

| STOCK MARKET | ASIAN MARKETS | WORLD MARKETS | PESO-DOLLAR RATES | ASIAN MONIES-US\$ RATE | WORLD CURRENCIES | DUBAI CRUDE OIL |
|---|---|--|--|--|--|---|
| PSEi OPEN: 6,800.94 HIGH: 6,855.01 LOW: 6,759.90 CLOSE: 6,759.90 VOL.: 0.654 B VAL(P): 5.949 B 109.02 Pts. 1.58% 30 DAYS TO MAY 6, 2022 | MAY 9, 2022 JAPAN (NIKKEI 225) 26,319.34 ▼ -684.22 -2.53 HONG KONG (HANG SENG) 20,001.96 ▼ -791.44 -3.81 TAIWAN (WEIGHTED) 16,048.92 ▼ -359.28 -2.19 THAILAND (SET INDEX) 1,608.21 ▼ -21.37 -1.31 S.KOREA (KSE COMPOSITE) 2,610.81 ▼ -33.70 -1.27 SINGAPORE (STRAITS TIMES) 3,272.30 ▼ -19.59 -0.60 SYDNEY (ALL ORDINARIES) 7,120.70 ▼ -84.90 -1.18 MALAYSIA (KLSE COMPOSITE) 1,549.18 ▼ -15.16 -0.97 * CLOSING PRICE AS OF MAY 6, 2022 | MAY 6, 2022 Dow Jones 32,899.370 ▼ -98,600 NASDAQ 12,144.662 ▼ -173,029 S&P 500 4,123.340 ▼ -23,530 FTSE 100 7,387.940 ▼ -115,330 Euro Stoxx50 3,574.410 ▼ -63,880 | FX OPEN P52.480 HIGH P52.440 LOW P52.500 CLOSE P52.500 W.AVE. P52.485 VOL. \$878.50 M SOURCE : BAP | MAY 9, 2022 LATEST BID (0900GMT) PREVIOUS JAPAN (YEN) 131.130 130.550 HONG KONG (HK DOLLAR) 7.850 7.849 TAIWAN (NT DOLLAR) 29.785 29.660 THAILAND (BAHT) 34.590 34.320 S. KOREA (WON) 1,276.870 1,269.990 SINGAPORE (DOLLAR) 1.392 1.385 INDONESIA (RUPIAH) 14,555 14,495 MALAYSIA (RINGGIT) 4.383 4.368 | MAY 9, 2022 US\$/UK POUND 1.2290 ▼ 1.2336 US\$/EURO 1.0513 ▼ 1.0551 \$/AUSTRALIAN DOLLAR 0.7011 ▼ 0.7077 CANADA DOLLAR/US\$ 1.2921 ▲ 1.2905 SWISS FRANC/US\$ 0.9925 ▲ 0.9887 | FUTURES PRICE ON NEAREST MONTH OF DELIVERY \$107.80/BBL \$1.20 \$1.00 \$0.80 \$0.60 \$0.40 \$0.20 30 DAYS TO MAY 6, 2022 |

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PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • MAY 6, 2022 (PSEi snapshot on S1/4; article on S2/2)

| SM | ALI | ICT | P220.200 | BDO | TEL | AC | CNVRG | SMPH | GLO | BPI |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Value P845,500 | Value P32,500 | Value P220,200 | Value P220,200 | Value P128,000 | Value P1,890,000 | Value P730,000 | Value P29,150 | Value P35,200 | Value P2,464,000 | Value P94,400 |
| Value P763,599,450 | Value P421,691,545 | Value P406,978,082 | Value P406,978,082 | Value P395,689,946 | Value P271,897,280 | Value P265,854,280 | Value P242,135,160 | Value P226,238,110 | Value P225,189,210 | Value P158,274,463 |
| -P15,500 ▼ -1.800% | -P0.050 ▼ -0.154% | P9.200 ▲ 4.360% | | -P1,000 ▼ -0.775% | -P42,000 ▼ -2.174% | -P17,000 ▼ -2.276% | -P0.850 ▼ -2.833% | -P1,800 ▼ -4.865% | P76,000 ▲ 3.183% | -P2,600 ▼ -2.680% |

Inflation a 'headache' for next leader

THE PHILIPPINES' next president needs to immediately address rising inflation and fiscal issues, as the economy recovers from a coronavirus pandemic and the Russia-Ukraine war, analysts said.

