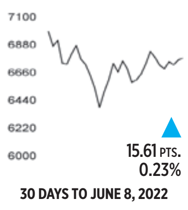
P25 IN METRO MANILA, PHILIPPINES

BusinessWorld

STOCK MARKET		
PSEi		
OPEN:	6,768.35	
HIGH:	6,797.55	
LOW:	6,733.14	
CLOSE:	6,769.62	▲ 15.61 PTS. 0.23%
VOL.:	0.745 B	
VAL(P):	5.373 B	



ASIAN MARKETS — JUNE 8, 2022

	CLOSE		NET	%
Japan (Nikkei 225)	28,234.29	▲	290.34	1.04
Hong Kong (Hang Seng)	22,014.59	▲	482.92	2.24
Taiwan (Weighted)	16,670.51	▲	157.63	0.95
Thailand (SET Index)	1,637.46	▲	5.54	0.34
S.Korea (Kse Composite)	2,626.15	▼	-0.19	-0.01
Singapore (Straits Times)	3,225.23	▼	-6.31	-0.20
Sydney (All Ordinaries)	7,121.10	▲	25.40	0.36
Malaysia (Klse Composite)	1,523.86	▼	-2.07	-0.14

WORLD MARKETS — JUNE 7, 2022

	CLOSE		NET
Dow Jones	33,180.140	▲	264.360
NASDAQ	12,175.232	▲	113.862
S&P 500	4,160.680	▲	39.250
FTSE 100	7,598.930	▼	-9.290
Euro Stoxx50	3,669.190	▼	-9.000

PESO-DOLLAR RATES

FX	
OPEN	P52.900
HIGH	P52.850
LOW	P52.935
CLOSE	P52.915
W.AVE.	P52.899
VOL.	$635.56 M

SOURCE : BAP

ASIAN MONIES-US$ RATE — JUNE 8, 2022

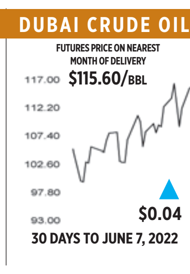
	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	133.690	▼	132.640
Hong Kong (HK dollar)	7.848	▼	7.846
Taiwan (NT dollar)	29.520	▲	29.526
Thailand (baht)	34.500	▼	34.450
S. Korea (won)	1,257.520	▲	1,257.550
Singapore (dollar)	1.376	—	1.376
Indonesia (rupiah)	14,490	▼	14,454
Malaysia (ringgit)	4.393	▲	4.394

WORLD CURRENCIES — JUNE 8, 2022

	CLOSE		PREVIOUS
US$/UK pound	1.2525	▲	1.2499
US$/Euro	1.0680	▲	1.0684
$/Aust dollar	0.7184	▲	0.7189
Canada dollar/US$	1.2550	▼	1.2594
Swiss Franc/US$	0.9784	▲	0.9758

DUBAI CRUDE OIL

FUTURES PRICE ON NEAREST MONTH OF DELIVERY $115.60/BBL



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PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • JUNE 8, 2022 (PSEi snapshot on *S1/5*; article on *S2/2*)

		Value			
ALI	P32.000	P698,841,510	P1.050	▲	3.393%
SMPH	P38.350	P539,913,820	-P0.750	▼	-1.918%
BDO	P129.000	P239,018,619	P0.700	▲	0.546%
AC	P694.000	P223,590,860	P15.500	▲	2.284%
TEL	P1,915.000	P213,153,815	-P17.000	▼	-0.880%
RRHI	P50.600	P183,742,316	-P0.300	▼	-0.589%
SM	P852.000	P180,726,590	-P12.000	▼	-1.389%
CNPF	P21.000	P170,920,825	P0.000	—	0.000%
BPI	P97.000	P168,357,821	P1.850	▲	1.944%
GLO	P2,444.000	P157,619,820	P50.000	▲	2.089%

PHL debt is still manageable — WB

THE PHILIPPINES' outstanding debt remains manageable despite breaching the internationally accepted sustainable threshold, the World Bank (WB) said, but stressed the need for a solid fiscal consolidation plan and high economic growth.

