

STOCK MARKET	ASIAN MARKETS	WORLD MARKETS	PESO-DOLLAR RATES	ASIAN MONIES-US\$ RATE	WORLD CURRENCIES	DUBAI CRUDE OIL
<b>PSEI</b> OPEN: 7,069.17 HIGH: 7,131.00 LOW: 6,999.17 CLOSE: 7,091.40 50.13 PTS. 0.71% VOL.: 0.974 B 30 DAYS TO JANUARY 5, 2022 VAL(P): 6.939 B	<b>JANUARY 5, 2022</b> JAPAN (Nikkei 225) 29,332.16 ▲ 30.37 0.10 HONG KONG (Hang Seng) 22,907.25 ▼ -382.59 -1.64 TAIWAN (TWSE) 18,499.96 ▼ -26.39 -0.14 THAILAND (SET Index) 1,676.79 ▲ 6.51 0.39 S. KOREA (KSE Composite) 2,953.97 ▼ -35.27 -1.18 SINGAPORE (STRAITS TIMES) 3,163.44 ▼ -17.69 -0.56 SYDNEY (ALL ORDINARIES) 7,565.80 ▼ -24.00 -0.32 MALAYSIA (KLCSE Composite) 1,547.95 ▲ 6.05 0.39	<b>JANUARY 4, 2022</b> Dow Jones 36,799.650 ▲ 214.590 NASDAQ 15,622.718 ▼ -210.081 S&P 500 4,793.540 ▼ -3.020 FTSE 100 7,505.150 ▲ 120.610 Euro Stoxx50 3,864.350 ▲ 29.490	<b>FX</b> OPEN P51.200 HIGH P50.890 LOW P51.330 CLOSE P50.960 W.AVE. P51.108 VOL. \$1,209.60 M SOURCE: BAP 34.00 CTSV 30 DAYS TO JANUARY 5, 2022	<b>JANUARY 5, 2022 LATEST BID (0900GMT)</b> JAPAN (YEN) 115.830 ▼ 115.800 HONG KONG (HK DOLLAR) 7.794 ▼ 7.796 TAIWAN (NT DOLLAR) 27.592 ▼ 27.566 THAILAND (BAHT) 33.200 ▼ 33.280 S. KOREA (WON) 1,198.130 ▼ 1,195.930 SINGAPORE (DOLLAR) 1.355 — 1.355 INDONESIA (RUPIAH) 14,355 ▼ 14,300 MALAYSIA (RINGGIT) 4.192 ▼ 4.184	<b>JANUARY 5, 2022</b> US\$/UK POUND 1.3542 ▲ 1.3509 US\$/EURO 1.1303 ▲ 1.1306 \$/AUSTRALIAN DOLLAR 0.7243 ▲ 0.7215 CANADA DOLLAR/US\$ 1.2713 ▲ 1.2739 SWISS FRANC/US\$ 0.9151 ▼ 0.9174	<b>FUTURES PRICE ON NEAREST MONTH OF DELIVERY</b> <b>\$77.49/BBL</b> 30 DAYS TO JANUARY 4, 2022

VOL. XXXV • ISSUE 118 THURSDAY • JANUARY 6, 2022 • www.bworldonline.com S1/1-12 • 2 SECTIONS, 16 PAGES

PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • JANUARY 5, 2022 (PSEI snapshot on S1/4; article on S2/2)

ALI P33.750 Value P659,340,135 -PO.950 ▼ -2.738%	ACEN P10.100 Value P448,210,749 -PO.400 ▼ -3.810%	MBT P54.000 Value P340,212,158 PO.000 — 0.000%	TEL P1,885.000 Value P331,648,255 P73.000 ▲ 4.029%	SPNEC P1.210 Value P326,394,880 -PO.090 ▼ -6.923%	AC P843.500 Value P324,325,015 P10.500 ▲ 1.261%	ICT P198.000 Value P281,251,532 P3.000 ▲ 1.538%	GLO P3,310.000 Value P254,888,400 P32.000 ▲ 0.976%	SMPH P34.350 Value P242,425,855 PO.850 2.537%	MONDE P16.000 Value P210,613,260 PO.300 ▲ 1.911%
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## Inflation eases to lowest in 12 months

By Bernadette Therese M. Gadon *Researcher*

PHILIPPINE INFLATION in December eased to its lowest in 12 months, due to the slower increase in the prices of food and transport, but the full-year inflation still exceeded the central bank's 2-4% target band.

Preliminary data from the Philippine Statistics Authority (PSA) showed headline inflation

slowed to 3.6% in December, from 4.2% in November.

December's inflation print was the slowest reading in 12 months or since the 3.5% reading in December 2020.

