P25 IN METRO MANILA, PHILIPPINES

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STOCK MARKET

PSEi

OPEN:	6,210.84
HIGH:	6,210.84
LOW:	6,153.43
CLOSE:	6,153.43
VOL.:	0.422 B
VAL(P):	4.210 B

▼ 77.15 PTS. 1.23%
30 DAYS TO OCTOBER 28, 2022

ASIAN MARKETS

OCTOBER 31, 2022

	CLOSE		NET	%
Japan (Nikkei 225)	27,587.46	▲	482.26	1.78
Hong Kong (Hang Seng)	14,687.02	▼	-176.04	-1.18
Taiwan (Weighted)	12,949.75	▲	161.33	1.26
Thailand (SET Index)	1,608.43	▲	2.36	0.15
S.Korea (Kse Composite)	2,293.61	▲	25.21	1.11
Singapore (Straits Times)	3,094.79	▲	35.60	1.16
Sydney (All Ordinaries)	6,863.50	▲	77.80	1.15
Malaysia (Klse Composite)	1,460.38	▲	13.07	0.90

WORLD MARKETS

OCTOBER 28, 2022

	CLOSE		NET
Dow Jones	32,861.800	▲	828.520
NASDAQ	11,102.452	▲	309.777
S&P 500	3,901.060	▲	93.760
FTSE 100	7,047.670	▼	-26.020
Euro Stoxx50	3,525.450	▲	16.920

PESO-DOLLAR RATES

FX

OPEN	P58.300
HIGH	P57.820
LOW	P58.350
CLOSE	P57.970
W.AVE.	P58.047
VOL.	$912.35 M

▲ 25.00 CTVS
30 DAYS TO OCTOBER 28, 2022
SOURCE : BAP

ASIAN MONIES-US$ RATE

OCTOBER 31, 2022

	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	148.290	▼	147.450
Hong Kong (HK dollar)	7.850	▼	7.849
Taiwan (NT dollar)	32.280	▼	32.100
Thailand (baht)	38.030	▼	37.900
S. Korea (won)	1,427.140	▼	1,421.660
Singapore (dollar)	1.415	▼	1.411
Indonesia (rupiah)	15,595	▼	15,548
Malaysia (ringgit)	4.726	▼	4.720

WORLD CURRENCIES

OCTOBER 31, 2022

	CLOSE		PREVIOUS
US$/UK pound	1.1548	▼	1.1610
US$/Euro	0.9926	▼	0.9963
$/Aust dollar	0.6398	▼	0.6411
Canada dollar/US$	1.3637	▲	1.3600
Swiss Franc/US$	1.0000	▲	0.9961

DUBAI CRUDE OIL

FUTURES PRICE ON NEAREST MONTH OF DELIVERY
$92.60/BBL
▲ $0.25
30 DAYS TO OCTOBER 28, 2022

VOL. XXXVI • ISSUE 70 TUESDAY • NOVEMBER 1, 2022 • www.bworldonline.com S1/1-10 • 2 SECTIONS, 14 PAGES

PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • OCTOBER 28, 2022 (PSEi snapshot on *S1/2*; article on *S2/2*)

		Value			
BDO	P127.300	P450,142,180	P0.300	▲	0.236%
SMPH	P31.500	P439,449,930	-P0.950	▼	-2.928%
SCC	P34.950	P309,490,685	-P2.200	▼	-5.922%
ALI	P25.500	P259,662,925	-P0.900	▼	-3.409%
AC	P667.000	P191,531,160	-P3.000	▼	-0.448%
GLO	P2,322.000	P179,963,240	P2.000	▲	0.086%
TEL	P1,634.000	P176,632,170	P16.000	▲	0.989%
ICT	P173.000	P160,190,065	-P4.500	▼	-2.535%
BPI	P96.000	P152,376,678	P1.700	▲	1.803%
SMC	P96.200	P110,908,347	-P2.250	▼	-2.285%

BSP sees 7.1-7.9% inflation in Oct.

INFLATION may accelerate as much as 7.9% in October, driven by rising food prices, higher transport fares and the peso depreciation, the Bangko Sentral ng Pilipinas (BSP) said on Monday.

