

STOCK MARKET	ASIAN MARKETS	WORLD MARKETS	PESO-DOLLAR RATES	ASIAN MONIES-US\$ RATE	WORLD CURRENCIES	DUBAI CRUDE OIL																																																																					
PSEi OPEN: 6,676.27 HIGH: 6,730.53 LOW: 6,646.79 CLOSE: 6,699.66 VOL.: 1.675 B VAL(P): 13,765 B 18.98 PTS. 0.28% 30 DAYS TO AUGUST 12, 2022	AUGUST 12, 2022 <table border="1"> <tr><th>CLOSE</th><th>NET</th><th>%</th></tr> <tr><td>JAPAN (NIKKEI 225)</td><td>28,546.98</td><td>▲ 727.65 2.62</td></tr> <tr><td>HONG KONG (HANG SENG)</td><td>20,175.62</td><td>▲ 93.19 0.46</td></tr> <tr><td>TAIWAN (WEIGHTED)</td><td>15,288.97</td><td>▲ 91.12 0.60</td></tr> <tr><td>THAILAND (SET INDEX)*</td><td>1,622.26</td><td>▲ 5.05 0.31</td></tr> <tr><td>S.KOREA (KSE COMPOSITE)</td><td>2,527.94</td><td>▲ 4.16 0.16</td></tr> <tr><td>SINGAPORE (STRAITS TIMES)</td><td>3,269.27</td><td>▼ -32.69 -0.99</td></tr> <tr><td>SYDNEY (ALL ORDINARIES)</td><td>7,032.50</td><td>▼ -38.50 -0.54</td></tr> <tr><td>MALAYSIA (KLSE COMPOSITE)</td><td>1,506.19</td><td>▲ 0.63 0.04</td></tr> </table>	CLOSE	NET	%	JAPAN (NIKKEI 225)	28,546.98	▲ 727.65 2.62	HONG KONG (HANG SENG)	20,175.62	▲ 93.19 0.46	TAIWAN (WEIGHTED)	15,288.97	▲ 91.12 0.60	THAILAND (SET INDEX)*	1,622.26	▲ 5.05 0.31	S.KOREA (KSE COMPOSITE)	2,527.94	▲ 4.16 0.16	SINGAPORE (STRAITS TIMES)	3,269.27	▼ -32.69 -0.99	SYDNEY (ALL ORDINARIES)	7,032.50	▼ -38.50 -0.54	MALAYSIA (KLSE COMPOSITE)	1,506.19	▲ 0.63 0.04	AUGUST 12, 2022 <table border="1"> <tr><th>CLOSE</th><th>NET</th></tr> <tr><td>Dow Jones</td><td>33,761.050 ▲ 424.380</td></tr> <tr><td>NASDAQ</td><td>13,047.186 ▲ 267.273</td></tr> <tr><td>S&P 500</td><td>4,280.150 ▲ 72.880</td></tr> <tr><td>FTSE 100</td><td>7,500.890 ▲ 34.980</td></tr> <tr><td>Euro Stoxx50</td><td>3,666.470 ▲ 15.360</td></tr> </table>	CLOSE	NET	Dow Jones	33,761.050 ▲ 424.380	NASDAQ	13,047.186 ▲ 267.273	S&P 500	4,280.150 ▲ 72.880	FTSE 100	7,500.890 ▲ 34.980	Euro Stoxx50	3,666.470 ▲ 15.360	FX OPEN P55.480 HIGH P55.420 LOW P55.670 CLOSE P55.610 W.AVE. P55.532 VOL. \$1,016.98 M SOURCE: BAP 31.00 CTVS 30 DAYS TO AUGUST 12, 2022	AUGUST 12, 2022 <table border="1"> <tr><th>LATEST BID (0900GMT)</th><th>PREVIOUS</th></tr> <tr><td>JAPAN (YEN)</td><td>133.480 ▼ 132.630</td></tr> <tr><td>HONG KONG (HK DOLLAR)</td><td>7.836 ▼ 7.846</td></tr> <tr><td>TAIWAN (NT DOLLAR)</td><td>29.911 ▼ 29.968</td></tr> <tr><td>THAILAND (BAHT)</td><td>35.330 ▼ 35.190</td></tr> <tr><td>S. KOREA (WON)</td><td>1,301.310 ▼ 1,301.030</td></tr> <tr><td>SINGAPORE (DOLLAR)</td><td>1.371 ▼ 1.369</td></tr> <tr><td>INDONESIA (RUPIAH)</td><td>14,665 ▼ 14,765</td></tr> <tr><td>MALAYSIA (RINGGIT)</td><td>4.443 ▼ 4.443</td></tr> </table>	LATEST BID (0900GMT)	PREVIOUS	JAPAN (YEN)	133.480 ▼ 132.630	HONG KONG (HK DOLLAR)	7.836 ▼ 7.846	TAIWAN (NT DOLLAR)	29.911 ▼ 29.968	THAILAND (BAHT)	35.330 ▼ 35.190	S. KOREA (WON)	1,301.310 ▼ 1,301.030	SINGAPORE (DOLLAR)	1.371 ▼ 1.369	INDONESIA (RUPIAH)	14,665 ▼ 14,765	MALAYSIA (RINGGIT)	4.443 ▼ 4.443	AUGUST 12, 2022 <table border="1"> <tr><th>CLOSE</th><th>PREVIOUS</th></tr> <tr><td>US\$/UK POUND</td><td>1.2130 ▼ 1.2219</td></tr> <tr><td>US\$/EURO</td><td>1.0258 ▼ 1.0327</td></tr> <tr><td>\$/AUSTRALIAN DOLLAR</td><td>0.7121 ▲ 0.7093</td></tr> <tr><td>CANADA DOLLAR/US\$</td><td>1.2773 ▲ 1.2767</td></tr> <tr><td>SWISS FRANC/US\$</td><td>0.9413 ▲ 0.9404</td></tr> </table>	CLOSE	PREVIOUS	US\$/UK POUND	1.2130 ▼ 1.2219	US\$/EURO	1.0258 ▼ 1.0327	\$/AUSTRALIAN DOLLAR	0.7121 ▲ 0.7093	CANADA DOLLAR/US\$	1.2773 ▲ 1.2767	SWISS FRANC/US\$	0.9413 ▲ 0.9404	FUTURES PRICE ON NEAREST MONTH OF DELIVERY \$98.28/BBL 115.00 100.00 95.00 90.00 85.00 30 DAYS TO AUGUST 12, 2022
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PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • AUGUST 12, 2022 (PSEi snapshot on S1/3; article on S2/2)

