

STOCK MARKET	ASIAN MARKETS	WORLD MARKETS	PESO-DOLLAR RATES	ASIAN MONIES-US\$ RATE	WORLD CURRENCIES	DUBAI CRUDE OIL
PSEI OPEN: 7,112.00 HIGH: 7,140.90 LOW: 7,007.63 CLOSE: 7,007.63 VOL.: 1.653 B VAL(P): 27,588 B 114.82 PTS. 1.61% 30 DAYS TO MARCH 18, 2022	MARCH 18, 2022 JAPAN (NIKKEI 225) 26,827.43 ▲ 174.54 0.65 HONG KONG (HANG SENG) 21,412.40 ▼ -88.83 -0.41 TAIWAN (TAIEX) 17,456.52 ▲ 8.30 0.05 THAILAND (SET INDEX) 1,678.51 ▼ -3.25 -0.19 S. KOREA (KOSPI) 2,707.02 ▲ 12.51 0.46 SINGAPORE (STRAITS TIMES) 3,330.63 ▲ 7.92 0.24 SYDNEY (ALL ORDINARIES) 7,294.40 ▲ 43.60 0.60 MALAYSIA (KLC COMPOSITE) 1,591.26 ▲ 0.38 0.02	MARCH 18, 2022 DOW JONES 34,754.930 ▲ 274.170 NASDAQ 13,893.837 ▲ 279.056 S&P 500 4,463.120 ▲ 51.450 FTSE 100 7,404.730 ▲ 19.390 EURO STOXX50 3,667.220 ▲ 31.470	FX OPEN P52.200 HIGH P52.200 LOW P52.430 CLOSE P52.335 W.AVE. P52.336 VOL. \$1,445.05 M SOURCE: BAP 19.50 CTVS 30 DAYS TO MARCH 18, 2022	MARCH 18, 2022 LATEST BID (0900GMT) JAPAN (YEN) 119.170 ▼ 118.680 HONG KONG (HK DOLLAR) 7.824 ▼ 7.820 TAIWAN (NT DOLLAR) 28.356 ▼ 28.256 THAILAND (BAHT) 33.290 ▼ 33.240 S. KOREA (WON) 1,211.50 ▼ 1,210.510 SINGAPORE (DOLLAR) 1.355 ▼ 1.355 INDONESIA (RUPIAH) 14,340 ▼ 14,300 MALAYSIA (RINGGIT) 4.191 ▲ 4.194	MARCH 18, 2022 US\$/UK POUND 1.3180 ▼ 1.3183 US\$/EURO 1.1055 ▼ 1.1044 \$/AUSTRALIAN DOLLAR 0.7415 ▲ 0.7326 CANADA DOLLAR/US\$ 1.2602 ▲ 1.2657 SWISS FRANC/US\$ 0.9312 ▼ 0.9403	DUBAI CRUDE OIL FUTURES PRICE ON NEAREST MONTH OF DELIVERY \$106.60/BBL 30 DAYS TO MARCH 18, 2022

VOL. XXXV • ISSUE 170 MONDAY • MARCH 21, 2022 • www.bworldonline.com S1/1-10 • 6 SECTIONS, 32 PAGES

PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • MARCH 18, 2022 (PSEI snapshot on S1/4; article on S2/2)

SM P902.500 Value P11,247,115,660 -P3.500 ▼ -0.386%	TEL P1,686.000 Value P1,315,318,725 -P7.000 ▼ -0.413%	SMPH P38.650 Value P1,201,294,085 P0.550 ▲ 1.444%	AREIT P46.250 Value P1,079,573,855 P0.500 ▲ 1.093%	RCR P7.180 Value P1,024,037,389 P0.020 ▲ 0.279%	MONDE P14.340 Value P995,296,902 -P0.740 ▼ -4.907%	ICT P224.800 Value P977,889,848 P0.000 — 0.000%	CNVRG P25.200 Value P851,878,890 -P0.750 ▼ -2.890%	ALI P35.450 Value P669,444,465 -P1.100 ▼ -3.010%	ACEN P8.200 Value P660,409,009 -P0.230 ▼ -2.728%
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BSP to keep policy rates steady — poll

By Luz Wendy T. Noble
Reporter

THE BANGKO Sentral ng Pilipinas (BSP) is widely expected to maintain policy rates at record lows on Thursday in line with its signals it will continue to support economic recovery.