"The BSP projects October 2022 inflation to settle within the range of 7.1% to 7.9%," it said in a statement.

If realized, October inflation would exceed the central bank's 2-4% target for the seventh straight month. This would also be faster than the 6.9% seen in September and 4% in the same month last year.

The upper end of the BSP's inflation forecast or 7.9% would be the quickest in over 14 years or since the 9.1% print in November 2008.

A *BusinessWorld* poll of 14 analysts conducted last week yielded a median estimate of 7.2% for annual inflation in October.

"More importantly, inflation is projected to gradually decelerate in the succeeding months as the cost-push shocks to inflation due to weather disturbances and transport fare adjustments dissipate," the BSP said.

The Philippine Statistics Authority (PSA) will release October inflation data on Nov. 4.

"Inflation pressures for (October) are expected to emanate from transport fare hikes, elevated domestic petroleum prices, higher agricultural commodity prices due to recent typhoons, and the depreciation of the peso," the BSP said.

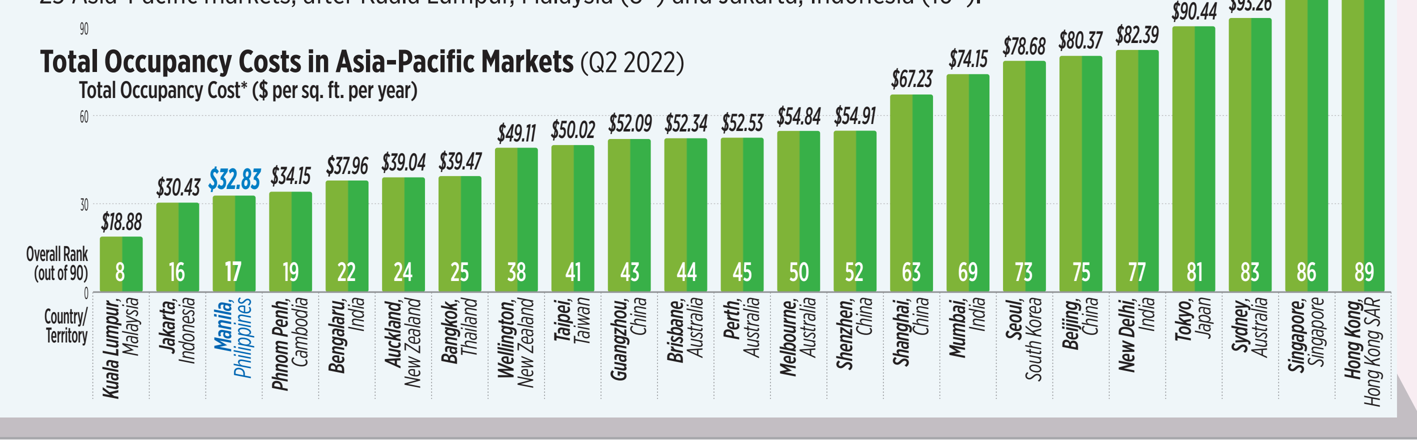
Inflation, S1/3

KNIGHT FRANK

MANILA 3RD MOST AFFORDABLE OFFICE OCCUPANCY COST IN ASIA-PACIFIC IN Q2

The country's capital ranked 17th out of 90 markets in the Global Occupier Market Dashboard by real estate consultancy firm Knight Frank in the second quarter. The report compares the occupancy costs* for office space across the world's leading real estate markets. Manila's occupancy costs for office space amounted to $32.83 per square foot (sq. ft.) a year, making it the third most affordable office space among 23 Asia-Pacific markets, after Kuala Lumpur, Malaysia (8th) and Jakarta, Indonesia (16th).