The headline figure is lower than the 3.9% median in a *BusinessWorld* poll conducted late last week, but falls within the 3.5%-4.3% estimate given by the Bangko Sentral ng Pilipinas (BSP) for the month.

However, this brought the full-year inflation average to 4.5%,

higher than the 2.6% recorded in 2020, and breached the BSP's 2-4% target band as well as the revised 4.4% forecast for the year. This was the highest print in three years or since the 5.2% logged in 2018.

BSP Governor Benjamin E. Diokno on Wednesday said he expects inflation to ease near the midpoint of the 2-4% target for this year and 2023.

"Looking ahead, the BSP stands ready to maintain its accommodative monetary policy stance to

support the economy's recovery while guarding against any emerging risks to its price and financial stability objectives," he said in a Viber message to reporters.

### SLOWER FOOD INFLATION

The National Economic and Development Authority (NEDA) noted slower food inflation as the main driver of the easing headline inflation in December. In particular, inflation in vegetables, which dropped 10% from the 1.8% decline seen in November, while

fish inflation eased to 7% from the previous month's 7.9%.

Meat inflation, meanwhile, rose to 11.3% from 10.7%, partly due to a 17.9% increase in pork prices from 17.3% in November.

The prices of food and non-alcoholic beverages, which contributed 52.8% to the inflation print, eased to 3.1% in December from the previous month's 3.9%. This group accounts for the largest chunk (38.3%) of the theoretical basket of goods and services that an average Filipino household consumes.

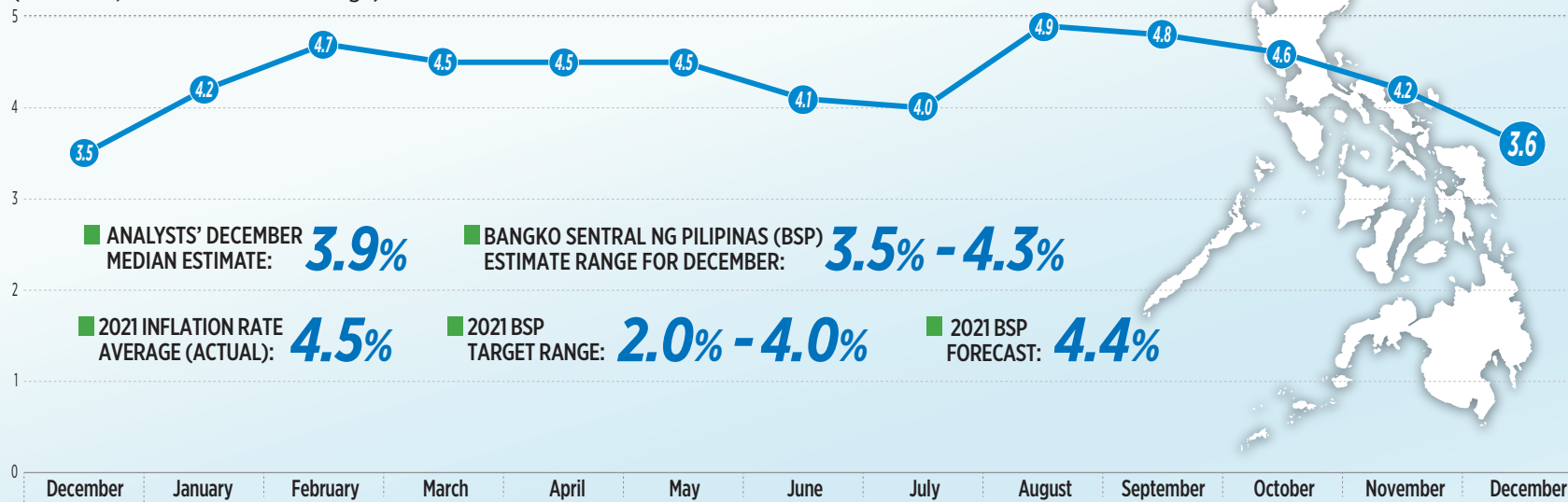
The food-alone index decelerated to 3.2% in December, from 3.9% in November and 4.9% in December 2020.

Transport prices, which accounted for 37.5% of December inflation, also slowed to 6.1% that month from 8.8% in November. Inflation in petroleum and fuels as well as tricycle fares decelerated to 29.4% (from 42.1% in November) and 1.7% (from 2.6%). Jeepney fares, meanwhile, declined to 0.2% from 0.5% growth in November.