However, analysts said they are seeking more forward guidance from the BSP on its imminent tightening as the space to retain its accommodative stance is getting smaller.

A *BusinessWorld* poll last week showed 15 out of 17 analysts still anticipate the Monetary Board keeping rates on hold on March 24, the second policy review this year.

Analysts believe the BSP will remain focused on providing support for a more sustainable economic recovery despite inflationary risks caused by the Russia-Ukraine war.

"I think the BSP will maintain rates, since the problem (i.e., the Russia-Ukraine conflict and its ripple effect on world oil and commodity markets) is essen-

tially cost-push in nature, which requires appropriate supply-side interventions from the government," said Ser Percival K. Peña-Reyes, associate director at the Ateneo de Manila University Center for Economic Research and Development.

Global oil prices have been volatile in the recent weeks due to supply concerns arising from Russia's invasion of Ukraine. Russia is the world's second-biggest exporter of crude oil.

Latest data from the Department of Energy showed prices

of gasoline, diesel, and kerosene increased by P20.35, P30.65, and P24.90 per liter since the start of the year.

Fuel retailers are expected to announce on Monday a hefty cut in pump prices, as global crude oil prices posted a weekly loss last Friday.

The Philippine economy is still below its pre-pandemic level, which strengthens the case for the BSP to stay on hold, analysts said.

"The economy will likely only return to its pre-pandemic level by the third quarter of 2022. As such, we believe that the central

bank would only be comfortable to start tightening the monetary environment by the middle of the year," Philippine National Bank economist Alvin Joseph A. Arogo said.

He expects the BSP to announce a rate hike at its policy review meeting on June 23.

"I certainly think that economic growth should still be the BSP's focus, largely because the economy is still operating well below potential. Indeed, this is one of the reasons why we expect the bank to remain

on hold throughout this entire year, despite the wave of interest rate tightening sweeping the globe," said Miguel Chanco, senior Asia Economist at Pantheon Macroeconomics.

The economy expanded by 5.6% in 2021 after shrinking by a record 9.6% in 2020. However, gross domestic product (GDP) remained below its pre-pandemic level and is only expected to regain this within this year.

