMPH Equity	-888.86
WLCON Equity	-611.17
<b>Total Sell Value</b>	<b>-4,983.42</b>

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

**Table 13 - Monthly Sectoral Performance**

Monthly Sectoral Performance					
Sector	31-May-2024		28-June-2024		2024 YTD
	Index	% Change	Index	% Change	
PSEI	6,433.10	-4.0%	6,411.91	-0.3%	-0.6%
Financial	1,924.85	-8.1%	1,924.59	0.0%	10.7%
Industrial	9,138.81	1.4%	8,986.35	-1.7%	-1.0%
Holdings	5,754.53	-7.0%	5,552.71	-3.5%	-9.1%
Property	2,402.85	-4.2%	2,517.42	4.8%	-11.8%
Services	1,986.63	7.0%	1,996.29	0.5%	24.4%
Mining & Oil	9,241.14	5.2%	8,481.55	-8.2%	-15.2%

Source of Basic Data: PSE Quotation Reports

**Table 14 - Financial Sector Constituent Stocks**

Company	Symbol	05/31/2024 Close	06/28/2024 Close	M-o-M % Change	2024 YTD
Metropolitan Bank and Trust Company	MBT	62.05	67.55	8.9%	31.7%
BDO Unibank, Inc.	BDO	130.00	128.20	-1.4%	-1.8%
Bank of the Philippine Islands	BPI	120.20	119.10	-0.9%	14.7%

Source of Basic Data: PSE Quotation Reports

The top five favorite stocks (net buying) of foreign investors amounted to P2.2-B with International Container Terminal Services, Inc. (ICT, P924.0-M) and Globe Telecom, Inc. (GLO, P414.2-M) in the front rows.

The top five disfavored stocks (net selling) in June amounted to P5.0-B with SM Investments Corporation (SM, P1.3-B) and Aboitiz Equity Ventures, Inc. (AEV, P1.2-B) leading the pack.

Only two of the sectoral indexes posted gains in June as the rest ended the month with losses. This caused the PSEi to fall by -0.3% MoM, only slightly below its previous monthly close. The Property sector had the best finish in June with a +4.8% MoM gain, followed by the Services sector with a +0.5% MoM uptick. Meanwhile, the Mining & Oil sector had the worst performance for the month with an -8.2% MoM dip. Year-to-date (YTD), the Services sector continues to lead with a remarkable +24.4% MoM increase.

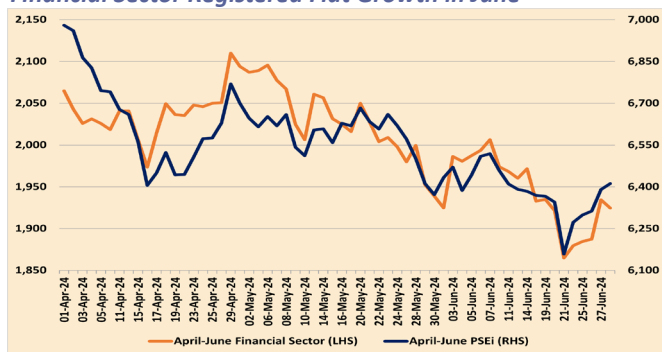
The Financial sector ranked third in the sectoral race as it ended June with a flat growth.

Metropolitan Bank & Trust Company's (MBT) share prices grew by +8.9% MoM in June to partially recover its -11.4% loss the previous month.

Bank of the Philippine Islands' (BPI) share prices registered a -0.9% MoM downtick in June, continuing from its -5.7% loss in May. BPI recently disclosed its plan to offer and issue a P5.0-B Peso-denominated fixed-rate ASEAN Sustainable Bonds as the third tranche of its P100.0-B Bond Program which was approved on May 18, 2022. The bonds will have a maturity of 1.5 years and be offered at a minimum investment amount of P500,000, with the option to add investments in increments of P100,000.

BDO Unibank, Inc.'s (BDO) share prices further dropped in June by -1.4% MoM to resume its -12.3% loss a month earlier. BDO recently secured P55.7-B in its third issuance of Peso-denominated ASEAN Sustainability Bonds with a tenor of 1.5 years and a coupon rate of 6.325% per annum. The amount BDO received is 11x more than its original offer of P5.0-B, due to strong demand from both retail and institutional investors.

