

STOCK MARKET	ASIAN MARKETS	WORLD MARKETS	PESO-DOLLAR RATES	ASIAN MONIES-US\$ RATE	WORLD CURRENCIES	DUBAI CRUDE OIL
PSEi OPEN: 6,717.62 HIGH: 6,754.01 LOW: 6,705.63 CLOSE: 6,754.01 VOL.: 0.877 B VAL(P): 4.959 B 3713 PTS. 0.55% 30 DAYS TO JUNE 7, 2022	JUNE 7, 2022 JAPAN (NIKKEI 225) 27,943.95 ▲ 28.06 0.10 HONG KONG (HANG SENG) 21,531.67 ▼ -122.23 -0.56 TAIWAN (WEIGHTED) 16,512.88 ▼ -93.08 -0.56 THAILAND (SET INDEX) 1,632.98 ▼ -13.10 -0.80 S.KOREA (KSE COMPOSITE) 2,626.34 ▼ -44.31 -1.66 SINGAPORE (STRAITS TIMES) 3,224.78 ▼ -1.85 -0.06 SYDNEY (ALL ORDINARIES) 7,095.70 ▼ -110.60 -1.53 MALAYSIA (KLSE COMPOSITE) 1,525.93 ▼ -11.90 -0.77	JUNE 6, 2022 Dow Jones 32,915.780 ▲ 16.080 NASDAQ 12,061.370 ▲ 48.636 S&P 500 4,121.430 ▲ 12.890 FTSE 100 7,608.220 ▲ 75.270 Euro Stoxx50 3,678.190 ▲ 31.100	FX OPEN P52.900 HIGH P52.870 LOW P52.975 CLOSE P52.950 W.AVE. P52.922 VOL. \$745.17 M SOURCE : BAP 9.00 CENTS 30 DAYS TO JUNE 7, 2022	JUNE 7, 2022 LATEST BID (0900GMT) PREVIOUS JAPAN (YEN) 132.640 ▼ 130.710 HONG KONG (HK DOLLAR) 7.846 ▼ 7.845 TAIWAN (NT DOLLAR) 29.526 ▼ 29.359 THAILAND (BAHT) 34.450 ▼ 34.320 S. KOREA (WON) 1,257.550 ▼ 1,249.780 SINGAPORE (DOLLAR) 1.376 ▼ 1.372 INDONESIA (RUPIAH) 14,454 ▼ 14,450 MALAYSIA (RINGGIT) 4.394 ▼ 4.387	JUNE 7, 2022 US\$/UK POUND 1.2499 ▼ 1.2564 US\$/EURO 1.0684 ▼ 1.0745 \$/AUST DOLLAR 0.7189 ▼ 0.7226 CANADA DOLLAR/US\$ 1.2594 ▼ 1.2557 SWISS FRANC/US\$ 0.9758 ▲ 0.9610	FUTURES PRICE ON NEAREST MONTH OF DELIVERY \$115.56/BBL 117.00 107.40 102.60 97.80 93.00 30 DAYS TO JUNE 6, 2022

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PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • JUNE 7, 2022 (PSEi snapshot on S1/4; article on S2/2)

SMPH	P39.100	ALI	P30.950	BDO	P128.300	GLO	P2,394.000	ASLAG	P1.890	BLOOM	P6.250	ICT	P214.000	CNVRG	P24.200	AC	P678.500	ACEN	P7.490
Value	P633,608,365	Value	P320,990,635	Value	P236,537,536	Value	P216,717,450	Value	P208,158,150	Value	P198,991,209	Value	P179,578,328	Value	P166,967,785	Value	P154,382,550	Value	P144,987,251
	-P0.350 ▼ -0.887%		P1.000 ▲ 3.339%		-P0.700 ▼ -0.543%		P30.000 ▲ 1.269%		-P0.160 ▼ -7.805%		-P0.020 ▼ -0.319%		-P1.400 ▼ -0.650%		P0.350 ▲ 1.468%		P17.000 ▲ 2.570%		P0.180 ▲ 2.462%

Inflation sizzles to over 3-year high

INFLATION QUICKENED in May to its highest level in three and a half years, fueled by soaring food and transport costs, the statistics agency said on Tuesday.

The overall prices of consumer goods and services accelerated by 5.4% year on year in May, faster than the 4.9% in April and 4.1% a year ago, preliminary data from the Philippine Statistics Authority (PSA) showed.

This matched the median estimate in a *BusinessWorld* poll conducted late last week. It also hit the midpoint of the 5-5.8% forecast range given by the Bangko Sentral ng Pilipinas (BSP) for the month.

It was the second straight month that inflation zoomed past the central bank's 2-4% target band.

The inflation print in May was the fastest pace in 42 months or since the 6.1% year-on-year growth logged in November 2018.

