

# The MARKET CALL

Capital Markets Research



FMIC and UA&P Capital Markets Research

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## Executive Summary

**GDP growth in Q3 may slow down to 5.8% from 6.3% in Q2, but we expect it to go back to 6.2% in Q4, enough to have a full year upswing of 6.0%. NG spending on infrastructure should continue to boost the economy in H2. Employment will likely recover from its July-August slowdown and with definitively lower inflation for the rest of the year will fuel higher consumer spending for the same period. The peso will retain an appreciation bias due to U.S. dollar weakness. Both the bond and equities markets will provide better returns as inflation and interest rates tumble.**

## Bond Markets

**13 Tepid job growth and slower inflation will likely push the Fed to cut its policy rates by 25 bps in September and at least another one before the end of the year. BSP has done this in its August meeting and will likely cut its policy rates by another 50 bps before the end of 2024. BSP will likely do this regardless of Fed decision (2 or 3 rate cuts in 2024) since we expect Q3 GDP growth to ease from its 6.3% pace in Q2. Besides, with domestic inflation to average 3.2% in Q3 from 3.8% in Q2, local 10-year benchmark bond yields should likewise fall towards our target 5.25% to 5.75%. The current NG borrowing program will likely remain, but we expect an RTB offering in early Q4 to pre-fund 2025 deficits. We expect more corporate bond issuances starting September. Finally, ROPs spreads over U.S. Treasuries may only mildly widen given strong PH economic growth and credit rating upgrade.**

BTr accepted P247.6-B on offer, with yields for T-bills rising by as much as 11 bps while FXTNs easing by 54 bps. • Secondary trading volume soared by 85.4% MoM in July. • Yields rose in short tenors by 4.9 bps to 8.1 bps (3-month to 1-year papers) compared to longer tenors sliding by 25 bps to 48.3 bps (2-year to 20-year bonds) • Trading in corporate bond market surged by 68.2% MoM to P2.4-B in July along with six primary issuances. • ROPs yields and equivalent U.S. Treasuries showed patterned movements in long maturities compared to those with the shorter ones.

## Macroeconomy

**3 Total employment will likely slow down in July-August (with the Metro Manila floodings) but should bounce back starting September. NG will continue to ramp up infrastructure spending and with slower inflation to average 3.2% in Q3 and 2.8% in Q4, consumers would likely renew their spending ways in tandem with employment gains. Milder rice and crude oil prices should drive inflation down, while the peso will show an appreciation bias as the U.S. dollar and interest rates slide.**

Q2-2024 GDP expanded by 6.3%, 2nd fastest in ASEAN, led by Industry growth (+11.5%) • Total employment reached 50.3-M in June, the second highest on record, to bring down the unemployment rate to 3.1%, at par with the earlier record. • NG operational and capital outlays climbed by 8.5% YoY in June driven by infrastructure spending • Headline inflation jumped by 4.4% YoY in July driven by home utilities, transportation, and education costs. • Exports slumped by -17.3% YoY in June, keeping trade deficit elevated at \$4.5-B • The peso regained strength, appreciating by 0.4% MoM in July, as U.S. dollar weakened.

## Equities Market

**19 With weak U.S. employment data in July for the second month and milder inflation, market players now expect the Fed to start its rate-cutting cycle in September. This also pushed down local bond yields. These, together with higher-than-forecast PH GDP growth, BSP's August 15th 25 bps rate cut, and strong Q2-2024 earnings growth in the Property and Financial sectors, strengthened the PSEi to run past the strong 6,800 resistance level by August 17th (at 6,847.37). Greater volumes suggest that the PSEi may enter a bull market perhaps by Q1-2025. These make us more confident about our 7,000-7,500 forecasts for H2. However, we lie in wait for more price data to confirm the signs of a potential bull market.**

PSEi gained +3.2% MoM to end July at 6,619.09, moving sideways for the month. • Among the sectoral indexes, the Holdings sector (+4.0% MoM) grew the fastest in July, followed by the Financial sector (+3.4% MoM). • ACEN Corporation led the PSEi-constituent stocks with a +9.8% MoM uptick. • Bloomberry Resorts Corporation tumbled the most with a -13.0% MoM loss. • The Services sector (+25.7%) continued its sectoral lead with ICTSI (+44.2%) as PSEi's top performer of the year so far. • Foreign investors became net buyers in July to the tune of P3.5-B from the P6.1-B sell-off in June.

Economic Indicators (% change, latest month, unless otherwise stated)	Latest Period	Previous Period	Year-to-Date	2022 (year-end)	2023 (year-end)
GDP Growth (Q2-2024)	6.3	5.8	6.0	7.6	5.5
Inflation Rate (July 2024)	4.4	3.7	3.7	5.8	6.0
Government Spending (June 2024)	2.6	22.2	15.5	10.2	3.7
Gross International Reserves (\$B) (July 2024)	105.6	104.7	104.0	100.5	100.6
PHP/USD rate (July 2024)	58.65	58.70	57.12	54.48	55.63
10-year T-bond yield (end-July 2024)	6.20	6.61	6.48	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

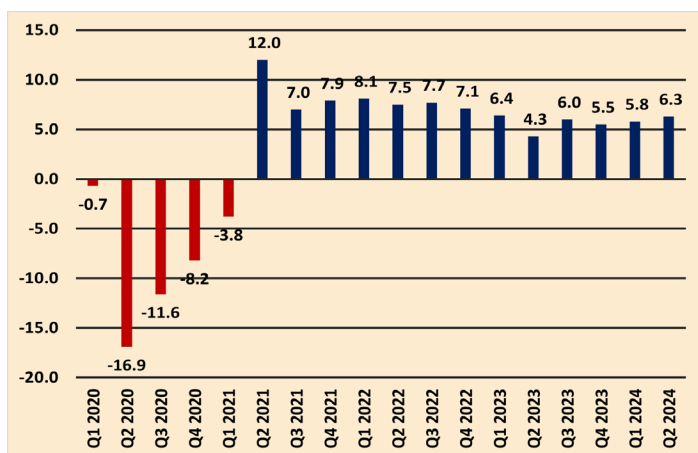
# MACROECONOMY

## Q2-2024 GDP EXPANDED BY 6.3%, SECOND FASTEST IN THE REGION

The Philippine economy (in terms of Gross Domestic Product) expanded by 6.3% year-on-year (YoY) in Q2-2024, beating both market expectations and ASEAN+1 countries save Vietnam. Investment spending (i.e., Gross Capital Formation, GCF) led the growth race by 11.5% YoY with infrastructure spending taking pole position with its 23.8% surge. Thus, H1 grew by 6.0%. Elevated employment levels underpinned this expenditure growth, as it reached 50.3-M, the second highest ever achieved while the unemployment rate fell for the second time to the record 3.1% earlier reached in December 2023. Manufacturing PMI eased mildly to 51.2 in July, only a 0.1-point slip. Inflation did hasten its pace to 4.4% in July from 3.7% a month earlier as prices of utilities, transport and education spiked. With exports down and imports slightly up resulted in another trade deficit of \$4.3-B in June, albeit lower than \$4.7-B a month ago. This limited the appreciation bias of the peso-dollar rate largely driven by weaker U.S. dollar.

**Outlook:** While employment may fall in July (due to Typhoon Carina flooding) and August (usually the heaviest rainy month), we expect it to rebound strongly starting September. National Government (NG) expenditures on infrastructure and capital outlays should continue its elevated trajectory for the rest of H2, while consumer spending should rebound as we expect average inflation to ease to 3.2% in Q3 and 2.8% in Q4. Our sanguine view on inflation rests largely on a fall in rice prices due to lower tariffs and influx of harvests starting September, and softer crude oil prices with tepid growth of China and supply expansion of non-OPEC countries and a few OPEC members. The FX rate will have an appreciation bias in the rest of H2 amid lower U.S. interest rates and dollar.

Figure 1 - GDP Growth Rates, Q1-2020 to Q2-2024  
PH Q2 GDP Growth Better than Expected at +6.3% YoY



Source of Basic Data: Philippine Statistics Authority

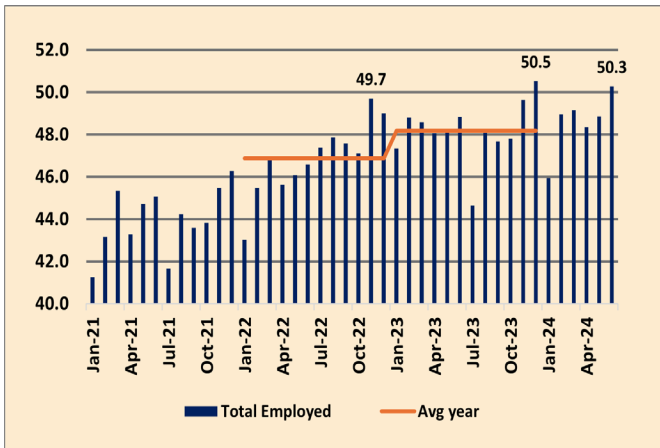
### GDP Expands by 6.3% in Q2, Beats Expectations

The Philippine economy grew by +6.3% YoY in Q2-2024, faster than the (upward) revised +5.8% YoY expansion in the first quarter, higher than the median BusinessWorld poll forecast of +6.0%, and second fastest in the ASEAN region. Higher government spending and investment growth contributed to the Q2 figure and made up for anemic household consumption. Meanwhile, Gross National Income (GNI) grew +7.9% YoY as Net Primary Income from the Rest of the World soared by +24.7% in the same period.

Domestic demand accelerated to a +7.1% YoY pace in Q2-2024 from 3.4% in Q1. Gross Capital Formation (GCF, or Investment Spending) led the demand uptick surging by +11.5% YoY, handily outpacing the +0.5% YoY uptick in Q1-2024. The main impetus for investment growth came from Construction (+16.1%) mainly due to ramped-up spending on infrastructures (+23.8% YoY) and the 4.4% climb in Intellectual Property Products.

Similarly, Government Final Consumption Expenditure (GFCE) soared to +10.7% in Q2-2024, quicker clearly outshining the +1.7% recorded in the previous quarter. Meanwhile, Household Final Consumption Expenditure rose by +4.6% YoY, maintaining the Q1-2024 print but slower than the +5.5% growth in Q2-2023. Elevated inflation and interest rates continued to weigh down on consumers.

**Figure 2 - Total Employed and FY Average, Jan-2021 to Jun-2024**  
**Total Employed Jumps to 50.3-M**



Source of Basic Data: Philippine Statistics Authority

Net exports also showed deterioration as the current account deficit widened by +7.7% YoY to P624.8-B, as Imports of Goods and Services (+5.2%) grew faster than Exports of Goods and Services (+4.2%).

On the production side, Industry led the charge to grow +7.7% YoY in Q2-2024, accelerating from +5.1% in Q1. Construction again drove growth in the sector, increasing +16.0% in Q2, leaping from +7.0% in the first quarter. Next best Electricity, Steam, Water and Waste management posted +9.1% growth in Q2, edging up from the previous quarter's +6.9% growth. The Manufacturing sub-sector upswing lagged behind with a 3.6% YoY increment, slower than 4.4% in Q1.

The Services sector followed suit at +6.8% YoY for Q2-2024, continuing its +6.9% uptick a quarter prior. Transportation and Storage led the growth race with a +14.8% YoY jump from +5.4% in Q1. Runner-up Accommodation and Food Services activities grew by +10.4%, decelerating from +13.1% in the previous quarter.

