

| STOCK MARKET | ASIAN MARKETS | WORLD MARKETS | PESO-DOLLAR RATES | ASIAN MONIES-US\$ RATE | WORLD CURRENCIES | DUBAI CRUDE OIL |
|--|---|--|--|---|---|---|
| PSEi OPEN: 7,027.92 HIGH: 7,028.37 LOW: 6,959.78 CLOSE: 6,986.19 VOL.: 1.288 B VAL(P): 8.933 B 49.57 pts, 0.70% 30 DAYS TO FEBRUARY 2, 2023 | FEBRUARY 2, 2023 JAPAN (NIKKEI 225) 27,402.05 ▲ 55.17 0.20 HONG KONG (HANG SENG) 21,958.36 ▼ -113.82 -0.52 TAIWAN (WEIGHTED) 15,595.16 ▲ 175.03 1.14 THAILAND (SET INDEX) 1,682.58 ▼ -3.17 -0.19 S.KOREA (KSE COMPOSITE) 2,468.88 ▲ 19.08 0.70 SINGAPORE (STRAITS TIMES) 3,363.68 ▼ -13.97 -0.41 SYDNEY (ALL ORDINARIES) 7,511.60 ▲ 9.90 0.13 MALAYSIA (KLSE COMPOSITE) 1,489.80 ▲ 4.30 0.29 | FEBRUARY 1, 2023 Dow Jones 34,092.960 ▲ 6.920 NASDAQ 11,816.320 ▲ 231.768 S&P 500 4,119.210 ▲ 42.610 FTSE 100 7,761.110 ▼ -10.590 Euro Stoxx50 3,837.060 ▼ -16.260 | FX OPEN P54.200 HIGH P53.835 LOW P54.200 CLOSE P53.845 W.AVE. P53.955 VOL. \$1,620.60 M SOURCE : BAP | FEBRUARY 2, 2023 LATEST BID (0900GMT) JAPAN (YEN) 128.940 ▲ 129.810 HONG KONG (HK DOLLAR) 7.844 ▼ 7.842 TAIWAN (NT DOLLAR) 29.730 ▲ 29.851 THAILAND (BAHT) 32.800 ▲ 32.820 S. KOREA (WON) 1,224.540 ▲ 1,230.110 SINGAPORE (DOLLAR) 1.306 ▲ 1.313 INDONESIA (RUPIAH) 14,875 ▲ 14,970 MALAYSIA (RINGGIT) 4.243 ▲ 4.263 | FEBRUARY 2, 2023 US\$/UK POUND 1.2334 ▲ 1.2315 US\$/EURO 1.1001 ▲ 1.0881 \$/AUSTRALIAN DOLLAR 0.7126 ▲ 0.7072 CANADA DOLLAR/US\$ 1.3283 ▼ 1.3300 SWISS FRANC/US\$ 0.9080 ▼ 0.9161 | FEBRUARY 2, 2023 FUTURES PRICE ON NEAREST MONTH OF DELIVERY \$83.55/BBL \$2.65 30 DAYS TO FEBRUARY 1, 2023 |

VOL. XXXVI • ISSUE 137 **FRIDAY • FEBRUARY 3, 2023 • www.bworldonline.com** SI/1-10 • 2 SECTIONS, 14 PAGES

PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • FEBRUARY 2, 2023 (PSEi snapshot on SI/2; article on SI/2)

| | | | | | | | | | |
|--|---|---|--|--|---|--|---|---|--|
| ALI P29.750 Value P552,452,940 -P0.750 ▼ -2.459% | URC P148.900 Value P523,964,805 P4.400 ▲ 3.045% | BDO P125.500 Value P501,662,700 P0.300 ▲ 0.240% | UBP P97.000 Value P501,400,217 P0.000 — 0.000% | RLC P16.200 Value P384,222,290 P0.580 ▲ 3.713% | SM P36.900 Value P360,064,935 -P0.850 ▼ -2.252% | DMC P11.700 Value P357,939,390 -P0.100 ▼ -0.847% | SM P930.000 Value P355,797,645 -P16.000 ▼ -1.691% | BPI P110.000 Value P307,197,787 P0.000 — 0.000% | TEL P1,457.000 Value P276,586,840 P29.000 ▲ 2.031% |
|--|---|---|--|--|---|--|---|---|--|

PHL ends 2022 with P13.42-T debt

By Luisa Maria Jacinta C. Jacson Reporter

THE NATIONAL Government's outstanding debt stood at P13.42 trillion at the end of 2022, easing from the previous month's record high and helped in part by the peso appreciation against the US dollar, the Bureau of the Treasury (BTr) said on Thursday.

