

STOCK MARKET	ASIAN MARKETS	WORLD MARKETS	PESO-DOLLAR RATES	ASIAN MONIES-US\$ RATE	WORLD CURRENCIES	DUBAI CRUDE OIL
PSEi OPEN: 6,742.83 HIGH: 6,764.10 LOW: 6,668.39 CLOSE: 6,721.08 VOL.: 0.795 B VAL(P): 3.606 B 10.17 PTS. 0.15% 30 DAYS TO MAY 2, 2022	MAY 2, 2022 JAPAN (Nikkei 225) 26,818.53 ▲ -29.37 -0.11 HONG KONG (HANG SENG) * 21,089.39 ▲ 813.22 4.01 TAIWAN (WEIGHTED) * 16,592.18 ▲ 172.80 1.05 THAILAND (SET INDEX) * 1,667.44 ▼ -0.30 -0.02 S.KOREA (KSE COMPOSITE) 2,687.45 ▲ -7.60 -0.28 SINGAPORE (STRAITS TIMES) * 3,356.90 ▲ 21.81 0.65 SYDNEY (ALL ORDINARIES) 7,347.00 ▲ -88.00 -1.18 MALAYSIA (KLSE COMPOSITE) * 1,600.43 ▲ 3.12 0.20 CLOSING PRICE: * APRIL 29, 2022	APRIL 29, 2022 Dow Jones 32,977.210 ▼ -939.180 NASDAQ 12,334.640 ▼ -536.888 S&P 500 4,131.930 ▼ -155.570 FTSE 100 7,544.550 ▲ 35.360 Euro Stoxx50 3,726.210 ▲ 31.870	FX OPEN P52.250 HIGH P52.220 LOW P52.400 CLOSE P52.365 W.AVE. P52.297 VOL. \$840.70 M SOURCE: BAP	MAY 2, 2022 LATEST BID (0900GMT) PREVIOUS JAPAN (YEN) 129.890 129.830 HONG KONG (HK DOLLAR) 7.847 7.847 TAIWAN (NT DOLLAR) 29.520 29.438 THAILAND (BAHT) 34.390 34.240 S. KOREA (WON) 1,266.940 1,263.030 SINGAPORE (DOLLAR) 1.385 1.384 INDONESIA (RUPIAH) 14,495 14,495 MALAYSIA (RINGGIT) 4.352 4.352	MAY 2, 2022 US\$/UK POUND 1.2574 ▲ 1.2570 US\$/EURO 1.0524 ▼ 1.0540 \$/AUSTRALIAN DOLLAR 0.7069 ▲ 0.7063 CANADA DOLLAR/US\$ 1.2862 ▲ 1.2856 SWISS FRANC/US\$ 0.9721 ▼ 0.9734	FUTURES PRICE ON NEAREST MONTH OF DELIVERY \$105.45/BBL \$2.65 30 DAYS TO APRIL 29, 2022

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

ALI	P32.100	MBT	P50.050	BDO	P128.000	SMPH	P35.000	URC	P104.800	CNVRG	P27.300	ACEN	P7.400	TEL	P1,865.000	JFC	P220.000	GLO	P2,274.000
Value	P268,436,815	Value	P233,422,694	Value	P165,515,277	Value	P140,467,215	Value	P128,471,165	Value	P118,315,360	Value	P112,959,658	Value	P104,412,160	Value	P101,360,268	Value	P100,426,650
P0.050	▲ 0.156%	-P1.050	▼ -2.055%	-P2.000	▼ -1.538%	P0.000	— 0.000%	P2.300	▲ 2.244%	-P1.500	▼ -5.208%	P0.180	▲ 2.493%	-P1.000	▼ -0.054%	P5.000	▲ 2.326%	P4.000	▲ 0.176%

April PMI jumps to over 4-year high

BSP to ensure sustainable recovery before tightening

THE BANGKO SENTRAL ng Pilipinas (BSP) may consider hiking its key interest rate in June if economic growth and employment data show recovery is now entrenched, its governor said.