Agriculture, Forestry, and Fishing became the only sector to post a Q2 contraction at -2.3% YoY, slipping from +0.5% growth in Q1. Bright spots Forestry and Logging (+34.3%) and Poultry and Egg production (+8.7%) drove sector growth for the quarter but declines in Sugarcane including muscovado sugar-making in the farm (-36.7%) and Corn (-19.2%) reined in growth.

On a seasonally adjusted (s.a) basis, Q2-2024 GDP posted quarter-on-quarter (QoQ) growth of +0.5%, a slowdown from 1.1% in Q1. GFCE bloated the most with its +2.6% QoQ gain, followed by GCF which inched up +0.6% QoQ, while HFCE declined by -0.1% QoQ. On the production side, the Industry (+1.5%) sector grabbed top honors followed by Services (+0.3%).

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

	May 2024	June 2024	MoM Change	
			Levels	% Change
<b>Labor Force</b>	<b>50,972</b>	<b>51,898</b>	<b>926</b>	<b>1.8%</b>
Employed	48,865	50,278	1,413	2.9%
Underemployed	4,815	6,083	1,268	26.3%
Underemployment rate%	9.9	12.1	2.2	22.8%
Unemployed	2,106	1,620	(486)	-23.1%
Unemployment rate%	4.1	3.1	(0.1)	-24.5%
Labor Participation rate%	64.8	66.0	1.2	1.8%
Not in Labor Force	27,663	26,741	(923)	-3.3%
<b>Agriculture ('000)</b>	<b>10,166</b>	<b>10,624</b>	<b>457</b>	<b>4.5%</b>
<b>Industry ('000)</b>	<b>9,335</b>	<b>10,139</b>	<b>804</b>	<b>8.6%</b>
Mining and Quarrying	242	284	42	17.3%
Manufacturing	3,846	3,930	84	2.2%
Electricity, Gas, Steam, and Air-Conditioning Supply	75	109	34	44.6%
Water Supply; Sewerage, etc.	83	47	(36)	-43.2%
Construction	5,089	5,769	680	13.4%
<b>Services ('000)</b>	<b>29,364</b>	<b>29,516</b>	<b>151</b>	<b>0.5%</b>
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	10,109	10,599	490	4.8%
Transportation and Storage	3,727	3,575	(152)	-4.1%
Accommodation and Food Services Activities	2,432	2,616	184	7.6%
Information and Communication	444	352	(92)	-20.8%
Financial and Insurance Services	692	569	(124)	-17.9%
Real Estate Activities	169	312	143	84.5%
Professional, Scientific, and Technical Activities	290	417	127	43.8%
Administrative and Support Services Activities	2,422	2,535	112	4.6%
Public Administration and Defense; Compulsory Social Security	3,133	2,667	(466)	-14.9%
Education	1,696	1,696	(184)	-10.8%
Human Health and Social Work Activities	703	710	7	1.0%
Arts, Entertainment, and Recreation	475	490	15	3.2%
Other Service Activities	3,145	3,158	87	2.8%

Source of Basic Data: Philippine Statistics Authority (PSA)

## Unemployment Rate Repeats Record of 3.1% Low in June

The economy added 1.4-M jobs in June on top of 0.5-M in May to bring the total employed to 50.3-M, the second highest on record. This brought down the unemployment rate to the record low of 3.1% reached for the first time in December 2023, despite having the third highest labor force participation rate (LFPR) of 66.1%. All the three production sectors—Agriculture, Industry, and Services—took in more workers in June.

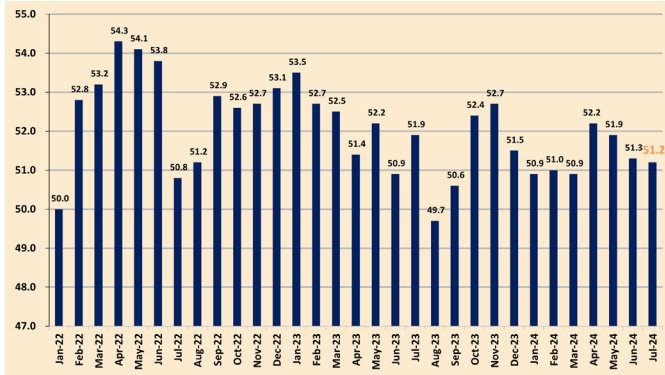
The number of unemployed persons fell to 1.6-M, the second lowest ever. However, the underemployment rate climbed to 12.1% from 9.9% a month earlier despite the decline of persons who worked for less than 40 hours per week to 29.8% from 31.5%.

The Industry sector contributed the most new jobs of 804,000 led by the Construction sub-sector's gain of 680,000, the third consecutive month of increases. The Manufacturing sub-sector also added 84,000 hires, the fourth monthly gain in the first six months of 2024. With the rice planting season underway, the Agriculture sector took in 457,000 more workers.

The Services sector employed 151,000 more in June led by Trade (Wholesale & Retail, +490,000), and Accommodations & Food Service Activities (+184,000) but Public Administration, SSS etc. shed 466,000 from its ranks.

While we do expect a slowdown in Q3 due to the negative impact of typhoon Carina, we see a strong rebound in the later part of Q3 and Q4 supported by good weather. La Nina indicators do not look severe. Thus, we maintain our 6.0% full year GDP growth forecast subject to a slight downward risk.

**Figure 3 - Manufacturing PMI**  
**Manufacturing PMI at 51.2 in July**



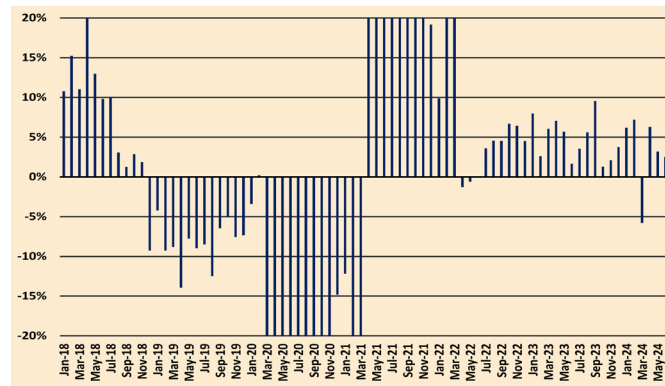
Source of Basic Data: S&P Global

**Manufacturing PMI and Output Rise at Slower Pace in July and June, Respectively**

S&P Manufacturing index for the country posted a slight decline in improvement to 51.2 in July, from 51.3 in June. New orders and output expansion supported purchasing activity, payroll hikes, and inventory accumulation, but fast cost burden growth tempered the rise. This July print marked the 11th straight month of expansion in the local manufacturing sector. Local manufacturers continue to view the next 12 months optimistically, albeit cautious of the demand environment.

Industrial output growth as measured by the Volume of Production Index (VoPI) edged up +2.5% YoY in June, slower than +3.2% YoY in May.

**Figure 4 - Volume of Production Index**  
**VoPI Slows to 2.5% in June**

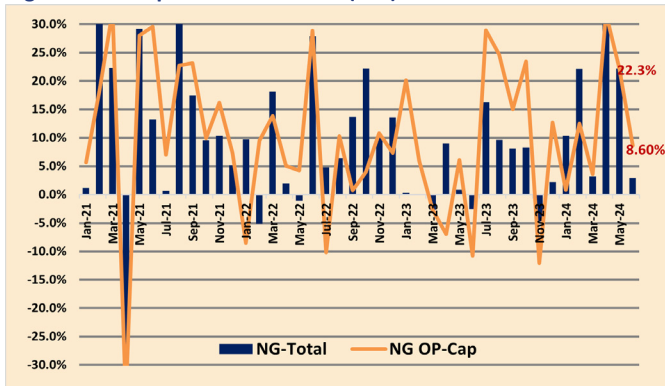


Source of Basic Data: Philippine Statistics Authority (PSA)

Out of 22 industry divisions, 12 posted positive annual growth rates in June. The top three gainers were: Manufacture of Coke and Refined Petroleum Products (+46.0%), Manufacture of Furniture (+29.7%), and Manufacture of Fabricated Metal Products, except Machinery and Equipment (+19.6%). The latter two industries reversed declines from the previous month.

Meanwhile, 10 industry divisions reported annual declines for the month. The top three decliners were: Manufacture of Wood, Bamboo, Cane, Rattan Articles, and Related products (-58.9%), Printing and Reproduction of Recorded Media (-18.7%), and Manufacture of Basic Metals (-17.7%). All three industry divisions also reported contractions in May.

Figure 5- NG Expenditures Growth (YoY)



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

### NG Operational & Capital Spending Expands by 8.6% YoY in June

The National Government continued to ramp up spending—on operational and capital outlays—pushing it up by 8.6% YoY in June, despite slower total NG expenditure growth of 2.6% YoY. Despite the tepid expansion of spending and NG revenues increasing by 10.9% YoY, the fiscal deficit in June still hit P209.1-B, but lower by -7.2% from P225.4-B a year ago. The total year-to-date (YTD) deficit has reached P613.9-B, up by 11.3% from P551.7-B. This accounts for 40.2% of the full year target deficit of P1.37-T.

Non-tax revenues which soared by 80.6% YoY provided the impetus for inflows since tax revenues only managed a 3.4% YoY uptick. Bureau of Internal Revenue (BIR) tax take improved by 4.7% YoY from 2.8% in May. Bureau of Customs (BoC) inched up by 0.7% from 4.3% a month ago. BIR collections still managed a YTD uptick of 11.7%, but BOC had a slower pace of 5.1% YoY from the same period a year earlier.

Infrastructure and capital outlays took the lead in NG spending, with support coming from the revised AFP Modernization Program expenditures, the latter triggered by the West Philippine Sea (WPS) turmoil. Expenditures related to preparations for the 2025 national elections also climbed. Surprisingly, interest payments substantially eased to 5.2% YoY increment the first single-digit increase in 2024.

We expect the NG to meet its target deficit for 2024.

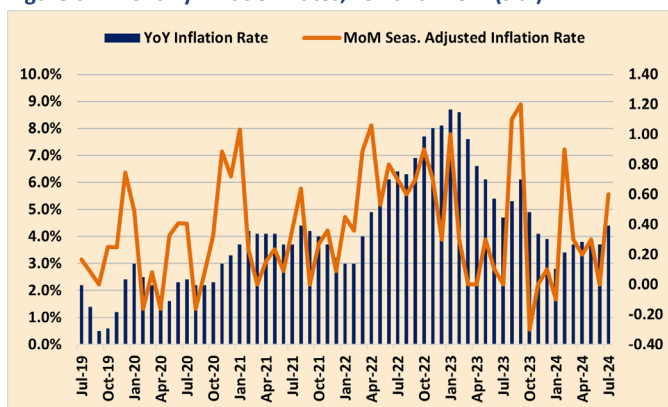
**Table 2 - Major Contributors to Year-on-Year Inflation**

Inflation Year-on-Year Growth Rates	June-2024	July-2024	YTD
<b>Headline</b>	<b>3.7%</b>	<b>4.4%</b>	<b>3.7%</b>
<b>Food and Non-Alcoholic Beverages</b>	6.1%	6.4%	5.4%
<b>Alcoholic Beverages and Tobacco</b>	3.8%	3.4%	5.7%
<b>Clothing and Footwear</b>	3.2%	3.1%	3.5%
<b>Housing, Water, Electricity, Gas, and Other Fuels</b>	0.1%	2.3%	0.8%
<b>Transport</b>	3.1%	3.6%	2.2%
<b>Education</b>	3.8%	5.8%	4.1%
<b>Restaurants and Accommodation</b>	5.1%	4.9%	5.3%
<b>Personal Care &amp; Miscellaneous Goods and Services</b>	3.2%	3.1%	5.3%

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)

**Inflation Spikes to 4.4% in July from 3.7% in June**

While only four out of 13 product categories— food, housing utilities, education and transport— showed price gains, these proved weighty enough to drive headline higher to 4.4% YoY in July from 3.7% a month ago. Nonetheless, core inflation, which excludes volatile food and energy prices, slid to 2.9% YoY from 3.1% earlier, and YTD at 3.3% from 3.4%. Headline inflation YTD, however, rose to 3.7% from 3.5% a month ago.