*Inflation, S1/10*

### HEADLINE INFLATION RATES IN THE PHILIPPINES

(2012=100, Year-On-Year % Change)



ANALYSTS' DECEMBER MEDIAN ESTIMATE: **3.9%**

BANGKO SENTRAL NG PILIPINAS (BSP) ESTIMATE RANGE FOR DECEMBER: **3.5% - 4.3%**

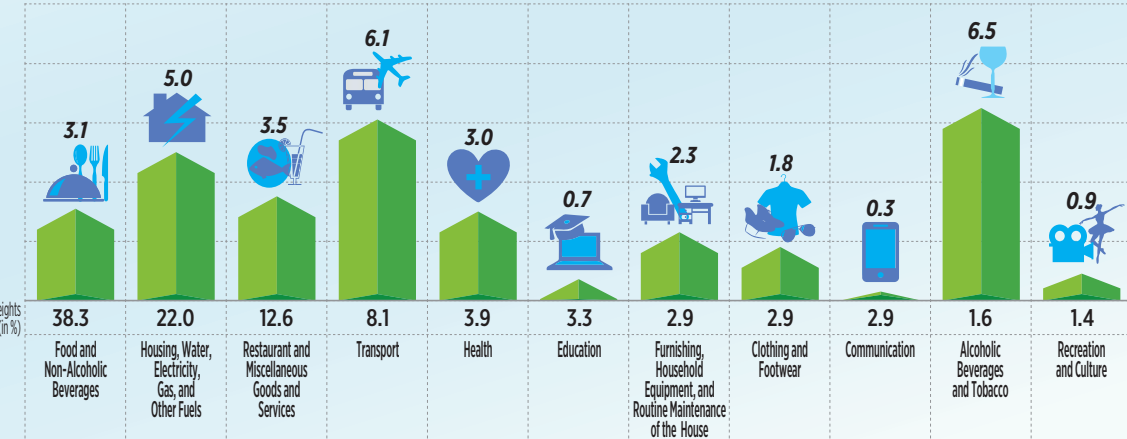
2021 INFLATION RATE AVERAGE (ACTUAL): **4.5%**

2021 BSP TARGET RANGE: **2.0% - 4.0%**

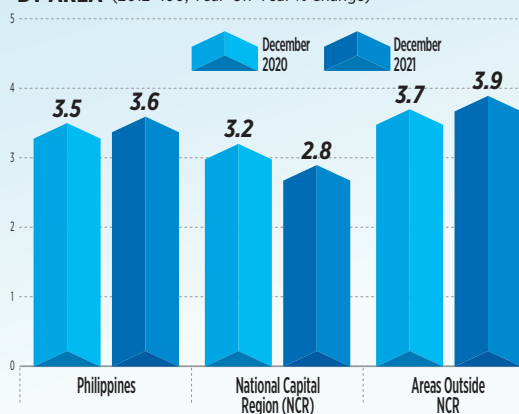
2021 BSP FORECAST: **4.4%**

#### BY COMMODITY GROUP (December 2021)

(2012=100, Year-On-Year % Change)

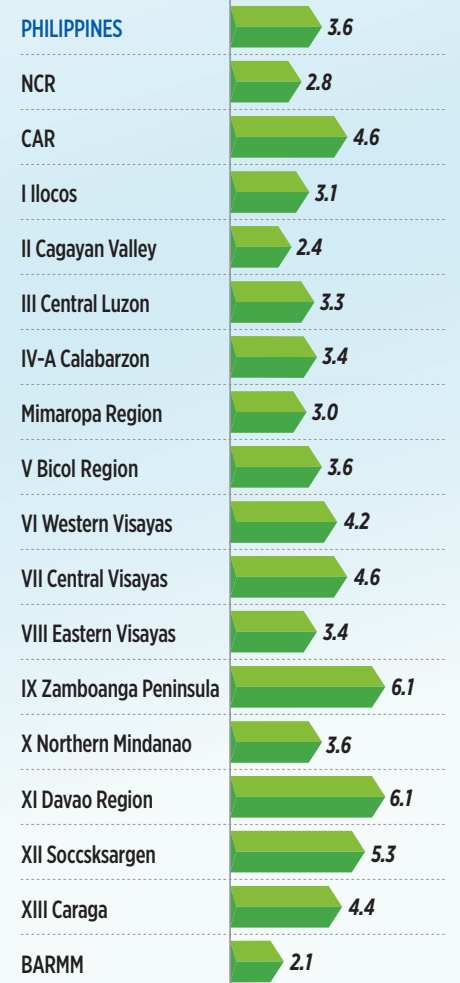


#### BY AREA (2012=100, Year-On-Year % Change)



#### BY REGION (December 2021)

(2012=100, Year-On-Year % Change)



SOURCE: PHILIPPINE STATISTICS AUTHORITY  
BUSINESSWORLD RESEARCH: ANA OLIVIA A. TIRONA  
BUSINESSWORLD GRAPHICS: BONG R. FORTIN

## PHL's social assistance cap cuts school, health investments for some children

A SUBSIDY CAP monitoring three children per household for the Philippine government's conditional cash transfer program has resulted in reduced household resources for the unsubsidized children who receive less schooling and health investment, an Asian Development Bank (ADB) report said.