Total Occupancy Costs in Asia-Pacific Markets (Q2 2022)



Top 10

Overall Rank (Out of 90)	Market/Country	Total Occupancy Cost* ($ per sq. ft. per year)
1	**Blantyre,** Malawi	$12.22
2	**Gaborone,** Botswana	$12.35
3	**Lilongwe,** Malawi	$14.53
4	**Harare,** Zimbabwe	$14.94
5	**Johannesburg Sandton,** South Africa	$17.95
6	**Cape Town (CBD),** South Africa	$18.15
7	**Muscat,** Oman	$18.87
8	**Kuala Lumpur,** Malaysia	$18.88
9	**Manama,** Bahrain	$20.11
10	**Lusaka,** Zambia	$20.32

Bottom 10

Overall Rank (Out of 90)	Market/Country	Total Occupancy Cost* ($ per sq. ft. per year)
90	**London (West End),** United Kingdom	$233.28
89	**Hong Kong,** Hong Kong SAR	$185.40
88	**City of London,** United Kingdom	$143.85
87	**Boston,** United States	$103.98
86	**Singapore,** Singapore	$102.92
85	**Paris,** France	$102.09
84	**San Francisco,** United States	$97.98
83	**Sydney,** Australia	$93.26
82	**New York,** United States	$91.13
81	**Tokyo,** Japan	$90.44

NOTE:
*These are costs which tenants incur in occupying an office space. These constitute rent, local property taxes, and service charges.

SOURCE:
KNIGHT FRANK'S GLOBAL OCCUPIER MARKET DASHBOARD Q2 2022
BUSINESSWORLD **RESEARCH**:
MARIEDEL IRISH U. CATILOGO
BUSINESSWORLD **GRAPHICS**:
BONG R. FORTIN

PHL ICT market seen to hit $21B by 2026 as firms spend more on tech

By Arjay L. Balinbin
Senior Reporter

LOCAL BUSINESSES are expected to continue spending on information and communications technology (ICT) next year, as they anticipate rising demand for digital solutions, according to some industry players.

"As micro, small and medium enterprises (MSMEs) secure and make their businesses more resilient and adaptable in the face of future economic disruptions, investments in telco and ICT remain as their top priority in the next one to two years," KD D. Dizon, head of Globe Business MSME Group, told *BusinessWorld* in an e-mail interview last week.

"This is especially true for those operating within industries that are at the forefront of digitalization such as education, finance, IT and business process management, wholesale/retail, and the hotel, restaurant, and café sector," she added.

According to London-based data analytics and consulting company GlobalData Plc, the ICT market in the Philippines is expected to grow at an annual growth rate of 8% to $20.6 billion by 2026, from $14.04 billion in 2021.

The cumulative revenue generation opportunities for ICT in the Philippines between 2022 and 2026 are estimated at $89.98 billion.

"The retail sector is the major contributor to the growth of ICT in the Philippines," GlobalData's latest report said.

The IT service management company of the PLDT group, ePLDT, Inc., said it has seen a steady increase in investment in ICT solutions from its enterprise customers compared with last year.

"These are customers who are accelerating their digital transformation to improve customer experience (and) operational productivity, (as well as) reduce operational costs," ePLDT President and Chief Executive Officer Victor S. Genuino said in an e-mail interview last week.

"We see robust demand for data center, cloud, and cybersecurity solutions," he added.

In a separate e-mail interview, Cisco Philippines Managing Director Zaza S. Nicart said the company continues to see Philippine organizations digitizing their businesses, automating operations, and using innovative technology to strengthen resilience against unexpected challenges.

"This is not only limited to the private sector. The government is leading the movement towards increased ICT investments in the Philippines," she added.

The Department of Budget and Management proposed a P12.47-billion budget for ICT and digitalization for next year.

"As we enter a post-pandemic era, we'll continue to see a growing demand in technology innovations and digital solutions such as cybersecurity, integrated cross-architecture IT and networking infrastructure, and collaboration tools supported by data analytics that will help companies better address employees' health and well-being needs and promote inclusivity," Ms. Nicart said.

ICT, S1/3

WHAT'S INSIDE

FUEL PRICE TRACKER
(week-on-week change)

GASOLINE		
Oct. 18	▲	P0.80
Oct. 25	▼	P0.35
Nov. 1	▼	P0.25
DIESEL		
Oct. 18	▲	P2.70
Oct. 25	▼	P1.10
Nov. 1	▼	P0.60
KEROSENE		
Oct. 18	▲	P2.90
Oct. 25	▼	P0.45
Nov. 1	▼	P0.25

- *Nov. 1, 12:01 a.m.* — Caltex Philippines
- *Nov. 1, 6 a.m.* — Petron Corp.; Phoenix Petroleum; Pilipinas Shell Petroleum Corp.; PTT Philippines Corp.; Seaoil Philippines, Inc.
- *Nov. 1, 8:01 a.m.* — Cleanfuel (Shaw Autogas, Inc.)