**Figure 22 - Financial Sector Index (April - June)**  
**Financial Sector Registered Flat Growth in June**



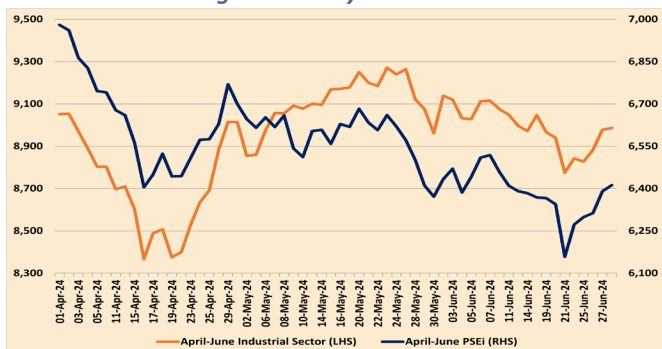
Source of Basic Data: PSE Quotation Reports

**Table 15 - Industrial Sector Constituent Stocks**

Company	Symbol	05/31/2024 Close	06/28/2024 Close	M-o-M % Change	2024 YTD
Meralco	MER	367.20	366.00	-0.3%	-8.3%
Jollibee Foods Corporation	JFC	216.40	226.00	4.4%	-10.1%
Universal Robina Corporation	URC	107.00	111.20	3.9%	-5.9%
ACEN Corporation	ACEN	4.80	5.00	4.2%	14.2%
Emperador Inc.	EMI	18.74	18.60	-0.7%	-10.8%
Monde Nissin Corporation	MONDE	11.20	9.40	-16.1%	12.2%
Century Pacific Food, Inc.	CNPF	37.50	32.15	-14.3%	3.9%
Semirara Mining and Power Corporation	SCC	33.90	33.70	-0.6%	11.4%

Source of Basic Data: PSE Quotation Reports

**Figure 23 - Industrial Sector Index (April - June)**  
**Industrial Sector Edged Down by -1.7% in June**



Source of Basic Data: PSE Quotation Reports

The Industrial sector grabbed fourth place in the sectoral rankings with a -1.7% MoM loss in June, reversing its +1.4% uptick in May.

Jollibee Foods Corporation’s (JFC) share prices increased by +4.4% MoM in June, partially offsetting its -8.1% loss a month ago. JFC recently disclosed that its wholly owned subsidiary, Jollibee Worldwide Pte. Ltd. (JWPL) will shortly acquire 70% of shares in Compose Coffee Co., Ltd. and JMCF Co. Ltd., collectively called as Compose Coffee, for \$340.0-M. This acquisition will expand JFC’s store network to nearly 10,000 stores, with over 66% situated outside the Philippines.

ACEN Corporation’s (ACEN) share prices experienced a +4.2% MoM growth in June, continuing from its 15.7% upswing in May. ACEN, through its subsidiary ACEN Renewables International Pte. Ltd., recently obtained a five-year syndicated green term loan and revolving credit facility from international banks totaling \$150.0-M. The banks involved in this loan facility are the Singapore branches of CTBC Bank Co., Ltd., Malayan Banking Berhad, Chang Hwa Commercial Bank, Ltd., Land Bank of Taiwan, and Mega International Commercial Bank Co., Ltd. ACEN will leverage this new capital to expand its growing renewable energy portfolio and achieve its target of 20 gigawatts (GW) by 2030.

Universal Robina Corporation’s (URC) share prices ended June with a +3.9% MoM gain, augmenting its +3.7% increment the previous month. URC stepped up its efforts on waste management after forming a joint venture company with Greencycle Innovative Solutions, Inc. with the goal of reducing plastic waste by collecting, treating and processing waste materials and converting them into reusable or recyclable products. URC will have a 75.0% share in the joint venture which counts on an initial investment of P27.0-M.

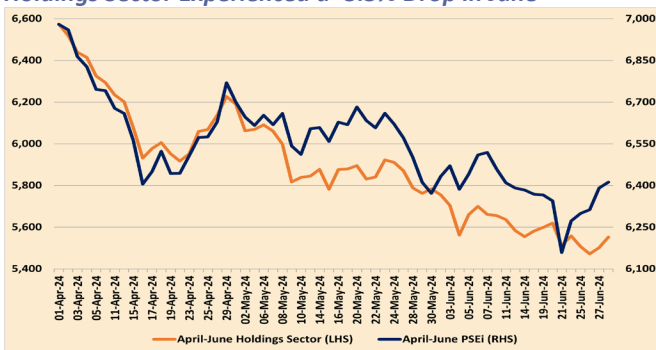
Despite a 14.6% YoY hike in Q1-2024 earnings, Century Pacific Food, Inc.’s (CNPF) share prices plunged by -14.3% MoM, a further drop from its -1.3% loss in May, as its PE showed a large premium over PSEI PE. However, the outlook remains positive amid more favorable financial metrics. CNPF has set aside a budget of P4.0-B to P5.0-B for capital expenditures (capex) this year, exceeding last year’s capex budget of P3.5-B. CNPF increased its capex budget this year mainly to support its coconut business, which is seeing heightened consumer demand.