Filipinos on Monday voted in an election that was generally peaceful but

marred by malfunctioning vote-counting machines and long lines. (Related story on S1/10)

"The incoming president will need to treat inflation as a top economic priority... The prolonged pandemic has widened income disparity in the Philippines and increased unemployment," Sonia

Zhu, an analyst at Moody's Analytics, said in a note titled "Inflation will be a big headache for the new Philippine president."

She noted that leading presidential candidates former Senator Ferdinand R. Marcos, Jr. and Vice-President Maria Leonor G. Robredo have both floated fis-

cal support, with Mr. Marcos suggesting fuel subsidies and Ms. Robredo proposing targeted social aid for the poor.

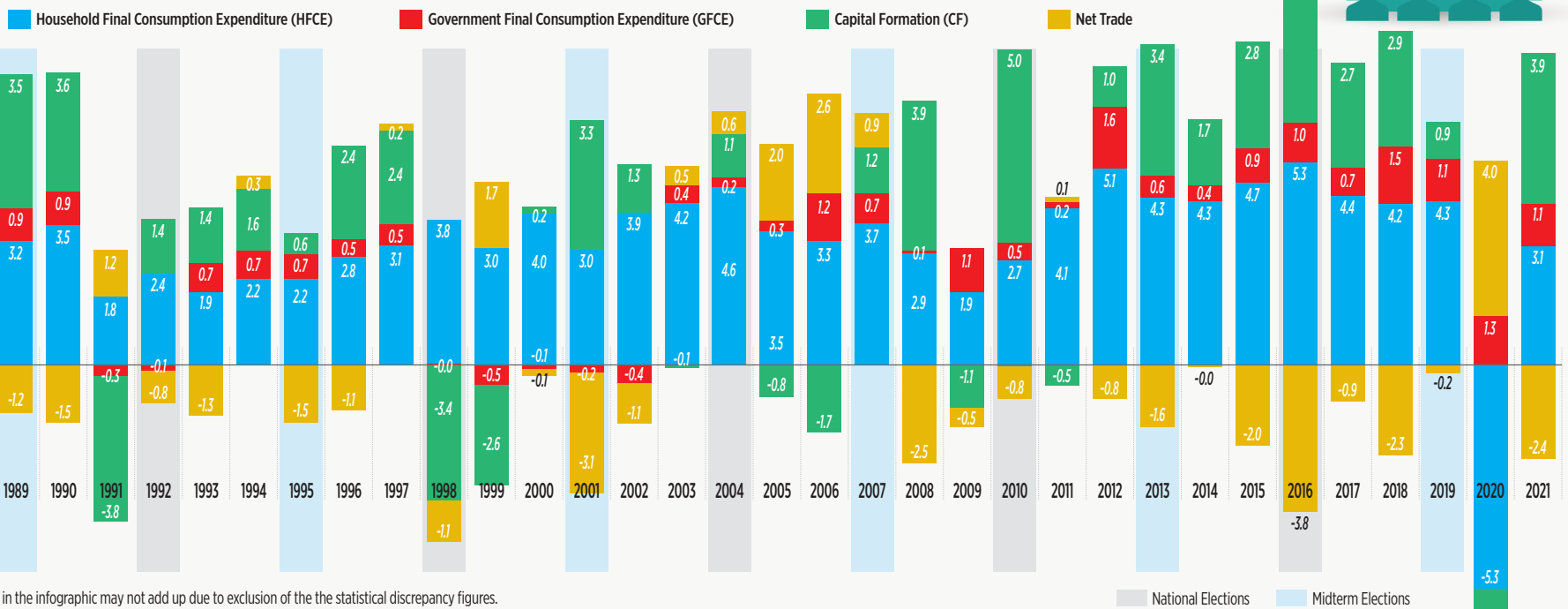
"Inflation management has become a key policy point. Since early 2022, household discretionary income has come under threat from higher prices for staples," Ms. Zhu said.

Headline inflation sizzled to a three-year high of 4.9% in April, driven by soaring food and energy prices amid the Russia-Ukraine war. This was beyond the central bank's 2-4% target, and the 4.3% forecast for 2022.

Headache, S1/10

A TALE OF SPENDING DURING ELECTION YEARS, 1982-2021

Do elections provide an economic boost? A look at government data from 1982 to 2021 showed gross domestic product (GDP) growth averaging higher (4.8%) in election years than in non-election years (3.2%). Capital formation, which refers to investments in fixed capital like construction and durable equipment, among others, has been the biggest contributor to GDP growth during election years. In terms of growth, capital formation averaged by around 11.6% during the past 12 election years, higher than consumer spending's 4.7% and government's 3.9%.