The government's Pantawid Pamilyang Pilipino Program (4Ps) provides cash grants for up to three children per household if they stay in school and submit to health examinations.

But an ADB report "Intrahousehold Responses to Imbalanced Human Capital Subsidies" showed that the children not monitored by the program have received less investment from households that shift their resources towards the monitored children.

"While subsidized children are caused to have increased household investment, in terms of greater aspirations, grit, health, education, and reduced child labor, unsubsidized children have reduced aspirations, lower health investment, poorer nutrition, reduced schooling, and reduced learning as a result of the program," the ADB said.

The report, which was released in December, was authored by ADB Economic Research and Regional Cooperation Department economist David Raitzer and ADB consultants Odbayar Batmunkh and Damaris Yarcia.

"Across a range of indicators, household resources are being withdrawn from unsubsidized children and redirected toward those who are subsidized," the ADB said.

Under the 4Ps, parents or guardians are required to attend family development sessions. Depending on their age, children must receive preventive health checkups and vaccines, attend school, and avail of regular deworming pills.

The ADB said the 4Ps only monitored beneficiary children for educational compliance and few children for health compliance.

The beneficiary families, which have few resources, tend to maximize those resources by channeling them towards the monitored children.

"Such behavior is likely to maximize total expected income, it also means that disparities are exacerbated within families," the ADB said.

In response, the ADB said all eligible children must be registered for educational monitoring even within the existing three-children cap.

"The 4Ps program is designed to promote investment in human capital, and those investments in terms of health are already intended to span all children. However, this is hampered by limited outreach to ensure that new pregnancies and births are registered and that health conditionalities are enforced. Were health monitoring conducted of all children, the health effects of underinvestment in certain children would be more apparent to healthcare providers," it said.

The social assistance program could also focus on children at greater risk of dropping out of school, the ADB said.

The Philippine government's 2022 national budget set aside P107.67 billion for the 4Ps.

The World Bank in 2020 approved a \$600-million loan for the conditional cash transfer program, while the ADB has granted loans worth \$500 million.

The program has over four million beneficiaries. — **Jenina P. Ibañez**

## Lenders' exposure to real estate falls as of end-Sept.

LOCAL BANKS and trust entities saw a decline in their exposure to the real estate industry at the end of the third quarter of 2021, based on data from the Bangko Sentral ng Pilipinas (BSP).

Banks and trust departments have a cumulative 22.18% exposure to the property market as of end-September, well-within the 25% limit set by the central bank. It inched down from the record 22.2% exposure seen as of end-June.

"I think [this level of exposure] is not much of a concern because we are still grappling with the pandemic and it is only in the fourth quarter that much of the demand [in the sector] has returned," UnionBank of the Philippines, Inc. Chief Economist Ruben Carlo O. Asuncion said in a Viber message.

"The Omicron threat may again dampen overall demand and may eventually affect demand for real estate at least in the short term," he added, referring to the more transmissible coronavirus disease 2019 (COVID-19) variant that is driving a fresh surge in infections.

Broken down, real estate exposure of Philippine banks edged up to 22.24% as of end-Sept. from 22.21% as of end-June.

Meanwhile, trust departments' exposure to the property sector plunged to 14.69% as of end-September from 21.16% as of end-June.

BSP data showed that loans and investments to the real estate industry reached P2.76 billion as of end-September, higher by 8.3% from the P2.548 billion seen in the same period of 2020.

Lending to the property sector reached P2.367 billion, up 6.9% from P2.214 billion a year ago. Broken down, banks disbursed credit worth P2.356 billion, while trust department extended loans amounting to P11.5 billion.

Gross nonperforming real estate loans hit P122.812 billion, rising 32% from the P92.991 billion as of end-September 2020. This brought the ratio to 5.19%, up from the 5.15% seen at the end of the second quarter as well as the 4.2% a year prior.

*Lenders, S1/5*



THE WORLD  
US posts nearly 1M COVID cases  
in a day, setting global record S1/10

THE NATION  
Metro Manila at critical risk  
from coronavirus S1/12

BANKING & FINANCE  
Diokno recognized as world's  
top central banker of the year S2/1



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