

STOCK MARKET	ASIAN MARKETS	WORLD MARKETS	PESO-DOLLAR RATES	ASIAN MONIES-US\$ RATE	WORLD CURRENCIES	DUBAI CRUDE OIL
PSEi OPEN: 6,693.84 HIGH: 6,698.54 LOW: 6,640.03 CLOSE: 6,676.04 VOL.: 0.823 B VAL(P): 4,190 B 16.61 pts. 0.24% 30 DAYS TO SEPTEMBER 5, 2022	SEPTEMBER 5, 2022 JAPAN (NIKKEI 225) 27,619.61 ▼ -31.23 -0.11 HONG KONG (HANG SENG) 19,225.70 ▼ -226.39 -1.16 TAIWAN (WEIGHTED) 14,661.10 ▼ -11.94 -0.08 THAILAND (SET INDEX) 1,621.83 ▼ -0.32 -0.02 S.KOREA (KSE COMPOSITE) 2,403.68 ▼ -5.73 -0.24 SINGAPORE (STRAITS TIMES) 3,215.63 ▲ 9.94 0.31 SYDNEY (ALL ORDINARIES) 6,852.20 ▲ 23.50 0.34 MALAYSIA (KLSE COMPOSITE) 1,489.80 ▼ -1.38 -0.09	SEPTEMBER 2, 2022 Dow Jones 31,318.440 ▼ -337.980 NASDAQ 11,630.864 ▼ -154.262 S&P 500 3,924.260 ▼ -42.590 FTSE 100 7,281.190 ▼ 132.690 Euro Stoxx50 3,509.080 ▲ 59.930	FX OPEN P56.850 HIGH P56.800 LOW P57.000 CLOSE P56.999 W.AVE. P56.941 VOL. \$976.45 M 22.90 cys 30 DAYS TO SEPTEMBER 5, 2022 SOURCE : BAP	SEPTEMBER 5, 2022 LATEST BID (0900GMT) PREVIOUS JAPAN (YEN) 140.530 140.200 HONG KONG (HK DOLLAR) 7.849 7.850 TAIWAN (NT DOLLAR) 30.707 30.611 THAILAND (BAHT) 36.560 36.670 S. KOREA (WON) 1,370.810 1,361.150 SINGAPORE (DOLLAR) 1.405 1.401 INDONESIA (RUPIAH) 14,900 14,895 MALAYSIA (RINGGIT) 4.491 4.482	SEPTEMBER 5, 2022 US\$/UK POUND 1.1495 ▼ 1.1507 US\$/EURO 0.9915 ▼ 0.9951 \$/AUSTRALIAN DOLLAR 0.6782 ▼ 0.6808 CANADA DOLLAR/US\$ 1.3158 ▲ 1.3132 SWISS FRANC/US\$ 0.9833 ▲ 0.9804	FUTURES PRICE ON NEAREST MONTH OF DELIVERY \$94.80/bbl \$0.75 30 DAYS TO SEPTEMBER 2, 2022

VOL. XXXVI • ISSUE 30 TUESDAY • SEPTEMBER 6, 2022 • www.bworldonline.com SI/1-10 • 2 SECTIONS, 14 PAGES

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

SMPH P36.050 Value P332,933,335 -P0.450 ▼ -1.233%	JFC P248.800 Value P246,994,120 P3.000 ▲ 1.221%	ABA P2.490 Value P241,894,430 P0.130 ▲ 5.508%	ALI P29.000 Value P201,638,755 -P0.050 ▼ -0.172%	EMI P20.800 Value P183,300,405 -P0.050 ▼ -0.240%	ACEN P7.280 Value P173,790,844 -P0.360 ▼ -4.712%	SPNEC P1.660 Value P163,047,950 -P0.030 ▼ -1.775%	SM P870.000 Value P138,977,015 P10.000 ▲ 1.163%	BDO P130.000 Value P136,459,928 P2.200 ▲ 1.721%	BPI P96.950 Value P133,562,077 P0.950 ▲ 0.990%
---	---	---	--	--	--	---	---	---	--

Peso trades at P57 for the first time

THE PHILIPPINE PESO touched the P57 level against the US dollar for the first time during intraday trading on Monday, as investors continued to flock to the safe-haven currency. The local unit closed at a fresh all-time low of P56.999 per dollar on Monday, down by 22.90 centavos from its P56.77 finish on Friday, Bankers Association of the Philippines data showed.