"The inflation path continues to be driven primarily by supply-side factors amid volatile global commodity prices. Supply chain disruptions could also contribute to inflationary pressures, and thus warrant closer monitoring to enable timely intervention to arrest emergence of further second-round effects," BSP Governor Benjamin E. Diokno said in a statement.

Month on month, consumer prices went up by 0.4%. However, it increased by 0.5% on a seasonally adjusted month-on-month basis.

Inflation has averaged 4.1% annually so far this year, still lower than the revised 4.6% forecast by the central bank.

At a press briefing on Tuesday, National Statistician Claire Dennis S. Mapa said the May inflation print was driven by the rise in the prices of food and non-alcoholic beverages, utilities, and transport.

Prices of the heavily weighted food and non-alcoholic beverages jumped by 4.9% year on year in May, fueled by the 15.2% increase in vegetables, tubers, etc. and 6.2% jump in fish and seafood.

"We saw (in April) that the increase in transport costs was having a spillover effect on the food basket. This month, we have seen there is now a big effect," Mr. Mapa said in Filipino, adding that they have not seen any supply issues.

Mr. Mapa also pointed out that rice inflation has been well managed. Inflation for rice dropped by 0.3% in the National Capital Region (NCR), and increased by 1.8% in areas outside the NCR.

Transport costs likewise climbed by 14.6% in May, as pump prices continued to climb amid volatility in the global market. Gasoline rose by 47.2%, while diesel surged by 86.2%.

The ongoing Russia-Ukraine war has pushed prices of oil above

\$100 per barrel amid concerns over supply. Russia is the world's second-largest supplier of crude oil. Since the start of the year, the prices of gasoline, diesel and kerosene have gone up by P23.85, P30.30, and P27.65 per liter, respectively, according to the Energy department.

Housing, water, electricity, gas, and other fuels rose by 6.5% in May, easing from 6.9% in April but higher than 1.7% a year ago. Major contributors to this segment were electricity (17.6% in May from 19.5% in April), and liquefied petroleum gas (33.7% from 33.4%).

The food-alone index showed an increase of 5.2% in May, higher than the 4% in the preceding month and 3.7% from a year ago.

Meanwhile, inflation as experienced by the poor households jumped 4.3% in May from 3.8% in April. However, it was lower than 4.5% in May last year.

Inflation, S1/11

Next central bank governor signals at least two rate hikes

THE PHILIPPINES will likely follow its interest-rate increase last month with at least two more hikes to curb inflation, according to the central bank's incoming governor.

"It's almost a sure thing to everyone that we will raise in June," Felipe M. Medalla, a board member of the Bangko Sentral ng Pilipinas (BSP) who is set to take over from Benjamin E. Diokno as governor on July 1, said in an interview on Tuesday. There is a "90% chance there's another one in August. The real question is: Is that the last one?"

He said the successive hikes will lift the benchmark rate to 2.75% from 2.25% now — a level seen reached by the end of third

quarter in the median of forecasts compiled by Bloomberg. Increases beyond that will be data-dependent, Mr. Medalla said.

The BSP is scheduled to review policy settings on June 23 and subsequently on Aug. 18.

