



| STOCK MARKET | ASIAN MARKETS | WORLD MARKETS | PESO-DOLLAR RATES | ASIAN MONIES-US\$ RATE | WORLD CURRENCIES | DUBAI CRUDE OIL |
|--|--|--|--|---|---|---|
| PSEi OPEN: 6,633.68 HIGH: 6,633.68 LOW: 6,532.30 CLOSE: 6,532.30 VOL.: 1.590 B VAL(P): 7,422 B 103.56 PTS. 1.56% 30 DAYS TO MAY 12, 2022 | MAY 12, 2022 JAPAN (NIKKEI 225) 25,748.72 ▼ -464.92 -1.77 HONG KONG (HANG SENG) 19,380.34 ▼ -444.23 -2.24 TAIWAN (WEIGHTED) 15,616.68 ▼ -389.57 -2.43 THAILAND (SET INDEX) 1,583.21 ▼ -30.13 -1.87 S.KOREA (KSE COMPOSITE) 2,550.08 ▼ -42.19 -1.63 SINGAPORE (STRAITS TIMES) 3,173.54 ▼ -52.53 -1.63 SYDNEY (ALL ORDINARIES) 6,941.00 ▼ -123.70 -1.75 MALAYSIA (KLSE COMPOSITE) 1,538.80 ▼ -17.13 -1.10 | MAY 11, 2022 Dow Jones 31,834.110 ▼ -326.630 NASDAQ 11,364.240 ▼ -373.430 S&P 500 3,935.180 ▼ -65.870 FTSE 100 7,347.660 ▲ 104.440 Euro Stoxx50 3,562.440 ▲ 53.970 | FX OPEN P52.280 HIGH P52.280 LOW P52.495 CLOSE P52.495 W.AVE. P52.386 VOL. \$1,080.80 M SOURCE : BAP | MAY 12, 2022 LATEST BID (0900GMT) PREVIOUS JAPAN (YEN) 128.590 ▲ 129.660 HONG KONG (HK DOLLAR) 7.850 — 7.850 TAIWAN (NT DOLLAR) 29.864 ▼ 29.637 THAILAND (BAHT) 34.710 ▼ 34.620 S. KOREA (WON) 1,290.080 ▼ 1,272.760 SINGAPORE (DOLLAR) 1.396 ▼ 1.385 INDONESIA (RUPIAH) 14,595 ▼ 14,555 MALAYSIA (RINGGIT) 4.390 ▼ 4.375 | MAY 12, 2022 CLOSE PREVIOUS US\$/UK POUND 1.2171 ▼ 1.2378 US\$/EURO 1.0425 ▼ 1.0559 \$/AUSTRALIAN DOLLAR 0.6862 ▼ 0.7008 CANADA DOLLAR/US\$ 1.3044 ▲ 1.2963 SWISS FRANC/US\$ 0.9957 ▲ 0.9881 | FUTURES PRICE ON NEAREST MONTH OF DELIVERY \$102.89/bbl 117.75 111.20 104.65 98.10 91.55 85.00 \$0.20 30 DAYS TO MAY 11, 2022 |

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S1/1-12 • 2 SECTIONS, 20 PAGES

PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • MAY 12, 2022 (PSEi snapshot on S1/2; article on S2/2)

| ALI | P29.150 | BDO | P126.700 | SMPH | P33.550 | CNVRG | P26.500 | TEL | P1,909.000 | BPI | P91.900 | SM | P828.000 | AC | P693.000 | ICT | P214.800 | ACEN | P6.600 |
|-------|-------------------|-------|-------------------|-------|-------------------|-------|-------------------|-------|------------------|-------|-------------------|-------|-----------------|-------|--------------------|-------|-------------------|-------|-------------------|
| Value | P714,311,870 | Value | P515,332,268 | Value | P502,223,770 | Value | P460,554,440 | Value | P448,794,375 | Value | P295,620,877 | Value | P292,375,690 | Value | P284,431,680 | Value | P235,259,280 | Value | P225,854,413 |
| | -P1.450 ▼ -4.739% | | -P2.300 ▼ -1.783% | | -P0.700 ▼ -2.044% | | -P0.800 ▼ -2.930% | | P24.000 ▲ 1.273% | | -P3.100 ▼ -3.263% | | P3.000 ▲ 0.364% | | -P11.000 ▼ -1.563% | | -P3.200 ▼ -1.468% | | -P0.320 ▼ -4.624% |