Of the 0.7% percentage points jump during the month, the Housing, Water, Electricity, Gas, and Other Fuels (HWEGOF) category contributed the most with a 72% share, followed by Food & Non-Alcoholic Beverages (FNAB) which added 12.0% while the Transport sub-index padded 8.0% to the increase in the inflation rate.

For housing utilities (HWEGOF), all components showed large gains led by water supply & distribution (+7.4% YoY) followed by repairs & maintenance of house dwelling (+2.8% YoY).

Within the FNAB category, six out of 13 items showed price increases. The slowdown in rice prices (from 22.5% to 20.9% YoY) could not offset the big climb in corn (+13.9% to 17.5%), and meat etc. (+3.1% to 4.8%).

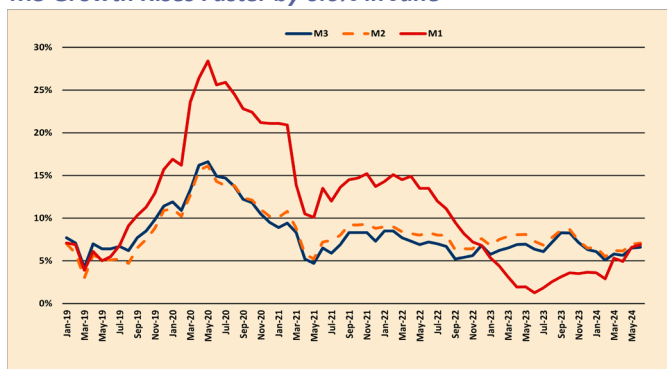
Fuel prices led the push in the Transport sub-index with an acceleration from 3.5% to 5.9% YoY. Crude oil prices abroad, after all, surged to 7.5% YoY (for West Texas Intermediate, WTI, U.S. benchmark) and 6.3% YoY (for Brent, European benchmark) underpinned the category’s rise.

On a seasonally adjusted (s.a.) basis, month-on-month (MoM) inflation took a faster pace of 0.6% from 0.0% in June.

We consider the July print as a spike since rice prices should fall further while crude oil prices have slumped by as much -12.0% from their June peak. We expect Q3 inflation to slide back to 3.2% YoY and 2.8% YoY in Q4. We now project full year inflation at 3.3%.



**Figure 7 - M1, M2, M3 Growth Rates**  
**M3 Growth Rises Faster by 6.6% in June**



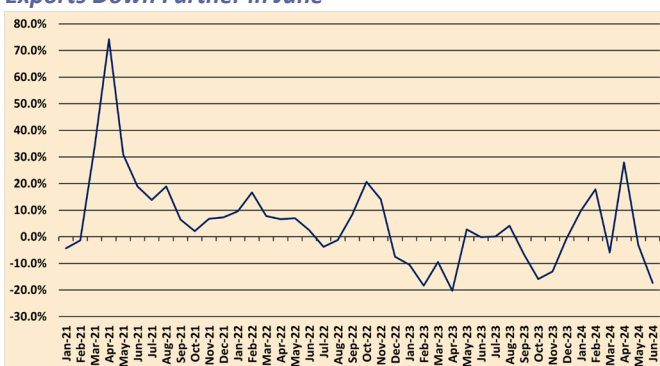
Source of Basic Data: Bangko Sentral ng Pilipinas (BSP)

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

	May-2024	June-2024	YTD
<b>Total Exports</b>	<b>-3.1</b>	<b>-17.3</b>	<b>3.0</b>
<b>Agro-Based Products</b>	<b>9.1</b>	<b>20.1</b>	<b>20.1</b>
<b>Mineral Products, of which</b>	<b>-8.4</b>	<b>-7.7</b>	<b>-5.6</b>
Copper cathodes	-7.9	-54.1	-20.5
Others (incl. nickel)	-12.6	-16.4	-11.2
<b>Manufactured Goods</b>	<b>-3.5</b>	<b>-21.1</b>	<b>3.2</b>
Electronic Products	-5.1	-24.4	5.2
Other Electronics	-10.4	-14.5	-9.2
Chemicals	30.6	33.7	23.2
Machinery and Transport Equipment	4.9	-23.5	4.0
Processed Food and Beverages	3.1	0.7	13.2
Others	1.7	-16.8	-6.2

Source of Basic Data: Philippine Statistics Authority (PSA)

**Figure 8 - Exports Growth Rates, Year-on-Year**  
**Exports Down Further in June**



Source of Basic Data: Philippine Statistics Authority (PSA)

**Money (M3) Growth a Tad Faster by 0.1 Percentage Point to 6.6% YoY in June**

Domestic liquidity (M3) grew by +6.6% YoY to about P17.5-T from +6.5% in June. On a MoM seasonally adjusted basis, M3 increased by about +0.5%.

Net foreign assets (NFA) in peso terms lunged to +8.3% YoY in June from +4.9% in May. The Bangko Sentral ng Pilipinas' (BSP) NFA jumped +12.3%. Meanwhile, the NFA of banks contracted on account of higher bills and bonds payable.

Lending for production activities slightly increased by +8.3% in June from +8.4% in the previous month from loans to key industries such as Transportation & Storage (+26.2%), Wholesale & Retail Trade (+9.3%), and Manufacturing (+8.9%).

Similarly, consumer loans jumped up by +25.0% in June from +25.6% in May due to the rise in credit card loans.

**Exports Slump by -17.3% YoY in June**

The country's exports dipped by -17.3% YoY in June, continuing May's 3.1% slump. With half of the major product categories in negative territory, total exports amount to \$5.5-B in June from \$6.7-B a year ago. Nonetheless, exports remained in the green YTD with 3.0% increase.

Five of the 10 major commodities showed increases in June. Sales continued to increase largely for Coconut Oil with a 113.7% vault. Furthermore, exports also grew for Chemicals (38.1% YoY) and Copper Concentrates (75.6% YoY). Meanwhile, exports of Electronic Products, which comprised of 53.7% of total outward shipments, plunged the most by -24.4%. Exports of Machinery and Transport Equipment also plunged by -23.5%.

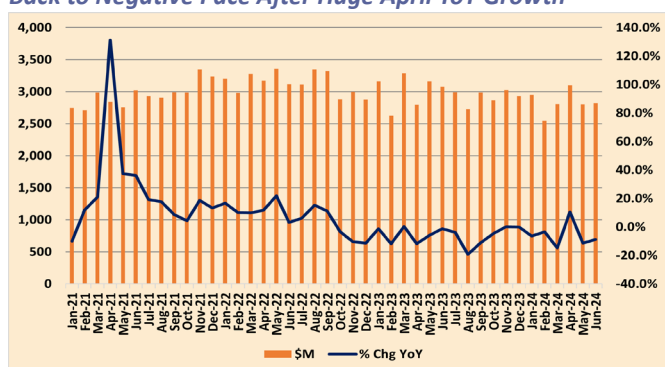
Exports to all major trading partners plunged in June. The U.S. emerged as the top destination for the country's exports in June with shipments valued at \$897.8-M, down by -19.9% from a year ago. Hong Kong followed suit with \$886.6-M, representing 15.9% of total exports, dipped by -7.4% YoY. People's Republic of China and Japan came next with -15.2% YoY and -21.0% YoY dropped, respectively. The Netherlands recorded the biggest slipped in terms of major trading partner with a -34.1% YoY decrement valued at \$217.0-M.

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

	May-2024	June-2024	YTD
<b>Total Imports</b>	<b>-0.03</b>	<b>-7.5</b>	<b>-2.5</b>
<b>Capital Goods</b>	<b>-11.5</b>	<b>-8.8</b>	<b>-6.2</b>
Power Generating and Specialized Machines	-2.2	-5.0	-1.9
Office and EDP Machines	15.2	19.2	12.2
Telecommunication Equipment and Electrical Machinery	-2.9	1.3	-8.7
Land Transport Equipment Excluding Passenger Cars and Motorized Cycle	17.5	2.2	11.0
Aircraft, Ships and Boats	-76.9	-84.2	-41.6
Prof. Sci and Cont. Inst., Photographic Equipment and Optical Goods	-9.3	6.5	-1.1
<b>Raw Materials and Intermediate Goods</b>	<b>0.6</b>	<b>-10.3</b>	<b>-3.1</b>
<b>Mineral Fuels, Lubricant and Related Materials</b>	<b>21.4</b>	<b>2.2</b>	<b>0.6</b>
<b>Consumer Goods</b>	<b>0.4</b>	<b>-7.3</b>	<b>1.6</b>

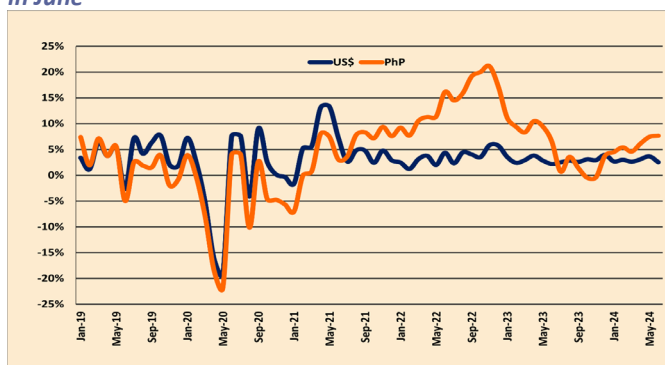
Source of Basic Data: Philippine Statistics Authority (PSA)

**Figure 9 - 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 10 - OFW Remittances Growth Rates, Year-on-Year  
Dollar Inflows Stay the Course but Faster in Peso Terms in June**



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

**Imports of Capital Goods Slip by -7.5% YoY in June**

Imports of capital goods registered a -7.5% YoY decrement in June amounting to \$9.8-B. Nonetheless, six of the 10 import categories showed expansions. Electric Products led the uptick (+5.3%) followed by Mineral Fuels, Lubricants, and Related Materials (+2.2%).

Land Transportation Equipment registered the highest slip by -36.1% YoY. This was followed by Telecommunication Equipment and Electrical Machinery (-15.7%) and Miscellaneous Manufactured Articles (-11.0%). On a MoM basis, it slightly slipped from \$4.7-B in May.

**OFW \$ Remittances Keep 2.5% YoY Pace in June**

Personal remittances of Overseas Filipino Workers (OFWs) rose by +2.5% YoY to \$3.2-B in June, tempering from +3.7% YoY in May. The growth in personal transfers during June came from workers with one year or more contracts (+2.5% YoY) and contracts of less than one year (+0.6%).

Cash remittances coursed through banks hit \$2.9-B in June, higher by +2.5% from \$2.8-B a year ago. Growth mainly came from the United States, Saudi Arabia, and Singapore for the first half of 2024.

By country source, the United States remained the top source of remittances (40.9%) followed by Singapore (6.9%) and Saudi Arabia (6.0%). The next seven top remittance source countries include Japan, United Kingdom, United Arab Emirates, Canada, Qatar, South Korea, and Taiwan. Consolidated remittances from these top 10 countries comprised 79.6% of total remittances sent from January to June.