Growth Rates (%)

| | 1982 | 1983 | 1984 | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|-----------|------|------|-------|-------|------|------|------|------|------|-------|------|------|------|------|------|------|-------|-------|------|------|------|------|------|------|-------|------|------|------|------|------|------|------|------|------|------|------|------|------|-------|------|
| GDP | 3.6 | 2.0 | -7.1 | -6.8 | 3.6 | 4.4 | 6.6 | 6.1 | 3.2 | -0.5 | 0.5 | 2.2 | 4.4 | 4.7 | 5.9 | 5.2 | -0.4 | 3.3 | 4.4 | 3.0 | 3.7 | 5.1 | 6.6 | 4.9 | 5.3 | 6.5 | 4.3 | 7.3 | 3.9 | 6.9 | 6.8 | 6.3 | 6.3 | 7.1 | 6.9 | 6.3 | 6.1 | -9.5 | 5.7 | |
| HFCE | 3.4 | 1.1 | 1.2 | -0.5 | 3.1 | 3.4 | 5.7 | 4.5 | 5.2 | 2.6 | 3.3 | 2.5 | 2.9 | 3.0 | 3.8 | 4.3 | 5.4 | 4.0 | 5.2 | 3.9 | 5.1 | 5.4 | 5.9 | 4.4 | 4.2 | 4.8 | 3.9 | 2.5 | 3.6 | 5.6 | 6.8 | 5.8 | 5.8 | 6.4 | 7.1 | 6.0 | 5.8 | 5.9 | -8.0 | 4.2 |
| GFCE | 7.6 | -4.4 | -10.9 | -0.3 | 0.2 | 4.4 | 8.2 | 7.1 | 7.0 | -1.9 | -0.9 | 5.7 | 5.3 | 4.7 | 3.3 | 4.0 | -0.2 | -3.6 | -0.9 | -1.4 | -3.7 | 4.2 | 2.1 | 3.0 | 12.2 | 7.1 | 0.5 | 11.0 | 4.2 | 1.9 | 15.5 | 4.9 | 3.6 | 7.9 | 9.4 | 6.5 | 13.4 | 9.1 | 10.5 | 7.1 |
| CF | 8.7 | 6.4 | -37.7 | -25.3 | 11.4 | 21.5 | 14.8 | 20.4 | 17.4 | -16.8 | 8.4 | 7.3 | 8.1 | 2.9 | 12.5 | 10.8 | -13.3 | -11.6 | 5.0 | 21.9 | 6.7 | -0.4 | 6.1 | -4.3 | -10.3 | 8.3 | 26.8 | -6.0 | 30.5 | -2.5 | 5.4 | 18.4 | 8.3 | 13.4 | 20.8 | 10.9 | 11.3 | 3.5 | -34.2 | 20.3 |
| Net Trade | -1.9 | 0.6 | -0.6 | -0.4 | -0.1 | 2.3 | 0.0 | 0.6 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 |

Average Contribution to GDP Growth (in percentage points)

| Period | HFCE | GFCE | CF | Net Trade |
|--------------------|------|------|-----|-----------|
| Election years | 3.5 | 0.4 | 1.9 | -1.0 |
| Non-election years | 2.7 | 0.5 | 0.2 | -0.2 |

Average GDP Growth Rates (in % year on year)

| Period | HFCE | GFCE | CF | GDP |
|--------------------|------|------|------|-----|
| Election years | 4.7 | 3.9 | 11.6 | 4.8 |
| Non-election years | 3.7 | 4.2 | 2.4 | 3.2 |

Investors may sour on future PPP projects in PHL, analysts say

By Arjay L. Balinbin Senior Reporter

THE GOVERNMENT faces another international arbitration claim, this time stemming from the delayed implementation of fare adjustments for the Light Rail Transit Line 1 (LRT-1).

Analysts said investors might sour on public-private partnership (PPP) projects in the Philippines after seeing the government fail to implement the automatic fare adjustment under the contract entered into by Light Rail Manila Corp. (LRMC).

This shows that the government "doesn't play fairly," transport expert Rene S. Santiago said in a phone message.

"Message to investors is don't get enmeshed with PPP (projects) of the Philippines," he said.