Q1 GDP surpasses pre-pandemic level

By Abigail Marie P. Yraola
Researcher

THE PHILIPPINE ECONOMY expanded by a better-than-expected 8.3% in the first quarter, surpassing the pre-pandemic output level as household spending surged amid the easing of coronavirus curbs.

Preliminary data released by the Philippine Statistics Authority (PSA) showed gross domestic product (GDP) accelerated by 8.3% year on year in the January to March period, a turnaround from the 3.8% contraction in the same period last year. It was also faster than the revised 7.8% growth in the fourth quarter of 2021.

It also beat the median estimate of 6.7% in a *BusinessWorld* poll and was within the government's 7-9% target.

The first-quarter growth was the highest in three quarters or since the 12.1% seen in the second quarter of 2021.

On a seasonally adjusted quarter-on-quarter basis, the country's GDP went up by 1.9%.

"We have surpassed the pre-pandemic gross domestic product level," Socioeconomic Planning Secretary Karl Kendrick T. Chua said at a press briefing on Thursday, adding the 8.3% expansion made the Philippines the fastest-growing economy in the East Asia Region in the first quarter.

At constant 2018 prices, the size of the Philippine economy in the first quarter was valued at P4.618 trillion, surpassing the P4.463 trillion in the first three months of 2019.

In current terms, the country's economic output in the first three months of 2022 amounted to P4.930 trillion, higher than the P4.426 trillion in the first quarter of 2019.

"Growth in the first quarter of 2022 was broad based as most sectors rebounded from their contractions in the same period last year," Mr. Chua said.

By expenditure share, household consumption grew 10.1% year on year in the first quarter, higher than the 7.5% in the previous quarter and a reversal of the 4.8% decline in the first three months of 2021. This accounted for about three-fourths of the country's economic output and added 7.5 percentage points to the 8.3% GDP growth in the first quarter.

Government spending on the other hand, eased by 3.6% in the three months to March, lower than the 16.1% in the same period a year ago, due to the election spending ban.

Capital formation, the investment component of the economy, jumped by 20%, reversing the 13.9% decline last year.

GDP, S1/3

Upbeat Q1 growth builds case for BSP rate hike by next week

THE PHILIPPINE central bank on Thursday welcomed the faster-than-expected economic growth in the first quarter, with some analysts saying this helps build the case for a rate hike as early as next week.

Gross domestic product (GDP) expanded by 8.3% in the January to March period, marking the fourth straight quarter of expansion. The latest print beat the 6.7% median estimate in a *BusinessWorld* poll.

"[It] beats our own growth expectation. [We] will consider this positive development together with the improving jobs market in our policy meeting next week," Bangko Sentral ng Pilipinas (BSP) Governor Benjamin E. Diokno said in a Viber message to *BusinessWorld*.

The Monetary Board will have its next policy meeting on May 19.

Mr. Diokno said in late April that they may consider a rate hike in June, but will first ensure that economic recovery is more entrenched.

