P25
IN METRO MANILA, PHILIPPINES

BusinessWorld

STOCK MARKET	
PSEi	
OPEN:	6,401.40
HIGH:	6,463.18
LOW:	6,401.40
CLOSE:	6,429.65
VOL.:	0.526 B
VAL(P):	5.392 B

26.41 PTS. 0.41%
30 DAYS TO NOVEMBER 22, 2022

ASIAN MARKETS NOVEMBER 22, 2022	CLOSE		NET	%
Japan (Nikkei 225)	28,115.74	▲	170.95	0.61
Hong Kong (Hang Seng)	17,424.41	▼	-231.50	-1.31
Taiwan (Weighted)	14,542.20	▲	92.81	0.64
Thailand (SET Index)	1,614.49	▼	-4.37	-0.27
S.Korea (Kse Composite)	2,405.27	▼	-14.23	-0.59
Singapore (Straits Times)	3,263.82	▲	13.20	0.41
Sydney (All Ordinaries)	7,181.30	▲	42.00	0.59
Malaysia (Klse Composite)	1,441.29	▼	-6.67	-0.46

WORLD MARKETS NOVEMBER 21, 2022	CLOSE		NET
Dow Jones	33,700.280	▼	-45.410
NASDAQ	11,024.511	▼	-121.552
S&P 500	3,949.940	▼	-15.400
FTSE 100	7,376.850	▼	-8.670
Euro Stoxx50	3,710.420	▲	3.040

PESO-DOLLAR RATES	
FX	
OPEN	P57.450
HIGH	P57.320
LOW	P57.480
CLOSE	P57.375
W.AVE.	P57.394
VOL.	$684.40 M

1.50 CTVS
30 DAYS TO NOVEMBER 22, 2022
SOURCE : BAP

ASIAN MONIES-US$ RATE NOVEMBER 22, 2022	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	141.440	▲	141.460
Hong Kong (HK dollar)	7.812	▼	7.806
Taiwan (NT dollar)	31.159	▲	31.211
Thailand (baht)	36.060	▲	36.190
S. Korea (won)	1,353.350	▲	1,357.360
Singapore (dollar)	1.379	▲	1.380
Indonesia (rupiah)	15,695	▲	15,710
Malaysia (ringgit)	4.568	▲	4.575

WORLD CURRENCIES NOVEMBER 22, 2022	CLOSE		PREVIOUS
US$/UK pound	1.1862	▲	1.1805
US$/Euro	1.0274	▲	1.0241
$/Aust dollar	0.6642	▲	0.6620
Canada dollar/US$	1.3399	▼	1.3427
Swiss Franc/US$	0.9560	▼	0.9571

DUBAI CRUDE OIL
FUTURES PRICE ON NEAREST MONTH OF DELIVERY
$81.20/BBL
$3.15
30 DAYS TO NOVEMBER 21, 2022

VOL. XXXVI • ISSUE 86
WEDNESDAY • NOVEMBER 23, 2022 • www.bworldonline.com
S1/1-18 • 2 SECTIONS, 22 PAGES

PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • NOVEMBER 22, 2022 (PSEi snapshot on *S1/4*; article on *S2/2*)

		Value			
JFC	P256.000	P483,153,946	P4.000	▲	1.587%
ALI	P27.100	P356,380,230	-P1.000	▼	-3.559%
ICT	P186.000	P305,454,711	-P4.000	▼	-2.105%
BDO	P130.000	P290,900,661	P1.000	▲	0.775%
MER	P290.600	P270,948,136	-P12.400	▼	-4.092%
ABA	P2.380	P221,092,120	-P0.540	▼	-18.493%
SMPH	P35.000	P200,099,225	P1.200	▲	3.550%
SM	P869.000	P192,732,155	P33.000	▲	3.947%
MBT	P53.000	P180,628,206	P1.300	▲	2.515%
AC	P656.000	P179,814,295	-P14.000	▼	-2.090%

No more jumbo rate hikes — Medalla

THE BANGKO SENTRAL ng Pilipinas (BSP) is ruling out another jumbo rate hike as it expects the US Federal Reserve to slow the pace of tightening in December.

BSP Governor Felipe M. Medalla said on Tuesday that the policy decision at its Dec. 15 meeting will depend on the latest move by the Fed, which will have its own meeting on Dec. 14-15.