In a statement, the BTr said P13.42-trillion outstanding debt

was lower by 1.7% or P225.31 billion than the record-high P13.64 trillion at end-November due to the peso's strength and net redemption of local government securities.

This was also below the government's P13.43-trillion program for the year.

Full-year debt increased by P1.69 trillion or 14.4% from P11.73 trillion at the end of 2021.

The BTr said the latest debt stock was 60.9% of the country's gross domestic product (GDP) as

of end-December, improving from the 63.7% debt-to-GDP ratio as of end-September.

This was lower than the 61.8% target under the medium-term fiscal framework, but still above the 60% threshold considered manageable by multilateral lenders for developing economies.

"This reflects the consistent drive to bolster debt sustainability through prudent cash and debt management backed by resurgent economic growth," the BTr said.

The government aims to cut the debt-to-GDP ratio to less than 60% by 2025, and to 51.5% by 2028.

"Our medium-term fiscal plan and exemplary GDP growth have allowed us to outpace our borrowings. This gives us confidence that we can reach our targets by 2025," Finance Secretary Benjamin E. Diokno said in a statement.

The Philippine economy expanded by 7.6% last year, surpassing the government's 6.5-7.5% goal. It was also the fastest growth since 1976.

"Better-than-expected GDP for 2022 also pushed down the debt ratio. We think that as long as we have a credible fiscal program and GDP remains robust, the debt ratio will continue to slowly go down. By this we mean being faithful to deficit targets," China Banking Corp. Chief Economist Domini S. Velasquez said in a Viber message.

PESO APPRECIATION

Analysts said the stronger local

currency against the US dollar had helped lower the debt level.

"We were expecting that the appreciation of the peso would really help toward the end of the year especially with outstanding debt," Ruben Carlo O. Asuncion, chief economist at UnionBank of the Philippines, Inc. said in a Viber message.

At the end of 2022, 68.62% of the total outstanding debt was from domestic sources, while the rest came from foreign creditors.

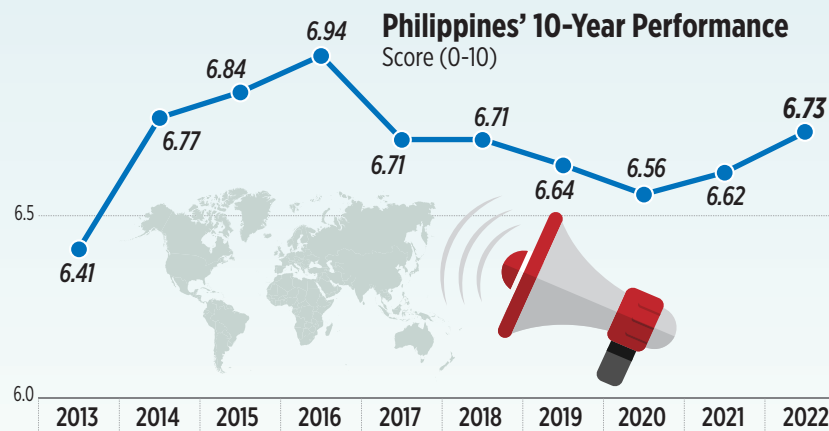
Debt, SI/5

PHILIPPINES RISES TO 52ND IN DEMOCRACY RANKING

The Philippines climbed two spots to place 52nd out of 167 countries with an overall score of 6.73 (out of 10, with 10 being the best) in the latest edition of the Democracy Index. The country scored above the global average of 5.29 and regional average of 5.46.