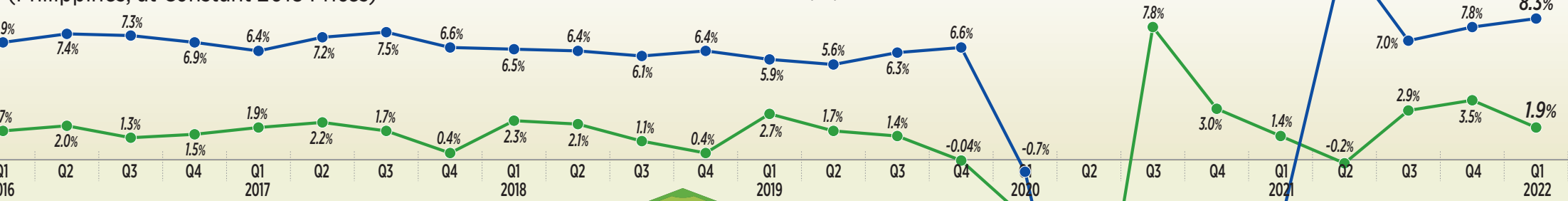
"For our part, the BSP stands ready to adjust our monetary policy settings, should we see material risk of these supply-side pressures spilling over to the demand side," he told reporters in a Viber message.

Headline inflation accelerated to a three-year high of 4.9% in April due to soaring food and energy prices. This is already above the 2-4% target range set by the central bank.

Rate hike, S1/5

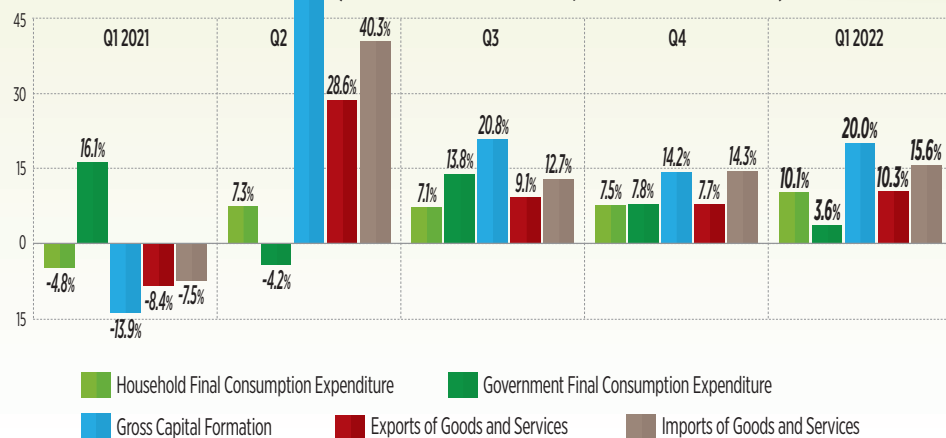
GROSS DOMESTIC PRODUCT (GDP) QUARTERLY PERFORMANCE

(Philippines, at Constant 2018 Prices)



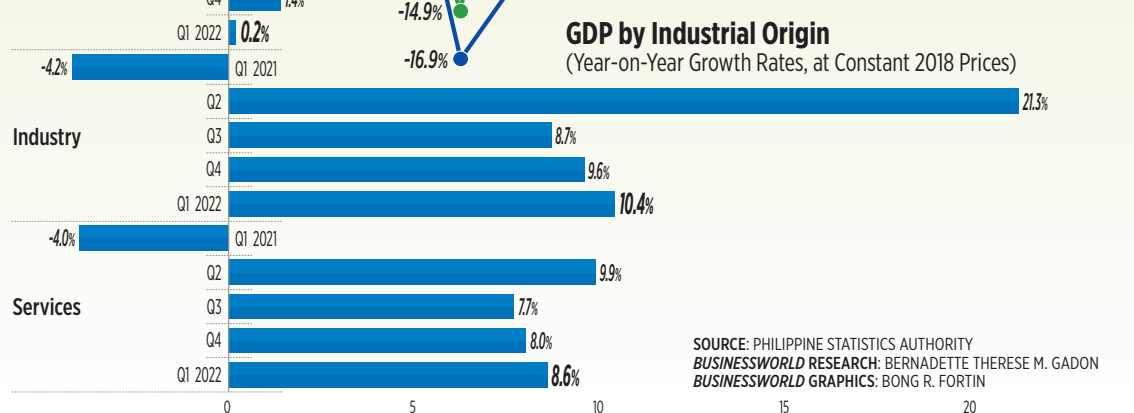
GDP by Expenditure Share

(Year-on-Year Growth Rates, at Constant 2018 Prices)