**Table 5 - Exchange Rates vs USD for Selected Asian Countries**

Exchange Rates vs USD for Selected Asian Countries			
	June-2024	July-2024	YTD
AUD	-0.2%	1.7%	4.5%
CNY	0.5%	-0.3%	1.9%
INR	0.2%	0.3%	0.6%
IDR	1.6%	0.0%	6.6%
KRW	0.8%	-0.1%	7.3%
MYR	0.3%	-2.1%	0.3%
PHP	0.4%	-0.4%	5.5%
SGD	0.6%	-1.1%	1.7%
THB	0.3%	-2.6%	4.9%

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

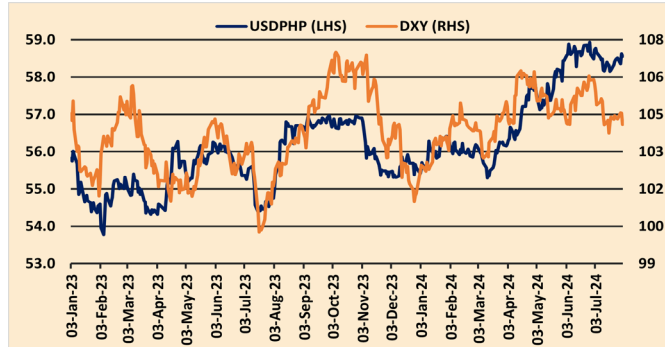
Source of Basic Data: *Bangko Sentral ng Pilipinas (BSP)*

**USDPHP Rate Eases by -0.4% in July to Average P58.48**

Weakening U.S. dollar driven by a sharp fall in U.S. 10-year Treasury bond yields helped the peso regain strength as it averaged P58.48 in July, -0.4% lower than its June average. This trend showed up in regional currencies as well with the Thai Baht appreciating the most by -2.6%. PH balance of trade deficit also eased to \$4.3-B from \$4.7-B in the previous two months.

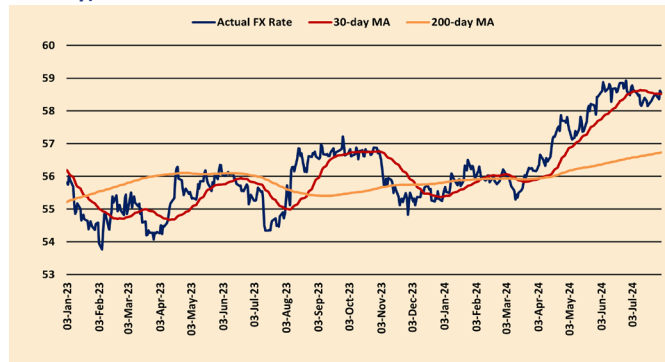
Technical analysis, however, shows the USDPHP rate much above the 200-day moving average (MA) levels even by end-July, suggesting a strong support at P57/\$1. However, the rate has fallen below the 30-day MA which implies further strengthening of the peso, all other factors constant.

**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)*

## Outlook

We feel vindicated by the reported Q2-2024 GDP growth of 6.3% YoY which exceeded market expectations given our previous careful readings of National Government (NG) spending particularly for infrastructures and capital outlays.

- Notably, as most of the times in the past decade, domestic demand provided the needed impetus for the economic expansion with its 7.1% YoY growth, an acceleration from 3.4% in Q1. Gross Capital Formation (GCF, or investment) spending soared by 11.5% YoY a much faster pace than 0.5% YoY in Q1. Within this spending category, production of infrastructures surged by 23.8% YoY.
- A huge support for the upswing came from rising and elevated employment levels. In June we saw the 2nd highest total number of employed persons resulting in an unemployment rate hitting the record low for the second time. While we do expect employment to fall in July and August, it should rebound strongly starting September.
- NG expenditures shall continue its elevated trajectory of the recent months as the administration remains committed to its infrastructure projects and has 60% of the projected full year deficit still available.
- Inflation did jump to 4.4% YoY in July from 3.7% a month earlier as housing utilities and transport costs scaled the heights. However, we see that as a temporary spike since rice and crude oil prices will likely ease. Lower tariffs on rice will pull down its prices significantly, while crude oil prices while elevated only remained that way during brief emergency periods. Demand for oil should remain tepid as China's economy finds difficulty getting out of the rut caused by huge property market overhand.
- Trade deficits will remain elevated as exports will stay challenged by weak global economic recovery while GDP growth and infrastructure spending should keep imports at a fast pace.
- The peso-dollar exchange rate will have a slight appreciation bias with a mildly weaker U.S. dollar amid lower interest rates there.

# FIXED INCOME SECURITIES

## BOND MARKET RESURRECTS IN JULY

The Philippine bond market revived in July as it regained a risk-on appetite amid falling inflation (for June) and heightened expectations of policy rate cuts both here and abroad. Auctions of government securities (GS) attracted P607.9-B in tenders, the second highest in 2024's regular auctions. This resulted in much higher tender-offer ratio (TOR) of 2.455x than 2.078x in June. Demand for longer tenors spiked as investors took to heart BSP Governor Remolona's repeated public statements that BSP would likely cut rates in August. Similarly, the GS secondary market trading volume increased by 85.4% MoM to a 10-year record of P1.1-T. The 10-year and 20-year T-bond yields plummeted by 48.2 basis points (bps) and 48.3 bps to end the month at 6.1712% and 6.3370%, respectively. Despite following the downward trend in U.S. interest rates, ROPs spread over equivalent U.S. Treasuries widened as traders there aggressively sought long-dated papers in anticipation of a Fed rate cut amid falling inflation.

**Outlook:** The jump in local inflation rate to 4.4% YoY in July reported on August 6 gave way to the 2nd consecutive month of weak job gains in the U.S and better-than-expected PH Q2 GDP growth. Markets took the slightly slower U.S. inflation rate in July as further reason for the Fed to cut policy rates in September. BSP put the nail in the coffin for local 10-year T-bond yields to fall close to 6.0% by mid- August with the 25 bps slash in policy rate. Whether the Fed does 2 or 3 rate cuts starting September, we think BSP will proceed to do another 50 bps especially after Q3 GDP expansion eases (for reporting Nov 7). Thus, we see 10-year yields drop more decisively after PH YoY inflation renews its downward path with our expected low 3.0% YoY inflation rate in August and to below it in Q4.

Table 6 - July Auction Results

Date	T-Bond/ T-Bill	Offer (Php B)	Tendered (Php B)	Accepted (Php B)	Tendered ÷ Offered	Ave. Yield	Change bps
29-Jul	91-day	32.5	76.3	32.5	2.346	5.779	11.3
	182-day	35.1	72.0	35.1	2.052	6.014	8.4
	364-day	35.0	68.7	35.0	1.962	6.108	7.7
Subtotal		102.6	216.938	102.600	2.114		
2-Jul	5 year	30.0	72.954	30.000	2.432	6.406	
9-Jul	7 year	30.0	114.896	30.000	3.830	6.286	-33.8
16-Jul	10 year (FXTN 10-72)	30.0	95.605	30.000	3.187	6.212	-54.2
23-Jul	20 year (FXTN 20-27)	25.0	44.975	25.000	1.799	6.430	-43.0
30-Jul	3 year	30.0	62.603	30.000	2.087	6.009	
Subtotal		145.0	391.033	145.000	2.697		
All Auctions		247.6	607.971	247.600	2.455		

Source: Bureau of the Treasury (BTr)

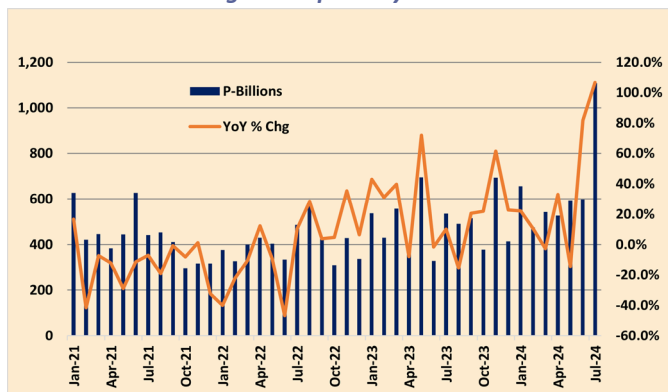
### GS Auctions: Risk-on Appetite Lures P607.9-B Tenders for 2.455x TOR

Bureau of the Treasury (BTr) of the National Government (NG) raised P246.6-B bond issues in July coming after the P180.0-B issuance last month. This resulted in higher tender-offer ratio (TOR) at 2.455x from 2.078x a month earlier. July began with strong buying interest, particularly in long-term bonds, following dovish signals from the Bangko Sentral ng Pilipinas (BSP) and lower-than-expected inflation data for June. Investors flocked into longer tenors as the TOR for Fixed Rate Treasury Notes (FXTN, or T-bonds) improved to 2.697x from 1.730x and 1.811x for June and May auctions, respectively. In contrast, the TOR for Treasury bills (T-bills) slid to 2.114x from 2.774x in June. Yields for the 7-year space tumbled by 33.8 bps to 2.286% and major movements 10-year and 20-year papers to 6.212% and 6.430%, respectively.

Towards the end of July, the anticipation of a BSP rate cut in August spurred some renewed activity in the GS market, particularly in the shorter-dated securities. We saw a net increase of 11.3 bps for 91-day Treasury Bill (T-bill), while 182-day and 364-day T-bills showed mild increases of 8.4 bps and 7.7 bps to 6.014% and 6.108%, respectively.

Overall, T-bill yields ended July slightly higher while T-bond yields had a downward trend, reflecting the market's cautious yet active stance as it navigated increased supply and anticipated monetary policy changes.

**Figure 13 - GS Secondary Trading Volume  
Bond Market Trading Shot Up in July**



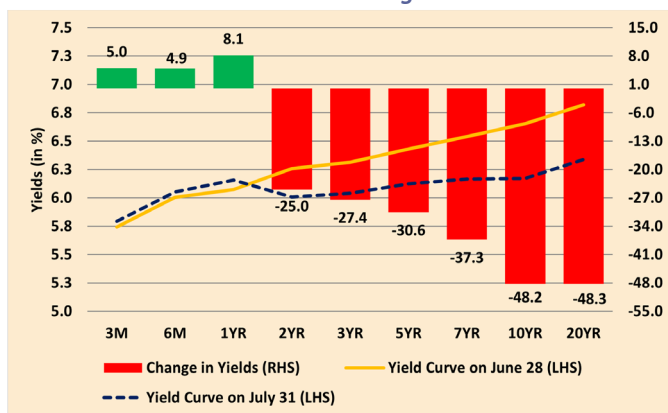
Source: Philippine Dealing Systems (PDS)

**GS Secondary Market: Volume Jumped by 85.5% from June**

Trading of GS in the secondary market rose by 85.4% to P1.1-T in July, a 10-year record, after a modest 0.6% month-on-month (MoM) surge in June. Moreover, the month's volume jumped by 106.7% YoY.

As investors anticipated BSP rate cuts, yields for long tenors plunged, with the 20-year papers sliding the most by -48.3 bps to 6.3370% and 10-year yields easing by -48.2 bps to 6.1712%. Bonds with remaining 2-year to maturity slipped by -25 bps to 6.0079%, while 7-year benchmark yields dropped by -37.3 bps to 6.1663%. Like in auction market, yields in the front-end of the curve mildly climbed. Only three tenors showed minor increases—the 3-month inched up by 5 bps to 5.7930%, 6-month and 1-year yield increased 4.9 bps and 8.1 bps to 6.0522% and 6.1554%, respectively.