"We really have to balance whether the recovery that we are seeing is sustainable. That's why we are going to wait for the GDP (gross domestic product) number for the first quarter," BSP Governor Benjamin E. Diokno said when asked by ABS-CBN News Channel if the BSP is prepared for the possible consequences of raising interest rates by June.

"By [June]...we'll also have more data on employment, whether employment continues to improve, and so forth, and [if] those things suggest that the recovery is sustainable, maybe we will act accordingly under these cases," he added.

First-quarter GDP data is expected to reflect the impact of looser pandemic restrictions as coronavirus disease 2019 cases dropped. Metro Manila and other parts of the country have been under a more relaxed Alert Level 1 since March. The government is targeting a 7-9% GDP growth this year.

The jobless rate stood at 6.4% in February, unchanged for the second straight month. However, the number of unemployed Filipinos in absolute terms increased by 201,000 on a monthly basis to 3.126 million.

The Philippine Statistics Authority will release first-quarter GDP data on May 12, while the Labor Force Survey for March and April will be out on May 6 and June 10, respectively.

The BSP has kept its policy rate at a record low of 2% since November 2020. The Monetary Board will have a rate-setting meeting on May 19.

Mr. Diokno last week said they may consider starting to increase rates at the next policy meeting on June 23 as they expect strong first-quarter growth. He previously signaled a possible rate hike in the second half.

Some major central banks like the United States and United Kingdom have already tightened monetary policy to curb soaring inflation, but Mr. Diokno said the Philippines' case is different.

"Their inflation is much more intense than ours. So, there's a big difference between what's happening in other countries than the Philippines," he said.

"You really have to look at interest rate differential in real terms. Knowing

that they are coming from such a high level of inflation, it would appear that the inflation level [in these countries] is kind of entrenched because it's broad based. They have real estate prices going up, they have minimum wage going up because of constraint labor supply," Mr. Diokno added.

The US Federal Reserve is expected to fire a 50-basis-point (bp) hike this week following its 25-bp increase in March.

Headline inflation in the Philippines rose to a six-month high of 4% in March due to surging oil prices brought by the war in Ukraine. The BSP has already raised its inflation forecast for the year to 4.3%, which is beyond the 2-4% target range.

April inflation likely quickened further to 4.6%, based on the median estimate of a *BusinessWorld* poll of 17 analysts. Inflation data is scheduled to be released on May 4.

Mr. Diokno said the BSP continues to monitor possible second-round effects of inflation from the demand side.

"We [the government] targeted those who are directly affected by [rising] oil prices, rather than a more general approach like cutting the tax on oil, which benefits everybody, the rich, poor, and middle income. So I think we do not expect second-round effect, but we closely monitor them every time we meet," Mr. Diokno said.

Groups have filed petitions to raise transport fares and wages following the spike in oil and commodity prices.

EXPERIMENTAL CBDC

Meanwhile, Mr. Diokno said the pilot launch of the wholesale central bank digital currency (CBDC) is planned within the fourth quarter.

"We are going to do this on experimental basis, which will start in the fourth quarter of this year. We will experiment with some large financial institutions, limited in the Philippines," he said.

Mr. Diokno said several banks have expressed intention to participate in the pilot program. The BSP is still open to accept those who want to join the pilot run.