"My own reading is that the US will keep on raising (rates) but no more 75 (basis points), so that will be a lot less painful for economic growth in the Philippines," he told reporters on the sidelines of an event hosted by FinTech Alliance.PH.

"But the outlook is that maybe the US will just do a 50 and a 25, of course I can be wrong. I think they are (done with 75 bps) and so are we."

If the Fed will hike by 50 bps, Mr. Medalla said the BSP cannot afford to keep rates unchanged.

The US central bank raised rates by 375 bps since March, including its fourth 75-bp rate hike earlier this month, bringing its benchmark interest rate to a 3.75-4% range.

Last week, the BSP increased its benchmark rate by 75 bps to 5% — the highest in nearly 14 years. It has so far hiked rates by 300 bps since May to tame inflation.

Mr. Medalla said the Monetary Board's next policy move will also depend on the latest inflation data.

Headline inflation stood at 7.7% in October, marking the seventh straight month that inflation breached the BSP's 2-4% target range. In the 10-month period, inflation averaged 5.4%, still lower than the BSP's revised 5.8% full-year forecast.

Mr. Medalla said it is too early to tell if the BSP will likely pause its monetary tightening next year as inflation is still expected to stay above target in 2023.

"Are we confident that inflation will return to the 2% (target) by second half next year? If inflation lasts longer than that, it could disanchor inflationary expectations," he said.

"What worried us is the last survey of analysts and economists, average inflation forecast is much higher than ours. It's much higher than 3%. In the case of next year, it is much higher than 4%. That's alright as long as they believe that it will be between 2% and 4%, possibly closer to 3%, by the second half," he added.

Medalla, S1/8

Rising rates may slow PHL credit growth

PHILIPPINE BANKS may see slower credit growth next year due to the impact of higher interest rates, S&P Global Ratings said.

In a report dated Nov. 17, S&P Global Ratings Primary Credit Analyst Nikita Anand said credit is expected to expand by 5-7% in the Philippines in 2023, slower than the 7-9% growth this year.

"This is because of our expectation of a 300-basis-point (bp) rise in policy rates in 2022. Given loan yields will rise with a lag, the full effect of the rate increase will be felt in 2023," she said.

The Bangko Sentral ng Pilipinas (BSP) last week raised its benchmark rate by 75 bps to 5% — the highest in nearly 14 years.

Since May, the BSP has hiked rates by 300 bps to tame inflation and prevent the peso from further depreciating against the US dollar.

Ms. Anand said high inflation and interest rates will be downside risks for the Philippine economy "because they could dampen credit demand and affect highly indebted and lower-rated borrowers."

S&P forecasts 6.3% gross domestic product (GDP) growth for the Philippines this year, slightly below the 6.5-7.5% government target.

It sees an average Philippine growth of 6.1% for the next three years, also below the government's 6.5-8% goal.

Ms. Anand said interest rates may start to normalize in the next two years.

"We forecast policy rates could decrease by a total of 150 bps in 2023 and 2024 as inflationary pressures recede. However, if inflation persists and rates remain high, this could increase default risks for some leveraged and low-income borrowers," she said.

Ms. Anand said large corporations are expected to remain resilient, which would reduce the impact on the banking sector's asset quality. She noted banks will be able to absorb a "modest" rise in nonperforming loans (NPLs) from consumers and small businesses.

The banking sector's credit losses are also seen to continue to decline next year.

"This is because most pandemic-related weak loans have either been recognized or restructured... If interest rates rise sharply and sustainably, this could also lead to higher defaults from the consumer and small to

Credit, S1/8

Prices of most *noche buena* goods rise ahead of holidays

MAJORITY of food products considered as Christmas staples by Filipinos will see an increase in prices ahead of the holiday season, with some pasta and spaghetti sauce items set to go up by more than 10%, the Trade department said.

The Department of Trade and Industry (DTI) is set to release on Wednesday (Nov. 23) its *noche buena* price guide, which includes prices of 223 shelf keeping units (SKUs) such as ham, fruit cocktail, pasta or spaghetti noodles, spaghetti sauce, and *queso de bola*.

In a statement, the DTI said the suggested retail prices (SRP) of 195 out of 223 SKUs of *noche buena* items will go up by 1-10%. The brands of these items were not released.