"We think the debt is still manageable. Most of our debt is long term, domestic and peso-denominated," Kevin C. Chua, World Bank senior economist in Manila, said during a briefing on Wednesday.

The Philippines' debt-to-gross domestic product (GDP) ratio reached 63.5% as of the end of the first quarter of 2022. This was above the 60% threshold considered as manageable by multilateral lenders for developing economies, and much higher than the 39.6% seen as of end-2019.

As of end-April, the National Government's outstanding debt stood at a record-high P12.76 trillion. The bulk or 70% of the debt was obtained domestically.

However, Mr. Chua said the debt will remain a drag to the country's economic growth, which the World Bank sees at 5.7% GDP for 2022 and 5.6% on average in 2023-2024.

"We are recommending fiscal consolidation. The way to address the high debt ratio would be higher economic growth and the pursuit of fiscal consolidation," he said.

The Department of Finance (DoF) last month unveiled a fiscal consolidation plan which aims to raise an average of P284 billion every year for the next 10 years to repay the P3.2-trillion additional debt incurred during the pandemic.

"Some of the recommendations would be improved revenue collection, digitalization, making it easier for businesses and individuals to pay. Also making spending more efficient to avoid leakages and wastage. Third will be to increase the value of money in procurements," Mr. Chua said.

GROWTH FORECAST

Despite the strong 8.3% growth in the first quarter, the World Bank retained its 5.7% GDP growth forecast for the Philippines this year due to the "very weak external environment," Mr. Chua said.

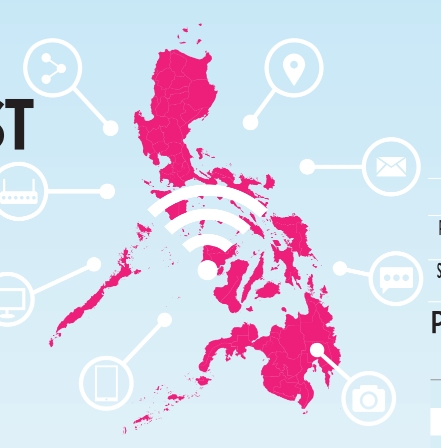
The multilateral lender in April cut the GDP outlook from the 5.8% forecast given in December 2021.

"The trend in the recent quarters reflects our optimism the country can maintain robust growth this year. Continuing growth in 2022 will be driven and supported by greater mobility of people, wider resumption of face-to-face economic and social activities

Debt, S1/12

PHILIPPINES RANKS 53RD IN INTERNET INCLUSIVITY LIST

The Philippines placed 53rd out of 100 countries in the 2022 Inclusive Internet Index, commissioned by Meta and developed by Economist Impact. The index assessed national-level internet inclusion in 100 countries across four categories: availability, affordability, relevance, and readiness. With an overall score of 72.3 out of the possible 100, the Philippines was the eighth least inclusive internet environment in Asia. It improved in the relevance pillar, led by gains in e-entertainment usage and value of e-finance and e-commerce. However, the Philippines declined in affordability due to increasing postpaid tariff and fixed-line monthly broadband costs. Availability slightly improved but gender gap in internet and mobile phone access widened from a year ago.