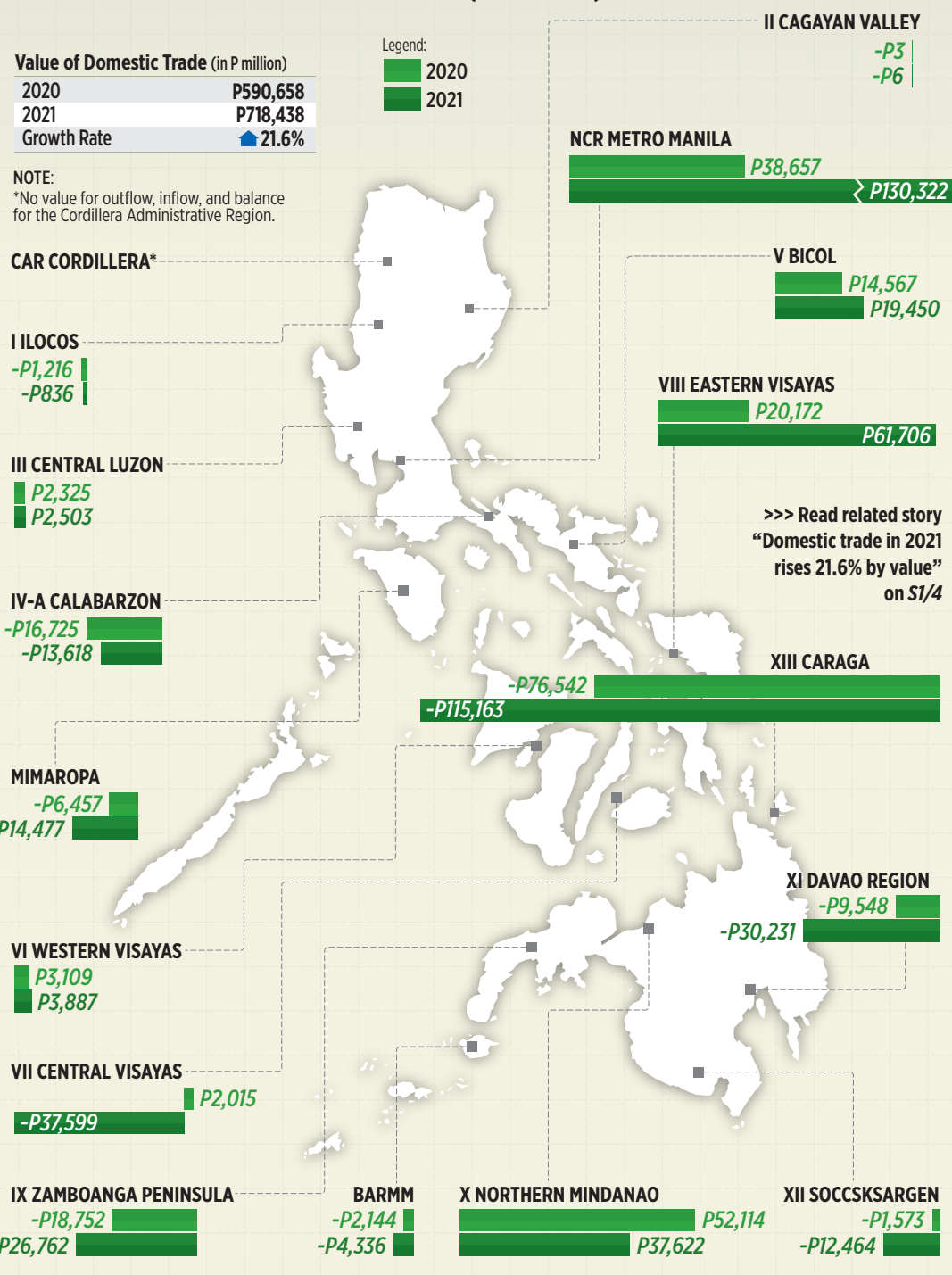
Consultations with other institutions like the Monetary Authority of Singapore and the Bank for International Settlements have been done to ensure the smooth launch of the CBDC project, he added.

Last week, Mr. Diokno said the pilot project will cover the experimental CBDC use to allow large value financial transactions on a 24/7 basis. — **Luz Wendy T. Noble**

DOMESTIC TRADE IN THE REGIONS: WHICH HAVE (UN)FAVORABLE TRADE BALANCES?

The value of domestic trade activity in the Philippines expanded by 21.6% annually to P718.44 billion in 2021. The National Capital Region led five other regions that posted a trade surplus — more commodities sold (outflow) than bought (inflow) — last year with P130.32 billion. On the other hand, Caraga was last year's largest net importer with trade deficit of P115.16 billion. Only Central Visayas saw its trade balance shift to a P37.60-billion-deficit in 2021 from a P2.01-billion surplus the prior year.

Trade Balance (in P million)



By Tobias Jared Tomas

THE PHILIPPINE manufacturing sector in April posted its best performance in over four years, reflecting the significant improvement in business conditions as pandemic restrictions eased.

