P25 IN METRO MANILA, PHILIPPINES

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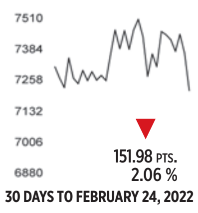
BusinessWorld

STOCK MARKET



PSEi

OPEN:	7,355.87
HIGH:	7,383.90
LOW:	7,179.63
CLOSE:	7,212.23
VOL.:	2.816 B
VAL(P):	9.938 B

ASIAN MARKETS

FEBRUARY 25, 2022

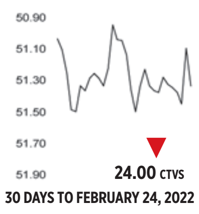
	CLOSE		NET	%
Japan (Nikkei 225)	26,476.50	▲	505.68	1.95
Hong Kong (Hang Seng)	22,767.18	▼	-134.38	-0.59
Taiwan (Weighted)	17,652.18	▲	57.63	0.33
Thailand (SET Index)	1,679.90	▲	17.18	1.03
S.Korea (Kse Composite)	2,676.76	▲	27.96	1.06
Singapore (Straits Times)	3,294.47	▲	18.41	0.56
Sydney (All Ordinaries)	6,997.80	▲	7.20	0.10
Malaysia (Klse Composite)	1,591.72	▲	17.83	1.13

WORLD MARKETS

FEBRUARY 25, 2022

	CLOSE		NET
Dow Jones	34,058.750	▲	834.920
NASDAQ	13,694.624	▲	221.039
S&P 500	4,384.650	▲	95.950
FTSE 100	7,489.460	▲	282.080
Euro Stoxx50	3,661.240	▲	119.730

PESO-DOLLAR RATES



FX

OPEN	P51.180
HIGH	P51.170
LOW	P51.440
CLOSE	P51.340
W.AVE.	P51.291
VOL.	$1,160.10 M

SOURCE : BAP

ASIAN MONIES-US$ RATE

FEBRUARY 25, 2022

	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	115.560	▼	114.730
Hong Kong (HK dollar)	7.808	▼	7.807
Taiwan (NT dollar)	27.964	▲	27.991
Thailand (baht)	32.450	▲	32.510
S. Korea (won)	1,197.570	▲	1,203.100
Singapore (dollar)	1.353	▼	1.352
Indonesia (rupiah)	14,365	▲	14,380
Malaysia (ringgit)	4.199	—	4.199

WORLD CURRENCIES

FEBRUARY 25, 2022

	CLOSE		PREVIOUS
US$/UK pound	1.3405	▼	1.3447
US$/Euro	1.1267	▲	1.1236
$/Aust dollar	0.7232	▲	0.7184
Canada dollar/US$	1.2705	▼	1.2810
Swiss Franc/US$	0.9250	▲	0.9210

DUBAI CRUDE OIL

FUTURES PRICE ON NEAREST MONTH OF DELIVERY

$95.81/BBL

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S1/1-12 • 5 SECTIONS, 34 PAGES

PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • FEBRUARY 24, 2022 (PSEi snapshot on *S1/3*; article on *S2/2*)

		Value			
MBT	P59.500	P683,123,853	-P0.350	▼	-0.585%
ICT	P210.000	P678,434,146	-P6.000	▼	-2.778%
BDO	P130.100	P638,636,152	-P4.700	▼	-3.487%
SMPH	P38.000	P436,028,645	-P1.000	▼	-2.564%
SM	P871.000	P422,899,580	-P9.000	▼	-1.023%
ALI	P37.200	P313,847,970	-P1.000	▼	-2.618%
CREIT	P2.700	P312,327,830	-P0.140	▼	-4.930%
MONDE	P14.800	P298,034,812	-P1.000	▼	-6.329%
DITO	P6.140	P296,996,621	-P0.460	▼	-6.970%
GLO	P2,698.000	P240,831,820	-P4.000	▼	-0.148%

Inflation likely jumped 3.3% in Feb.

By Luz Wendy T. Noble
Reporter

INFLATION likely accelerated in February due to the spike in global oil and commodity prices after Russia's invasion of Ukraine, analysts said.

A *BusinessWorld* poll of 15 analysts yielded a median estimate of 3.3% in February, well within the 2-4% target set by the Bangko Sentral ng Pilipinas (BSP). If realized, it will be faster than the 3% in January, though slower than the 4.2% a year earlier.

The Philippine Statistics Authority will release February inflation data on March 4.

The continued rise in global oil prices amid the Russia-Ukraine crisis was a major factor that likely caused faster price increases in February, Colegio de San Juan de Letran Graduate School Dean Emmanuel J. Lopez said in an e-mail.

"Basically, all petroleum byproducts had an average increase of P10 since January 2022. And since oil is a basic production input, it severely affects the cost of production," Mr. Lopez said in an e-mail.