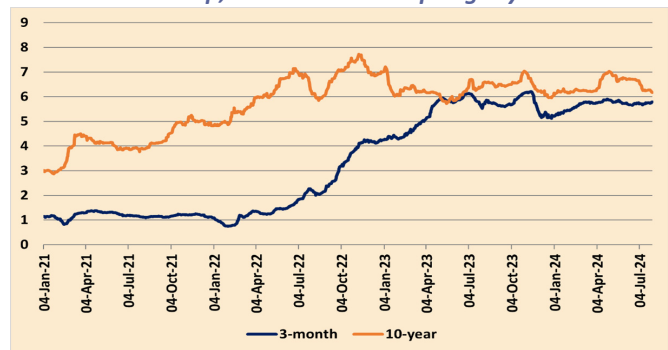
**Figure 14 - GS Peso Yield Curves and MoM Change  
Yield Curve Further Flattened as Longer Tenors Tumble**



Sources: Bloomberg, Philippine Dealing Exchange (PDEX)

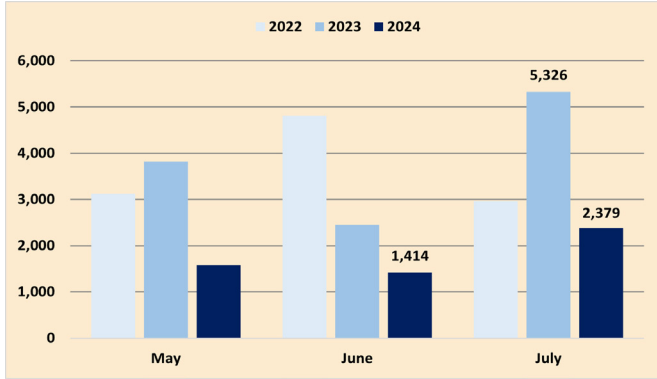
The Bangko Sentral ng Pilipinas (BSP) kept interest rates steady at 6.50% in its July meeting but signaled that a rate cut at its next meeting in August, which it did on August 15th. Thus, this contributed to a flatter yield curve, as the spread between the 10-year and 2-year yield narrowed by -24 bps to end July at 16 bps.

**Figure 15 - 3-Month and 10-Year Bond Yields  
10-Year Yields Drop, 3-Month Yields Up Slightly**



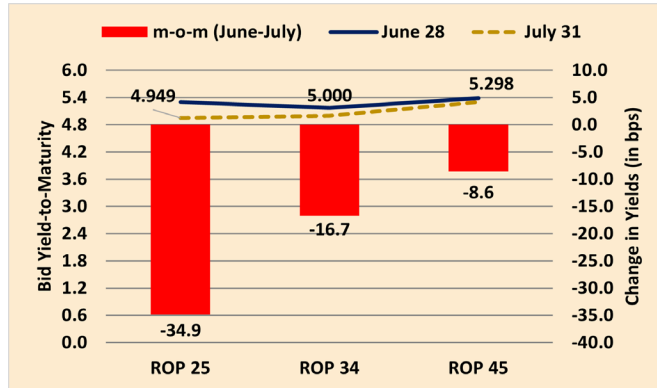
Source: Philippine Dealing Systems (PDS)

**Figure 16 - Corporate Bond Trading (in Million Pesos)**  
Trading Remained in Doldrums



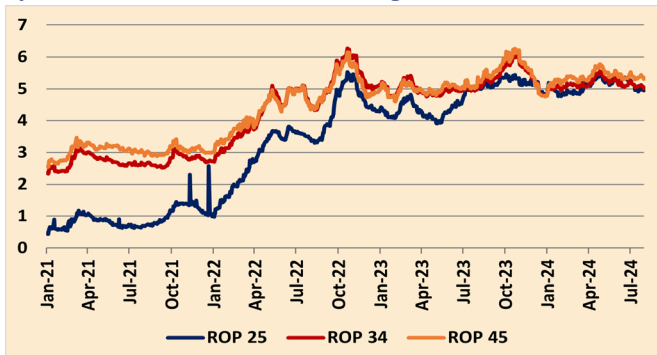
Sources: Bloomberg, Philippine Dealing Exchange (PDEX)

**Figure 17 - ROPs Yield Curve and MoM Change**  
Yields Slumped for Longer ROPs More Than U.S. Treasuries



Source: Bloomberg

**Figure 18 - ROPs 25, 34, 45 Yields Daily Movements**  
Spreads Between LT and ST ROPs Tightened



Sources: Bloomberg, First Metro Investment Corporation (FMIC)

## Corporate Bond Market

Like the GS market, the corporate bond market perked up in July in both issuances and secondary market trading.

**Issuances:** Six companies listed bond issuances in July:

- Ayala Land issued a record P20.5-B sustainability fixed-rate bond with a 10-year maturity and a 6.9931% coupon. This is the second tranche under its existing ₱50.0-B Securities Program rendered effective on June 13, 2023.
- BDO Unibank listed P55.7-B in its third Peso-denominated ASEAN Sustainability Bond, which carries a tenor of 1.5 years and bears a 6.325% p.a. coupon rate.
- DoubleDragon Corporation raised P10.0-B in its 3.5-year retail bond offering with an annual rate of 8.008%. After being fully subscribed five days before the end of the offer period, the company announced that the second tranche of DD retail bond offering will be facilitated soon.
- SM Investments Corporation issued a record \$500.0-M offshore bonds with a 5-year maturity. The notes carry a coupon rate of 5.375%. This is the first tranche of its \$3.0-B multi-issuer Euro Medium Term Note (EMTN) program established last May 2024.
- Megawide Construction Corporation listed P5.0-B fixed rate bonds with a 3-year, 5-year, and 7-year maturity and a 7.6348% p.a., 8.0580% p.a., 8.4758% p.a. interest rate, respectively.
- San Miguel Corporation (SMC) raised P20.0-B as the second and final tranche of the Company's P50.0-B fixed rate bonds shelf registration. The issue consists of 6.5-year and 10-year bonds with interest rates of 7.2584% p.a. and 7.7197% p.a., respectively.

**Secondary Market.** Secondary trading volume of corporate bonds jumped by 68.2% MoM to P2.4-B in July, but still 55.3% lower than a year ago.

## ROPs: Spreads for Longer Tenors Widened as U.S. Treasury Investors Proved More Aggressive

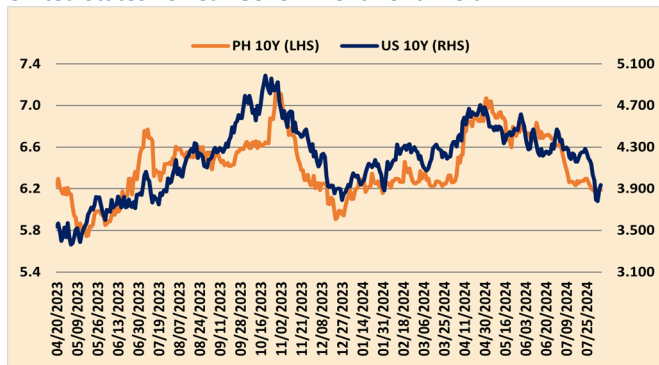
Yields of U.S. dollar denominated bonds of the Republic of the Philippines (ROPs) showed patterned movements in long maturities compared to those with the shorter ones. Specifically, ROP-34 and ROP-45 yields fell by -16.7 bps and -8.6 bps to end July at 5.00% and 5.298%, respectively. Meanwhile, the 1-paper (ROP-25) slipped by -34.9 bps to 4.949%. Thus, the yield curve tended to invert.

**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
31-May	13.0	80.6	81.2
28-Jun	20.8	80.7	77.4
31-Jul	21.9	91.0	85.8

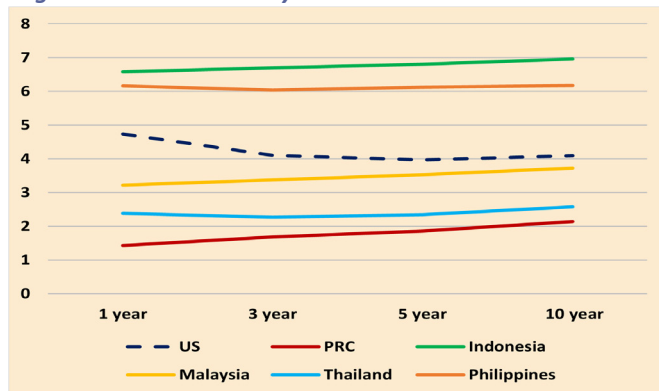
Sources: UA&P Direct Estimates from Federal Reserve Board, Philippine Dealing & Exchange Corporation (PDEX)

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



Source: Trading Economics

**Figure 20 - Comparative ASEAN+1 Yield Curves, End-June 2024 Regional Yield Curves Stayed Flat**



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

Equivalent U.S. Treasuries, however, showed more drastic falls in yields in July. The 10-year and 20-year U.S. T-bonds tumbled by-27 bps and-17 bps, respectively. Thus, these ended the month at 4.09% and 4.44% as U.S. market players renewed expectations that Fed would cut policy rate sooner and more in 2024 starting September.

Consequently, the spread of ROPs over equivalent U.S. Treasuries widened for the 1-year and 10-year space by 1.1 bps and 10.3 bps to end up at 21.9 bps and 91 bps, respectively. The 20-year maturity spread also increased by 8.4 bps to close the month at 85.8 bps.

**ASEAN+1: Long End Fell, Yield Curves Flattened**

**U.S.:** GDP growth accelerated to 2.8% in Q2-2024 from 1.4% in the previous quarter, with robust consumer spending but the decline in residential investment dampened the expansion. The country’s manufacturing sector mildly improved as Manufacturing PMI in July hit 49.6, higher than the 49.5 recorded in June, but the lowest for 2024, with a decline in business orders. Meanwhile, U.S. inflation rate eased for the fourth straight month from 3.0% YoY in June to 2.9% in July, as apparel prices, shelter and transportation eased. On a seasonally adjusted basis, headline inflation edged up by 0.2% MoM from -0.1% in June, but still in line with falling inflation. In June, both exports and imports increased by 1.5% to \$265.9-B and 0.6% to \$399.0-B, respectively. Consequently, the country’s trade deficit in June reached \$73.1-B, lower than the previous month’s \$72.5-B figure.

The Fed kept its policy rate unchanged at 5.25%-5.50% in its July meeting. The yield curve became less inverted at -20 bps in July from -35 bps in June.

**CHINA:** The economy softly expanded by 4.7% YoY in Q2-2024, after a marginally revised 5.3% acceleration in the previous quarter. This has been the softest rise since Q1-2023 driven by weak consumption and global tension. Factory activity decreased as Caixin General Manufacturing PMI contracted to 49.8 in July from 51.8 in June. China’s inflation print climbed by 0.5% YoY in July from 0.2% in June, as non-food prices slipped. Exports surged by 7.0% to \$307.9 in July while imports rebounded by 7.2% to \$215.9-B. With this, the country’s trade surplus widened to \$84.6-B in July from \$80.2-B in the previous year.

The People's Bank of China's (PBoC) 1-year medium-term lending facility (MLF) rate fell by 20 bps at 2.30%. The spread between 10-year and 2-year bond yield went up by 7 bps to 63 bps in July.



**INDONESIA:** Q2-2024 GDP went up by 5.05% YoY, slightly slower than its 5.11% GDP uptick in the previous quarter when elections were held. Its manufacturing sector fell in July as PMI eased to 49.3 from 50.7 a month ago. The country's inflation print decelerated to 2.13% in July from 2.51% a month earlier, driven by the slower price increase on its food items. Shipments in July increased the fourth straight month by 6.5% to \$22.2-B, while imports soared to 11.1% to \$21.7-B. Given this, trade surplus dropped to \$0.5-B in July from \$1.3-B in the same month the previous year.