CNVRG	P19.180	ALI	P28.500	SMC	P103.000	AC	P733.000	BDO	P118.300	SM	P843.000	MBT	P51.900	TEL	P1,818.000	PGOLD	P34.900	MONDE	P16.360
Value	P545,960,338	Value	P469,964,245	Value	P403,743,052	Value	P389,492,280	Value	P304,307,265	Value	P299,077,375	Value	P277,791,077	Value	P238,583,540	Value	P214,497,965	Value	P205,840,648
	-P1.770 ▼ -8.449%		P0.450 ▲ 1.604%		-P1.200 ▼ -1.152%		P13.000 ▲ 1.806%		P2.400 ▲ 2.071%		-P2.000 ▼ -0.237%		P1.000 ▲ 1.965%		P7.000 ▲ 0.387%		P1.050 ▲ 3.102%		P0.060 ▲ 0.368%

BSP may hike rates by 50 bps — poll

By Keisha B. Ta-asan

THE BANGKO SENTRAL ng Pilipinas (BSP) is widely expected to raise the benchmark rate on Thursday, with most analysts forecasting a 50-basis-point (bp) increase after inflation quickened to a near four-year high in July.

A *BusinessWorld* poll last week showed 16 out of 18 analysts anticipate the Monetary Board will increase its benchmark interest rate at its meeting on Aug. 18.

For 13 analysts, the central bank may deliver a hike of 50 bps, while three analysts see a 25-bp increase. Only two analysts expect the BSP to keep rates unchanged.

“Given the fifth consecutive month of pickup in inflation rate to... 6.4% in July resulting in year-to-date inflation rate of 4.7% vs 3.9% last year, and given our view that monthly inflation rate will stay elevated and peak around 6.5%-6.6% only in September to October before easing, we expect BSP to continue raising interest rate by another 50 bps at its meeting next week,” Maybank Investment Bank Chief Economist Suhaimi Bin Ilias said.


