

P25 IN METRO MANILA,

# usinessWord

PSEi  OPEN: 6,374.43 HIGH: 6,393.38 LOW: 6,327.23 CLOSE: 6,393.01  DUNE 16, 2022  CLOSE NET NET NET NET NET NET NET NET NET NE	H P53.290	JAPAN (YEN) 132.570 A HONG KONG (HK DOLLAR) 7.850 — TANMAN (NT DOLLAR) 29.775	7.000	JUNE 16, 2022 CLOSE US\$/UK POUND 1.2114 US\$/EURO 1.0420	PREVIOUS  ▲ 1.2078 ▼ 1.0480	FUTURES PRICE ON NEAREST MONTH OF DELIVERY  120.00 \$116.30/BBL
73.59 pts. Vol.: 0.647 B Synchry (Alt Ordinaries) 6,591.07 ▼ -8.45 -0.27 Euro Stoxx50 3,443.370 ▲ 38.310 53.63 ▼ W.A. Synchry (Alt Ordinaries) 6,591.07 ▼ -9.90 -0.15	OSE P53.470 AVE. P53.372	S. Korea (Won) 1,294.420 V 2 Singapore (dollar) 1.388	1,292.820	\$/Aust dollar 0.6979 Canada dollar/US\$ 1.2934 Swiss Franc/US\$ 0.9799	_	109.20 103.80 98.40 93.00 \$2.31 30 DAYS TO JUNE 15, 2022

PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • JUNE 16, 2022 (PSEi snapshot on S1/9; article on S2/2)

P186.400 **SMPH** P37.900 P809.500 P21.000 P96.000 P123.800 P96.800 P50.000 P638.500 Value P168.042.315 P140,695,540 P1,164,223,047 P244,936,705 Value Value P712,068,660 P323,510,620 P320,856,270 Value P212,611,267 P192,151,811 P131,644,825 -P3.600 ▼ -1.895% P14.500 **A** 1.824% -P0.350 ▼ -1.639% **1.068**%

## Stagflation not a risk to economy —

#### Fed makes biggest interest rate hike in nearly 30 years

WASHINGTON — The US Federal Reserve on Wednesday approved its largest interest rate increase since 1994 to stem a surge in inflation that US central bank officials acknowledged may be eroding public trust in their power, and being driven by events seen increasingly out of their hands.

The widely expected move raised the target federal funds rate by three-quarters of a percentage point to a range of between 1.5% and 1.75%, still comparatively low by historic standards.

But the Fed's hawkish commitment to controlling inflation has already touched off a broad tightening of credit conditions being felt in US housing and stock markets, and likely to slow demand throughout the economy — the Fed's intent.

Officials also envision steady rate increases through the rest of this year, perhaps including additional 75-basis-point (bp) hikes, with a federal funds rate at 3.4% at year's end. That would be the highest level since January 2008 and enough, Fed projections show, to slow the economy markedly in the coming months and lead to a rise in unemployment.



Read the full story by scanning the QR code with your smartphone or by typing the link <br/>
sit.ly/Fed061722>

"STAGFLATION" is unlikely to pose an immediate risk to the Philippine economy, Bangko Sentral ng Pilipinas (BSP) Governor Benjamin E. Diokno said.

"The BSP does not view 'stagflation' — an economic condition characterized by slow

growth, high unemployment, and rising inflation — as an immediate risk to the Philippine economy," he said in a statement on Thursday.

The central bank is optimistic the Philippine economy's recovery will be sustained, Mr. Diokno said, citing the 8.3% gross domestic product (GDP) growth in the first quarter.

He noted the steady rise in credit activity, ample domestic liquidity, improved jobs market, and higher foreign direct investments will help boost the economy's rebound.

Economic managers are targeting a 7-8% GDP growth this year.

(152<sup>nd</sup>).

However, inflation quickened to 5.4% in May, the highest in three and a half years and above the BSP's 2-4% target range.

Stagflation, S1/2

#### BSP may raise rates by 50 bps next week

THE UNITED STATES Federal Reserve's aggressive tightening will put more pressure on the Bangko Sentral ng Pilipinas (BSP) to consider a bigger rate hike at its meeting next week.

The Federal Reserve on Wednesday raised interest rates by 75 basis points (bps), the largest hike since 1994, to curb soaring inflation. Fed Chair Jerome H. Powell also signaled a steep increase in their next meeting.

"Such a more substantial monetary tightening by the US Fed could affect the BSP's announced stance of gradual normalization of monetary policy," former BSP Deputy Governor Diwa C. Guinigundo said in a Viber message on Thursday.

The BSP is poised to raise its key interest rate at its next two meetings to address inflation, incoming BSP Governor Felipe M. Medalla said during a virtual roundtable discussion with BusinessWorld editors on Tuesday.