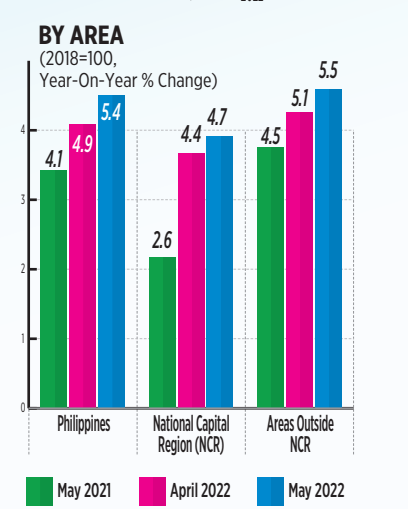
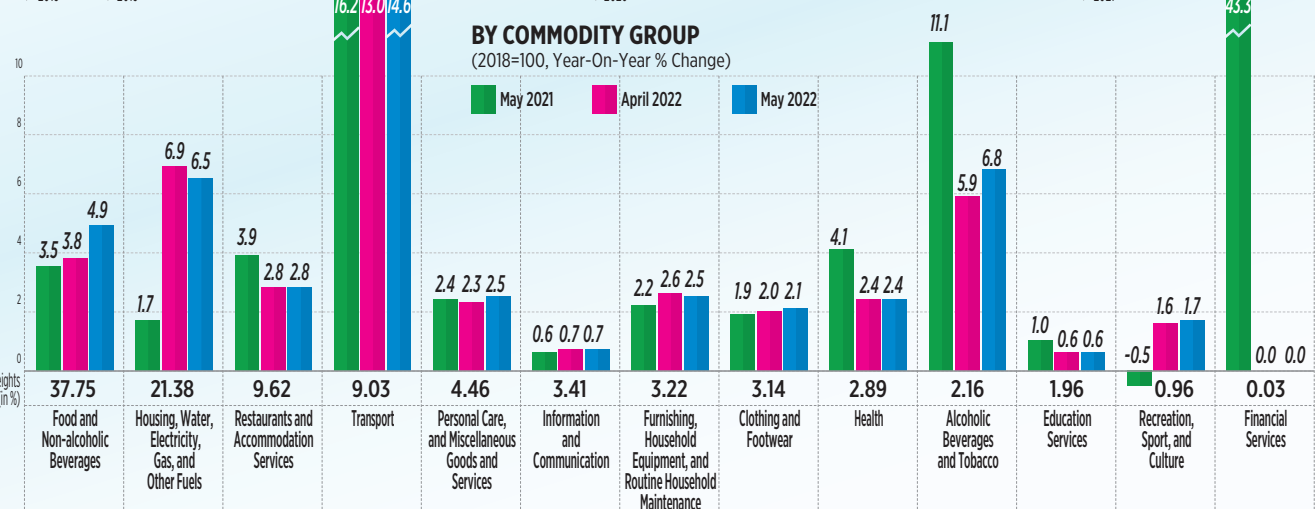
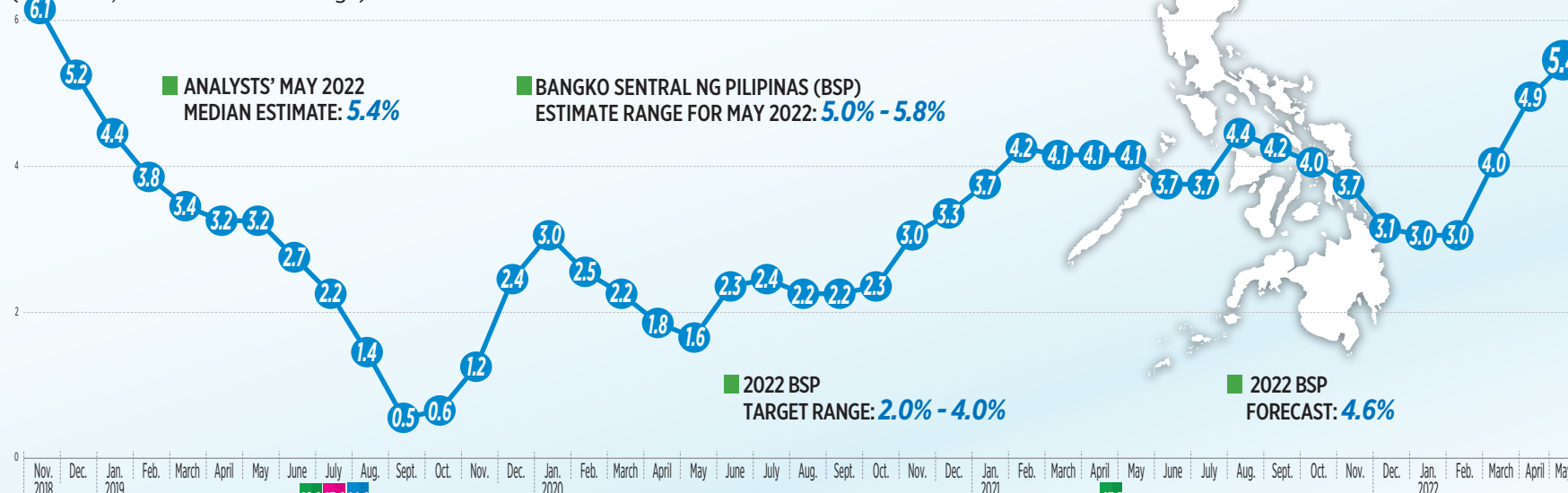
The peso fell by 0.2% to 52.95 per dollar, approaching the lowest since January 2019. Local stocks rose by 0.5%.

Mr. Medalla will take the helm at BSP as its rate hike cycle picks up speed to ride out the inflation wave sweeping the world. Consumer prices rose an annualized 5.4% in May, data released on Tuesday showed, the fastest in more than three years and well above the bank's 2%-4% target.

