P25 IN METRO MANILA, PHILIPPINES

BusinessWorld

STOCK MARKET		
PSEi	OPEN:	6,885.27
	HIGH:	6,963.46
	LOW:	6,884.49
41.82 PTS. 0.60%	CLOSE:	6,923.08
	VOL.:	1.150 B
30 DAYS TO FEBRUARY 8, 2023	VAL(P):	6.283 B

ASIAN MARKETS FEBRUARY 8, 2023	CLOSE		NET	%
Japan (Nikkei 225)	27,606.46	▼	-79.01	-0.29
Hong Kong (Hang Seng)	21,283.52	▼	-15.18	-0.07
Taiwan (Weighted)	15,618.17	▲	217.26	1.41
Thailand (SET Index)	1,670.34	▼	-10.15	-0.60
S.Korea (Kse Composite)	2,483.64	▲	31.93	1.30
Singapore (Straits Times)	3,388.52	▲	7.68	0.23
Sydney (All Ordinaries)	7,530.10	▲	26.00	0.35
Malaysia (Klse Composite)	1,470.75	▼	-5.63	-0.38

WORLD MARKETS FEBRUARY 7, 2023	CLOSE		NET
Dow Jones	34,156.690	▲	265.670
NASDAQ	12,113.786	▲	226.336
S&P 500	4,164.000	▲	52.920
FTSE 100	7,864.710	▲	28.000
Euro Stoxx50	3877.57	▲	21.170

PESO-DOLLAR RATES	FX	
	OPEN	P55.000
	HIGH	P54.790
	LOW	P55.020
	CLOSE	P54.800
28.50 CTVS	W.AVE.	P54.880
	VOL.	$1,147.05 M
30 DAYS TO FEBRUARY 8, 2023	SOURCE : BAP	

ASIAN MONIES-US$ RATE FEBRUARY 8, 2023	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	130.770	▲	131.720
Hong Kong (HK dollar)	7.849	▼	7.848
Taiwan (NT dollar)	30.027	▲	30.077
Thailand (baht)	33.460	▲	33.570
S. Korea (won)	1,258.300	▲	1,258.990
Singapore (dollar)	1.323	▲	1.326
Indonesia (rupiah)	15,095	▲	15,140
Malaysia (ringgit)	4.297	▲	4.301

WORLD CURRENCIES FEBRUARY 8, 2023	CLOSE		PREVIOUS
US$/UK pound	1.2 105	▲	1.2019
US$/Euro	1.0756	▲	1.0719
$/Aust dollar	0.6985	▲	0.6942
Canada dollar/US$	1.3370	▼	1.3406
Swiss Franc/US$	0.9179	▼	0.9249

