P25 IN METRO MANILA, PHILIPPINES

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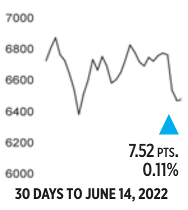
STOCK MARKET



PSEi

OPEN:	6,416.87
HIGH:	6,474.53
LOW:	6,384.41
CLOSE:	6,474.53
VOL.:	0.827 B
VAL(P):	5.600 B

ASIAN MARKETS

JUNE 14, 2022

	CLOSE		NET	%
Japan (Nikkei 225)	26,629.86	▼	-357.58	-1.32
Hong Kong (Hang Seng)	21,067.99	▲	0.41	0.00
Taiwan (Weighted)	16,047.37	▼	-23.61	-0.15
Thailand (SET Index)	1,602.24	▲	2.18	0.14
S.Korea (Kse Composite)	2,492.97	▼	-11.54	-0.46
Singapore (Straits Times)	3,110.84	▼	-28.51	-0.91
Sydney (All Ordinaries)	6,686.00	▼	-246.00	-3.55
Malaysia (Klse Composite)	1,481.28	▲	16.45	1.12

WORLD MARKETS

JUNE 13, 2022

	CLOSE		NET
Dow Jones	30,516.740	▼	-876.050
NASDAQ	10,809.225	▼	-530.799
S&P 500	3,749.630	▼	-151.230
FTSE 100	7,205.810	▼	-111.710
Euro Stoxx50	3,442.310	▼	-68.420

PESO-DOLLAR RATES

FX

OPEN	P53.280
HIGH	P53.130
LOW	P53.400
CLOSE	P53.250
W.AVE.	P53.273
VOL.	$1,167.60 M

SOURCE : BAP

ASIAN MONIES-US$ RATE

JUNE 14, 2022

	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	134.260	▲	134.320
Hong Kong (HK dollar)	7.850	—	7.850
Taiwan (NT dollar)	29.692	▲	29.710
Thailand (baht)	34.950	▼	34.810
S. Korea (won)	1,286.510	▲	1,288.570
Singapore (dollar)	1.389	—	1.389
Indonesia (rupiah)	14,695	▼	14,678
Malaysia (ringgit)	4.420	▼	4.419

WORLD CURRENCIES

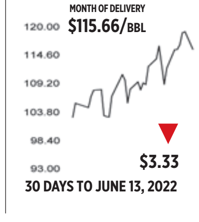
JUNE 14, 2022

	CLOSE		PREVIOUS
US$/UK pound	1.2154	▼	1.2213
US$/Euro	1.0456	▼	1.0472
$/Aust dollar	0.6937	▼	0.6981
Canada dollar/US$	1.2909	▲	1.2847
Swiss Franc/US$	0.9903	▼	0.9914

DUBAI CRUDE OIL

FUTURES PRICE ON NEAREST MONTH OF DELIVERY

$115.66/BBL



PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • JUNE 14, 2022 (PSEi snapshot on *S1/4*; article on *S2/2*)

		Value			
ALI	P29.350	P777,372,290	-P0.700	▼	-2.329%
SMPH	P37.200	P610,465,015	P0.000	—	0.000%
ICT	P195.000	P600,897,311	-P5.000	▼	-2.500%
SM	P830.000	P321,346,655	P24.000	▲	2.978%
BDO	P124.400	P240,550,657	-P0.300	▼	-0.241%
MBT	P49.600	P236,220,062	-P0.550	▼	-1.097%
CNVRG	P22.150	P206,915,565	-P0.350	▼	-1.556%
BPI	P93.450	P157,070,423	P0.800	▲	0.863%
URC	P100.000	P154,678,534	-P1.000	▼	-0.990%
TEL	P1,850.000	P142,605,390	P54.000	▲	3.007%

PHL competitiveness ranking improves

By Revin Mikhael D. Ochave *Reporter*

THE PHILIPPINES climbed four spots in an annual global competitiveness report by Switzerland-based International Institute for Management Development (IMD), due to the economy's improved performance.

