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PHILEQUITY CORNER

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Have you heard the news?

It's not just local news that affects the economy in general and the PSE in particular. Recent international news, coming from the most powerful economy, can jog not just its own market but the economy too of the rest of the world.

The connection of international news to a small economy like ours is not too obvious. Yet, both political and economic news have ripple effects reaching our shores. Aren't there foreign investors here, even in the local stock market?

One pioneering thinker in economics is John Stuart Mill (1806-1873) who started as a philosopher and civil servant. By the title of his seminal book, "The Principles of Political Economy", he saw the two disciplines of human endeavor as inextricably linked, even inseparable.

The laws of economics' other famous twins like "supply and demand" move in a particular direction when political moves affect inflation and the prices of goods and services. Are news items like the raising of tariffs in the US on China exports to that country relevant to our local stock market? (You can draw a dotted line here.)


Even a lifestyle show, usually featuring the homes of celebrities or singing the praises of yoga and pole dancing in maintaining a youthful vigor, news affecting business can be inserted. Maybe the item involves a local mogul whose company's bottom line hits a trillion. There are no further explanations for how this happened. Just a "gee whiz" expression on the faces of news readers.

Connecting general news to its impact on the economy can be a challenge. Often, the connection is made after a stock rally or dip has already happened. The trend of virtual economics (as opposed to real economics) is widespread, especially in social media. Everybody pretends to be an expert.

Economics, as it is generally reported, has fallen into clichés that are spouted even by clueless commentators. These buzzwords are easy to remember—globalization, rising tariffs imposed and then held off, global supply chains, rising poverty, or budget deficits. And why not throw in AI?

Radio commentators of the old school were more honest and admitted to being puzzled, even overwhelmed, by economic concepts. They would explain economic news using a political slant. The rising prices of basic commodities demonstrate the greed of rich traders manipulating the market by cornering supply and squeezing the farmer.

Even seemingly non-economic issues like the postponement of the rebuilding of a major highway in the city can have an economic spin. How does the overlaid "odd-even" coding scheme affect business? Does it result in lost productivity, enhance the Work From Home (WFH) protocol, and increase rentals of business-located condos to reduce commute time?



Anyway, that is all academic with the project has been put on hold. (Let's discuss that later.)

Still, economists can have ideological biases. So even experts don't always agree with each other. There are the free-market advocates that try to eliminate government intervention in the free market, and legislators that are currying popular appeal by pushing for the increase of the minimum wage every three years and putting price caps on consumer goods.

Leading online news outlets should endeavor to feature more items affecting business without much sensationalism. With a wider readership for economic news and a better appreciation of its impact on the lives of people, there may be a more intelligent context for current events.

Investors can then add to hot tips and insider information the economic impact of the news, both local and international. It's not just the weekly increase or reduction in the price of gasoline and the rising sales of hybrids and electric vehicles that affect inflation. This is thankfully low and projected at around 3%.

The rise of the middle class requires a better understanding of news and how it affects the price of eggs or the appreciation of the peso in relation to the US Dollar, and its impact on inward remittances of OFWs.

When someone asks you: "Have you heard the news?" It's best to look profound and say—I know now that TACO is not just a Mexican snack...and leave it at that.