DUBAI CRUDE OIL

FUTURES PRICE ON NEAREST MONTH OF DELIVERY

$80.40/bbl

$2.05

30 DAYS TO FEBRUARY 7, 2023

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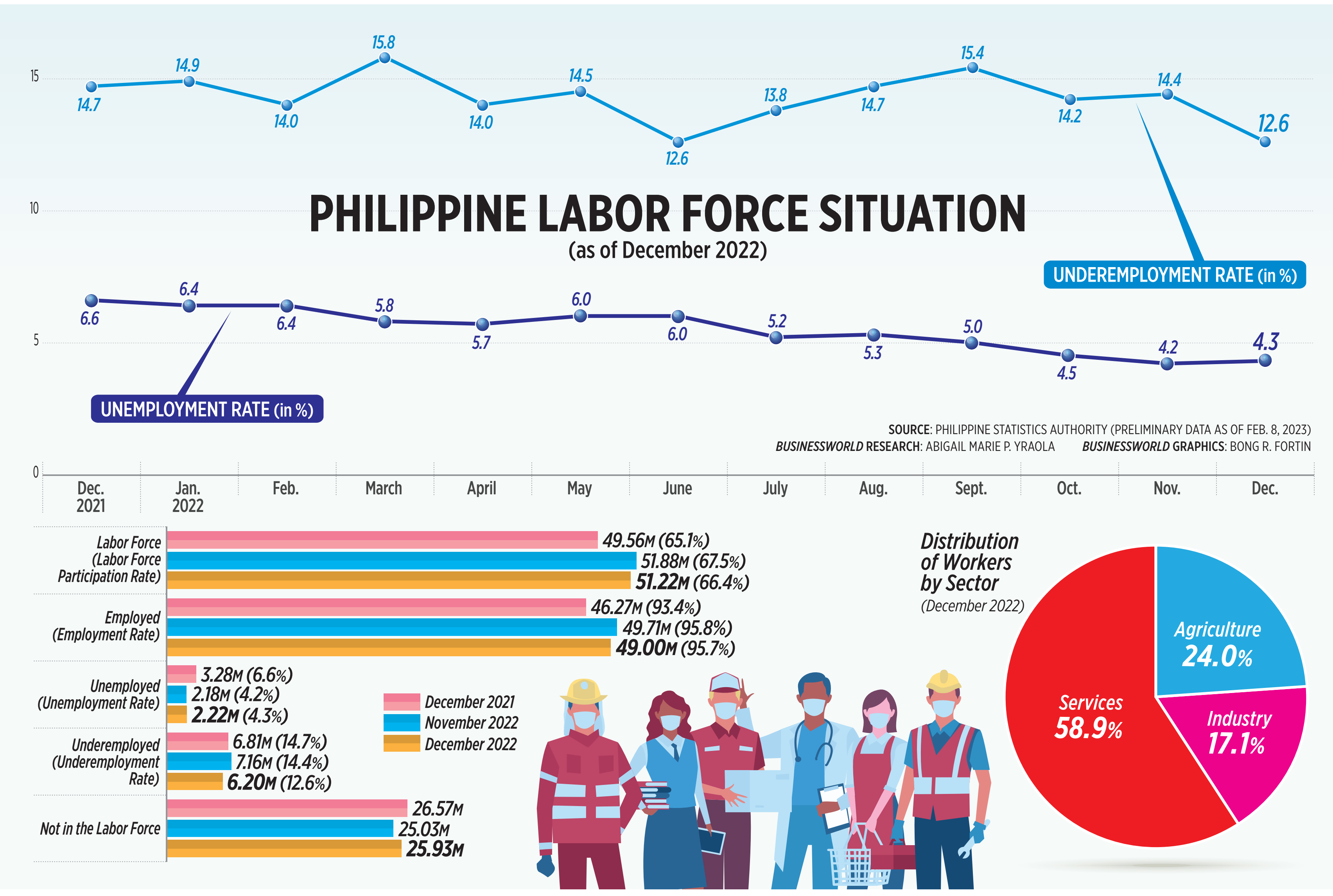
PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER •FEBRUARY 8, 2023 (PSEi snapshot on *S1/5*; article on *S2/2*)

		Value			
SM	P909.000	P361,934,785	-P6.000	▼	-0.656%
ALI	P29.200	P248,902,275	P0.150	▲	0.516%
MBT	P59.800	P234,489,710	P1.100	▲	1.874%
NIKL	P7.440	P230,843,116	P0.310	▲	4.348%
AC	P714.000	P196,604,915	P4.000	▲	0.563%
RLC	P16.420	P189,965,636	P0.340	▲	2.114%
UBP	P91.000	P188,161,370	P0.900	▲	0.999%
SMPH	P38.300	P177,364,675	P0.800	▲	2.133%
FCG	P1.020	P174,901,470	P0.120	▲	13.333%
MPI	P4.150	P170,840,190	P0.000	—	0.000%

Jobless rate eases to 3-year low in '22



THE PHILIPPINES' unemployment rate eased to a three-year low of 5.4% in 2022, despite a slight uptick in December, the Philippine Statistics Authority (PSA) said on Wednesday.

Preliminary results from the PSA showed the unemployment rate stood at 4.3% in December, a tad higher than November's 4.2% jobless rate but smaller than the 6.6% in December 2021.

The PSA said there were 2.22 million jobless Filipinos in December, up 43,000 from the 2.18 million unemployed in November. However, this was a better than the 3.28 million jobless recorded in December 2021.

This brought the full-year jobless rate to 5.4%, which is the lowest since the 5.1% in 2019 or before the coronavirus pandemic, PSA Undersecretary and National Statistician Claire Dennis S. Mapa said during the briefing.

This was equivalent to 2.67 jobless Filipinos last year, the lowest number since 2.26 million in 2019. In 2021, the unemployment rate stood at 7.8%, equivalent to 3.71 million.

"The government remains committed to providing more, better and green job opportunities to Filipinos and sustaining a vibrant labor market through the strategies articulated in the Philippine Development Plan 2023-2028," National Economic and Development Authority Secretary Arsenio M. Balisacan said in the statement.