**Table 16 - Holdings Sector Constituent Stocks**

Company	Symbol	05/31/2024 Close	06/28/2024 Close	M-o-M % Change	2024 YTD
Ayala Corporation	AC	595.00	582.00	-2.2%	-14.5%
SM Investments Corporation	SM	870.00	830.50	-4.5%	-4.8%
Aboitiz Equity Ventures	AEV	35.05	38.80	10.7%	-13.0%
GT Capital Holdings, Inc.	GTAP	602.00	620.00	3.0%	5.1%
San Miguel Corporation	SMC	102.80	100.30	-2.4%	-1.8%
Alliance Global Group, Inc.	AGI	9.27	8.66	-6.6%	-23.2%
LT Group, Inc.	LTG	10.48	9.75	-7.0%	8.6%
JG Summit Holdings, Inc.	JGS	31.00	26.05	-16.0%	-31.7%
DMCI Holdings, Inc.	DMC	11.90	11.14	-6.4%	14.0%

Source of Basic Data: PSE Quotation Reports

**Figure 24 - Holdings Sector Index (April - June)**  
Holdings Sector Experienced a -3.5% Drop in June



Source of Basic Data: PSE Quotation Reports

Monde Nissin Corporation's (MONDE) share prices tumbled by -16.1% MoM in June, following its +4.9% gain a month ago. Nevertheless, MONDE recently entered a year-long partnership with social enterprise Hapinoy, aiming to empower sari-sari stores through education opportunities and capital grants.

The Holdings sector ranked fifth in the sectoral race with a -3.5% MoM downtick, following its -7.0% loss a month ago.

Aboitiz Equity Ventures, Inc.'s (AEV) share prices rose by +10.7% MoM in June, partially erasing its -16.5% loss in May. AEV, along with Aboitiz Land, Inc., recently sold their shares in Cebu District Property Enterprise Inc. (CPDEI) to Ayala Land, Inc., for P1.81-B. The deal aligns with AEV's strategy of optimizing its resource allocation and concentrating on certain areas of the real estate industry.

Bolstered by MBT's above-par Q1-2024 performance, GT Capital Holdings, Inc.'s (GTAP) share prices increased by +3.0% MoM in June, a modest recovery from its -5.9% loss the previous month. GTAP is considering to launch a REIT for its Federal Land subsidiary when the conditions would be ripe for it.

SM Investments Corporation's (SM) share prices slipped by -4.5% MoM in June, continuing from its loss of -8.4% in May. SM, through its subsidiary Philippine Geothermal Production Company, Inc. (PGPC), plans to expand its renewable energy portfolio by exploring and developing new geothermal energy sources in different areas of Luzon within the next 5 to 7 years. This initiative, which will create over 2,000 jobs, aligns with Department of Energy's target of 50% renewable energy by 2040.

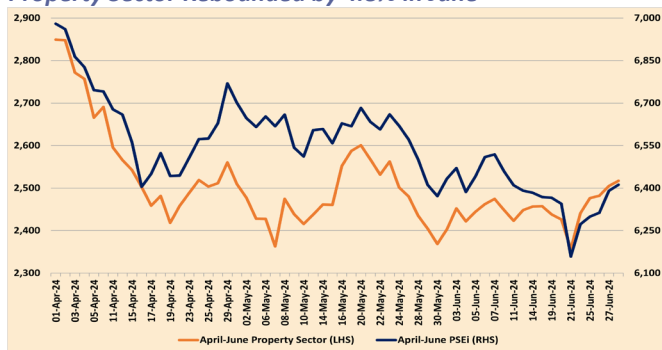
JG Summit Holdings, Inc.'s (JGS) share prices dropped further by -16.0% MoM in June from -8.1% in May. JGS anticipates its capital expenditures for 2024 to exceed both last year's P99.0-B and this year's original capex budget allocation of P87.2-B, driven by a MOU with Airbus for a mammoth fleet expansion of its subsidiary, Cebu Pacific Air (CEB).