Meanwhile, Bank Indonesia (BI) kept its policy rate unchanged at 6.25% after its July meeting. The yield curve's steepness measure dipped by 3 bps to 32 bps in July.

**MALAYSIA:** GDP expanded by 5.9% in Q2-2024 from 4.2% in Q1-2024, amid solid output across all sectors. Manufacturing PMI declined to 49.7 in July from 49.9 as new orders slumped. On the inflation front, the country's inflation rate remained at 2.0% as food prices continued to rise in June. Exports in June fell by 1.7% to MYR 126.0-B (~\$28.4-B) while imports inched up by 17.8% to MYR 111.8-B (~\$25.2-B). This translated to a narrowing of the country's trade surplus to MYR 14.3-B (~\$3.23-B) in June from MYR 29.1-B (~\$6.57-B) in the corresponding month of the previous year.

Bank Negara Malaysia's (BNM) policy rate sits still at 3.0% for the seventh straight month in June. The spread between 10-year and 2-year bond yields remained flat to 42 bps in July like the previous month.

**THAILAND:** Thailand's economy grew at faster pace of 2.3% YoY in Q2-2024, from 1.6% uptick in Q1, as private consumption picked up. Its manufacturing sector rose as its PMI expanded to 52.8 from 51.7 in June. The country's inflation went up to 0.83% in July from 0.62% in June caused by further acceleration of prices for food & non-alcoholic beverages. The country's exports decreased by 0.3% YoY to \$24.7-B while imports rose by 0.3% trimming its trade surplus to \$0.2-B from \$0.7-B a month ago.

The 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 6 bps to 27 bps in July.

**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 T-bond yields plummeted in July after the inflation print of 3.7% in June surprised the market. By the 12th of July, it had plunged by 34.3 bps to 6.2776%. It fell further and hovered around 6.15% before rebounding after the 4.4% July inflation came on August 6th. But mid-August the paper tumbled anew to 6.04% to 6.15% after the BSP policy rate cut of August 15th and heightened expectations that U.S. Fed would start cutting its own rates by September.

- With the second consecutive month of weak employment numbers and all inflation metrics easing (e.g., headline inflation down to 2.9% in July, the lowest since December 2021, and PCE inflation rate at 2.5% in June), economists and market players agree that a 25 bps policy rate cut in September is quite likely. They disagree on whether there would be one or two more similar cuts as Reuter's poll indicates some 70% of market respondents think the Fed would cut two more times in 2024 while economists proved more cautious with just one more reduction after September. Parsing through a wide swath of economic data, we belong to those with more dovish view.
- The above also supports the case for an equivalent 50 bps reduction by the BSP for the rest of 2024. This aligns with our view that Q3 GDP would come in slightly weaker than Q2's 6.3% YoY uptick due to July flooding in Metro Manila and an unlikely rebound of residential construction in Q3 given the still high policy and short-term interest rates.
- Domestic Inflation, besides, should ease further (see Macro) for the rest of the year to average 2.8% in Q4. The 3.3% full-year inflation and average 10-year real yields point to the lower end of our earlier forecast of 5.25% to 5.75% yields by yearend, with a downward bias to boot.
- The fly-in-the-ointment may come from NG deficits if it exceeds the target P1.36-B. Barring this, it appears that BTr can keep the current pace of gross borrowings (P180.0-B/month) and a large RTB issue in Q4, when inflation and interest rates would have sunk more, in order to pre-fund the equally large 2025 deficit.
- Corporate bond issuances should bulk up in early Q4 after YoY inflation would have dropped below 3.0%, followed by bond yields.
- While U.S. bond investors would aggressively drive yields lower, we see a better PH economic growth outlook and the recent credit rating upgrade to A- by Japan's R&I as limiting any widening of spreads of ROPs over U.S. Treasuries, if at all.

# EQUITY MARKETS

## PSEi Climbs by 3.2% in July as Investors Salivate with Risk Appetite

The PSEi joined ASEAN peers in the green, ending July +3.2% month-on-month (MoM) from -0.3% the previous month. Singapore's bourse (STI) led Southeast Asian gainers to close the month up by +3.7%. For advanced economies, the US' DJIA led July gainers with its 4.4% gain, followed closely by Australia (S&P/ASX 200, +4.2%). East Asian markets, however, all made slight declines with Hong Kong's bourse (HSI) bearing the brunt of it at -2.1%. The Holdings sector (+4.0%) topped sectoral rankings for July as heavyweights SM Investments Corporation (SM, +9.3%) and JG Summit Holdings, Inc. (JGS, +6.7%) pushed gains upwards. On the other hand, the Mining & Oil sector (-1.9%) continued to be the worst performer among sectors in July after Nickel Asia Corporation (NIKL) share prices dropped -9.7% due to subdued nickel ore prices.

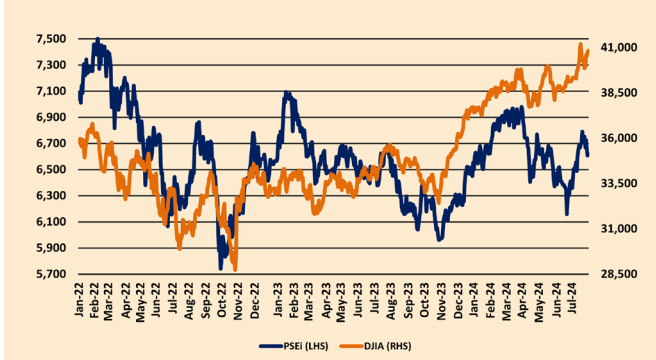
**Outlook:** After tumbling to a year low of 6,175.21 on June 21st, PSEi raced through the 6,700 level by July 15th as June inflation slipped below-expectations at 3.7% year-on-year (YoY) together with the slide in long-term bond yields. While the second half of July until the first week of August saw a correction, PSEi again climbed steadily in August after U.S. employment data weakened in July prompting investors to expect the Fed to start its rate-cutting cycle in September. With the peso appreciating through August, softer U.S. inflation, better-than expected GDP growth, BSP's 25 bps policy rate cut on August 15th, and robust Q2-2024 earnings growth in the Property and Financial sectors fueled the sustained upward flight of PSEi to exceed the strong resistance level of 6,800 by August 17th (at 6,847.37). Besides, the August MSCI rebalancing had a slightly favorable impact. With above-average volume, the PSEi may have entered a bull market and our forecast of 7,000-7,500 in H2 now looks more easily attainable. However, we await new data to confirm the bull market call.

Global Equities Markets Performances					
Region	Country	Index	June M-o-M Change	July M-o-M Change	2024 YTD
Americas	US	DJIA	1.1%	4.4%	8.4%
Europe	Germany	DAX	-1.4%	1.5%	10.5%
	London	FTSE 101	-1.3%	2.5%	8.2%
East Asia	Hong Kong	HSI	-2.0%	-2.1%	1.7%
	Shanghai	SSEC	-3.9%	-1.0%	-1.2%
	Japan	NIKKEI	2.8%	-1.2%	16.8%
	South Korea	KOSPI	6.1%	-1.0%	4.3%
Asia-Pacific	Australia	S&P/ASX 200	0.9%	4.2%	6.6%
Southeast Asia	Indonesia	JCI	1.3%	2.7%	-0.2%
	Malaysia	KLSE	-0.4%	2.2%	12.1%
	Thailand	SET	-3.3%	1.5%	-6.7%
	Philippines	PSEi	-0.3%	3.2%	2.6%
	Singapore	STI	-0.1%	3.7%	6.7%

**Global Picture.** Majority of our tracked global equity markets went up in July, except for the four East Asian markets. The United States' DJIA led the push into the green with its +4.4% growth in July, continuing +1.1% growth from the previous month. Australia's S&P/ASX200 followed closely with its +4.2% gain, also continuing its +0.9% increase from June. Meanwhile, Hong Kong's HSI downtick of -2.1% MoM led decliners, inching up from a -2.0% loss in June. In contrast, the Philippines' PSEi gained +3.2% in July, reversing its minor -0.3% loss a month back.

**Figure 21 - PSEi vs DJIA**

**PSEi vs DJIA Posted a Positive Correlation in July at 0.71**

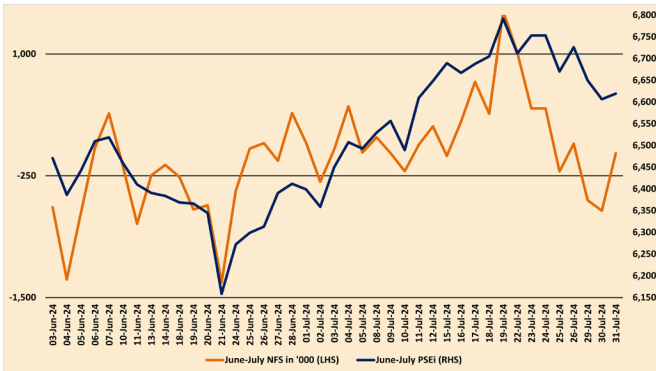


Source: Yahoo Finance

**PSEi and DJIA.** The Dow Jones Industrial Average (DJIA) closed at 40,872.79 in July, reaching upwards after the market took back a rally that raised the index to a record-high 41,198.08 in mid-July. The PSEi ended the same month at 6,619.09. The local index sunk to a 6,358.96 low on July 2nd, but soon rallied to peak at 6,791.69 on July 19. The correlation between the DJIA and PSEi turned positive to +0.71 in July from -0.58 in June.

**Figure 22 - PSEi vs Net Foreign Selling**

**PSEi vs NFS Posted a +0.50 Correlation in July**



Sources: PSE Quotation Reports & Yahoo Finance

**Net Foreign Buying/Selling.** Sectoral trading volumes all turned green in July, led by the Property sector's +62.7% MoM gain which reversed its -51.7% loss in June. The Mining and Oil sector followed suit with its +50.6% MoM uptick, recovering from an -89.4% reduction in the previous month. Slowest to gain Services sector edged up 2.1% in July off a -36.5% downturn a month ago. Volumes were up even with the one-day trading suspension caused by Typhoon Carina.

Foreign investors changed tune to become net buyers in July, taking up P3.5-B in volume compared to the previous month's P6.1-B sell-off.