Global oil prices continued to climb in February amid tight supply and geopolitical tensions. As Russia invaded Ukraine, Brent crude on Thursday surpassed $100 a barrel for the first time since 2014, although prices eased on Friday.

Latest data from the Department of Energy showed gasoline, diesel and kerosene have increased by P8.75, P10.85, and P9.55 per liter, respectively, since the year started.

Nomura Global Markets Research on Friday said that the Philippines is among the Asian countries that will be impacted the most by the Russia-Ukraine conflict through inflation. It noted every 10% increase in oil prices could add up 0.40 percentage point to inflation. This is because of the country's "high oil import dependence and its immediate pass through to consumers" amid the absence of subsidies, it said.

The country being a net oil importer will also affect the peso's strength and in turn push inflation higher, ING Bank N.V. Manila Senior Economist Nicholas Antonio T. Mapa said.

"Higher oil prices will drive up local inflation and foment peso weakness as importers will need more foreign exchange to cover pricier oil. Weaker peso foments higher inflation, causing negative feedback with inflation edging higher and peso weakening further," Mr. Mapa said.

At its close of P51.34 per dollar on Thursday, the peso weakened by 0.67% from its P50.999 finish last year.

Potential supply disruption concerns in the Black Sea will not be limited to oil as it may also cause prices of other commodity prices to edge up, Security Bank Corp. Chief Economist Robert Dan J. Roces said.

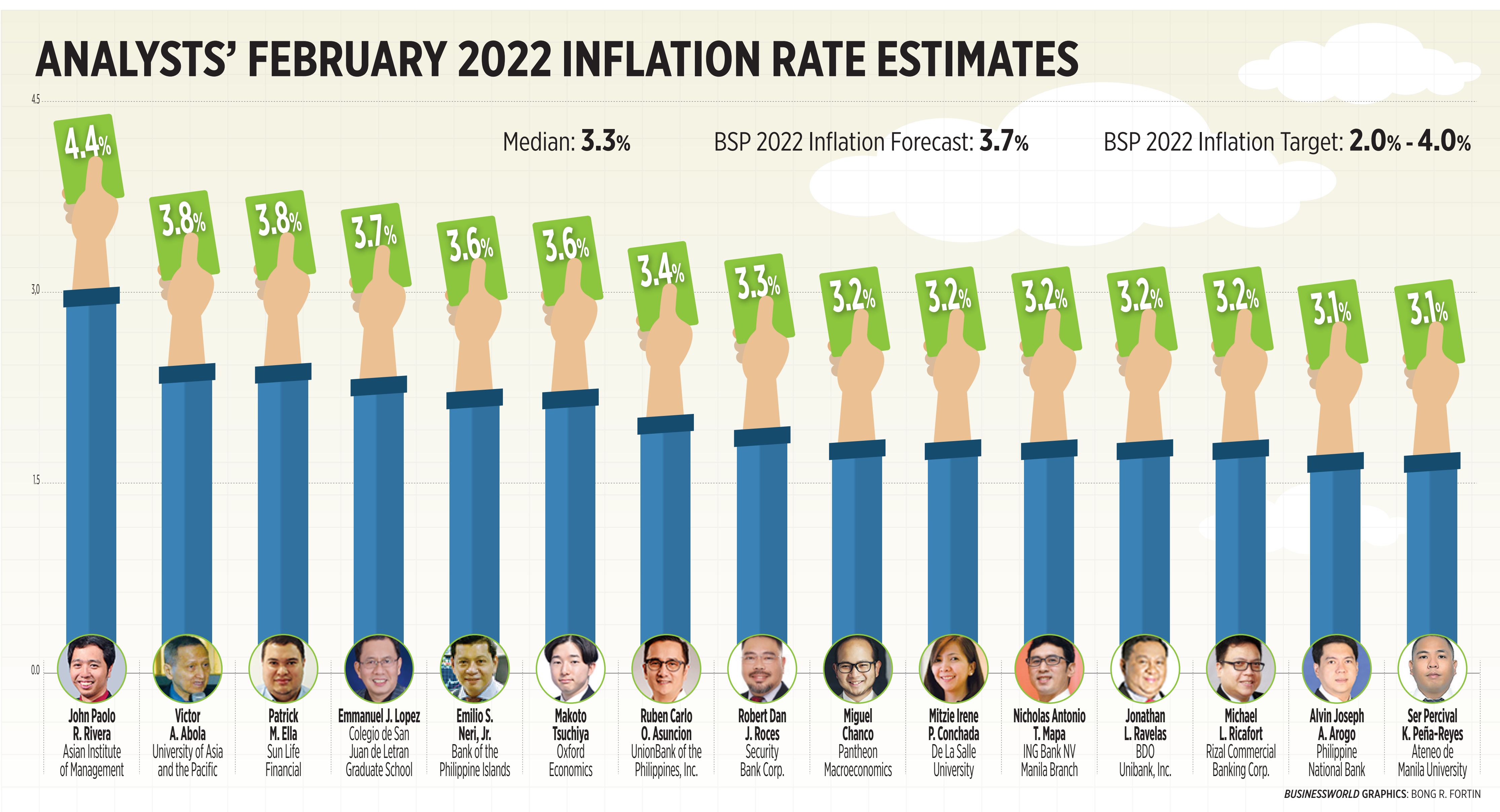
"The Philippines remain one of the largest importers of wheat and soybean meal, which are used as both food production inputs and farm animal feed. These global price movements may pressure production costs, in turn costs could get passed on to consumers in the near term," Mr. Roces said.