**Table 17 - Property Sector Constituent Stocks**

Company	Symbol	05/31/2024 Close	06/28/2024 Close	M-o-M % Change	2024 YTD
Ayala Land, Inc.	ALI	26.25	28.50	8.6%	-17.3%
SM Prime Holdings, Inc.	SMPH	26.95	28.30	5.0%	-14.0%

Source of Basic Data: PSE Quotation Reports

**Figure 25 - Property Sector Index (April - June)  
Property Sector Rebounded by 4.8% in June**



Source of Basic Data: PSE Quotation Reports

**Table 18 - Services Sector Constituent Stocks**

Company	Symbol	05/31/2024 Close	06/28/2024 Close	M-o-M % Change	2024 YTD
PLDT, Inc.	TEL	1,480.00	1,437.00	-2.9%	12.4%
Globe Telecom	GLO	1,970.00	2,100.00	6.6%	22.1%
Converge ICT Solutions, Inc.	CNVRG	10.76	11.50	6.9%	37.2%
Puregold Price Club Inc.	PGOLD	25.20	24.20	-4.0%	-10.0%
Wilcon Depot, Inc.	WLCON	20.00	17.90	-10.5%	-14.4%
International Container Terminal Services, Inc.	ICT	341.60	349.80	2.4%	41.7%
Bloomerry Resorts Corporation	BLOOM	10.60	9.51	-10.3%	-3.4%

Source of Basic Data: PSE Quotation Reports

The Property sector took pole position in the sectoral race with a +4.8% MoM uptick, a recovery from its -4.2% dip the previous month.

Ayala Land, Inc.'s (ALI) share prices surged by +8.6% MoM in June, almost reversing its -8.7% loss in May. ALI unveiled plans to gain full ownership of the Cebu District Property Enterprise Inc. (CPDEI) by buying out the 50% equity stake held by Aboitiz Land, Inc. and AEV. The total shares to be acquired by ALI amounts to 18.1-M shares priced at P100 per share.

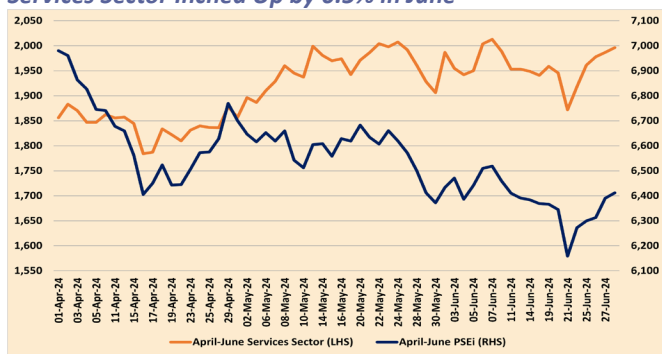
SM Prime Holdings, Inc.'s (SMPH) share prices soared by +5.0% MoM in June, leaving no trace of its -3.6% loss a month ago. SMPH recently signed a Memorandum of Agreement (MOA) with the Department of Trade and Industry (DTI) for the purpose of empowering Micro, Small, and Medium-Sized Enterprises (MSMEs) across the country. Under this agreement, MSMEs will benefit from discounted booth rentals in SM Supermalls and gain access to a variety of training programs and mentorship opportunities.

The Services sector grabbed second place in the sectoral race with a +0.5% MoM uptick in June, a minor increase from its +7.0% gain a month ago.

Converge ICT Solutions, Inc.'s (CNVRG) share prices increased further by +6.9% MoM in June, following its +14.5% surge the previous month. CNVRG recently partnered with Super Micro Computer, Inc. to modernize its operations by equipping its three upcoming data centers in Pampanga, Laguna, and Caloocan with artificial intelligence (AI) technology.

Globe Telecom, Inc.'s (GLO) share prices continued its uptrend in June with a +6.6% MoM growth, further boosting its +11.0% gain in May. GLO recently sold 140 more towers to MIESCOR Infrastructure Development Corporation (MDIC) and 187 more towers to Frontier Tower Associates Philippines, Inc. (FTAP) for P1.68-B and P2.38-B, respectively, as part of the deal they executed back in 2022. GLO will use the funds from the tower sale to support its future capital expenditures, debt repayments and lessen its leverage.