IMD's 2022 World Competitiveness Yearbook ranked the Philippines 48th out of 63 economies, from the 52nd spot out of 64 economies in 2021. This was the Philippines' highest ranking in two years or since placing 45th in 2020.

However, the country continued to lag behind its neighbors, placing 13th among the 14 Asia-Pacific economies in the index for the fifth straight year.

IMD ranked each country's competitiveness using 333 indicators grouped under four factors: economic performance, government efficiency, business efficiency, and infrastructure.

"The Philippines saw improvements in its Economic Performance, wherein the country currently ranks at 53rd, a jump from 57th in 2021," the Asian Institute of Management (AIM) Rizalino S. Navarro Policy Center for Competitiveness said in a statement. The center has been the IMD's Philippine partner institute in producing the competitiveness yearbook since 1997.

The country's GDP expanded by 5.7% in 2021, as the economy gradually reopened after strict lockdowns. In the first quarter of 2022, GDP grew by 8.3%.

While infrastructure ranking rose two places to 57th spot, it is still the lowest among the competitiveness factors for the Philippines, particularly in terms of health and education infrastructure.

However, the Philippines slid to 48th in terms of government efficiency from 45th in 2021, due to the decline in public finance to 51st from 45th in 2021. This was mainly due to the deterioration of the budget deficit and outstanding debt as the government ramped up spending and borrowings to finance its coronavirus disease 2019 (COVID-19) pandemic response.

The budget deficit stood at P311.9 billion as of end-April, while outstanding debt rose to a record P12.76 trillion.

The Philippines also saw a drop in business efficiency, slipping to 39th from 37th last year, as productivity and efficiency declined six spots to 56th place. Overall productivity plunged to 57th place in this year's ranking, from 10th in 2021, which IMD said reflected the negative impact of the COVID-19 pandemic.

IMD said the Philippines will continue to face challenges this year, such as implementing effective strategies to drive recovery from the pandemic while strengthening fiscal responsibility and reducing poverty.

The country also needs to promote "innovative governance" and ensure smooth post-election transition of power, as well as develop "future-ready" health and education systems. It also has to invest in sustainable infrastructure and reduce climate change vulnerability, the IMD said.