Latest data from the Philippine Statistics Authority (PSA) showed the consumer price index (CPI) climbed 6.4% year on year in July, the fastest growth in 45 months or since the 6.9% logged in October 2018.

“Inflation remains the key consideration as it affects growth and reopening and thwarts consumption — the main engine of the economy,” Security Bank Corp. Chief Economist Robert Dan J. Rocas said in an e-mail.


“Thus, the deeper-than-expected slowdown in 2Q GDP (gross domestic product) is unlikely to deter the BSP from raising interest rates by 50 basis points on Aug. 18,” Mr. Rocas added.

Poll, S1/3

ANALYSTS' EXPECTATIONS ON POLICY RATES (AUGUST 18)



HIKE



HOLD

Analyst	Expectation	Organization
Ruben Carlo O. Asuncion	+25 bps	UnionBank of the Philippines, Inc.
Aris Dacanay	+25 bps	HSBC Global Research
Domini S. Velasquez	+25 bps	China Banking Corp.
Emmanuel J. Lopez	+50 bps	Colegio De San Juan de Letran Graduate School
John Paolo R. Rivera	+50 bps	Asian Institute of Management
Alvin Joseph A. Arogo	+50 bps	Philippine National Bank
Suhaimi Bin Ilias	+50 bps	Maybank Investment Banking Group
Nicholas Antonio T. Mapa	+50 bps	ING Bank N.V. Manila Branch
Sophia Ng	+50 bps	MUFG Global Markets Research
Jonathan L. Ravelas	+50 bps	eManagement for Business and Marketing Services
Michael L. Ricafort	+50 bps	Rizal Commercial Banking Corp.
Robert Dan J. Rocas	+50 bps	Security Bank Corp.
Emilio S. Nerj, Jr.	+50 bps	Bank of the Philippine Islands
Ernesto M. Pernia	+50 bps	University of the Philippines
Debalika Sarkar	+50 bps	ANZ Research
Bernardo M. Villegas	+50 bps	University of Asia and the Pacific
Miguel Chanco	HOLD	Pantheon Macroeconomics
Mitzie Irene P. Conchada	HOLD	De La Salle University

CURRENT POLICY SETTINGS

Overnight Deposit Rate	2.75%
Overnight Reverse Repurchase Rate	3.25%
Overnight Lending Rate	3.75%

BUSINESSWORLD GRAPHICS: BONG R. FORTIN



Better mobility for better quality of life

Toyota Motor Philippines Corp. (TMP) last week launched its wholly owned subsidiary, Toyota Mobility Solutions Philippines, Inc. (TMSPH). (Related story on S2/7)

Photo shows (from left) TMSPH President Cristina Arevalo; Mitsui & Co. Ltd. Deputy General Manager Automotive Solution Business Division Takuro Hoshika; Toyota Motor Corp. CEO Asian Region Hao Tien; Japanese Ambassador to the Philippines Kazuhiko Koshikawa; TMP Chairman Alfred V. Ty; Trade Secretary Alfredo E. Pascual; Transportation Secretary Jaime J. Bautista; TMP Vice Chairman David T. Go; and GT Capital Holdings, Inc. President Carmelo Maria Luza Bautista.

Debt service bill falls 70% in June

THE NATIONAL Government paid P44.29 billion to service its debt in June, down by 70.51% from a year earlier, as a rise in interest payments was offset by the significant decline in amortization, preliminary data from the Bureau of the Treasury (BTr) showed.

In June, around 82.99% of debt repayments went to interest, while the rest went to amortization, the BTr said.

Overall interest payments rose by 22.81% to P36.75 billion in June, with interest paid on domestic debt up by 22.94% year on year to P33.33 billion. This consisted of P9.08 billion for Treasury bonds, P22.53 billion for retail Treasury bonds, and P942 million for Treasury bills.

Interest paid on foreign debt rose by 21.6% to P3.42 billion.

Amortization payments plunged by 93.74% to P7.53 billion in June. Principal payments that went to foreign creditors during

the month amounted to P7.17 billion, while the BTr settled P362 million with domestic lenders.

For the six-month period, the debt service bill dropped by 40.76% year on year to P458.36 billion, with around 56.12% going towards interest payments, and the rest to amortization.