The peso has weakened by 11.76% or P5.999 from its P51-per-dollar close on Dec. 31, 2021. The local currency opened Monday's session at P56.85 against the dollar. The peso's weakest showing was at P57 versus the greenback, while the intraday best was at P56.80. Dollars exchanged inched up to \$976.45 million on Monday from \$936.95 million on Friday.

"The peso closed near the P57 level today following the release of strong US employment reports for August 2022," a trader said in an e-mail. Data from the US Labor department showed the economy added 315,000 jobs in August, marking the 20th straight month of jobs growth.

However, the US unemployment rate also rose to a six-month high as nearly 800,000 people entered the labor market, driving the size of the labor force to also a record high. The jobs data could support further rate hikes by the US Federal Reserve this month, Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said in a Viber message.

"Peso was also weaker after the new record-high outstanding national debt," Mr. Ricafort added. The National Government debt hit another record as of end-July, inching up 0.8% or P96.09 billion to a record-high P12.89 trillion from P12.79 trillion as of end-June. This was attributed to additional domestic and local borrowings, as well as a weaker peso.

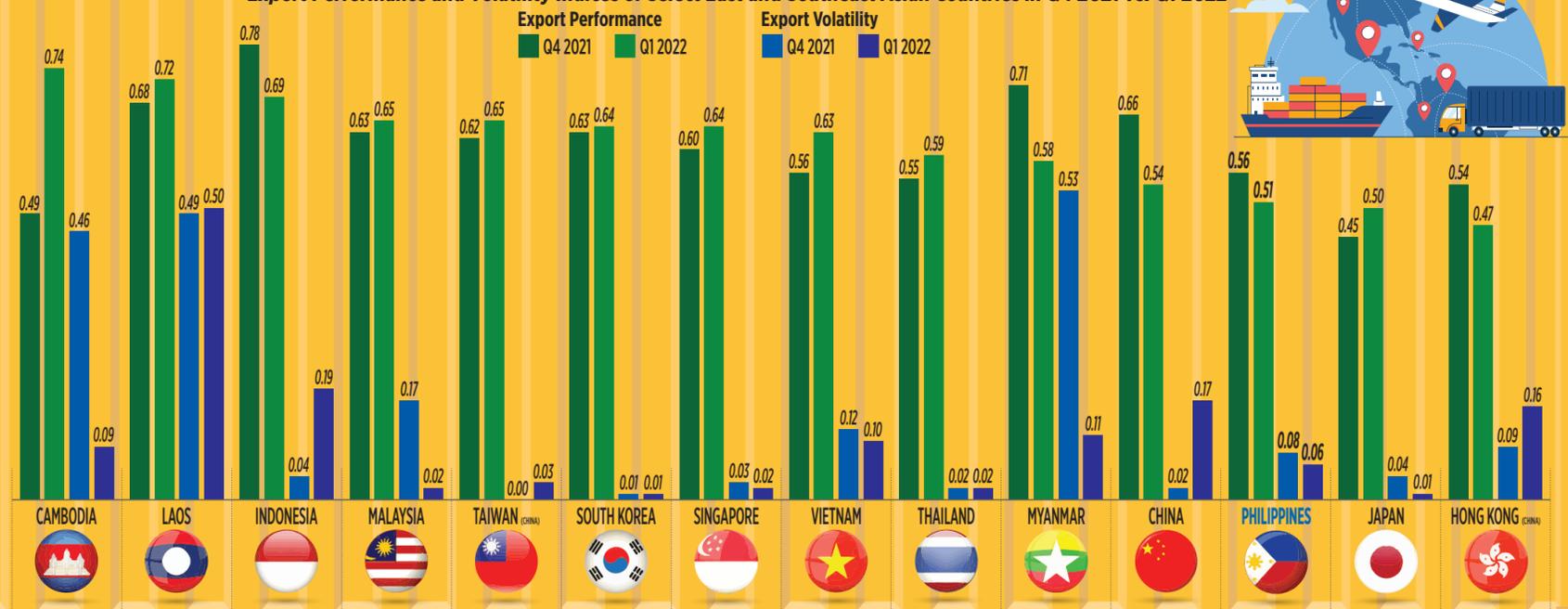
The Bureau of the Treasury (BTr) said the debt pile jumped by 9.9% since the year started, after the government borrowed P1.16 trillion more. "However, the local currency might recover as expectations of elevated Philippine inflation might bolster hawkish policy bets for the BSP," the trader said.