Inflation, interest rates may dampen retail sector growth in 2023

By Revin Mikhael D. Ochave
Reporter

THE PHILIPPINE retail sector's growth is projected to slow next year, as consumer spending will likely be affected by elevated inflation and rising interest rates.

Barsali Bhattacharyya, Economist Intelligence Unit (EIU) industry manager, told *BusinessWorld* that local retailers will be affected by weaker consumer spending.

"In 2023, the pace of growth will slow to 2.7% as persistently high inflation and the increase in domestic interest rates hurt consumers' spending power," Ms. Bhattacharyya said via e-mail.

The Bangko Sentral ng Pilipinas (BSP) has raised benchmark rates by 225 basis points so far this year to tame inflation and address the peso's weakness.

Inflation accelerated to 6.9% in September, bringing the nine-month average to 5.1% as prices of food, commodities and utilities continue to rise. The BSP expects inflation to average 5.6% this year, and 4.1% in 2023.

Consumers will have to spend more on food next year, as global commodity prices remain elevated, Ms. Bhattacharyya said.

"High global agriculture commodity prices will force consumers to spend more on food and essentials, pushing up the share of food retail sales to over 59% in 2023. We expect this share to remain above the 2019 levels until at least 2025, underscoring the country's dependence on food imports," she said.

This year, the retail sector is seen growing 5.9%, mainly driven by the reopening of the economy and easing of coronavirus disease 2019 (COVID-19) restrictions, Ms. Bhattacharyya said.

"The Philippines' consumer market has been recovering strongly from the pandemic-induced slowdown. The relaxation of COVID-19 measures bodes well for consumption and in 2022 we estimate retail sales to increase by 5.9% in real terms, stripping off the effect of inflation," Ms. Bhattacharyya said.

Online sales will continue to rise in 2023 on the back of increasing digitalization in the country.

"The strong shift to digitalization seen during the pandemic will continue to gain ground, with online sales of goods forecast to account for 4% of total retail sales in 2023," Ms. Bhattacharyya said.

Meanwhile, Philippine Retailers Association (PRA) Vice Chairman Roberto S. Claudio said the group has a slightly higher growth forecast for next year, compared with the EIU's projection.

"We have a higher growth forecast for 2023 at 3.5% owing to further easing of COVID-19 protocols and consumer expenditures with people having more freedom to travel with end of lockdowns and policies to boost local tourism," he said in a phone interview.

Mr. Claudio said the retail sector is showing better growth this year as consumers return to malls and shops.

Retail, S1/3

Sustained growth key to lowering debt-to-GDP ratio

THE GOVERNMENT is seen on track to bringing down the share of debt to gross domestic product (GDP) to 61.8% by yearend through sustained economic growth, debt management, and revenue measures.

"The target by the yearend is still achievable if GDP growth rate won't fall below 6% despite escalating prices and continuously changing peso-dollar rate," University of Asia and the Pacific Senior Economist Cid L. Terosa said in an e-mail.

Economic managers are aiming to bring down the debt-to-GDP ratio to 61.8% by yearend. This is higher than the 60% debt-to-GDP ratio considered manageable by multilateral lenders for developing economies, and significantly higher than the 39.6% seen at the end of 2019.

As of the second quarter, the debt-to-GDP ratio eased to 62.1%, from the previous quarter's 63.5%.

"The easing of the debt-to-GDP ratio to 62.1% at the end of June was partly due to the fantastic GDP growth rate achieved by the country in the second quarter of 2022. I think a debt-to-GDP ratio of 62% by the yearend is achievable," Mr. Terosa said.

He noted the government must sustain economic growth at a level above 6% if it hopes to lower the debt-to-GDP ratio.

Pantheon Chief Emerging Asia Economist Miguel Chanco said slower GDP growth may hinder the efforts to bring down debt levels.

Debt, S1/3