Job quality improved in December, as the underemployment rate fell to 12.6% from 14.4% in November and the 14.7% in December 2021. This translated to 6.197 million underemployed Filipinos or persons already working but still looking for more work or longer working hours.

For 2022, the underemployment rate averaged 14.2%, the lowest in three years or since the 14% in 2019.

Jobless, S1/9

Inflation likely peaked in January, says BSP chief

HEADLINE INFLATION "most likely" peaked in January, but there could be surprise shocks that may affect prices moving forward, Bangko Sentral ng Pilipinas (BSP) Governor Felipe M. Medalla said on Wednesday.

"(Inflation) was actually higher than the high end of our forecast," he told reporters in a Viber message.

Inflation accelerated to a fresh 14-year high of 8.7% in January from 8.1% in December. This is well above the 7.5% to 8.3% forecast range given by the BSP.

Mr. Medalla said inflation "most likely" peaked in January. "(But) of course, I can't rule out another surprise supply shock."

January marked the 10^{th} consecutive month that inflation was above the BSP's 2-4% target range.

The BSP in a statement late on Tuesday said the January inflation data showed the "need for sustained efforts to combat price pressures, particularly non-monetary government measures to mitigate the impact of persistent supply-side constraints."

"The BSP remains focused on restoring inflation to the government target and stands ready to adjust its monetary policy settings as necessary to anchor inflation expectations and safeguard the inflation target over the policy horizon," it said.

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

In a note released on Wednesday, Nomura Global Market Research revised its full-year inflation forecast in the Philippines to 5.6% in 2023 from 4.4% previously after the release of the faster-than-expected January print.

"Food price inflation may remain high for a while as supply constraints may not be easily resolved, as recent episodes have demonstrated," Nomura said.

It noted that second-round effects will "likely be larger and last for longer," keeping core inflation high.

Core inflation, which excludes volatile prices of food and fuel, jumped to 7.4% in January from 6.9% in December and 1.8% in the same month in 2022. This is the fastest core inflation print in more than two decades or since 8.2% in December 2000.

"If food price inflation remains high, as we now expect, other related items, particularly food services, will also likely pick up, as we have seen in other countries in the region," Nomura said.

Food inflation quickened to 11.2% from 10.6% a month ago and 1.6% in January 2022, which was the fastest since the 11.3% in March 2009.

Nomura said the continued increase in power rates may also exacerbate second-round effects, and contribute to higher inflation.

"On monetary policy, we maintain our forecast that BSP will hike its policy rate by 25 bps (basis points) in each of the next two monetary board meetings in February and March, taking the policy rate to 6%, which would be our forecast for the terminal rate in this hiking cycle," Nomura said, adding that the probability of a 50-bp hike at the Feb. 16 meeting is "relatively low."

The central bank has raised 350 basis points (bps) last year, bringing its benchmark policy rate to a 14-year high of 5.5%.

Nomura said the BSP could cut rates by 50 bps by the fourth quarter as inflation is expected to ease, bringing the policy rate back to 5.5% by end-2023.

Inflation, S1/9

Dollar reserves near $100B as of end-January

GROSS INTERNATIONAL RESERVES (GIR) rose to a six-month high as of end-January, as foreign currency deposits with the central bank included the proceeds from the Philippine government's global bond issuance.

Preliminary data released by the Bangko Sentral ng Pilipinas (BSP) late on Tuesday showed the GIR increased by 3.7% to $99.7 billion in January, from the $96.1 billion as of end-December 2022. Year on year, dollar reserves fell by 7.4%.

This is the highest level of dollar reserves since the $99.84 billion posted in July 2022.

"The month-on-month increase in the GIR level reflected mainly the National Government's (NG) net foreign currency deposits with the BSP, which include proceeds from its issuance of ROP (Republic of the Philippines) global bonds," the central bank said in a statement.

Foreign currency deposits more than doubled to $2.11 billion as of end-January, from $942.8 million in the previous month and from the $831.7-million level a year ago.

The Marcos administration raised $3 billion from its second global bond issuance in January. The Bureau of the Treasury (BTr) sold $500 million worth of 5.5-year bonds, $1.25 billion worth of 10.5-year bonds, and $1.25 billion worth of 25-year sustainability bonds.