Top 10 economies

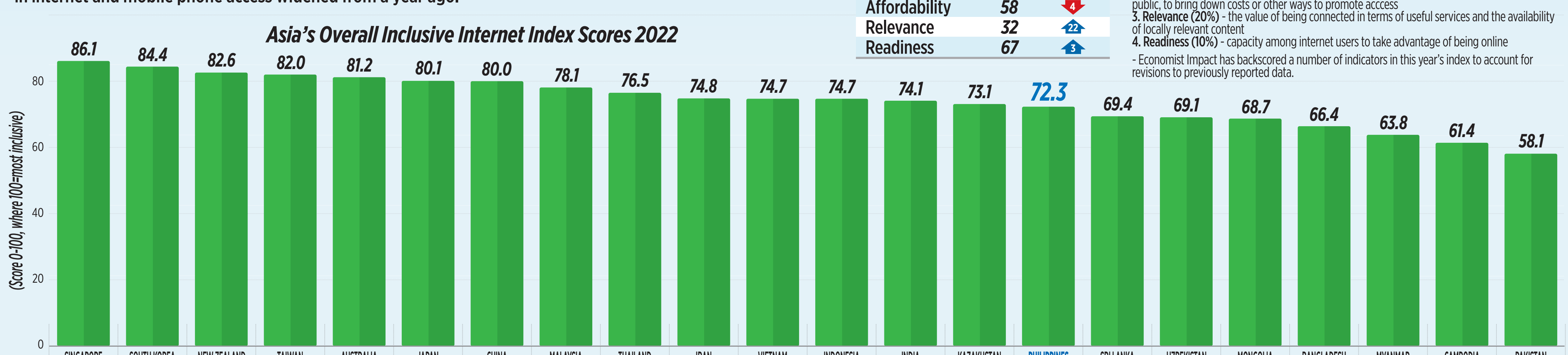
	Singapore	South Korea	United States	France	United Kingdom	New Zealand	Spain	Netherlands	Taiwan	Switzerland
Rank/100	1	2	3	4	=5	=5	7	8	9	10
Overall Score	86.1	84.4	83.9	83.5	82.6	82.6	82.5	82.3	82.0	81.9
Rank Change(s) from 2021	↔	▲8	↔	▲9	▲2	▼1	▼1	▲3	▲5	▼1
Score Change(s) from 2021	+1.0	+2.9	+0.4	+2.5	+0.7	-0.3	+0.2	+1.0	+1.1	+0.2

Philippines' ranking (Out of 100)

	2022 Rank	Rank change(s) from 2021
Overall	53	↔
Availability	=49	▼1
Affordability	58	▼4
Relevance	32	▲22
Readiness	67	▲3

NOTES:
- The index contains 62 indicators organized into four categories. Each category receives a score, calculated from a weighted average of the underlying indicator scores. These scores are scaled from 0 to 100, where 100 represents strongest environment for the adoption and productive use of the internet. A country's overall score is a weighted average of the four main categories:
1. **Availability (40%)** - quality and breadth of available infrastructure required for access
2. **Affordability (30%)** - cost of accessing the internet and considers initiatives, whether private or public, to bring down costs or other ways to promote acccess
3. **Relevance (20%)** - the value of being connected in terms of useful services and the availability of locally relevant content
4. **Readiness (10%)** - capacity among internet users to take advantage of being online
- Economist Impact has backscored a number of indicators in this year's index to account for revisions to previously reported data.

Asia's Overall Inclusive Internet Index Scores 2022



Economy	Rank (out of 100)	Rank Change(s) from 2021	Score Change(s) from 2021
Singapore	1	↔	+1.0
South Korea	2	▲8	+2.9
New Zealand	=5	▼1	-0.3
Taiwan	9	▲5	+1.1
Australia	13	▼6	-0.7
Japan	=20	▲1	+0.6
China	22	↔	+0.8
Malaysia	=34	▲4	+2.3
Thailand	=40	▲4	+3.1
Iran	45	↔	+1.6
Vietnam	=46	▲4	+2.9
Indonesia	=46	▲6	+3.3
India	50	▼2	+1.7
Kazakhstan	=51	▼2	+1.2
Philippines	53	↔	+2.0
Sri Lanka	59	▲3	+2.5
Uzbekistan	61	▲5	+4.3
Mongolia	62	▼2	+1.2
Bangladesh	=64	▲5	+2.9
Myanmar	69	▲3	+1.3
Cambodia	75	▼1	-0.1
Pakistan	79	↔	+1.2

SOURCE: THE ECONOMIST IMPACT'S INCLUSIVE INTERNET INDEX 2022 *BUSINESSWORLD* RESEARCH: MARIEDEL IRISH U. CATILOGO *BUSINESSWORLD* GRAPHICS: BONG R. FORTIN

Dollar reserves drop to $103B

THE COUNTRY'S dollar reserves declined as of end-May amid higher foreign currency withdrawals to repay debt and the lower valuation of the central bank's gold reserves.

Gross international reserves (GIR) — which shield the country from liquidity shocks — stood at $103.53 billion as of end-May, data from the Bangko Sentral ng Pilipinas (BSP) showed on Tuesday.

The end-May GIR fell by 1.7% from the $105.4 billion as of end-April, and by 3.4% from $107.25 billion in May 2021.