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

Monthly Total Turnover (in Million Pesos)				
	28-June-2024	31-July-2024		
Sector	% Change	Value	% Change	2024 YTD
Financial	-37.9%	15,814.70	42.4%	48.7%
Industrial	-62.7%	14,693.34	30.5%	-21.6%
Holdings	-33.6%	19,835.52	19.2%	47.5%
Property	-51.7%	13,065.87	62.7%	36.9%
Services	-36.5%	22,700.41	2.1%	46.3%
Mining & Oil	-89.4%	919.14	50.6%	-23.7%
<b>Total</b>	<b>-47.7%</b>	<b>87,028.97</b>	<b>27.7%</b>	<b>25.1%</b>
Foreign Buying	-45.7%	38,996.93	50.3%	33.6%
Foreign Selling	-44.9%	45,126.08	22.1%	28.6%
Net Buying (Selling)	-39.2%	(6,129.15)	-157.2%	248.7%

Source of Basic Data: PSE Quotation Reports

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

Top Foreign Buy	
Company	Total Value
SM Equity	1,512
BDO Equity	1,279
BPI Equity	871
URC Equity	807
GLO Equity	335
<b>Total Buy Value</b>	<b>4,803</b>

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

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

Top Foreign Sell	
Company	Total Value
JFC Equity	-708.8
AEV Equity	-437.2
AC Equity	-387.6
GTCAP Equity	-352.7
BLOOM Equity	-313.1
<b>Total Sell Value</b>	<b>-2,199</b>

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

**Table 13 - Monthly Sectoral Performance**

Monthly Sectoral Performance					
Sector	28-June-2024		31-July-2024		2024 YTD
	Index	% Change	Index	% Change	
PSEI	6,411.91	-0.3%	6,619.09	3.2%	2.6%
Financial	1,924.59	0.0%	1,990.27	3.4%	14.5%
Industrial	8,986.35	-1.7%	9,269.16	3.1%	2.1%
Holdings	5,552.71	-3.5%	5,776.77	4.0%	-5.4%
Property	2,517.42	4.8%	2,574.25	2.3%	-9.8%
Services	1,996.29	0.5%	2,017.25	1.0%	25.7%
Mining & Oil	8,481.55	-8.2%	8,322.09	-1.9%	-16.8%

Source of Basic Data: PSE Quotation Reports

**Table 14 - Financial Sector Constituent Stocks**

Company	Symbol	06/28/2024 Close	07/31/24 Close	M-o-M % Change	2024 YTD
Metropolitan Bank and Trust Company	MBT	67.55	68.70	1.7%	33.9%
BDO Unibank, Inc.	BDO	128.20	137.00	6.9%	5.0%
Bank of the Philippine Islands	BPI	119.10	121.30	1.8%	16.9%

Source of Basic Data: PSE Quotation Reports

Foreign investors' top five favorite picks (net buying) totaled to P4.8-B, led by SM Investments Corporation (SM, P1.5-B) and BDO Unibank, Inc. (BDO, P1.3-B).

Meanwhile, the top five disliked stocks (net selling) reached nearly P2.2-B in July, with Jollibee Foods Corporation (JFC, P708.8-M) and Aboitiz Equity Ventures, Inc. (AEV, P437.2-M) leading the pack.

All sectoral indices except Mining and Oil ended in the green for July, buoying a +3.2% MoM gain for the local bourse, reversing its -0.3% decline in June. Best of the pack Holdings sector closed up +4.0% MoM, followed by the next-best Financial sector's 3.4% uptick. The Mining and Oil sector, the lone loss taker, shrunk by -1.9% MoM. Services continues to lead year-to-date (YTD) with growth of +25.7%.

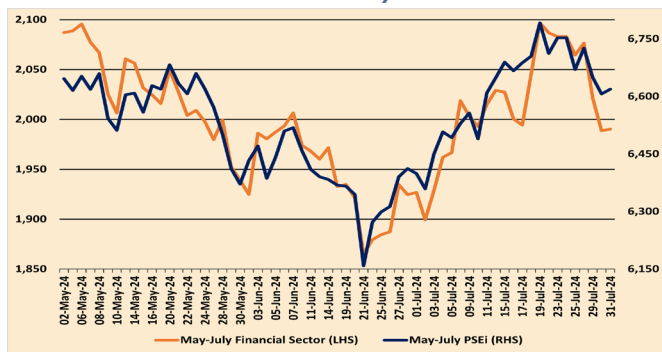
The Financial sector nabbed second in July sectoral performance after growing +3.4% MoM.

BDO Unibank, Inc.'s (BDO) share price growth leads the sector with its +6.9% MoM change to recover from a -1.4% drop in share price a month prior. BDO reported a P20.9-B Q2 net income figure on July 29, up by roughly +12.0% YoY. It also gained fresh funds to the tune of P55.7-B from its third ASEAN Sustainability Bond issue in July.

Bank of the Philippine Islands' (BPI) share price likewise reversed its June -0.9% downtick to a July +1.8% uptick. BPI recently presented P15.3-B in Q2 net income, up by a healthy +17.7% YoY. In July, it also shortened its BPI SEED bond offer period by one day to August 1, following strong institutional, high-net worth, and retail investor demand. The 1.5-year term bonds' principal amount totaled to P5.0-B with a 6.2% coupon rate paid quarterly.

Metropolitan Bank & Trust Company's (MBT) share prices inched up 1.7% MoM, following an 8.9% gain in the previous month. Metrobank Q2 attributable net earnings grew 11.4% YoY to almost P11.6-B, supporting record-high H1-2024 earnings of P23.6-B.

**Figure 23 - Financial Sector Index (May - July)**  
**Financial Sector Gains +3.4% in July**



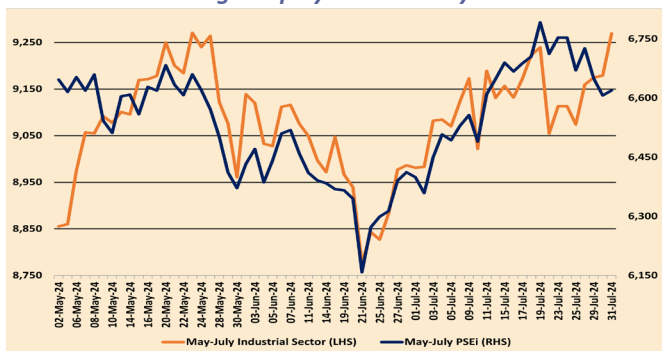
Source of Basic Data: PSE Quotation Reports

**Table 15 - Industrial Sector Constituent Stocks**

Company	Symbol	06/28/2024 Close	07/31/2024 Close	M-o-M % Change	2024 YTD
Meralco	MER	366.00	390.00	6.6%	-2.3%
Jollibee Foods Corporation	JFC	226.00	230.00	1.8%	-8.5%
Universal Robina Corporation	URC	111.20	119.00	7.0%	0.7%
ACEN Corporation	ACEN	5.00	5.49	9.8%	25.3%
Emperador Inc.	EMI	18.60	18.58	-0.1%	-10.9%
Monde Nissin Corporation	MONDE	9.40	9.17	-2.4%	9.4%
Century Pacific Food, Inc.	CNPF	32.15	34.50	7.3%	11.5%
Semirara Mining and Power Corporation	SCC	33.70	33.45	-0.7%	10.6%

Source of Basic Data: PSE Quotation Reports

**Figure 24 - Industrial Sector Index (May - July)**  
**Industrial Sector Edged Up by +3.1% in July**



Source of Basic Data: PSE Quotation Reports

The Industrial sector ranked third in the sectoral rankings with a +3.1% gain in July. This offset its -1.7% loss in June.

ACEN Corporation’s (ACEN) share price growth topped Industrials with a +9.8% upswing in July, building on the +4.2% posted last June. ACEN Q2 net profits swung 62.1% YoY to P3.6-B. ACEN Corporation made a P467.8-M capital infusion into its Belenos Energy Corporation subsidiary to support ACEN’s renewable energy expansion projects across the country.

Century Pacific Food, Inc.’s (CNPF) share prices jumped by +7.3% MoM, partially reversing its -14.3% blow a month ago. CNPF marked a P1.9-B net profit for Q2, growing by 12.0% YoY. Favorable commodity cost trends and a strong exports segment contributed to the favorable earnings call.

Universal Robina Corporation’s (URC) share price trailed closely at +7.0% in July, continuing from its +3.9% increase in June. URC posted a Q2 net income of nearly P2.5-B, down -24.4% YoY. Nevertheless, the company recently announced plans to close China operations and focus on higher-growth markets, reaffirming its growth focus in launching new products in Southeast Asia and penetrating the pet food market.

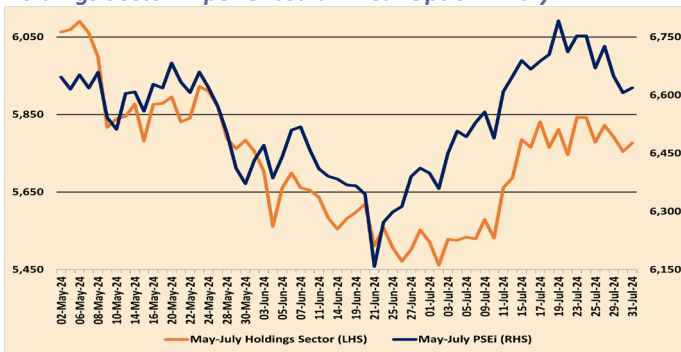
Meralco’s (MER) share prices closed upwards for July at +6.6%, wiping out its -0.3% loss a month back. Meralco announced cash dividends of P10.295 per share payable to August 28 shareholders and payable on September 23. The cash dividend has an implied yield of approximately 6.0%.

**Table 16 - Holdings Sector Constituent Stocks**

Company	Symbol	06/28/2024 Close	07/31/2024 Close	M-o-M % Change	2024 YTD
Ayala Corporation	AC	582.00	586.50	0.8%	-13.9%
SM Investments Corporation	SM	830.50	908.00	9.3%	4.1%
Aboitiz Equity Ventures	AEV	38.80	35.45	-8.6%	-20.5%
GT Capital Holdings, Inc.	GTAP	620.00	590.00	-4.8%	0.0%
San Miguel Corporation	SMC	100.30	99.85	-0.4%	-2.2%
Alliance Global Group, Inc.	AGI	8.66	8.98	3.7%	-20.4%
LT Group, Inc.	LTG	9.75	9.85	1.0%	9.7%
JG Summit Holdings, Inc.	JGS	26.05	27.80	6.7%	-27.1%
DMCI Holdings, Inc.	DMC	11.14	11.36	2.0%	16.3%

Source of Basic Data: PSE Quotation Reports

**Figure 25- Holdings Sector Index (May - July)**  
Holdings Sector Experienced a +4.0% Uptick in July



Source of Basic Data: PSE Quotation Reports

The Holdings sector led the sectoral race after it registered 4.0% MoM growth in July, reversing the -3.5% downtick in the previous month.

SM Investments Corporation (SM) share prices jumped by +9.3%, moving past the previous month’s -4.5% slip. SM’s Q2 net earnings lunged +26.0% YoY to roughly P21.8-B, driven by a positive economic environment, strong banking performance, and improved consumer retail.

JG Summit Holdings (JGS) share prices registered a +6.7% upswing, partially reversing its -16.0% tumble in June. One JG Summit unit, the Luzon International Premiere Airport Development Corporation (LIPAD), signed an agreement with FedEx to double its current capacity at the Clark Gateway. This expansion will improve the country’s cross-border trade and logistics sector capabilities.

Alliance Global Group, Inc. (AGI) share prices increased +3.7% in July, turning around a -6.6% contraction posted a month ago. AGI recently announced an eight-year high P75.0-B CAPEX allocation to fuel growth in its real estate, beverage, and sustainability initiatives.

DMCI Holdings, Inc. (DMC) share prices posted a +2.0% uptick for the month, recovering from a -6.4% slip last June. However, DMC recently recorded a 32.0% contraction in Q2 net income to P5.5-B, on the back of weaker energy, real estate, and mining subsidiaries. DMCI top management has committed to strategic cost management, operational efficiency improvement, and cross-business unit synergies moving forward.

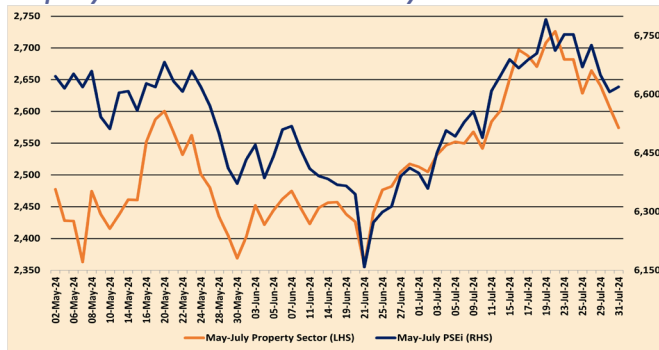
Ayala Corporation’s (AC) July share price inched up +0.8% after a June slip of -2.2%. AC Q2 net income bumped up +12.5% to P9.2-B after seeing higher revenues and growth across all business segments.