Peso, S1/9

PHILIPPINES' Q1 EXPORT PERFORMANCE LAGS IN EAST AND SOUTHEAST ASIA

The Philippines' export performance was one of the laggards in the region after its index score slipped to 0.51 in the first quarter of the year from 0.56 in the previous quarter, the latest Global Trade Report from the United Nations Conference on Trade and Development showed. Export performance is a composite indicator which include growth rates, performance vs. peers, and competitiveness in major and dynamic markets. A higher score means better export performance. Meanwhile, the country's export volatility, which tracks export performance within the last six months to identify volatility patterns, improved to 0.06 in the first quarter from 0.08 in the preceding quarter. A higher score implies greater export vulnerability.

Export Performance and Volatility Indices of Select East and Southeast Asian Countries in Q4 2021 vs. Q1 2022



SOURCE: UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT'S GLOBAL TRADE UPDATE JULY 2022 BUSINESSWORLD RESEARCH: MARIEDEL IRISH U. CATILOGO BUSINESSWORLD GRAPHICS: BONG R. FORTIN

Pork prices to continue fueling PHL inflation — MUFG report

PORK PRICES in the Philippines will continue to climb this year, mainly due to the ongoing African Swine Fever (ASF) outbreak, more expensive animal feeds, and higher pump prices, according to MUFG Global Markets Research. MUFG Global Markets Research analyst Sophia Ng said in a report that higher pork prices will keep inflation elevated in the country. Inflation is expected to peak at 7% in November, she said. MUFG Global Markets upwardly revised its full-year forecast to 5.5% from 5.2% previously. The Bangko Sentral ng Pilipinas (BSP) estimates inflation to average 5.4% this year. "Since early 2020, food inflation has been the key driver of overall inflation in the Philippines on top of higher energy inflation, and food inflation itself has been

mainly pressured by higher prices of meat and fish," she said. Ms. Ng said food inflation is still the biggest component fueling overall inflation, adding 1.4 percentage points (ppts) on average in the first seven months of 2022, followed by transport prices at 1.2 ppts. Prices of meat and fish added 0.4 ppt each to overall inflation so far this year. "Given that pork is one of the most consumed meat per capita in the Philippines, the share of pork prices under the meat category is likely to be high," she said. Aside from ASF, pork prices have also been affected by rising cost of animal feeds as the Russia-Ukraine war disrupted the global supply of feed wheat. The price of corn, which is used as a substitute, has also gone up due to the surge in fertilizer costs.

Pork, S1/9

FUEL PRICE TRACKER (week-on-week change)

GASOLINE	Aug. 23 ▲ P0.70
	Aug. 30 ▲ P1.40
	Sept. 6 ▼ P2.60
DIESEL	Aug. 23 ▲ P2.60
	Aug. 30 ▲ P6.10
	Sept. 6 ▼ P1.55
KEROSENE	Aug. 23 ▲ P2.80
	Aug. 30 ▲ P6.10
	Sept. 6 ▼ P1.60

- Sept. 6, 12:01 a.m. — Caltex Philippines
- Sept. 6, 6 a.m. — Petron Corp.; Phoenix Petroleum; Pilipinas Shell Petroleum Corp.; PTT Philippines Corp.; Seaoil Philippines, Inc.
- Sept. 6, 8:01 a.m. — Cleanfuel (Shaw Autogas, Inc.)

