P25
IN METRO MANILA, PHILIPPINES

BusinessWorld

STOCK MARKET

PSEi

OPEN:	6,349.26
HIGH:	6,370.74
LOW:	6,255.68
CLOSE:	6,285.19
VOL.:	0.885 B
VAL(P):	3.965 B

ASIAN MARKETS

JUNE 21, 2022

	CLOSE		NET	%
Japan (Nikkei 225)	26,246.31	▲	475.09	1.84
Hong Kong (Hang Seng)	21,559.59	▲	395.68	1.87
Taiwan (Weighted)	15,728.64	▲	361.06	2.35
Thailand (SET Index)	1,574.56	▲	15.35	0.98
S.Korea (Kse Composite)	2,408.93	▲	17.90	0.75
Singapore (Straits Times)	3,118.00	▲	21.60	0.70
Sydney (All Ordinaries)	6,523.80	▲	90.40	1.41
Malaysia (Klse Composite)	1,457.88	▲	16.64	1.15

WORLD MARKETS

JUNE 20, 2022

	CLOSE		NET
Dow Jones *	29,888.780	▼	-38.290
NASDAQ *	10,798.350	▲	152.251
S&P 500 *	3,674.840	▲	8.070
FTSE 100	7,121.810	▲	105.560
Euro Stoxx50	3,399.090	▲	37.190

* CLOSING PRICES AS OF JUNE 17, 2022

PESO-DOLLAR RATES

FX

OPEN	P54.100
HIGH	P54.050
LOW	P54.400
CLOSE	P54.265
W.AVE.	P54.207
VOL.	$1,389.94 M

SOURCE : BAP

ASIAN MONIES-US$ RATE

JUNE 21, 2022

	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	135.300	▼	134.760
Hong Kong (HK dollar)	7.850	—	7.850
Taiwan (NT dollar)	29.714	▲	29.720
Thailand (baht)	35.260	▲	35.290
S. Korea (won)	1,291.960	▼	1,290.170
Singapore (dollar)	1.384	▲	1.386
Indonesia (rupiah)	14,810	▲	14,830
Malaysia (ringgit)	4.396	▲	4.400

WORLD CURRENCIES

JUNE 21, 2022

	CLOSE		PREVIOUS
US$/UK pound	1.2314	▲	1.2251
US$/Euro	1.0574	▲	1.0537
$/Aust dollar	0.6976	▼	0.6991
Canada dollar/US$	1.2911	▼	1.2986
Swiss Franc/US$	0.9651	▲	0.9640

DUBAI CRUDE OIL

FUTURES PRICE ON NEAREST MONTH OF DELIVERY

$108.40/BBL

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S1/1-12 • 2 SECTIONS, 18 PAGES

PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • JUNE 21, 2022 (PSEi snapshot on *S1/2*; article on *S2/2*)

		Value			
SM	P774.000	P304,345,165	-P16.000	▼	-2.025%
ALI	P27.650	P262,794,090	-P0.150	▼	-0.540%
SMPH	P36.450	P241,151,215	-P0.450	▼	-1.220%
BDO	P123.000	P183,202,076	P0.200	▲	0.163%
CNVRG	P19.320	P177,619,636	P0.020	▲	0.104%
ICT	P195.100	P172,988,231	-P4.300	▼	-2.156%
MER	P371.000	P154,485,772	P1.600	▲	0.433%
TEL	P1,790.000	P150,535,245	-P40.000	▼	-2.186%
SEVN	P49.000	P146,969,836	-P1.000	▼	-2.000%
WEB	P5.950	P140,221,240	P0.780	▲	15.087%

May BoP deficit widens to $1.6 billion

By Keisha B. Ta-asan

THE PHILIPPINES posted its largest monthly balance of payments (BoP) deficit in 15 months in May, mainly due to the National Government's foreign debt payments, the central bank said on Tuesday.

Data from the Bangko Sentral ng Pilipinas (BSP) showed May's BoP deficit stood at $1.61 billion, widening from the $1.4-billion gap a year ago and the $415-million gap in April.

This was the widest deficit since the $2.019 billion in February 2021.

"The BoP deficit in May 2022 reflected outflows mainly from the National Government's (NG) foreign currency withdrawals from its deposits with the BSP to settle its foreign currency debt obligations and pay for its various expenditures," the central bank said in a statement.