Of this, 94 food products will see a price hike of more than 10%. Prices of 51 items will go up by 6-10%, while another 50 products will go up by 1-5%.

The DTI said eight SKUs saw no price change, while two items reported lower prices. Eighteen new SKUs were included in the price guide.

"The prices of raw materials have gone up and we need to recognize that. (The price increases are) those (items) with heavy imported components and those that require heavy transportation demand," Trade Secretary Alfredo E. Pascual told reporters on the sidelines of a conference in Makati City on Tuesday.

In a separate statement, the DTI Consumer Protection and Advocacy Bureau (CPAB) said the agency does not regulate or approve prices of *noche buena* products, unlike basic necessities and prime commodities included in the SRP bulletin as mandated by the Price Act.

"Also, retailers may have different prices because of the non-regulation of the prices of the Noche Buena products — but this is where free market competition comes into play," CPAB said.

It added that price adjustments may have already been implemented by some manufacturers even before the guide is released.

"The price guide details were surveyed by the CPAB from Noche Buena products manufacturers. The manufacturers stated that these are their prices until the end of the year," it said.

According to the DTI, the price of ham now ranges from P163-P892.50, versus P158-P862.50 a year ago. Most (13) ham products have increased prices by 1-5%, while seven had a 6-10% increase. Three ham products have raised prices by more than 10%, while four had no change in price and two had lower prices.

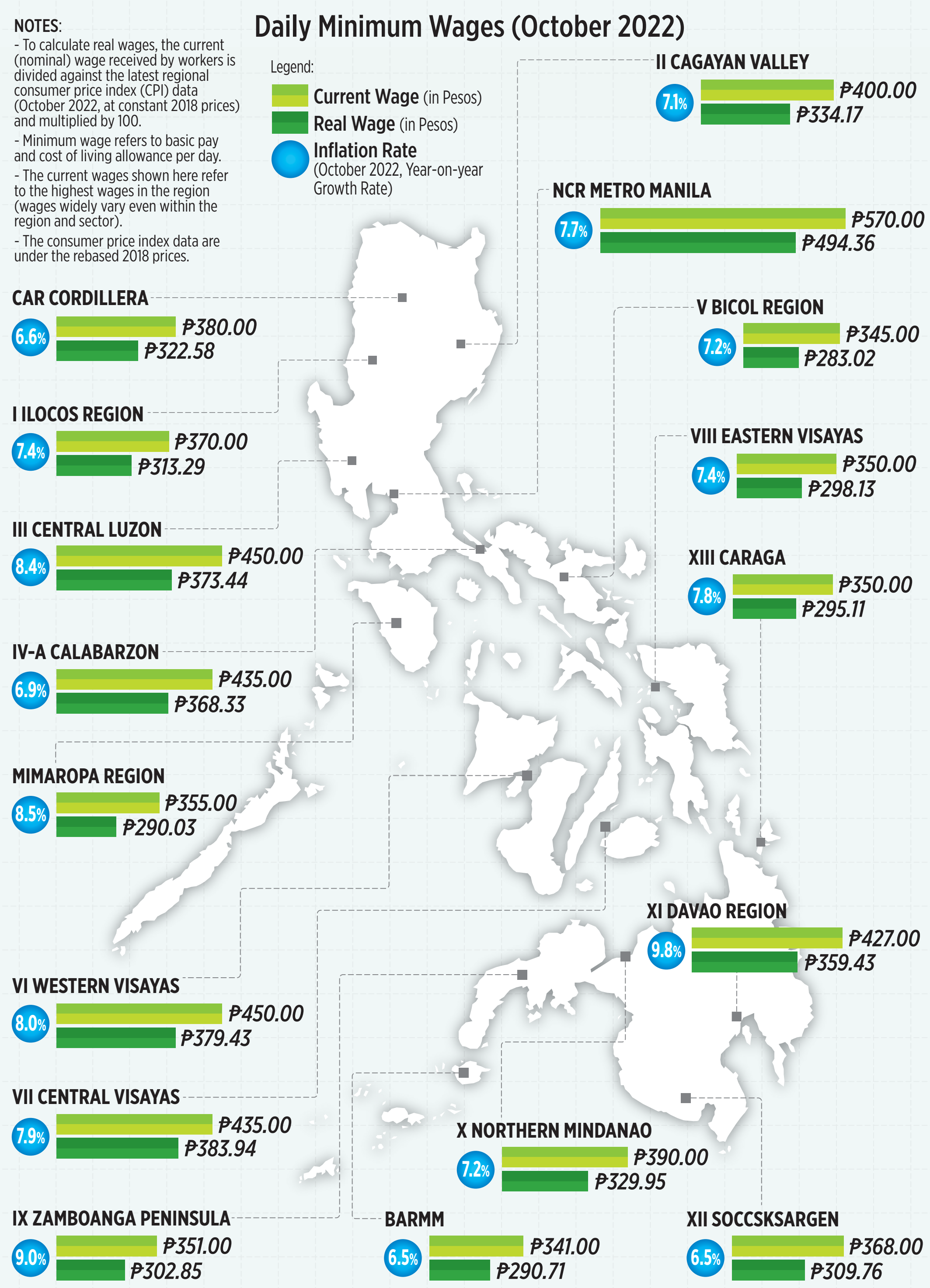
Prices of most spaghetti, elbow macaroni, salad macaroni and spaghetti sauce products went up by more than 10%.