### Philippine tourism's share to economy inches up in 2021

By Abigail Marie P. Yraola Researcher

THE SHARE of the tourism industry to the Philippines' economic output inched up in 2021, as domestic travel restrictions eased alongside the increase in coronavirus disease 2019 (CO-VID-19) vaccination rates.

Preliminary data compiled by the Philippine Statistics Authority (PSA) showed that tourism's direct gross value added (TDGVA) accounted for 5.2% of gross domestic product (GDP) in 2021, slightly higher than the revised 20-year low 5.1% of GDP in 2020.

Measuring the tourism-related value created by various industries, the country's TDGVA was estimated at P1 trillion at current prices, up by 9.2% from the revised P917.20 billion in 2020.

The TDGVA indicator is based on the results of the Philippine Tourism Satellite Accounts report, which the PSA compiles from the Department of Tourism (DoT).

Asian Institute of Management's Dr. Andrew L. Tan Center for Tourism Associate Director John Paolo R. Rivera attributed the growth in tourism's contribution to the reopening of tourism activities.

"This is also driven mostly by domestic tourists, who eagerly want to travel after being cooped up in their homes during the lockdowns," Mr. Rivera said in an e-mail interview.

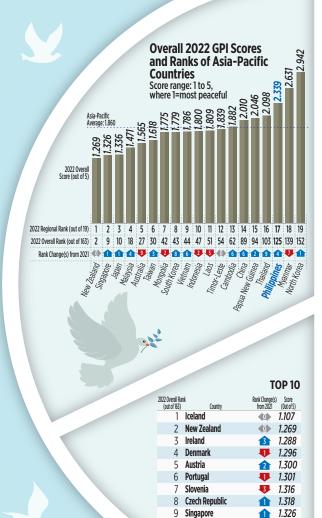
The government loosened mobility restrictions in the Philippine capital and nearby areas late last year, as CO-VID-19 infections dropped and the vaccination rate increased. This allowed many hotels, resorts, restaurants and other tourism-related facilities to reopen, albeit at lower capacity last year. Tourism, S1/2

#### PHILIPPINES JUMPS 4 NOTCHES TO 125TH **IN 2022 GLOBAL PEACE INDEX**

(BUT STILL AMONG LOWEST IN THE REGION)

The Philippines' rank improved four places to 125th out of 163 countries in the 2022 edition of the Global Peace Index (GPI) by think tank Institute for Economics & Peace. The annual index assessed countries based on their level of peacefulness using three domains: ongoing conflict, safety and security, and

militarization. The Philippines was among the five countries with the



10 Japan

1.336

biggest improvements this year alongside Libya (up five places to 151st), Egypt (up 5 to 126th), Saudi Arabia (up 8 to 119th), and Algeria (up 10 to 109th). With an overall GPI score range of 1 to 5 (where 1 is the most peaceful), the Philippines scored 2.339, below the Asia-Pacific average of 1.860. It was also the third-lowest in the region, only ahead of Myanmar (139th) and North Korea

The state of peace

 Ongoing Domestic and International Conflict (6 indicators) - number and duration of internal conflicts; number of deaths from external organized conflict; number of deaths from internal organized conflict; number, duration and role in external conflicts; intensity of organized internal conflict; and relations with neighboring countries

- Societal Safety and Security (11) - level of perceived criminality in society; number of refugees and internally displaced people as a percentage of the population; political instability; political terror scale; impact of terrorism; number of homicides per 100,000 people; level of violent crime; violent demonstrations; number of jailed population per 100,000 people; number of internal security officers and police per 100,000 people; and ease of access

The following are the domains and indicators used in the study:

to small arms and light weapons

- Militarization (6) - military expenditure as a percentage of GDP; number of armed services personnel per 100,000 people; volume of transfers of major conventional weapons as recipient (imports) per 100,000 people; volume of transfers of major conventional weapons as supplier (exports) per 100,000 people; financial contribution to UN peacekeeping missions; and nuclear and heavy weapons capabilities

**BOTTOM 10** 2022 Overall Rank (out of 163) Countr 163 **Afghanistan** Rank Change(s) Score (Out of 5)

3.554 3.394 162 Yemen **3.356** 161 **Svria** 160 Russia 3.275 159 South Sudan 3.184 158 Dem. Rep. of the Congo 3.166 3.157 157 Iraq 156 Somalia 3.125 155 Central African Republic 1 3.021 154 Sudan **3.007** 

Philippines' Profile (2022)

Score (out of 5) **Safety and Security** 2.855 1.700 Militarization **Ongoing Conflict** 2.410

SOURCE: INSTITUTE FOR ECONOMICS & PEACE'S GLOBAL PEACE INDEX 2022: MEASURING PEACE IN A COMPLEX WORLD BUSINESSWORLD RESEARCH: BERNADETTE THERESE M. GADON and ABIGAIL MARIE P. YRAOLA