The BoP gives a glimpse of the country's transactions with the rest of the world at a given time. A deficit shows more funds exited the country than what went in, while a surplus means more money entered the economy.

In the five months ending in May, the BoP gap narrowed to $1.53 billion, from $1.63-billion deficit in the same period in 2021.

"Based on preliminary data, this cumulative BoP deficit reflected the trade in goods deficit, which was partly offset by inflows such as from personal remittances, net foreign borrowings by the NG, foreign direct and portfolio investments," the central bank said.

Latest data from the Philippine Statistics Authority showed trade-in-goods deficit stood at $4.773 billion in April, wider than the $3.098-billion shortfall a year ago.

The BoP deficit reflected the large trade gap as net imports have been bloated by elevated prices of imported oil and other commodities, Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said in a Viber message.

At its end-May position, the BoP reflected a final gross international reserve (GIR) level of

BoP, S1/9

PHILIPPINES FALLS TO 99TH OUT OF 130 COUNTRIES IN BUSINESS ENVIRONMENT RESILIENCE LIST

The Philippines dropped 10 places to 99th out of 130 countries with an overall score of 37.3 (out of a possible 100) in the 2022 edition of FM Global Resilience Index by US-based mutual insurance company FM Global. The index ranked countries based on their overall resilience of business environment based on economic, risk quality, and supply chain data. The Philippines was the third-least resilient business environment compared with its Southeast Asia peers, just ahead of Cambodia (112th overall) and Laos (123rd).

Philippines' Factor and Driver Scores (2022)

	Score (out of 100)
Overall	**37.3**
Economic Factor	**31.3**
Productivity	6.0
Political Risk	37.3
Energy Intensity	88.4
Urbanization Rate	72.2
Healthcare Expenditure	2.9
Risk Quality Factor	**42.2**
Seismic Risk Exposure	0.6
Climate Risk Exposure	40.0
Climate Risk Quality	17.9
Fire Risk Quality	50.4
Cyber Risk Quality	76.7
Supply Chain Factor	**40.1**
Control of Corruption	45.1
Quality of Infrastructure	28.2
Corporate Governance	48.3
Supply Chain Visibility	46.0
Supply Chain Timeliness	39.9

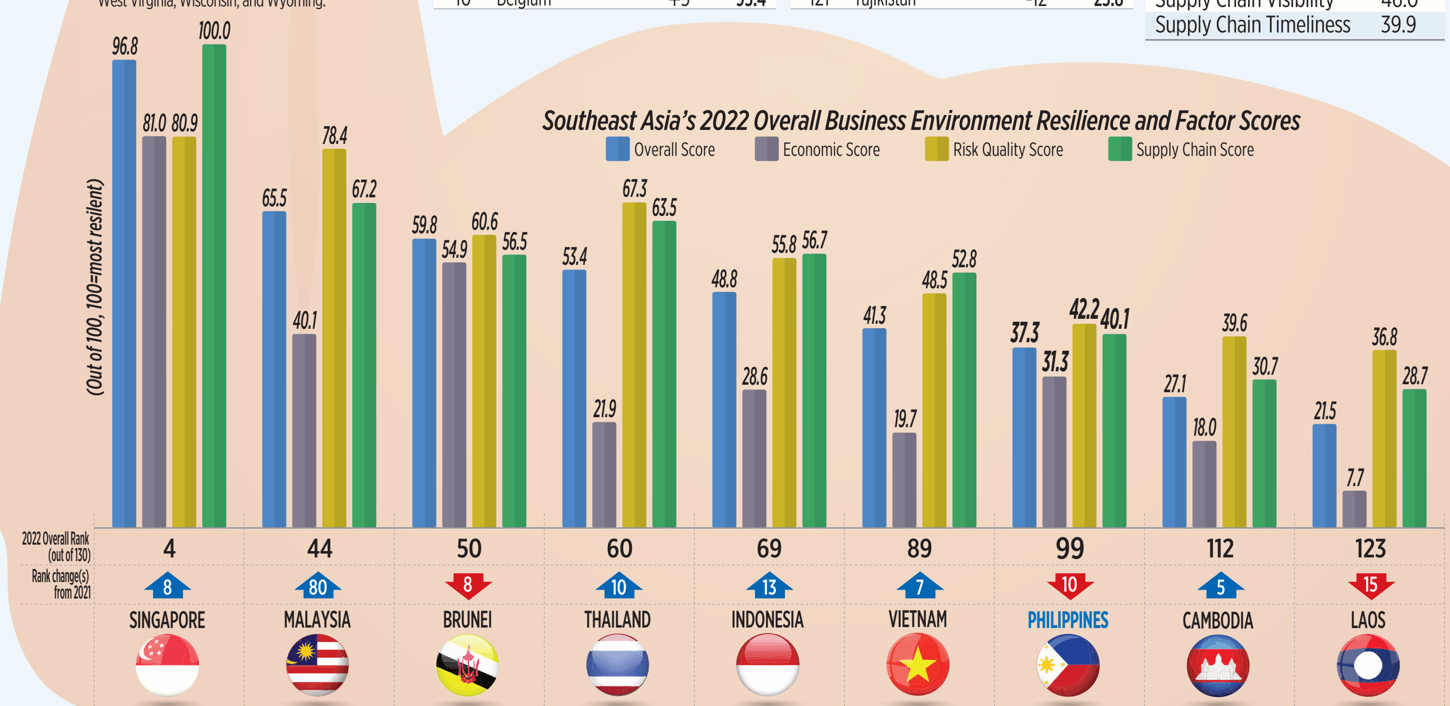
NOTES:
- There were 15 core drivers of resilience selected for the 2022 edition of the index, categorized into three main factors (see Philippines' table).
- Based on data availability, new entrants to, and exits from, the index may emerge. In order to maintain consistency in the interpretation of results, the index is restricted to the top 130 countries and territories in any given year.
*Includes the states of Arizona, Arkansas, Colorado, District of Colombia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Montana, Nebraska, New Mexico, North Dakota, Ohio, Oklahoma, Pennsylvania, South Dakota, Tennessee, Vermont, West Virginia, Wisconsin, and Wyoming.