2022 Democracy Index
Overall Scores of Select East and Southeast Asian Countries
 Overall Score (0 to 10, 10 being best)

| Scores by Regime Type | |
|-----------------------|------------------|
| 8.00-10.00 | Full Democracy |
| 6.00-7.99 | Flawed Democracy |
| 4.00-5.99 | Hybrid Regime |
| 0.00-3.99 | Authoritarian |



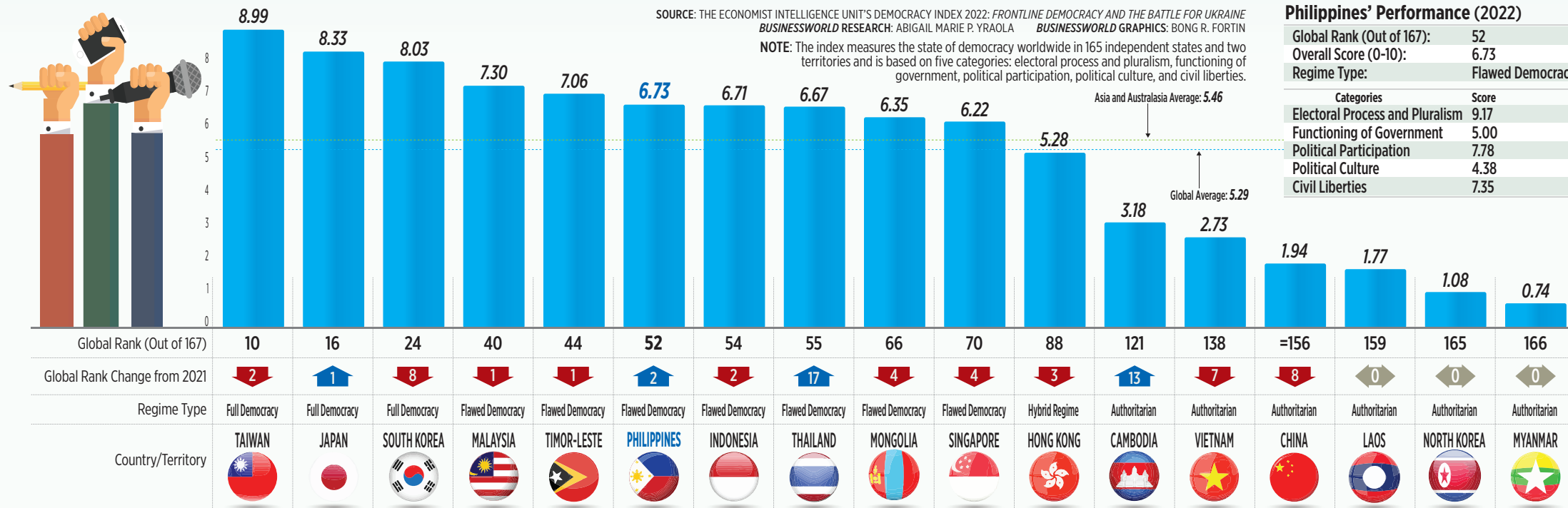
SOURCE: THE ECONOMIST INTELLIGENCE UNIT'S DEMOCRACY INDEX 2022: FRONTLINE DEMOCRACY AND THE BATTLE FOR UKRAINE
 BUSINESSWORLD RESEARCH: ABIGAIL MARIE P. YRAOLA
 BUSINESSWORLD GRAPHICS: BONG R. FORTIN
 NOTE: The index measures the state of democracy worldwide in 165 independent states and two territories and is based on five categories: electoral process and pluralism, functioning of government, political participation, political culture, and civil liberties.

Top Global Performers

| Country/Territory | Rank | Overall Score |
|-------------------|------|---------------|
| Norway | 1 | 9.81 |
| New Zealand | 2 | 9.61 |
| Iceland | 3 | 9.52 |
| Sweden | 4 | 9.39 |
| Finland | 5 | 9.29 |
| Denmark | 6 | 9.28 |
| Switzerland | 7 | 9.14 |
| Ireland | 8 | 9.13 |
| Netherlands | 9 | 9.00 |
| Taiwan | 10 | 8.99 |

Philippines' Performance (2022)

| | |
|---------------------------------|------------------|
| Global Rank (Out of 167): | 52 |
| Overall Score (0-10): | 6.73 |
| Regime Type: | Flawed Democracy |
| Categories | |
| Electoral Process and Pluralism | 9.17 |
| Functioning of Government | 5.00 |
| Political Participation | 7.78 |
| Political Culture | 4.38 |
| Civil Liberties | 7.35 |



Property recovery seen to continue; BPOs to drive office space demand

THE PHILIPPINE property sector's recovery is expected to continue this year, as business process outsourcing (BPO) companies drive office space demand, Colliers said on Thursday.

"For office, we are very positive. In fact, we are projecting positive net take-up. That means that the occupied spaces will outpace the vacated spaces," Colliers Director for Research Joey Roi Bondoc told a news briefing.