Principal payments from January to June stood at P201.14 billion, down by 64.41% from a year earlier. This consisted of P153.38 billion in domestic debt and P47.76 billion in foreign obligations.

Interest payments jumped by 23.35% to P257.22 billion in the six months ending in June. These included P205.69 billion worth of payments to domestic creditors and P51.53 billion to external creditors.

The government borrows from foreign and local sources to fund its budget deficit as it spends more than the revenue it generates to support programs to stimulate economic growth.

The government wants to raise P2.47 trillion to help fund its budget deficit this year, with about 77% coming from domestic sources.

Fitch Ratings in February maintained the country's investment grade “BBB” rating, but kept the “negative” outlook as it flagged uncertainties surrounding medium-term growth and hurdles to bringing down debt. A “negative” outlook means a downgrade is possible within the next 12 to 18 months.

S&P Global Ratings last affirmed the Philippines’ “BBB+” rating with a “stable” outlook in May 2021. Meanwhile, Moody's affirmed its “Baa2” credit rating with a “stable” outlook for the Philippines in July 2020.

The National Government has taken on P1.022 trillion in gross borrowing as of May, down by 40.59% year on year, according to the BTr data. — **Diego Gabriel C. Robles**

Philippines, China agree to resume negotiations on 3 major railway projects

By Arjay L. Balinbin
Senior Reporter

THE PHILIPPINES and China have agreed to resume negotiations on three major railway projects, the Department of Transportation (DoTr) said on Sunday.

Transportation Secretary Jaime J. Bautista and Chinese Ambassador Huang Xilian “agreed to restart negotiations for major transport projects during their recent first official meeting at the Chinese Embassy in Makati City, Aug. 11,” the DoTr said in a statement.

“The two officials discussed resumption of talks for the major

China-funded railway projects such as the PNR South Long Haul Project (North-South Commuter Railway), Subic-Clark Railway, and Mindanao Railway (Tagum-Davao-Digos),” it added.

Mr. Huang in a separate statement said he “hopes that the China-Philippines cooperation in infrastructure and railway would achieve more tangible fruits and bring about more benefits to the Filipino at an early date.”

The Chinese ambassador said his discussion with Mr. Bautista on railway cooperation was “constructive.”

“China is... devoted to promoting the connectivity of the Southeast Asian countries by sharing its experience and introducing the

cutting-edge technology of railway construction and rolling stock manufacturing,” Mr. Huang said.

President Ferdinand R. Marcos, Jr. last month directed the DoTr to go back to the negotiating table to secure loan agreements for the three railway projects.

The Philippine government had recently canceled its loan applications for the three projects because the Chinese government was “unresponsive,” Transportation Undersecretary Cesar B. Chavez said in July.

Former Finance Secretary Carlos G. Dominguez III had also said China Eximbank (CEXIM) wanted an interest rate of 3% for the loans.

Terry L. Ridon, a public investment analyst and convenor of

think tank InfraWatch PH, said that the Philippine government should ensure that the new loan agreements will have “competitive interest rates.”

“It should be competitive to current interest rates for development loans being offered by other development agencies and bilateral partners. However, the government should be wary at the current level of interest rates, as central banks have been raising rates in the past few months to curb inflation,” he said in a phone message, when sought for comment.

“Government therefore should reconsider whether or not to proceed with these projects until such time that interest rates

and inflation have stabilized,” Mr. Ridon added.

Central banks around the world, led by the US Federal Reserve, have been aggressively raising interest rates to tame inflation.

Mr. Ridon said the deal should also ensure that Filipino workers will be prioritized even in China-funded infrastructure projects.

Transport expert Rene S. Santiago said separately that the Philippines and China should make the loan terms public.

“The three (railway) projects are not economically viable, unfortunately,” he said in a phone message.

The DoTr also said that Mr. Bautista and the Chinese ambassador also talked about China-

Philippines maritime cooperation projects, particularly the hotline communication and legal affairs cooperation arrangements between the Philippine Coast Guard and the China Coast Guard.

There were also discussions on possible partnerships on maritime traffic safety, ferry safety, and maritime search and rescue, as well as capacity building for maritime governance, safety supervision, and vessels safety inspection.

“The Chinese government’s funding support for these projects will serve to strengthen bilateral relations and enhance the partnership between the Philippines and China,” the DoTr said.