Top 10

2022 Rank (out of 130)	Country	Rank change(s) from 2021	Score (out of 100)
1	Denmark	0	100.0
2	Switzerland	+3	97.7
3	Luxembourg	0	97.5
4	Singapore	+8	96.8
5	Germany	-1	96.5
6	United States (Central)*	+3	95.0
7	Sweden	0	94.2
8	Norway	-6	94.0
9	Austria	-1	93.8
10	Belgium	+5	93.4

Bottom 10

2022 Rank (out of 130)	Country	Rank change(s) from 2021	Score (out of 100)
130	Haiti	0	0.0
129	Venezuela	0	8.3
128	Chad	-1	16.7
127	Ethiopia	-1	17.3
126	Madagascar	n.a.	19.4
125	Mozambique	-4	20.2
124	Mali	-78	20.3
123	Laos	-15	21.5
122	Honduras	-2	23.0
121	Tajikistan	-12	23.8



SOURCE: 2022 FM GLOBAL RESILIENCE INDEX *BUSINESSWORLD* RESEARCH: BERNADETTE THERESE M. GADON
BUSINESSWORLD GRAPHICS: BONG R. FORTIN

BSP unlikely to OK more digital banks in near term

IT MAY TAKE two to three years for the Bangko Sentral ng Pilipinas (BSP) to accept new applications for digital banks as it still needs to boost its capacity to regulate these kinds of lenders, according to its incoming chief.

"We should have at least enough examiners, enough experts to regulate and protect the public. That's the reason... We have to be very, very careful," current Monetary Board member and incoming BSP Governor Felipe M. Medalla told *BusinessWorld* in a roundtable discussion with editors on June 14.

The central bank capped the number of digital banking licenses to six last year, after the remaining applicants failed to meet the requirements.

Mr. Medalla said the BSP should further develop its capacity to regulate digital banks before allowing rapid expansion.

"Our ability to regulate must also grow," he said. "We don't hate competition but we better have the capacity to regulate, and not be outstripped by growth of what we regulate."

Asked how long it would take to achieve this expanded capacity, Mr. Medalla said: "Maybe two or three years. Then our capacity will be equal to the tasks that we can clearly say 'anyone who wants to come in and meets the capital requirements and the technical requirements' (can come in)."

The Philippines' current cap on licenses is comparable to those of its neighboring countries such as Singapore, which has granted four licenses and Malaysia, which approved five.

In December 2020, the BSP released the guidelines for establishing digital banks in the country, distinguishing them from traditional banks.

