P25 IN METRO MANILA, PHILIPPINES

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STOCK MARKET

PSEi

OPEN:	6,736.65
HIGH:	6,736.65
LOW:	6,666.68
CLOSE:	6,667.97
VOL.:	7.148 B
VAL(P):	5.465 B

▼ 93.36 PTS. 1.38%

30 DAYS TO JANUARY 6, 2023

ASIAN MARKETS

JANUARY 6, 2023

	CLOSE		NET	%
Japan (Nikkei 225)	25,973.85	▲	153.05	0.59
Hong Kong (Hang Seng)	20,991.64	▼	-60.53	-0.29
Taiwan (Weighted)	14,373.34	▲	72.29	0.51
Thailand (SET Index)	1,673.86	▲	10.00	0.60
S.Korea (Kse Composite)	2,289.97	▲	25.32	1.12
Singapore (Straits Times)	3,276.72	▼	-15.94	-0.48
Sydney (All Ordinaries)	7,109.60	▲	46.00	0.65
Malaysia (Klse Composite)	1,480.55	▼	-0.38	-0.03

WORLD MARKETS

JANUARY 6, 2023

	CLOSE		NET
Dow Jones	33,630.610	▲	700.530
NASDAQ	10,569.294	▲	264.053
S&P 500	3,895.080	▲	86.980
FTSE 100	7,699.490	▲	66.040
Euro Stoxx50	3,817.190	▲	50.990

PESO-DOLLAR RATES

FX

OPEN	P55.850
HIGH	P55.570
LOW	P55.890
CLOSE	P55.640
W.AVE.	P55.681
VOL.	$1,052.37 M

▲ 11.00 CTVS

30 DAYS TO JANUARY 6, 2023

SOURCE : BAP

ASIAN MONIES-US$ RATE

JANUARY 6, 2023

	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	132.070	▲	132.550
Hong Kong (HK dollar)	7.806	▲	7.812
Taiwan (NT dollar)	30.562	▲	30.667
Thailand (baht)	33.790	▲	33.930
S. Korea (won)	1,253.500	▲	1,269.880
Singapore (dollar)	1.335	▲	1.340
Indonesia (rupiah)	15,630	▼	15,605
Malaysia (ringgit)	4.401	▼	4.388

WORLD CURRENCIES

JANUARY 6, 2023

	CLOSE		PREVIOUS
US$/UK pound	1.2092	▲	1.2016
US$/Euro	1.0644	▲	1.0613
$/Aust dollar	0.6875	▲	0.6819
Canada dollar/US$	1.3442	▼	1.3507
Swiss Franc/US$	0.9273	▼	0.9279

DUBAI CRUDE OIL

FUTURES PRICE ON NEAREST MONTH OF DELIVERY $75.15/BBL

$0.00

30 DAYS TO JANUARY 6, 2023

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PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • JANUARY 6, 2023 (PSEi snapshot on *S1/4*; article on *S2/2*)

Stock	Price	Value	Change		% Change
SM	P900.000	P422,152,400	-P15.000	▼	-1.639%
BDO	P111.000	P371,710,181	-P3.000	▼	-2.632%
TEL	P1,385.000	P356,744,470	-P39.000	▼	-2.739%
ACEN	P7.490	P317,196,137	-P0.630	▼	-7.759%
CNVRG	P17.500	P255,679,146	P0.100	▲	0.575%
JFC	P242.000	P237,939,194	-P6.000	▼	-2.419%
APL	P0.038	P230,647,700	P0.005	▲	15.152%
ALI	P30.250	P208,447,525	-P1.000	▼	-3.200%
MBT	P56.900	P173,617,124	P0.650	▲	1.156%
BLOOM	P8.900	P150,066,043	P0.040	▲	0.451%

Policy tightening seen to continue

By Keisha B. Ta-asan
Reporter

OUTLOOK 2023

THE BANGKO SENTRAL ng Pilipinas (BSP) will likely continue its monetary tightening this year as inflation is seen to remain above target until the second quarter of 2023, analysts said.

However, economic growth may slow significantly in the next two years, as a result of higher borrowing costs.

BSP Governor Felipe M. Medalla said inflation may have peaked already in December and is expected to settle within the 2-4% target range by third quarter this year.

Headline inflation rose to 8.1% in December, from 8% in November and 3.1% in December 2021, as food prices surged during the holiday season. This brought the average inflation in 2022 to 5.8%, the highest in 14 years.

"From that point on, we see inflation slowing down in the first half of 2023 and settling between 2-4%, our target range, by the third quarter of 2023," Mr. Medalla said during the central bank's first flag-raising ceremony for the year.