Rural banks worried over higher capital requirements

By Keisha B. Ta-asan

MANY RURAL BANKS may have difficulty in meeting the higher minimum capital requirements set by the Bangko Sentral ng Pilipinas (BSP), which may force them to scale down operations, according to an industry group. Rural Bankers Association of the Philippines (RBAP) President Atty. Mary Ann Tupasi-Saddul said that while she supports the BSP's efforts to strengthen local banks, the hike in capital requirements comes at a time when many small lenders are still recovering from the coronavirus disease 2019 (COVID-19) pandemic.

"Coming as it does on the heels of more than two years of economic slowdown, and a little more than two years after the completion of the last capital call by BSP, not all rural banks are in an ideal position to deal with a 500% hike in the minimum capital requirements," Ms. Tupasi-Saddul said in an e-mail. The BSP last week raised the minimum capital requirements for rural banks to at least P50 million from P10 million previously, as part of the Rural Bank Strengthening Program (RBSP).

BSP Governor Felipe M. Medalla told *BusinessWorld* that rural banks that want low capital requirements "should not be receiving deposits." "It's very clear that if a rural bank is too small, it will barely earn enough just to pay

salaries. So how will it run well? You need a certain minimum size to operate as a rural bank," Mr. Medalla said on the sidelines of a central bank event on Friday.

Under the new rules, a rural bank with a head office and up to five branches needs to have a minimum capitalization of P50 million, regardless of location.

Rural banks with six to 10 branches are required to have a minimum capital of P120 million, while those with more than 10 branches should have capital of at least P200 million.

Ms. Tupasi-Saddul said the higher capital requirements would allow rural banks to grant bigger loans, as well as enhance risk management systems and prudential standards.

However, she noted many rural banks operate in low-income municipalities where credit demand "is more than adequately met by existing rural bank resources."

"The greatly disadvantaged are single unit banks established in unbanked areas, especially when the borrowing needs of the locality do not substantiate the capital increase," Ms. Tupasi-Saddul said.

According to the RBAP president, the higher capital requirements is counterproductive to the BSP's financial inclusion drive, as rural banks may be forced to scale back the number of branches.

"Even assuming that universal banks are now able to reach these areas through digitalization, it is unlikely that they will serve the typical credit needs of farmers,

Rural banks, S1/9

PDP to focus on agro-industry development

THE UPCOMING Philippine Development Plan (PDP) will focus on developing the country's agro-industry, according to a National Economic and Development Authority (NEDA) official. "The longer-term solution is really to improve the productivity of our agricultural sector and then increase the linkages between agriculture and the rest of the economy," said NEDA Undersecretary Rosemarie G. Edillon in a television interview with *BusinessWorld Live* on Monday. "So, for our PDP, we are looking at developing more of the agro-industry... Previously, our targets

had to do with increasing the gross value added of agriculture but now we will be looking at indicators that are really about the linkages," she added. Protecting the purchasing power of Filipinos through food security, as well as targeting social protection to indigents, is also reflected in the strategy framework for the PDP 2023-2028. President Ferdinand R. Marcos, Jr. had pledged to boost agriculture production through modernization. "It's really about the farm to plate, so we also consider the logistics cost, the storage facilities,

the processing facilities... so we have to look at availability, affordability, [and] accessibility of the food products at the market," Ms. Edillon said. Socioeconomic Planning Secretary Arsenio M. Balisacan previously said that the agriculture sector can contribute to long-term growth and poverty reduction. Ms. Edillon said that there are still some sectors below pre-pandemic levels of growth, including transportation, accommodation, and recreation, among others.

PDP, S1/9