Under BSP Circular No. 1105, a digital bank is defined as an institution that offers financial products and services through digital and electronic channels without physical branches.

Banks, S1/9

Duterte designates Makati building as special ecozone

PRESIDENT Rodrigo R. Duterte has designated Ayala Land, Inc.'s (ALI) office tower in Makati City as a special economic zone.

Mr. Duterte signed Proclamation No. 1392 on June 13, which declared Circuit Corporate Center 2 as a special economic zone-information technology center. A copy of the proclamation was made public on Tuesday.

The office building is located along 3 Theater Drive in Circuit, a 21-hectare mixed-use township being developed by ALI in Barangay Carmona.

According to the proclamation, Circuit Corporate Center 2 will have a gross floor area of 46,817 square meters (sq.m.), more or less.

On the AyalaLand Offices website, Circuit Corporate Center 2 is described as a 17-storey office tower.

However, it was unclear whether the proclamation meant the existing ban on new ecozones in the National Capital Region (NCR) has been lifted.

Sought for comment, Presidential Communications Operations Office (PCOO) Secretary Martin M. Andanar said he had no information on the matter.

In June 2019, Mr. Duterte signed Administrative Order No. 19 that imposed a moratorium on new ecozones in Metro Manila as part of efforts to boost development and investments in the countryside. Buildings designated as ecozones typically receive tax breaks and incentives.

The Philippine Economic Zone Authority (PEZA) has sought the lifting of the moratorium, but was rejected by the Fiscal Incentives Review Board (FIRB).

PEZA Director-General Charito B. Plaza said the application for the building's designation as a special economic zone may have been submitted before the moratorium was implemented in 2019.

Ecozone, S1/9

Philippine tourism industry seen to reach pre-pandemic levels by 2024

By Revin Mikhael D. Ochave
Reporter

THE DOMESTIC tourism sector is expected to reach pre-pandemic levels by 2024, although near-term challenges such as high inflation may affect demand, according to industry stakeholders.

"We consulted our members, we also talked to some experts, reports coming from United Nations World Tourism Organization (UNWTO) and many of them are really looking at 2024 as the year that we can go back to pre-pandemic levels. So, the next year and a half will be crucial," Philippine Hotel Owners Association (PHOA) Executive Director Benito C. Bengzon, Jr. said in an interview with *BusinessWorld Live* on One News television channel on Monday.

The coronavirus disease 2019 (COVID-19) pandemic brought travel and tourism to a standstill around the world. The industry is slowly recovering as travel restrictions ease and COVID-19 cases drop.

Mr. Bengzon said he is optimistic that the tourism and hotel industry is heading towards recovery, after travel demand improves during the summer months.

"For the hotel industry, we have been registering very good occupancy rate in the last couple of months. This has been driven by the strong demand among Filipinos who are out on summer vacation," Mr. Bengzon said.

Preliminary data from the Philippine Statistics Authority (PSA) recently showed that the share of the local tourism industry to the country's gross domestic product (GDP) inched up to 5.2% in 2021 from 5.1% in 2020. However, this is still significantly lower than the 12.7% seen in 2019.

Tourism Congress of the Philippines (TCP) President Jose C. Clemente III said that most countries and industry experts are aiming to see travel and tourism to reach pre-pandemic levels by 2024.

"Of course, that will depend on some factors such as the war in the Ukraine and COVID-19 or new viruses that may come to light. If there is a resolution to Ukraine sooner than later and no new viruses, then travel and tourism should be okay," Mr. Clemente said in a Viber message.

John Paolo R. Rivera, associate director at the Asian Institute of Management (AIM) - Dr. Andrew L. Tan Center for Tourism, said in a Viber message that the projection of attaining pre-pandemic levels by 2024 is "reasonable" but may have already factored in disruptions from the pandemic, global economy and other external factors.

"However, it is also possible to reach pre-pandemic levels as early as 2023 if no disruption will happen such as a surge, lockdown, war, political instability, and security threat. While it is not likely, we are living in a volatile, uncertain, complex and ambiguous world. Anything can happen," Mr. Rivera said.

However, the spike in fuel and food prices may pose a challenge to the industry's recovery.

"Any increase in oil will invariably affect prices of commodities and services across different sectors... This (oil hike) is a challenge but we don't really see it as a dampener," Mr. Bengzon said.

Tourism, S1/9

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