"By the fourth quarter, and hopefully for the rest of 2024, inflation is expected to approach the low end of the target range due to base effects," he said, adding that monetary settings will continue to be guided by data.

For China Banking Corp. Chief Economist Domini S. Velasquez, inflation momentum slightly eased, as seen with the 0.3% month-on-month increase in December from November's 0.7%.

"Inflation's momentum in December moderated somehow as month-on-month inflation was not as high. However, food prices remained highly elevated, some of which could have been prevented with better domestic supply movements and early recognition of shortages," Ms. Velasquez said.

"In the next BSP meeting, we expect the BSP to update its inflation projection for 2023. Based on the recent movement in prices, we have actually increased our 2023 average inflation forecast from 4.6% to 5.3%," she said, adding that food prices may continue to spike.

The BSP currently expects inflation to average 4.5% this year before easing to 2.8% in 2024.

Higher water rates took effect this month, while electricity rates are also expected to go up. Ms. Velasquez said oil prices are unlikely to go down as much as previously expected with China's reopening.

"Although inflation will most likely trend downwards starting January, we expect the BSP to continue tightening up to at least 6% in 2023. If other demand side inflationary pressures materialize, such as wage hike increases, they might even increase their terminal rate," she added.

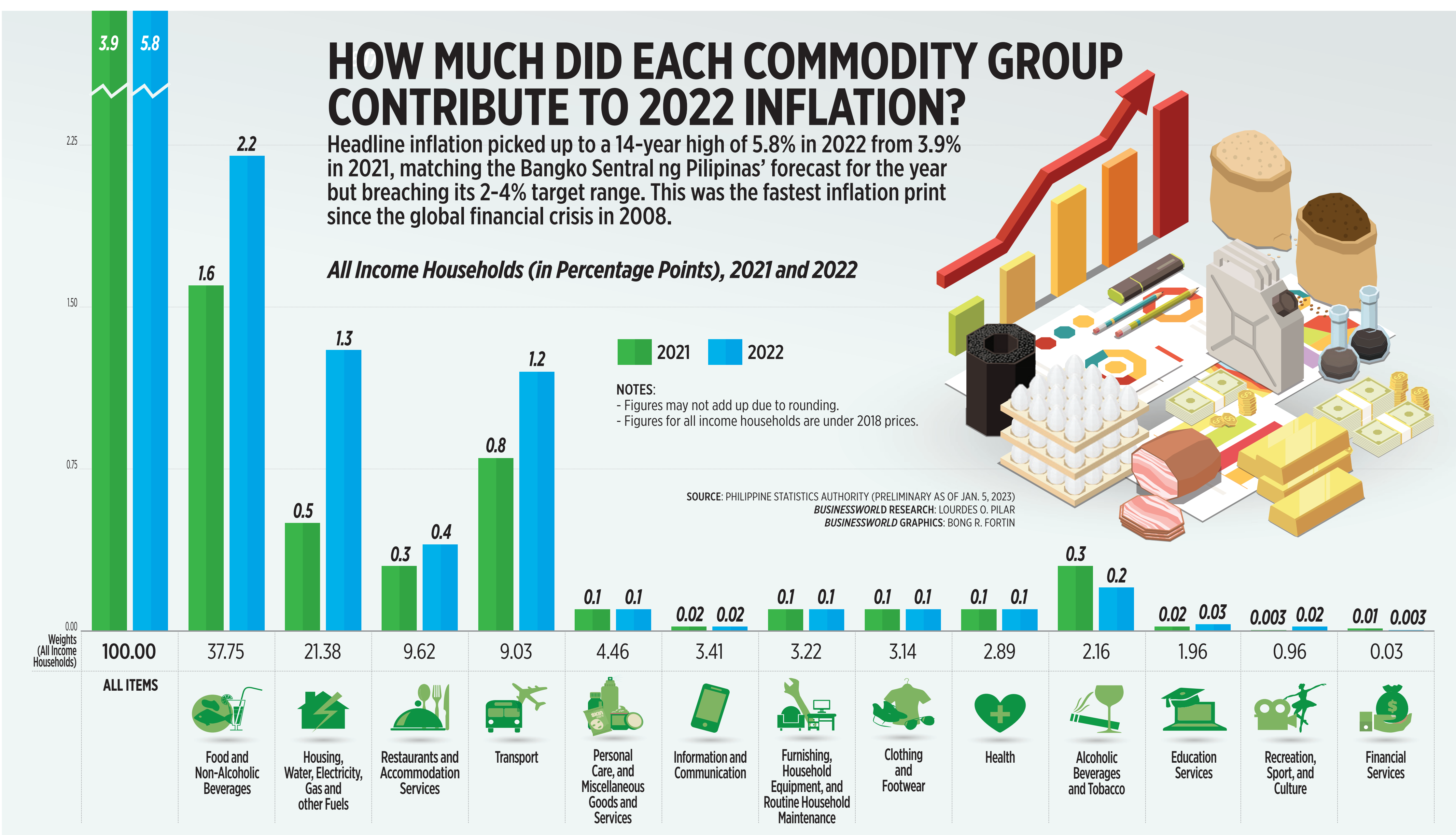
STILL ABOVE TARGET

Even though inflation is expected to slow this year, the BSP's average 2023 inflation forecast is still above the 2-4% official target range, former BSP Deputy Governor Diwa C. Guinigundo said.