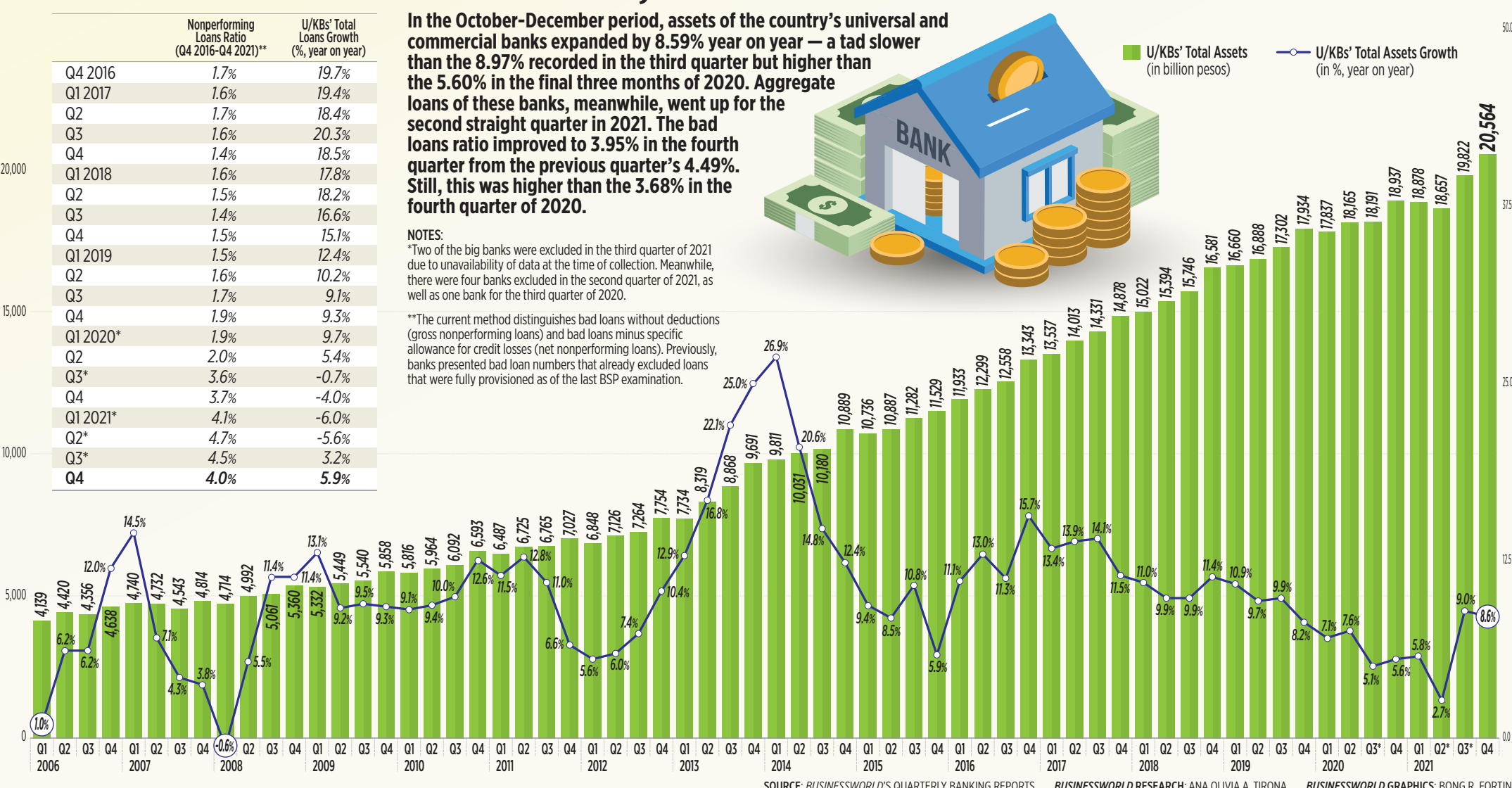
BSP Governor Benjamin E. Diokno has earlier said they would first

Poll, S1/3

BIG BANKS' ASSET GROWTH EASES; LOANS CONTINUE TO GROW IN Q4 2021

In the October-December period, assets of the country's universal and commercial banks expanded by 8.59% year on year — a tad slower than the 8.97% recorded in the third quarter but higher than the 5.60% in the final three months of 2020. Aggregate loans of these banks, meanwhile, went up for the second straight quarter in 2021. The bad loans ratio improved to 3.95% in the fourth quarter from the previous quarter's 4.49%. Still, this was higher than the 3.68% in the fourth quarter of 2020.

NOTES:
*Two of the big banks were excluded in the third quarter of 2021 due to unavailability of data at the time of collection. Meanwhile, there were four banks excluded in the second quarter of 2021, as well as one bank for the third quarter of 2020.
**The current method distinguishes bad loans without deductions (gross nonperforming loans) and bad loans minus specific allowance for credit losses (net nonperforming loans). Previously, banks presented bad loan numbers that already excluded loans that were fully provisioned as of the last BSP examination.



PHL banks' Q4 loan growth fastest since Q1 2020

By Ana Olivia A. Tirona
Researcher

FOURTH-QUARTER lending by the Philippines' biggest banks grew at the fastest pace since the start of the coronavirus disease 2019 (COVID-19) pandemic.

The latest edition of *BusinessWorld's* quarterly banking report showed the aggregate loans of 46 universal and commercial banks (U/KBs) jumped by 5.93% year on year to P10.15 trillion in the fourth quarter, quicker than the 3.24% growth in the preceding quarter.

The latest performance reading marked the fastest in seven quarters, or since the year-on-year expansion of 9.73% recorded in the first three months of 2020.

Meanwhile, aggregate assets in the fourth quarter grew by 8.59% to P20.56 trillion, slower from the year-on-year growth of 8.97% in the third quarter of 2021 but quicker than the 5.59% seen in the same period in 2020.