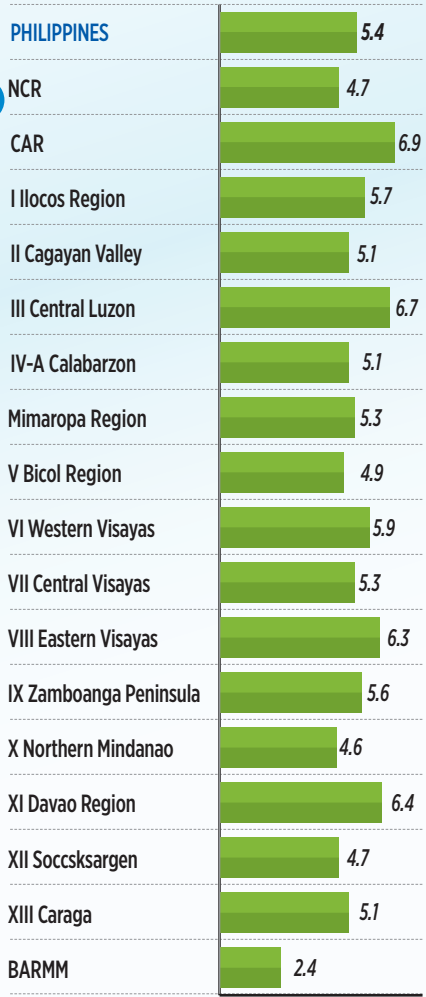
Rate hikes, S1/11

HEADLINE INFLATION RATES IN THE PHILIPPINES

(2018=100, Year-On-Year % Change)



BY REGION (May 2022) (2018=100, Year-On-Year % Change)



SOURCE: PHILIPPINE STATISTICS AUTHORITY BUSINESSWORLD RESEARCH: ABIGAIL MARIE P. YRAGOLA BUSINESSWORLD GRAPHICS: CRESCENCIO I. CRUZ

HSBC cuts PHL growth outlook

HSBC GLOBAL Private Banking trimmed its Philippine growth outlook to 5.7% this year, which is slightly below the government's 7-8% target, citing the impact of the slowing global economy and soaring inflation.

During the HSBC Global Private Banking and Wealth Investment Outlook, HSBC Southeast Asia Chief Investment Officer James Cheo said the gross domestic product (GDP) projection for the Philippines was trimmed to 5.7% from the previous 6.5% outlook.

"The global momentum was much slower than we expected in the beginning of year," he said.

Mr. Cheo said the lower growth outlook reflected the extent of the impact of supply chain bottlenecks and the Russia-Ukraine war.

"Because of these unpredictable factors, we had to kind of shave off Philippine growth by a bit. Nevertheless, 5.7% is still a very, very strong number in our view, and I think it's a very robust outlook for the country," he added.

The Philippine economy expanded by 8.3% year on year in the first quarter, 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.

HSBC, S1/11

Marcos gov't unlikely to suspend fuel tax

A SUSPENSION of the excise tax on fuel products is unlikely under the administration of President-elect Ferdinand R. Marcos, Jr., according to the incoming Finance chief.

Finance Secretary-designate Benjamin E. Diokno, who currently heads the Philippine central bank, said it would be unwise to suspend the excise tax on fuel products because reversing such a move would be "very difficult."

"When you cut taxes on fuel, it will benefit everybody, the rich, the poor, the middle-income class," he told CNN Philippines. "When there is a need to put it back, restore the cut because things have normalized, it's very difficult to push such measures before Congress."

"I think it's a wrong move to cut taxes at this time," Mr. Diokno made the statement after fuel retailers on Tuesday raised the prices of gasoline,

diesel and kerosene by P2.70, P6.55 and P5.45 per liter, respectively.

The current excise tax rate is P10 per liter for gasoline, P6 per liter for diesel, P5 per liter for kerosene, and P3 per liter for liquefied petroleum gas (LPG).

The Duterte administration had rejected calls to suspend excise taxes on fuel products despite the continued spike in oil prices. Instead, the government provided direct aid to the most vulnerable sectors.

Mr. Diokno said targeted assistance to jeepney drivers, farmers, and fisherfolk is "more efficient than cutting taxes" and that the next government "will continue that approach."

However, some public utility drivers claimed they have yet to receive the P6,500 fuel subsidy promised by the government.

Mr. Diokno acknowledged that the delay in the distribution of the cash assistance is a "problem of implementation."

"We'll make sure implementation will be efficient and will be timely," he said.

Mr. Marcos on Monday met with members of his economic team, including Mr. Diokno, incoming Budget chief Ameh Pangandaman, and incoming Socioeconomic Planning chief Arsenio M. Balisacan, among others.

Mr. Diokno said the economic team was tasked to prepare a medium-term fiscal plan for the next six years. "The first half will be a detailed fiscal plan," he said, without giving details.

"The main goal is to reduce the [budget deficit] by the end of his term. We want to satisfy our plan to be an upper middle-income economy and reduce poverty by single digit."

The government is targeting to bring down the budget deficit to 3% of gross domestic product (GDP) by 2028. — **Kyle Aristophere T. Atienza**



CORPORATE NEWS
North Star defers IPO on increased market volatility S1/4

OPINION
The state of mass housing S1/6

THE WORLD
Tourists to Japan must pledge to wear masks or risk expulsion S1/9



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