"For the BSP to announce its plan to accelerate the disinflation process implies sustained or more aggressive tightening," Mr. Guinigundo said in a Viber message.

The central bank has raised 350 basis points (bps) last year, bringing its benchmark policy rate to a 14-year high of 5.5% from a record-low of 2% as it sought to tame inflation and help stabilize the peso.

Policy, S1/5



Tax cuts likely to unleash spending power of middle-class Filipinos

By Luisa Maria Jacinta C. Jocson
Reporter

TAX CUTS implemented this year could spur faster spending and increased savings by middle-class Filipino consumers, as well as lead to higher government revenues from indirect taxes, analysts said.

"I believe the new tax rates will help unleash the power of the middle class to drive the economy through consumption spending, savings, and investments. The spending power of a burgeoning middle class can create sizable output, income, and employment multiplier effects," University of Asia and the Pacific (UA&P) Senior Economist Cid L. Terosa said in an e-mail.

Under the Tax Reform for Acceleration and Inclusion (TRAIN) law, personal income tax cuts are being implemented starting Jan. 1.

Taxpayers with annual taxable income below P250,000 are still exempt from paying personal income tax, while the rest with income above P250,000 but less than P8 million will have lower tax rates ranging from 15% to 30%.

PHILIPPINE STAR/ MICHAEL VARCAS

PEOPLE eat inside a restaurant in Libis, Quezon City.

Meanwhile, the top individual taxpayers earning more than P8 million have a higher tax rate of 35% from the previous 32%.

"While direct tax revenues could be affected, indirect tax revenues levied on consumption spending could rise as middle-class households have more disposable income to spend," Mr. Terosa said.

An example of indirect tax is the value-added tax (VAT). An increase in consumer spending may drive VAT collections higher.

Tax cuts, S1/9

WB to warn of global recession risk in economic outlook

THE World Bank (WB) is concerned that "further adverse shocks" could push the global economy into recession in 2023, with small states especially vulnerable.

The warning is contained in an abstract for the bi-annual "Global Economic Prospects" report due for release on Tuesday and visible on the group's Open Knowledge Repository website.

Even without another crisis, global growth this year "is expected to decelerate sharply, reflecting synchronous policy tightening aimed at containing very high inflation, worsening financial conditions, and continued disruptions from Russia's invasion of Ukraine," the World Bank said.

"Urgent global and national efforts" are needed to mitigate the risk of such a downturn as well as debt distress in emerging market and developing economies (EMDEs), where investment growth is expected to remain below the average of the past two decades, the Washington-based lender said.

Recession, S1/9

Gross borrowings drop 31% as of end-November

GROSS BORROWINGS declined by 31.3% year on year as of end-November, preliminary data from the Bureau of the Treasury (BTr) showed.

In the January-to-November period, total gross borrowings dropped to P1.91 trillion from the P2.78-trillion borrowings in the previous year.

The 11-month gross borrowings represent 86.8% of the P2.2-trillion total borrowing plan set by the National Government for 2022.

In November alone, gross borrowings more than doubled to P62.57 billion from P26.7 billion in the same month of 2021. However, it was 64.6% lower than the P176.56 billion logged in October.

Domestic gross borrowings surged 357.3% to P75.91 billion in November from P16.6 billion in the same month of 2021.

November saw the net redemption of Treasury bills (T-bills) amounting to P22.33 billion, which was offset by the issuance of fixed-rate Treasury bonds (T-bonds) which raised P98.24 billion.

Meanwhile, foreign gross borrowings reached P21.96 billion during the month, up 117.4% from P10.1 billion a year earlier. This consisted entirely of project loans, with no recorded foreign program loans or bonds.

The government also repaid P35.09 billion to foreign creditors in November.

In the first 11 months of 2022, gross domestic borrowings fell by 28.4% to P1.61 trillion from P2.25 trillion in the previous year.

The government raised P834.48 billion from retail Treasury bonds (RTBs), and P1.14 trillion from fixed-rate T-bonds as of end-November.

Borrowings, S1/9