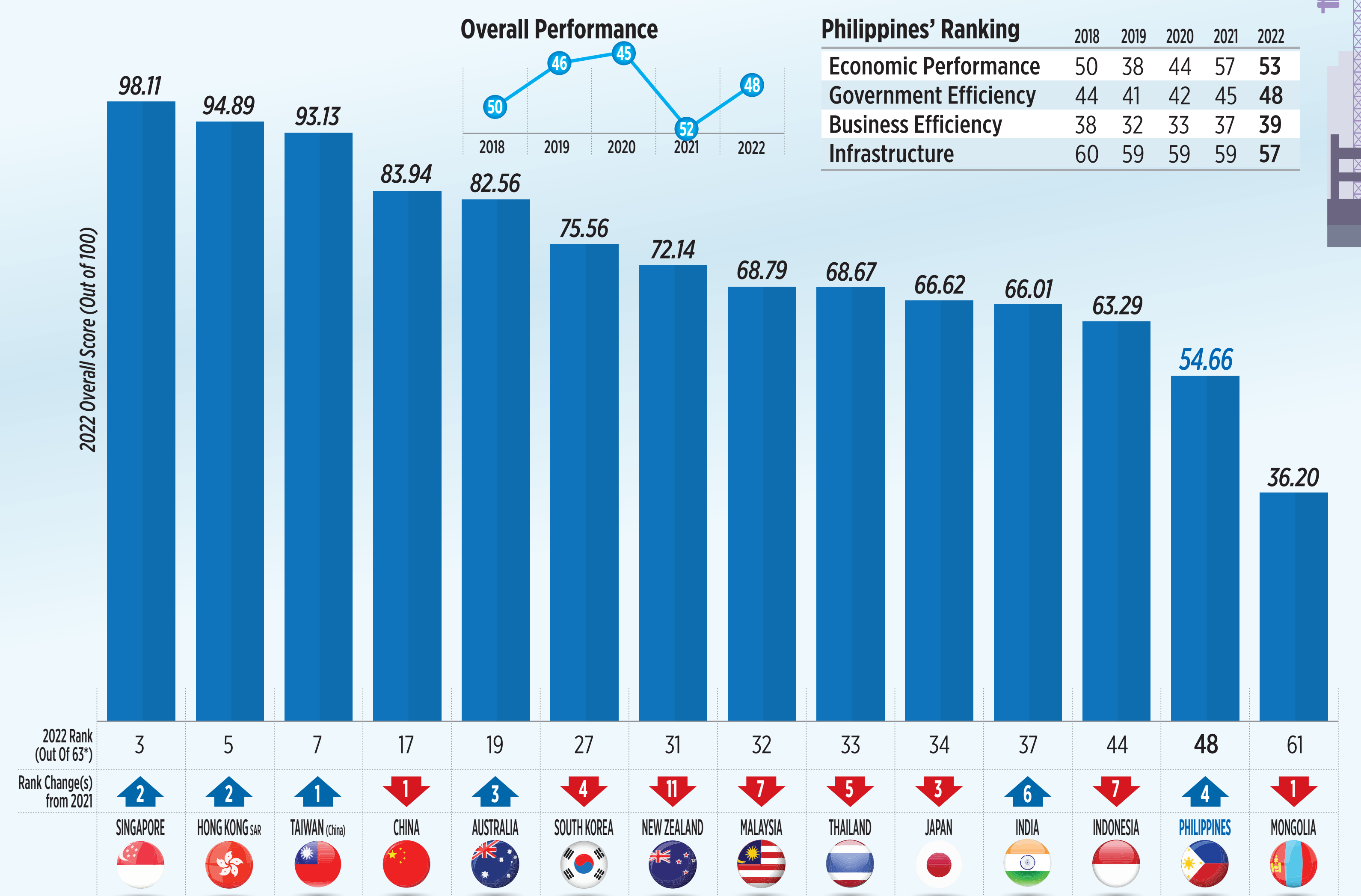
University of Asia and the Pacific (UA&P) Senior Economist Cid L. Terosa said in an e-mail interview with *BusinessWorld* that the country's improved ranking sends a positive signal to potential investors.

"The ranking of the Philippines improved because of its better economic performance and improved state of infrastructure. In particular, increasing real GDP growth, higher gross capital formation, evident macroeconomic stability, and greater employment creation propelled the Philippines to a higher ranking," he said.

Competitiveness, S1/3

WORLD COMPETITIVENESS RANKING 2022

Asia-Pacific economies' 2022 Competitiveness Scores and Ranking



Philippines' Ranking

	2018	2019	2020	2021	2022
Economic Performance	50	38	44	57	53
Government Efficiency	44	41	42	45	48
Business Efficiency	38	32	33	37	39
Infrastructure	60	59	59	59	57

Top 10 Most Competitive Economies

2022 RANK (out of 63*)	Economy	Rank Change(s) from 2021	2022 Overall Score (Out of 100)
1	Denmark	▲ 2	100.00
2	Switzerland	▼ 1	98.92
3	Singapore	▲ 2	98.11
4	Sweden	▼ 2	97.71
5	Hong Kong SAR	▲ 2	94.89
6	Netherlands	▼ 2	94.29
7	Taiwan, China	▲ 1	93.13
8	Finland	▲ 3	93.04
9	Norway	▼ 3	92.96
10	USA	◆	89.88

NOTES:
- The IMD report ranks an economy's competitiveness using indicators grouped under four factors: economic performance, government efficiency, business efficiency, and infrastructure. Each of these factors is divided into five sub-factors which highlight every facet of the areas analyzed.

* Russia and Ukraine were not included in the 2022 edition due to the limited reliability of data collected. Bahrain was the latest addition to the annual rankings.