**Figure 26 - Services Sector Index (April - June)**  
**Services Sector Inched Up by 0.5% in June**



Source of Basic Data: PSE Quotation Reports

International Container Terminal Services, Inc.'s (ICT) share prices posted a +2.4% MoM uptick in June, augmenting its +3.2% gain a month earlier. ICT recently bagged five awards for governance and financial excellence at the 14th Institutional Investor Poll for Corporates by Alpha Southeast Asia. Some of the awards they received are the Most Organized Investor Relations and Most Consistent Dividend Policy awards.

Wilcon Depot, Inc.'s (WLCON) share prices dropped by -10.5% MoM in June to partially bring down its +19.8% gain in May. Nonetheless, WLCON recently opened its 95th store in Santa Barbara, Pangasinan, making the company closer to reaching its target this year of having 100 stores nationwide.

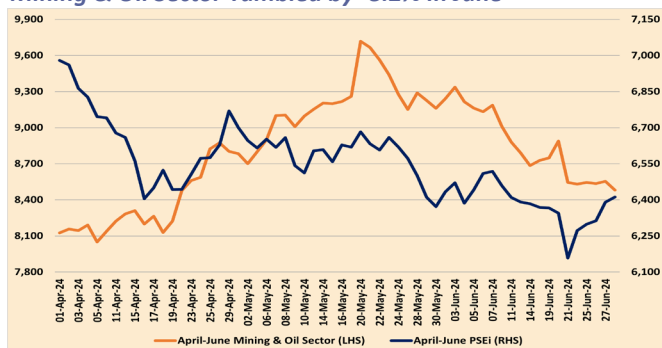
**Table 19 - Mining & Oil Sector Constituent Stock**

Company	Symbol	05/31/2024 Close	06/28/2024 Close	M-o-M % Change	2024 YTD
Nickel Asia Corporation	NIKL	4.05	3.71	-8.4%	-32.3%

Source of Basic Data: PSE Quotation Reports

The Mining & Oil sector finished last in the sectoral race, ending June with a -8.2% MoM loss, a turnaround from its +5.2% gain a month ago. Nickel Asia Corporation's (NIKL) share prices contracted by -8.4% MoM in June, erasing its minor +0.7% gain the previous month amid weaker nickel prices.

**Figure 27 - Mining & Oil Sector Index (April - June)**  
**Mining & Oil Sector Tumbled by -8.2% in June**



Source of Basic Data: PSE Quotation Reports



# 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.
<b>Production</b>										
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%
<b>Expenditure</b>										
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		April-2024			May-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.
<b>Revenues</b>										
Tax	3,545,505	18.0%	3,824,105	7.9%	537,196	86.6%	21.9%	382,089	-28.9%	14.6%
BIR	3,220,315	17.4%	3,429,292	6.5%	461,768	106.3%	13.9%	303,891	-34.2%	3.3%
BoC	2,335,674	12.4%	2,516,986	7.8%	378,521	160.4%	12.6%	219,228	-42.1%	2.8%
Others	862,420	34.0%	883,214	2.4%	80,742	7.8%	19.5%	81,301	0.7%	4.3%
Non-Tax	22,221	5.7%	29,092	30.9%	2,505	-31.0%	36.3%	3,362	34.2%	18.0%
	324,082	23.5%	394,164	21.6%	75,428	17.8%	113.9%	77,987	3.4%	98.1%
<b>Expenditures</b>										
Allotment to LGUs	5,159,640	10.4%	5,336,191	3.4%	494,468	2.2%	32.2%	557,000	12.6%	22.2%
Interest Payments	1,103,284	23.6%	926,052	-16.1%	79,054	-1.2%	6.7%	81,338	2.9%	8.5%
	502,858	17.1%	628,333	25.0%	67,496	-4.9%	45.9%	61,097	-9.5%	47.8%
Overall Surplus (or Deficit)	(1,614,135)	-3.4%	(1,512,086)	-6.3%	42,728	-121.8%	-36.0%	(174,911)	-509.4%	43.1%

Source: Bureau of the Treasury (BTr)

## POWER SALES AND PRODUCTION INDICATORS

### Manila Electric Company Sales (In Gigawatt-hours)

	2023		February-2024			March-2024		
	Annual Levels	Growth Rate	Levels	Y-o-Y G.R.	YTD	Levels	Y-o-Y G.R.	YTD
<b>TOTAL</b>	50,357.90	4.3%	4,090.20	6.4%	8.1%	4,057.80	11.0%	9.1%
Residential	17,772.30	3.7%	1,348.50	9.9%	12.2%	1,371.70	11.4%	11.9%
Commercial	18,612.40	9.1%	1,544.40	8.1%	9.8%	1,521.50	13.7%	11.1%
Industrial	12,956.80	-2.6%	1,118.50	0.1%	1.0%	1,086.50	6.8%	2.9%