Noche buena, S1/8

HOW MINIMUM WAGES COMPARED ACROSS REGIONS IN OCTOBER

(AFTER ACCOUNTING FOR INFLATION THAT MONTH)

The infographic compares the current minimum wages set by the country's Regional Tripartite Wages and Productivity Board and the inflation-adjusted minimum wages as of October based on latest data by the Philippine Statistics Authority. While the current minimum wages are determined at the regional level to account for factors such as companies' capacity to pay and costs of living, real wages are obtained when general price increases (i.e. inflation rates). Inflation-adjusted wages were 11.7-18.3% lower in October than their respective current salaries.



SOURCES: DEPARTMENT OF LABOR AND EMPLOYMENT'S NATIONAL WAGES AND PRODUCTIVITY COMMISSION AND PHILIPPINE STATISTICS AUTHORITY
BUSINESSWORLD RESEARCH: MARIEDEL IRISH U. CATILOGO *BUSINESSWORLD* GRAPHICS: BONG R. FORTIN

Proposed JV guidelines may turn off investors

By Luisa Maria Jacinta C. Jocson
Reporter

A PROPOSAL to require joint ventures (JV) between the government and private entities to secure regulatory approval for any adjustments in tolls, tariffs and other fees may discourage investors, according to stakeholders and economists.

"There may be a risk. Will it be implemented in accordance with what is agreed? That's the crux of the investors' decision, less about the regulator coming in before the bidding, it's more of whatever is agreed will be implemented in accordance with the agreement," Romulo S. Quimbo, Jr., NLEX Corp. senior vice-president for communications, said in a phone interview last week.

"Otherwise, it becomes uncertain for the investor, it puts them at risk. If every three years they need to ask for approval, that's an uncertainty," he added.

The National Economic and Development Authority (NEDA) last week held consultations on the proposed amendments of its JV guidelines between the government and private sector.

Under the draft rules, tolls, fees, tariffs, and other charges to be imposed by JVs will require regulatory approval. These can be adjusted during the life of the contract, based on an approved formula or adjustment schedule in the approved contract. Prior to the bidding, the agency or local government unit (LGU) should secure the advice of the regulator or the approval of a relevant body, or both, on the formula for rate adjustments, which will also be monitored by an appropriate regulatory body.

Mr. Quimbo noted it is important for investors to be assured that the agreed-upon tariff adjustments will be implemented.

"When the tariff is set in a project, the investor looks at the certainty that it will be adjusted regularly, whether one or two years, it doesn't matter. The point is that JVs should also adapt that measure, that whatever tariff settings should be certain," he added.

In NLEX's case, Mr. Quimbo said periodic toll adjustments are allowed for its concessions. For example, NLEX tolls are to be adjusted every two years, while Subic-Clark-Tarlac Expressway has a yearly toll adjustment.

"Most concession agreements are long-term investments. The logic there is that the return has to be agreed before the project starts... It anticipates the predictability and the regularity of toll adjustments," he said.

"From time to time, the adjustments called for by the agreement are not implemented on time for many reasons...that kind of affects the financials of the company. It creates uncertainty, whether you're going to meet your return or not," he added.

JV guidelines, S1/8