For offices, Colliers expects net take-up to reach 228,000 square meters (sq.m.) this year. Net take-up reached 110,500 sq.m. in 2022, a turnaround from the negative take-up in the previous two years.

Colliers sees the office vacancy rate going up to 20.2% due to new office supply and muted take-up in upcoming buildings. As of the fourth quarter of 2022, the vacancy rate reached 18.8%.

Even with companies implementing work-from-home or hybrid work setups, he noted a substantial demand from BPO companies, particularly those from the healthcare service segment.

"And what we were positive about really is the office take-up outside of Metro Manila. They are now not just looking at Metro Manila

as an ideal office location, they are expanding to Pampanga, Cebu, and Davao, among others," Mr. Bondoc said.

In 2022, total office transactions outside Metro Manila rose to 222,000 sq.m. from 113,000 sq.m. in 2021. Colliers said 60% of provincial transactions came from Cebu.

"For the property sector in general, we need to keep an eye on interest rates... If interest rates further increase it can stifle the expansion plans of locators here in the Philippines," Mr. Bondoc said.

The Philippine central bank raised key interest rates by 350 basis points (bps) in 2022, bringing it to 5.5% — the highest in 14 years.

BSP Governor Felipe M. Medalla earlier signaled more policy rate increases in the first quarter to ensure inflation falls within the 2-4% target by the second half.

The Monetary Board will hold its first policy review on Feb. 16.

Meanwhile, Mr. Bondoc said pre-sales of residential condominium units have started recovering last year.

Colliers said 20,000 condominium units were sold in the pre-selling market in 2022, better than 13,300 units sold in 2021.

Property, SI/5

UN says strong domestic demand to support Philippine growth this year

STRONG DOMESTIC DEMAND may help support Philippine economic growth this year despite a potential global recession, according to the United Nations (UN).

"There's still a fairly good outlook for the Philippines as a whole. What supports the Philippines' performance is still a very strong domestic economy which allows growth to be supported from that angle," UN Economic and Social Commission for Asia and the Pacific (UNESCAP) Economic Affairs Officer Shuvojit Banerjee said during a virtual briefing on the UN's "World Economic Situation and Prospects 2023" report on Thursday.

In its report, the UN forecasts Philippine gross domestic product (GDP) expanding by 5% this year, slower than the 7.7% forecast it gave in January 2022.

This forecast is below the government's 6-7% target for the year.

UNESCAP also projects Philippine GDP to expand by 6.1% in 2024, also below the government's 6.5-8% target.

In 2022, the Philippine economy grew by 7.6%, the fastest in 46 years and among the strongest in Asia.

"Even in a climate of strong external pressure, which is in common with the rest of the developing world, what is supporting the Philippine economy has been strong domestic demand and supportive government policy and that is likely to be what will sustain the positive growth outlook for the country going forward," Mr. Banerjee said.

The UN expects the global economy to grow by 1.9% this year, from an estimated 3% in 2022, amid high inflation, aggressive monetary tightening and increased uncertainties. It said many countries face risks of recession this year.

"There's been a sharp deterioration of global growth prospects. What we see is a broad-based downturn in 2023 except for China. The outlook remains highly uncertain," Mr. Banerjee said.

The UN lowered its growth projection for East Asia to 4.4% in 2023 from its previous estimate of 5.4%, "mainly reflecting the modest recovery of growth in China."

"Economic recovery in East Asia remains fragile, although average growth

is stronger than in other regions," the UN said.

He added that developing countries like the Philippines would likely see "no improvement" in 2023.

"Developing countries in totality have actually survived the crisis in terms of the basic growth numbers, somewhat better than high-income countries. That's not to say there's never been a large impact on developing countries, since they had decent growth numbers compared to the developing world. The downgrade in their numbers still remains; they are in a positive growth phase, but still lower than in the past," Mr. Banerjee said.

He said the outlook for East Asia is "not so hopeful," citing the impact of the higher cost of living, debt pressures and weakening export demand.

"This coincides with a tightening of global financial conditions, and countries adopting contractionary monetary and fiscal policies to curb inflationary pressures," according to the report.

Growth, SI/5



OPINION
Sleepless in Malacañang SI/6

THE NATION
US gets access to 4 more bases in Philippines amid China doubt SI/10

BANKING & FINANCE
Peso returns to P53-a-dollar level on dovish Fed statement SI/1



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