Source: Meralco

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

	2022		2023		4th Quarter 2023		1st Quarter 2024	
	Levels	Y-o-Y G.R.	Levels	Y-o-Y G.R.	Levels	Y-o-Y G.R.	Levels	Y-o-Y G.R.
<b>I. CURRENT ACCOUNT</b>								
Balance of Trade	-18,261	207.3%	-11,206	-38.6%	-520	942.0%	-1,749	-60.6%
Balance of Goods	-69,701	32.0%	-65,788	-5.6%	-15,531	2.9%	-14,662	-14.7%
Exports of Goods	57,710	6.4%	55,316	-4.1%	14,538	-3.2%	14,041	10.3%
Import of Goods	127,412	19.0%	121,104	-5.0%	30,069	-0.1%	28,703	-4.1%
Balance of Services	15,895	13.2%	19,120	20.3%	5,163	-3.4%	3,938	-16.2%
Exports of Services	41,122	22.5%	48,285	17.4%	13,206	7.1%	12,727	12.6%
Import of Services	25,226	29.2%	29,165	15.6%	8,043	15.1%	8,790	33.0%
Current Transfers & Others								
<b>II. CAPITAL AND FINANCIAL ACCOUNT</b>								
Capital Account	23	-70.7%	67	186.4%	21	26.4%	16	11.5%
Financial Account	-13,885	115.8%	-15,415	11.0%	-6,380	208.5%	-4,911	-17.1%
Direct Investments	-5,631	-42.1%	-4,959	-11.9%	-1,416	-6.7%	-2,257	180.3%
Portfolio Investments	-1,684	-116.4%	925	-154.9%	-2,797	10.0%	-58	-113.3%
Financial Derivatives	-48	-198.1%	-115	139.3%	-13	-143.1%	-61	-403.6%
Other Investments	-6,523	-6.6%	-11,266	72.7%	-2,154	-209.8%	-2,535	-54.5%
<b>III. NET UNCLASSIFIED ITEMS</b>								
	-2,911	-475.9%	-604	-79.3%	-3,944	168.9%	-2,941	-250.7%
<b>OVERALL BOP POSITION</b>	<b>-7,263</b>	<b>-640.2%</b>	<b>3,672</b>	<b>-150.6%</b>	<b>1,936</b>	<b>241.0%</b>	<b>238</b>	<b>-93.1%</b>
Use of Fund Credits								
Short-Term								
Memo Items								
Change in Net Foreign Assets	-3,099	-383.8%	-3,999	29.0%	-635	-228.5%	-1,528	-45.9%
Change in Commercial Banks' NFA	-2,829	-397.0%	-3,890	37.5%	-633	-234.2%	-1,543	-45.7%
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		April-2024		May-2024	
	Average Levels	Y-o-Y G.R.	Levels	Y-o-Y G.R.	Levels	Y-o-Y G.R.
<b>RESERVE MONEY</b>	<b>3,611,236</b>	<b>3.7%</b>	<b>3,700,310</b>	<b>-0.4%</b>	<b>3,851,807</b>	<b>8.4%</b>
<b>Sources:</b>						
Net Foreign Asset of the BSP	6,438,911	0.2%	6,691,159	2.1%	6,877,461	4.9%
Net Domestic Asset of the BSP	17,339,294	10.7%	18,707,608	10.7%	18,874,808	10.7%
<b>MONEY SUPPLY MEASURES AND COMPONENTS</b>						
Money Supply-1	6,508,324	3.0%	6,779,460	4.9%	6,868,317	6.6%
Money Supply-2	16,015,356	7.6%	16,806,824	6.1%	16,998,815	7.0%
Money Supply-3	16,493,188	6.8%	17,218,804	5.6%	17,399,508	6.5%
<b>MONEY MULTIPLIER (M2/RM)</b>	<b>4.43</b>		<b>4.54</b>		<b>4.41</b>	

Source: Bangko Sentral ng Pilipinas (BSP)

**CONTRIBUTORS**

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*Views expressed in this newsletter are solely the responsibilities of the authors and do not represent any position held by the FMIC and UA&P.*



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