GDP by Industrial Origin

(Year-on-Year Growth Rates, at Constant 2018 Prices)



SOURCE: PHILIPPINE STATISTICS AUTHORITY
BUSINESSWORLD RESEARCH; BERNADETTE THERESA M. GADON
BUSINESSWORLD GRAPHICS; BONG R. FORTIN

Incoming administration needs to ensure 'investment efficiency' — Fitch

A CONTINUED FOCUS on infrastructure under the next administration will help drive post-pandemic growth recovery, but the next administration should ensure it will continue governance standards and debt management, Fitch Ratings said.

Under a government led by Ferdinand R. Marcos, Jr., investments that will address infrastructure gap in the Philippines could help offset pandemic scarring on the economy, the debt watcher said in a note on Thursday.

Fitch said it expects the Marcos administration to continue focusing on infrastructure, which is a key element for medium-term growth that supports the country's investment grade "BBB+" rating.

"However, investment efficiency is critical. A deterioration of governance standards could, over time, dilute the positive ef-

fect of investment on productivity growth," Fitch Ratings said.

"Poorly managed public infrastructure investment could also contribute to government debt rising faster than nominal gross domestic product (GDP) over the medium term, which would pressure the sovereign rating," it added.

The Philippine economy grew by a stronger-than-expected 8.3% in the first quarter, rebounding from the 3.8% contraction in the same period in 2021, government data showed.

Data from the Bureau of the Treasury released Thursday showed the country's debt-to-GDP ratio expanded to 63.5% as of end-March from 60.4% as of end-2021. (Related story on S1/4)

This is already beyond the 60% threshold considered as manageable by multilateral lenders for developing economies.

"Our baseline assumption is for the Philippines to continue with

its sound policy framework and return to strong medium-term growth following the coronavirus disease 2019 (COVID-19) pandemic, but the Negative Outlook on the Philippines' rating, which we affirmed in February 2022, reflects the uncertainty around this outcome, as well as possible challenges in bringing down government debt after the pandemic policy response," Fitch said.

On the fiscal side, the debt watcher noted some risks arising from the implementation of the Supreme Court ruling that expands the local government units' (LGU) share of the National Government revenue this year.

"Poor execution could lead to underspending by local governments. If this adversely affects medium-term growth potential, the net credit effects are likely to be negative, even though public finances may improve in the near term," Fitch said.

Investment, S1/5

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Inflation should be Marcos' top priority — NEDA chief

THE NEXT ADMINISTRATION should make it a top domestic priority to fight high inflation, according to Socioeconomic Planning Secretary Karl Kendrick T. Chua.

"Since we are doing relatively well on the economic opening as evidenced by the Q1 data, the immediate priority is to address inflation, especially those that affected people the most, food prices," Mr. Chua, who also heads the National Economic and Development Authority (NEDA), said at a briefing on the first-quarter economic data on Thursday.

The Philippine economy grew by a better-than-expected 8.3% in the first quarter.

Inflation has accelerated in recent months, threatening to dampen consumer spending and hurt recovery prospects. Inflation surged to an annual 4.9% in

April, the highest in more than three years due to soaring food and energy prices.

Economists have earlier identified inflation as a major "headache" for the new president. Ferdinand R. Marcos, Jr. is poised for a landslide victory in the presidential elections.

The Duterte administration has formed a presidential transition committee that will ensure a peaceful and orderly transfer of power. Mr. Chua is part of the committee, along with Finance Secretary Carlos G. Dominguez III, Budget Secretary Tina Rose Marie Canda, and Foreign Affairs Secretary Teodoro Locsin, Jr.

Aside from inflation, Mr. Chua said the incoming administration should maintain a "responsible" and "prudent" fiscal policy, as well as ensure policy continuity.

Inflation, S1/5