SOURCE: IMD WORLD COMPETITIVENESS CENTER'S 2022 WORLD COMPETITIVENESS YEARBOOK
BUSINESSWORLD RESEARCH: LOURDES O. PILAR
BUSINESSWORLD GRAPHICS: BONG R. FORTIN

Cutting infrastructure spending will hurt economy's recovery, DoF says

THE GOVERNMENT should not reduce infrastructure spending as this may hurt the economy's recovery, the Finance department said.

In an economic bulletin on Tuesday, Department of Finance (DoF) Chief Economist Gil S. Beltran said it is important to continue infrastructure investments "due to its positive impact on competitiveness and economic recovery."

"Cutting infrastructure spending may narrow down the deficit momentarily but will definitely be counterproductive in the long-run as far as economic recovery is concerned," Mr. Beltran said.

"Simply put, a half-finished bridge does not cut travel time even by a minute. Stopping construction works midway through the project cycle deprives the economy of the opportunity to immediately benefit from the catalytic effects of infrastructure investments."

The budget deficit stood at P311.9 billion as of end-April, narrowing by 14.75% from a year ago as tax revenues reached P1 trillion, up 12% year on year. Expenditures, on the other hand, rose by 6.6% due to higher interest payments and allotments for local government units (LGUs).

In the first quarter, public infrastructure spending went up by 4% to P252.8 billion, despite the election ban on new projects. The government is planning to spend P1.27 trillion, equivalent to 5.9% of gross domestic product (GDP), on infrastructure this year.

The incoming Marcos administration has already signaled it will continue the Duterte administration's infrastructure program.

Mr. Beltran said the medium-term fiscal program shows a declining trend in the deficit, "largely on account of revenues rising more slowly than GDP but that infrastructure spending is not sacrificed."

The Development Budget Coordination Committee (DBCC) lowered slightly the budget deficit target to 7.6% of GDP this year, from 7.7% previously, which reflects the impact of the Russia-Ukraine war, China's slowdown, and monetary policy normalization in the United States.

The DBCC set the deficit goal at 6.1% of GDP for 2023, 5.1% for 2024, and 4.1% for 2025.

Infrastructure spending is projected at 5.4% of GDP for 2023 and 2024, and 5.3% of GDP for 2025.

Fiscal consolidation and recovery will be key in preserving fiscal stability, Mr. Beltran said.

"The planned fiscal consolidation rests on shoring up tax revenues, winding down pandemic-related spending, and cutting non-priority expenditures," he said.

Finance Secretary Carlos G. Dominguez III last month proposed a fiscal consolidation plan that involves imposing new tax measures, repealing some tax exemptions, and deferring personal income tax reductions.

Mr. Dominguez has said the government cannot cover the existing debt incurred during the pandemic by borrowing more or reducing spending every year.

The National Government's outstanding debt stood at a record-high P12.76 trillion at the end of April.

Infrastructure, S1/9

PHL seen to expand 6% this year

THE PHILIPPINE economy is likely to expand by 6% this year, taking into account the headwinds that would likely affect growth, incoming Socioeconomic Planning Secretary Arsenio M. Balisacan said.

"[The] inflation that we are seeing is very much imported, and obviously, will temper our growth a bit. We were expecting growth at the beginning of the year to be around 7-8%, but many things have happened since then, and we are still confident that we'll achieve 6% growth, and that already takes into account the problems in the global and domestic markets," he said in a Bloomberg TV interview on Monday.

Last month, the Development Budget Coordination Committee (DBCC) lowered the gross domestic product (GDP) growth target to 7-8%, from 7-9% previously, reflecting the impact of the Russia-Ukraine war, the economic slowdown in China, and monetary policy tightening in the United States.

Inflation accelerated to 5.4% in May, the highest in three and a half years, as fuel and food prices continued to climb amid the ongoing Russia-Ukraine war and supply chain disruptions.

The DBCC also raised the average inflation rate assumption to 3.7-4.7% for 2022, from 2-4% previously.

"The goal is to rapidly ramp up our economic recovery while living with the uptick in prices," Mr. Balisacan said.

"We'll have to improve our capacity to address supply bottlenecks. We'll need to work closely with our trading partners, and make sure we have access to food supply in particular, and basic inputs needed for manufacturing and other industries."

PHL, S1/9