Russia and Ukraine are two of the biggest exporters of wheat in the world.

Mr. Roces noted looser mobility curbs as the Omicron surge subsided may have also caused faster inflation as economic activities picked up. Metro Manila and some provinces were placed under a more relaxed Alert Level 2 in February.

"For instance, the Restaurants and Accommodation Services and Personal Care and

Inflation, S1/9



Next administration urged to improve spending, tax the rich

By Jenina P. Ibañez
Senior Reporter

ANALYSTS are pushing for targeted spending and a tax on the wealthy as the government prepares a fiscal consolidation plan to address the Philippines' growing debt.

"In general, a fiscal consolidation plan should involve raising more taxes and cutting government spending. Both, however, can cause economic recovery to decelerate," University of Asia and the Pacific Senior Economist Cid L. Terosa said.

The Department of Finance (DoF) is preparing a fiscal consolidation plan to manage debt as it transitions to the next administration which will take over on June 30.

The government recorded P11.73 trillion in outstanding debt as of end-2021, growing nearly 20% year on year. This pushed the debt-to-GDP ratio to 60.5%, higher than the 60% threshold considered as manageable by multilateral lenders for developing economies.

Rich, S1/3

'Import-sensitive' firms may face supply disruptions amid Russia-Ukraine conflict

By Keren Concepcion G. Valmonte
Reporter

LISTED Philippine firms importing raw materials and other products may be affected by the global supply chain disruption caused by the ongoing conflict between Russia and Ukraine.

However, companies involved in banking, mining, and renewable energy sectors may see opportunities amid the crisis.

"[Companies] who are import-sensitive will take a hit for the short term, there will be a knee-jerk reaction," First Grade Finance, Inc. Managing Director Astro C. del Castillo said in a phone call on Sunday.

This includes petroleum-related firms, while food manufacturing companies may also be affected "because of the global shocks in relation to the uncertainty."

Oil prices soared to over $100 per barrel on Thursday, after Russia's full-scale invasion of Ukraine. On Friday, oil prices dropped as worries over supply disruptions eased.

Reuters reported that wheat prices hit their highest level since mid-2008. Russia and Ukraine are two of the world's biggest suppliers of wheat. Supply interruptions may push up wheat prices, and in turn food inflation.

Mr. Del Castillo noted the global supply chain, which has already faced delays and other issues brought by the coronavirus disease 2019 (COVID-19) pandemic, may face more constraints due to the war.

"Perhaps the greatest threat of the Ukraine-Russia war would be the threat of higher inflation. Any sector that heavily relies on raw materials to produce goods may be affected by rising inflation," COL Financial Group, Inc. Chief Technical Analyst Juanis G. Barredo said in a Viber message on Sunday.

Mr. Barredo noted that companies involved in transportation and shipping, food retail, and consumer goods may incur higher production costs brought by the increase in prices of raw materials.

Meanwhile, First Metro Investment Corp. Head of Research Cristina S. Ulang said the war between Ukraine and Russia may benefit firms in banking and mining as well as renewable energy firms.

"Long-term, the renewable energy sector will get a boost given the need to diversify energy sources toward cheaper more available sources and less affected by geopolitical risks," Ms. Ulang said in a separate Viber message on Sunday.

"On the other hand, banks will enjoy improved loan spreads as interest rates inch up. Greater haven asset demand will benefit gold miners while soaring nickel and coal prices will see an opportunistic [ramping-up] of Philippine exports of these minerals," she added.

At the same time, Mr. Barredo noted that businesses are still recovering from the strict lockdowns, which "may have eroded some business coffers, limiting their ability to sit through yet another prolonged crisis."

"We do hope that no direct influence on the Philippines may occur, other than higher oil, food, and transport costs could be seen. This could add some temporary weight and worry into investor sentiment. We do hope though the length of (the conflict) would be limited," he added.

In case of a prolonged war, Ms. Ulang said the markets will price in the risk of higher inflation and tighter monetary policy "for longer than the prewar expectations."