The central bank also attributed the higher GIR to "the upward valuation adjustments in the value of the BSP's gold holdings due to the increase in the price of gold in the international market, and net income from the BSP's investments abroad."

As of end-January, the level of dollar reserves is enough to cover about six times the country's short-term external debt based on original maturity and four times based on residual maturity.

It is also equivalent to 7.5 months' worth of imports of goods and payments of services and primary income.

Ample foreign exchange buffers protect an economy from market volatility and ensure the country is able to pay its debts in the event of an economic downturn.

"The BSP continues to rebuild its GIR, (and it's) now close to $100 billion. Although most of the increase was due to the ROP issuance and valuation, the BSP may have also been able to rebuild its buffer stock via foreign exchange operations," ING Bank N.V. Manila Senior Economist Nicholas Antonio T. Mapa said in an e-mail.

In a note, Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said the GIR may have also picked up in January after the seasonal increase in US dollar and foreign currency inflows. He noted the higher holiday-related spending in December may have continued into the new year.

According to the BSP, net international reserves increased by $3.6 billion or 3.7% to $99.7 billion as of end-January 2022 from $96.1 billion a month prior.

Net international reserves are the difference between the BSP's reserve assets (GIR) and reserve liabilities such as short-term foreign debt, and credit and loans from the International Monetary Fund (IMF).

Broken down, the central bank's foreign investments reached $83.25 billion, up by 2.3% from the $81.37 billion in the previous month. Year on year, foreign investments slumped by 10.4%.

The country's reserve position in the IMF inched up 0.9% to $797.3 million as of end-January from $789.8 million in the prior month. Year on year, it slipped by 0.4%.

Reserves in the form of gold were valued at $9.80 billion as of end-January, up by 5.6% from the $9.28 billion as of end-December 2022 and up by 6.8% from the $9.18-billion level a year earlier.

Special drawing rights — or the amount the country can tap from the IMF — was unchanged at $3.764 billion for the second straight month. However, it was 4.3% lower year on year.

"BSP has displayed that it was able to weather the 2022 storm with the bulk of its GIR intact as the cache of foreign reserves was able to help allay concerns about dollar liquidity at the height of financial market stress," Mr. Mapa said.

The BSP intervenes in the foreign exchange market to smoothen volatility.

Mr. Mapa said he expects GIR to inch up in the next few months "on expectations for a mild appreciation trend for the peso."

Mr. Ricafort said GIR growth could be supported by rising remittances, business processing outsourcing revenues, exports, as well as a fast recovery in foreign tourism.

The BSP projects the GIR level at $93 billion by end-2023. — **Keisha B. Ta-asan**

DTI releases new SRP for basic commodities

THE PRICES of some basic commodities, such as canned meat, sardines, noodles and bread, have gone up by as much as 10%, according to the new suggested retail price (SRP) bulletin released by the Department of Trade and Industry (DTI) on Wednesday.

Trade Undersecretary Ruth B. Castelo said the latest SRP bulletin showed there were price increases for 76 shelf keeping units (SKUs), while 141 SKUs retained their prices from the August 2022 bulletin.

In a Viber message, she said the price adjustments in the new bulletin are the "most fair and reasonable increases" that the DTI can allow to make sure the products remain affordable and available.

Ms. Castelo said retail prices of several basic necessities and prime commodities (BNPCs), such as canned meat, sardines, noodles, bread, and milk, were raised.

"A few non-food items also increased prices like candles," she added.

Ms. Castelo said 58 SKUs raised prices by up to a maximum of 10%, although 19 of these only implemented price adjustments of between 1% and 5%.

"(Prices of) only 18 SKUs are adjusted a little over 10%, mostly non-food items," she added.

The DTI issued the new SRP bulletin on Wednesday, after it missed its original release target in January.

Ms. Castelo said the new SRP bulletin was released following the DTI's "long validation review and study.

"We are compelled to allow price adjustments of some manufactured BNPCs to make sure that manufacturers continue to produce these fast-moving consumer goods," she said.

Various manufacturers have previously sought to increase product prices due to surging prices of raw materials and services.

Inflation surged to a fresh 14-year high of 8.7% in January, as food prices continued to rise. This was also higher than the 8.1% in December, and 3% a year ago.

In January, the American Chamber of Commerce of the Philippines, Inc. urged the DTI to publish SRP bulletin on a regular basis to help manufacturers to "adequately plan their operations and finances."

SRP, S1/9