The median return on equity (RoE), which is an indicator of profitability, slowed to 3.11% in

the fourth quarter from the 3.36% in the preceding quarter and the 3.66% RoE in the fourth quarter of last year.

Bad loans, also known as nonperforming loans (NPLs), slipped by 7.11% to P371.65 billion in the October to December period, from P400.08 billion in the third quarter of 2021. Compared with the fourth quarter of 2020, NPLs grew by 20.34%.

This brought the NPL ratio, or the portion of bad loans to the total loan portfolio, to 3.95% in the fourth quarter, lower than the 4.49% in the preceding quarter. The NPL ratio was higher compared with 3.68% recorded in the final three months of 2020.

Loans are considered to be nonperforming once they are left unpaid at least 30 days beyond the due date. They pose a risk to the lenders' asset quality as borrowers are likely to default on these debts.

Likewise, the U/KBs' nonperforming asset (NPA) ratio — or the NPLs and foreclosed properties in proportion to total assets — stood at 1.27%, lower than the previous quarter's 1.43%, but higher than 1.17% in 2020.

Relative to total assets, foreclosed real and other properties stood at 0.25%, dipping from third quarter's 0.26%. This was also slightly lower compared with the 0.28% posted in the fourth quarter of 2020.

Total loan loss reserves reached P341.23 billion during the period, smaller than the preceding quarter's P353.53 billion but bigger than P322.57 billion in 2020.

Big banks' median capital adequacy ratio — or the ability to absorb losses from risk-weighted assets — stood at 21.30%. This was higher than 20.80% in the third quarter of 2021 and 20.14% in the fourth quarter of 2020. Still, the ratio remained well above the regulatory minimum of 10% set by the BSP as well as the international minimum standard of 8%.

When comparing U/KBs in terms of combined assets, BDO Unibank, Inc. remained the top bank with P3.560 trillion. It was followed by Land Bank of the Philippines (LANDBANK) with P2.922 trillion and Metropolitan Bank & Trust Co. (Metrobank) with P2.507 trillion.

Banks that had the most deposits were BDO (with P2.822 trillion), LANDBANK (P2.569 trillion), and Bank of the Philippine Islands (P1.957 trillion).

BDO had the biggest loans issued with P2.320 trillion, followed by Bank of the Philippine Islands and Metrobank with P1.471 trillion and P1.209 trillion, respectively.

Among U/KBs with assets of at least P100 billion, Rizal Commercial Banking Corp. posted the fastest year-on-year asset growth with 24.62%, followed by LANDBANK (23.51%) and Robinsons Bank Corp. (18.64%).

LANDBANK also posted the fastest loan growth during the period with 25.59%, followed by Hongkong & Shanghai Banking Corp. Ltd.'s 15.01% and Robinsons Bank Corp.'s 13.92%.

BusinessWorld Research has been tracking the financial performance of the country's largest banks on a quarterly basis since the late 1980s using banks' published statements.

The full version of *BusinessWorld's* quarterly banking report will soon be available for download at www.bworldonline.com.

External debt hits a record \$106.428 billion in 2021

THE COUNTRY'S outstanding external debt reached a record high in 2021 as the government continued to ramp up borrowings amid the pandemic.

Preliminary data released by the Bangko Sentral ng Pilipinas (BSP) on Friday night showed external debt as of end-2021 reached \$106.428 billion.

It increased by 8.1% from the \$98.488-billion level as of end-2020. It is also the biggest so far based on available BSP data which dates back to 1985.

"Year on year, the country's debt stock rose by \$7.9 billion brought about by net availments of \$9.8 billion, mainly by the National Government and prior periods' adjustments of \$3.8 billion," the BSP said in a statement.

The rise in external borrowings was partially offset by the increase in residents' investment in offshore debt papers.

The external debt is equivalent to 27% of the Philippine gross domestic product (GDP). This is slightly lower than 27.2% debt-to-GDP ratio logged in 2020, which was the biggest in seven years or since the 27.6% in 2013.

"External debt-to-GDP ratio as of end-2021 eased amid the faster growth in GDP that led to a bigger base as the economy reopened further towards greater normalcy," Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said in a Viber message.

Debt, S1/3

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