S&P Global Philippines on Monday said the Philippines Manufacturing Purchasing Managers' Index (PMI) rose to 54.3 in April, from 53.2 in March, as new orders and production increased.

The PMI reading in April is the highest since the 54.8 PMI reading in November 2017.

April was also the third consecutive month that the PMI was above the 50 mark, which separates growth from contraction.

The headline PMI measures manufacturing conditions through the weighted average of five indices: new orders (30%), output (25%), employment (20%), suppliers' delivery times (15%) and stocks of purchases (10%).

"Looser pandemic restrictions led to a stronger improvement in operating conditions across the manufacturing sector in the Philippines at the start of the second quarter," S&P Global economist Maryam Baluch said in a report released on Monday.

S&P Global said output and new orders went up for the third month in a row, both with the quickest growth rate since November 2018. It cited anecdotal evidence that more relaxed coronavirus restrictions supported higher customer demand and production.

Metro Manila and most parts of the country have been under the most lenient alert level since March, as coronavirus disease 2019 (COVID-19) infections remained low.

However, S&P Global noted the demand from international markets declined for a second straight month, as the Russia-Ukraine war and higher shipping costs hurt new export orders.

"Although output growth picked up in April, global headwinds, notably from the Russia-Ukraine war and lockdowns in China, led to further pressure on supply chains," Ms. Baluch said.

Raw material shortages and supply chain disruptions also

PMI, S1/5

FUEL PRICE TRACKER

(week-on-week change)

Fuel Type	April 19	April 26	May 3
GASOLINE	P0.45	P3.00	P0.65
DIESEL	P1.70	P4.10	P1.15
KEROSENE	P0.45	P3.50	P1.15

- May 3, 12:01 a.m. — Caltex Philippines
- May 3, 6 a.m. — Petron Corp.; Phoenix Petroleum; Philipinas Shell Petroleum Corp.; PTT Philippines Corp.; Seacol Philippines, Inc.
- May 3, 8:01 a.m. — Cleanfuel (Shaw Autogas, Inc.)

Megawide, 2 Japanese firms secure P13-B subway deal

A JOINT VENTURE composed of two Japanese construction companies and Megawide Construction Corp. bagged the P13.26-billion contract to build the two stations of the Japan-funded Metro Manila Subway, the Department of Transportation (DoTr) said.

The contract was awarded to the joint venture of Tokyu Construction, Tobishima Construction, and Megawide, according to a notice of award issued by DoTr Undersecretary for Legal Affairs Reinier Paul R. Yebra on April 22.

The contract involves the construction of the Ortigas North and South subway stations and tunneling works.

However, the contract award still requires concurrence by

the Japan International Cooperation Agency and compliance with the procurement standards for the Japanese official development assistance (ODA) loans.

Sought for comment, a Megawide representative said: "As the official award/contract is yet to be announced by the DoTr, we defer to them first on releasing any information regarding the project."

The DoTr began seeking bidders for the construction of the two subway stations and tunneling works in 2020.

Since the Metro Manila Subway project is funded by ODA from Japan, a Japanese firm should be the prime contractor. Companies from any country are eligible to serve as sub-contractors, according to the DoTr's bid bulletin.



CONSTRUCTION of the Metro Manila subway project is seen in Valenzuela, March 8.

is Japan, that the nationality of other partners is Japan and/or the Republic of the Philippines, and that the local share of work of Japanese partners in the joint

ventures is more than 50% of the contract amount," the DoTr said.

The Metro Manila Subway will have 17 stations between Valenzuela and Bicutan. Transportation Undersecretary for Railways Timothy John R. Batan said at a forum last week that the Metro Manila Subway involves 13 contracts, six of which have been awarded. This includes a P26.75-billion contract to supply 240 train cars that was awarded to the joint venture of Japan Transport Engineering Co. and Sumitomo Corp.

Transportation Secretary Arthur P. Tugade said in January that the tunnel works for the country's first underground railway system was expected to start by the second quarter.

Subway, S1/5