**Table 17 - Property Sector Constituent Stocks**

Company	Symbol	06/28/2024 Close	07/31/2024 Close	M-o-M % Change	2024 YTD
Ayala Land, Inc.	ALI	28.50	29.50	3.5%	-14.4%
SM Prime Holdings, Inc.	SMPH	28.30	28.80	1.8%	-12.5%

Source of Basic Data: PSE Quotation Reports

**Figure 26 - Property Sector Index (May - July)  
Property Sector Slows to +2.3% in July**



Source of Basic Data: PSE Quotation Reports

**Table 18 - Services Sector Constituent Stocks**

Company	Symbol	06/28/2024 Close	07/31/2024 Close	M-o-M % Change	2024 YTD
PLDT, Inc.	TEL	1,480.00	1,515.00	5.4%	18.5%
Globe Telecom	GLO	1,970.00	2,152.00	2.5%	25.1%
Converge ICT Solutions, Inc.	CNVRG	10.76	11.54	0.3%	37.7%
Puregold Price Club Inc.	PGOLD	25.20	26.30	8.7%	-2.2%
Wilcon Depot, Inc.	WLCON	20.00	17.50	-2.2%	-16.3%
International Container Terminal Services, Inc.	ICT	341.60	356.00	1.8%	44.2%
Bloomerry Resorts Corporation	BLOOM	10.60	8.27	-13.0%	-16.0%

Source of Basic Data: PSE Quotation Reports

The Property sector ranked fourth with its 2.3% MoM uptick in July, extending its +4.8% stay in the green for the month before.

Ayala Land, Inc.'s (ALI) share price rose +3.5% for the month, continuing from its +8.6% surge in June. The company recently disclosed a P6.3-B Q2 net profit figure, shooting upwards by +39.4% YoY. ALI attributes this success to an expanded buyer pool for premium residential projects.

SM Prime Holdings, Inc.'s (SMPH) share price closed with a small +1.8% MoM increase in July, continuing its +5.0% gain one month prior. SM Prime ended Q2 up +16.0% YoY in net earnings to P11.6-B, riding on robust mall performance, healthy residential business, and strong commercial segments.

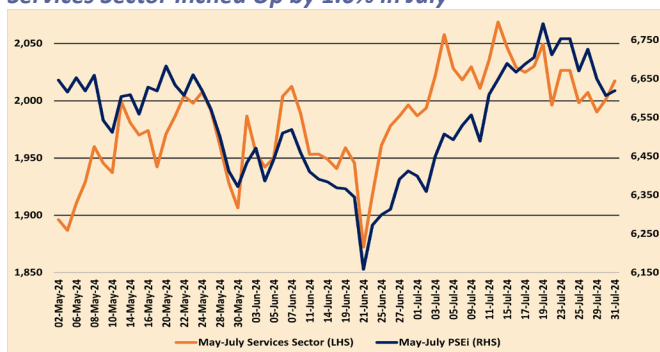
The Services sector took fifth place on a modest 1.0% MoM change in July, making minor gains from its +0.5% MoM growth a month ago.

Puregold Price Club, Inc.'s (PGOLD) share price ended the month up 8.7%, making up for the -4.0% downtick in June. The retailer kicked off its 2025 Puregold CinePanalo Film Festival in late July, encouraging local filmmakers to showcase their skills and elevate Filipino films.

PLDT, Inc.'s (TEL) share price closed July upwards at +5.4%, recovering from its -2.9% loss the previous month. The PLDT Group launched its 11th data hub in July, doubling its data center capacity to 100 MW. This new hub aims to meet growing demand for enterprise-based cloud and networking services.



**Figure 27 - Services Sector Index (May - July)**  
**Services Sector Inched Up by 1.0% in July**



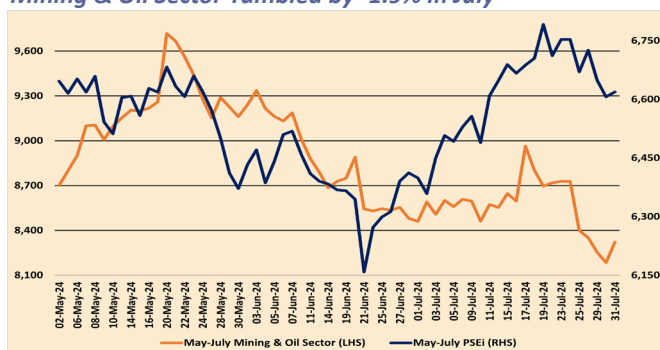
Source of Basic Data: PSE Quotation Reports

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

Company	Symbol	06/28/2024 Close	07//2024 Close	M-o-M % Change	2024 YTD
Nickel Asia Corporation	NIKL	3.71	3.35	-9.7%	-38.9%

Source of Basic Data: PSE Quotation Reports

**Figure 28 - Mining & Oil Sector Index (May - July)**  
**Mining & Oil Sector Tumbled by -1.9% in July**



Source of Basic Data: PSE Quotation Reports

Globe Telecom’s (GLO) share price edged up +2.5% for the month. This continued its +6.6% upswing in June, as investors saw GCash/Mynt now valued at \$5.0-B from just \$2.0-B in 2021 based on the buy-out of a foreign partner. Thus, GLO now owns a third of fintech arm Mynt. In addition, the telco operator reported Q2 attributable net income at P7.7-B, up +9.5% YoY. Despite reporting lower top line revenues, operating expenses likewise declined, leading to an improvement in the bottom line.

International Container Terminal Services, Inc.’s (ICTSI) share price posted a +1.8% gain for July, making good steps to recovering the -10.3% drop it incurred at the end of last month. The market reacted positively to ICTSI’s new developments including the full operation of three new quay cranes at the Manila International Container Terminal, showcasing the company’s commitment to high quality port services.

The Mining & Oil sector placed last for July, contracting by 1.9% MoM. This continued the sector’s -8.2% MoM loss in June. Nickel Asia Corporation’s (NIKL) share price further sank into the red with a -9.7% drop for July, following a -8.4% reduction in the previous month. Lower nickel ore prices continued to weigh on investors’ minds and contributed to a smaller H1 earnings call. Despite this, NIKL Q2 attributable net profits edged up +17.7% YoY to reach P914.1-M. NIKL, however, announced expansions in its nickel mines and renewable energy projects to meet increased demand.

# Recent Economic Indicators

## NATIONAL INCOME ACCOUNTS, CONSTANT PRICES (In Million Pesos)

	FY-2022		FY-2023		1st Quarter 2024			2nd 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%	446,303	-16.2%	0.4%	407,906	-8.6%	-2.3%
Industry Sector	5,913,748	6.5%	6,126,102	3.6%	1,543,974	-11.8%	5.1%	1,671,904	8.3%	7.7%
Service Sector	12,248,122	9.2%	13,120,749	7.1%	3,199,380	-11.2%	6.9%	3,453,461	7.9%	6.8%
<b>Expenditure</b>										
Household Final Consumption	14,570,348	8.3%	15,381,272	5.6%	3,863,984	-12.6%	4.6%	3,749,832	-3.0%	4.6%
Government Final Consumption	2,988,609	5.1%	3,005,103	0.6%	729,210	4.0%	1.7%	930,304	27.6%	10.7%
Capital Formation	4,606,648	13.7%	4,878,674	5.9%	1,146,652	-13.4%	1.3%	1,509,633	31.7%	11.5%
Exports	5,691,851	11.0%	5,773,780	1.4%	1,481,031	6.1%	7.5%	1,486,187	0.3%	4.2%
Imports	7,911,852	14.0%	7,987,070	1.0%	2,027,175	2.4%	2.3%	2,111,015	4.1%	5.2%
GDP	19,945,605	7.6%	21,051,758	5.5%	5,189,658	-11.8%	5.7%	5,533,272	6.6%	6.3%
NPI	1,130,111	76.8%	2,226,469	97.0%	642,751	-8.9%	57.0%	615,057	-4.3%	24.7%
GNI	21,075,715	9.9%	23,278,227	10.5%	5,832,409	-11.5%	9.7%	6,148,329	5.4%	7.9%

Source: Philippine Statistics Authority (PSA)

## NATIONAL GOVERNMENT CASH OPERATION (In Million Pesos)

	2022		2023		May-2024			June-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%	382,089	-28.9%	14.6%	296,524	-22.4%	10.9%
BIR	3,220,315	17.4%	3,429,292	6.5%	303,891	-34.2%	3.3%	249,309	-18.0%	3.4%
BoC	2,335,674	12.4%	2,516,986	7.8%	219,228	-42.1%	2.8%	172,503	-21.3%	4.7%
Others	862,420	34.0%	883,214	2.4%	81,301	0.7%	4.3%	74,623	-8.2%	0.7%
Non-Tax	22,221	5.7%	29,092	30.9%	3,362	34.2%	18.0%	2,183	-35.1%	-5.5%
	324,082	23.5%	394,164	21.6%	77,987	3.4%	98.1%	47,127	-39.6%	81.4%
<b>Expenditures</b>										
Allotment to LGUs	5,159,640	10.4%	5,336,191	3.4%	557,000	12.6%	22.2%	505,604	-9.2%	2.6%
Interest Payments	1,103,284	23.6%	926,052	-16.1%	81,338	2.9%	8.5%	83,886	3.1%	2.9%
	502,858	17.1%	628,333	25.0%	61,097	-9.5%	47.8%	55,643	-8.9%	5.2%
Overall Surplus (or Deficit)	(1,614,135)	-3.4%	(1,512,086)	-6.3%	(174,911)	-509.4%	43.1%	(209,080)	19.5%	-7.2%

Source: Bureau of the Treasury (BTr)

## POWER SALES AND PRODUCTION INDICATORS

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

	2023		May-2024			June-2024		
	Annual Levels	Growth Rate	Levels	Y-o-Y G.R.	YTD	Levels	Y-o-Y G.R.	YTD
TOTAL	50,357.90	4.3%	4,993.20	10.2%	9.0%	4,928.80	7.6%	9.1%
Residential	17,772.30	3.7%	1,967.00	16.4%	12.8%	1,898.90	11.7%	12.6%
Commercial	18,612.40	9.1%	1,799.60	10.4%	10.4%	1,800.70	7.6%	9.9%
Industrial	12,956.80	-2.6%	1,131.30	2.5%	2.8%	1,153.90	3.3%	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>								
	-7,263	-640.2%	3,672	-150.6%	1,936	241.0%	238	-93.1%
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		May-2024		June-2024	
	Average Levels	Y-o-Y G.R.	Levels	Y-o-Y G.R.	Levels	Y-o-Y G.R.
<b>RESERVE MONEY</b>	3,611,236	3.7%	3,851,807	8.4%	3,881,821	7.7%
<b>Sources:</b>						
Net Foreign Asset of the BSP	6,438,911	0.2%	6,877,461	4.9%	6,862,655	8.3%
Net Domestic Asset of the BSP	17,339,294	10.7%	18,874,808	10.7%	19,067,107	10.5%
<b>MONEY SUPPLY MEASURES AND COMPONENTS</b>						
Money Supply-1	6,508,324	3.0%	6,868,317	6.6%	6,902,846	6.9%
Money Supply-2	16,015,356	7.6%	16,998,815	7.0%	17,107,321	7.1%
Money Supply-3	16,493,188	6.8%	17,399,508	6.5%	17,498,577	6.6%
<b>MONEY MULTIPLIER (M2/RM)</b>	4.43		4.41		4.41	

Source: Bangko Sentral ng Pilipinas (BSP)

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