"The month-on-month decrease in the GIR level reflected mainly 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 BSP said in a statement on Tuesday evening.

Ample foreign exchange buffers protect the country from market volatility and ensure that it is capable of paying its debts in the event of an economic downturn.

The level of dollar reserves as of end-May is enough to cover about 6.6 times the country's short-term external debt based on original maturity and 4.5 times based on residual maturity.

It is also equivalent to 9.1 months' worth of imports of goods and payments of services and primary income.

"At 9.1 import cover, international reserves remain more than adequate to cover the dollar needs of the economy; and it is very much above the 3-month rule of thumb where reserves will be considered worrisome," China Banking Corp. Chief Economist Domini S. Velasquez said in a Viber message.

The BSP also attributed the drop in the dollar reserves to the downward adjustment in the value of the BSP's gold holdings as the price of gold declined in the global market.

The BSP's gold holdings were valued at $9.02 billion as of end-May, a 2.7% decline from the $9.27 billion as of end-April. This was also 8.8% lower than the $9.90-billion level a year earlier.

The central bank's reserve assets also include foreign investments, foreign exchange, reserve position in the International Monetary Fund (IMF) and special drawing rights (SDR).

The BSP's foreign investments amounted to $87.874 billion as of end-May, 1.8% down from $89.562 billion in the prior month and 5% down from $92.835 billion in 2021.

Meanwhile, the level of foreign exchange reserves rose by 3% to $2.074 billion as of end-May from $2.012 billion in April, but 15% lower than the $2.464 billion seen last year.

Reserves with the IMF tripled to $3.783 billion as of end-May, from the $1.235 billion in May 2021.

Dollar, S1/12

Philippines may need ten years to bring debt-to-GDP ratio down to 40%

THE PHILIPPINES may need at least 10 years before its debt-to-gross domestic product (GDP) ratio will return to its pre-pandemic level of 40%, Finance Secretary Carlos G. Dominguez III said.

"Assuming that a debt-to-GDP ratio of 40% is the ideal health... It could take us a minimum of 10 years to get back [on track]. That is the effect of COVID-19 (coronavirus disease 2019)," he said during a briefing on Wednesday.

The Philippines' debt pile ballooned to a record P12.76 trillion as of the end of April, reflecting the surge in borrowings to finance its pandemic response.

The country's debt-to-GDP ratio stood at 63.5% as of the end of the first quarter, which surpasses the 60% threshold considered as manageable by multilateral lenders for developing economies.

This is also much higher than the 39.6% debt-to-GDP ratio seen as of end-2019 or before the pandemic.

The Philippine Institute for Development Studies (PIDS) estimated the debt-to-GDP ratio will peak as high as 66.8% by 2023 and 2024, before falling to 65.7% by 2026.

The PIDS presented to the Department of Finance on Wednesday its report on the fiscal effect of the COVID-19 on the country.

PIDS Research Specialist John Paul C. Corpus outlined three scenarios and dates when the government could achieve the ideal debt-to-GDP ratio of 40%.

In order to reach this ratio by 2031, a median annual primary balance (revenues minus non-interest expenditures) increase of 2.42% of GDP would be needed, based on the most optimistic scenario that assumes a GDP growth rate of 7% and a real interest rate of 2%.

To reach the 40% debt-to-GDP ratio by 2041 and 2051, a median annual increase of primary balance of 0.86% of GDP and 0.35% of GDP respectively are needed, under optimistic conditions.

"So, the longer the terminal date, the easier it becomes. So, the long COVID could be 20 years," Mr. Dominguez said.

PIDS fellow Justine Diokno-Sicat, who co-authored the report, told reporters it will not be easy to return to pre-pandemic debt-to-GDP ratio.

If the government does not immediately return to a pre-pandemic debt-to-GDP ratio, she said the only real risk is a credit rating downgrade.

Fitch Ratings in February affirmed the Philippines' investment grade rating but also maintained the "negative" outlook amid "possible challenges in unwinding the policy response to the health crisis and bringing government debt on a firm downward path."

A negative outlook means Fitch could downgrade the Philippines' credit rating in the next 12 to 18 months.

Debt-to-GDP, S1/12

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