Terry L. Ridon, convener of public policy think tank Infracore PH, said in a separate phone message that automatic fare adjustment was one of the features of PPP projects under the Aquino administration.

"While this has been met with resistance by the public, it has been included as a PPP feature to entice the private sector to invest in public services."

"While this may entice the private sector into joining PPPs, investors had failed to see that government still wields ultimate control on whether automatic increases can in fact be implemented," he said. "As a result, the private sector is forced to undertake arbitration proceedings to implement the automatic fare adjustment provisions."

Mr. Ridon also noted that while this favors the public, it affects the PPP entity's financial projections since investments in public services were



PEOPLE ride the Light Rail Transit Line 1 in this file photo dated Oct. 19, 2020.

under the premise that they can implement fare increases.

"As a result, it will take longer for the PPP entity to recover its original investment, and certainly, it will discourage investors from further entering into PPPs with government in the future."

LRMC, the private operator of LRT-1, seeks to recover P2.67 billion in compensation claims and costs resulting from delays in the fare adjustments for 2016, 2018, and 2020, Metro Pacific Investments Corp. (MPIC) said in a May 6 disclosure to the stock exchange.

LRMC is composed of MPIC that leads the consortium with a 55% stake, Ayala group's AC Infrastructure Holdings Corp. with a 35% stake, and Macquarie Infrastructure Holdings (Philippines), Inc. with a 10% stake.

Mr. Ridon said the government should "renegotiate automatic fare increase provisions with its PPP partners, and determine whether it is a provision that can truly implement instead of subjecting contracts to arbitration, in order to guide the private sector on how to proceed with PPPs in the future."

PPP, S1/4

FUEL PRICE TRACKER

(week-on-week change)

| FUEL TYPE | DATE | PRICE |
|-----------|----------|-------|
| GASOLINE | April 26 | P3.00 |
| | May 3 | P0.65 |
| | May 10 | P4.20 |
| DIESEL | April 26 | P4.10 |
| | May 3 | P1.15 |
| | May 10 | P4.20 |
| KEROSENE | April 26 | P3.50 |
| | May 3 | P1.15 |
| | May 10 | P5.85 |

- May 10, 12:01 a.m. — Caltex Philippines
- May 10, 6 a.m. — Petron Corp.; Phoenix Petroleum; Pilipinas Shell Petroleum Corp.; PTT Philippines Corp.; Seoil Philippines, Inc.
- May 10, 8:01 a.m. — Cleanfuel (Shaw Autogas, Inc.)

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MUFG sees PHL economy growing by 6.5% this year

By Luz Wendy T. Noble Reporter

THE PHILIPPINE ECONOMY is likely to grow faster than expected this year, although China's slowdown could be a downside risk to the country's economic expansion, MUFG Bank said.

In a note released on Monday, MUFG said it now expects Philippine gross domestic product (GDP) to expand by 6.5% this year, from its previous forecast of 6%.

This is still below the 7-9% target set by economic managers.

MUFG Bank analyst Sophia Ng said they would be reviewing their growth outlook for the Philippines in view of the economic slowdown in China due to its zero-COVID policy and strict lockdowns.

This could have a direct impact on the Philippines because China is the country's biggest trading partner.

"A reduction in demand from China will have a negative impact on the Philippines' overall export growth, and the supply crunch will also raise import prices of goods in general, resulting in wider trade deficits in the coming months," Ms. Ng said in an e-mail.

For the first quarter, MUFG said Philippine economic output likely expanded by 6.8%.

If realized, this would be slower than the 7.8% growth in the October to December period, but would still mark the fourth consecutive quarter of growth for the economy.

It also compares with a *BusinessWorld* poll of 17 analysts that yielded a median estimate of 6.7% GDP growth for the first three months.

First-quarter GDP data will be released on May 12.

Ms. Ng said their first-quarter GDP estimate took into account the slower rise in consumption as mobility restrictions were tightened during the Omicron surge in January.

Metro Manila and some provinces were placed under Alert Level 3 to contain rising infections.

Restrictions were eased to Alert Level 2 by February, and to the most relaxed Alert Level 1 by March.

Ms. Ng said another factor that likely eased growth in January to March was the large drop in net exports due to a bigger trade deficit.

The trade gap widened to \$13.892 billion in the first quarter from the \$8.345-billion deficit a year earlier, the Philippine Statistics Authority reported on Friday.

The Philippine economy grew by 5.7% in 2021, after a record 9.6% contraction in 2020.