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PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • FEBRUARY 16, 2023 (PSEi snapshot on S1/2; article on S2/2)

P1.970.000 ALI P54.000 MPI **BDO** P124.200 P670.000 GLO SM P29.600 BPI P4.270 P888.000 **MBT** P61.000 P105.100 **ICT** P209.000 **Value** Value Value Value Value Value **Value** P137,553,323 Value P132,422,046 Value P343,728,750 P307,510,563 P232,969,510 P232,890,120 P211,603,750 P191,551,055 Value P168,320,002 P147,513,380 P0.550 **▼ -4.688**% -P1.300 **▼** -1.036% -P3.500 ▼ -0.520% -P9.000 ▼ -0.455% -P3.000 ▼ -0.337% **1.893**% -P1.500 ▼ -2.400% -P0.900 ▼ -0.849% P1.250 **2.370**% -P1.000 ▼ -0.476%

BSP hikes rates, signals more to come

Philippine consumption likely to slow this year

CONSUMPTION in the Philippines will likely slow down the most among Southeast Asian countries this year, as households struggle with rising prices and interest rates, HSBC Global Research

In a note on Thursday, HSBC said inflation remains a key concern among consumers as most policy makers in the Association of Southeast Asian Nations (ASEAN) member countries are unlikely to implement consumer-friendly measures in battling inflation.

"We think consumption in ASEAN will slow in 2023 but in varying degrees; consumption in the Philippines will likely slow down the most, while Vietnam, Malaysia and Singapore may show some resilience." HSBC said.

HSBC noted the Philippines saw the prices of goods and services rise faster than wages in 2022, which eroded purchasing power and may curb consumption in the near future.

"Inflation usually works with a lag and households will likely continue to readjust their expenditure throughout the year in consideration of the steep

rise in the cost of living," HSBC said. Inflation remained elevated in the Philippines, averaging 5.6% in 2022. In January, headline inflation further accelerated to 8.7% from 8.1% in December, in contrast to downward trend in most ASEAN countries.

"Fortunately, most ASEAN economies passed the peak of inflation,

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though the Philippines and Vietnam have continued to see intensifying price pressures," HSBC added.

The Bangko Sentral ng Pilipinas (BSP) revised its annual average inflation forecast to 6.1% this year from 4.5% previously.

"The Philippines saw the purchasing power of its wages decline significantly, wherein the rise in the cost of living almost doubled compared to the rise in wages. This deterioration will likely take a toll on consumption in 2023 as households find their way around to make ends meet amid the squeeze in household budgets," HSBC

This year, HSBC noted central banks in ASEAN may continue to hike rates to curb demand-driven inflation.

"The Philippines and Thailand will likely take the biggest hit as their central banks are taking a relatively hawkish stance to bring the economy-wide saving rate back up, striking a balance between consumption and macroeconomic stability," it said.

HSBC expects the BSP to raise rates as high as 250 basis points (bps) above pre-pandemic levels, which may hurt borrowing and consumption.

The benchmark interest rate stood at 4% in 2019 before the Monetary Board cut rates by 200 bps in 2020 to support the pandemic-hit economy. Since May 2022, the BSP has raised rates by 400 bps to curb inflation.

Consumption, S1/9

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Youth may lose up to 10% of future earnings due to learning losses

MILLIONS OF CHILDREN around the world could lose up to 10% of their future average annual earnings due to "education shocks" during the height of the coronavirus pandemic, a new World Bank report showed.

In the report "Collapse and Recovery: How COVID-19 Eroded Human Capital and What to Do About It," the World Bank said the pandemic damaged the cognitive development and lifetime earnings of young people.

The decline in the cognitive and social-emotional development of toddlers due to the pandemic could also lead to a 25% reduction in future earnings as adults, it added.

"The pandemic and school closures threatened to wipe out decades of progress in building human capital. Targeted policies to reverse the losses in foundational learning, health, and skills are critical to avoid jeopardizing the development of multiple generations," World Bank Group President David Malpass said in a separate statement.

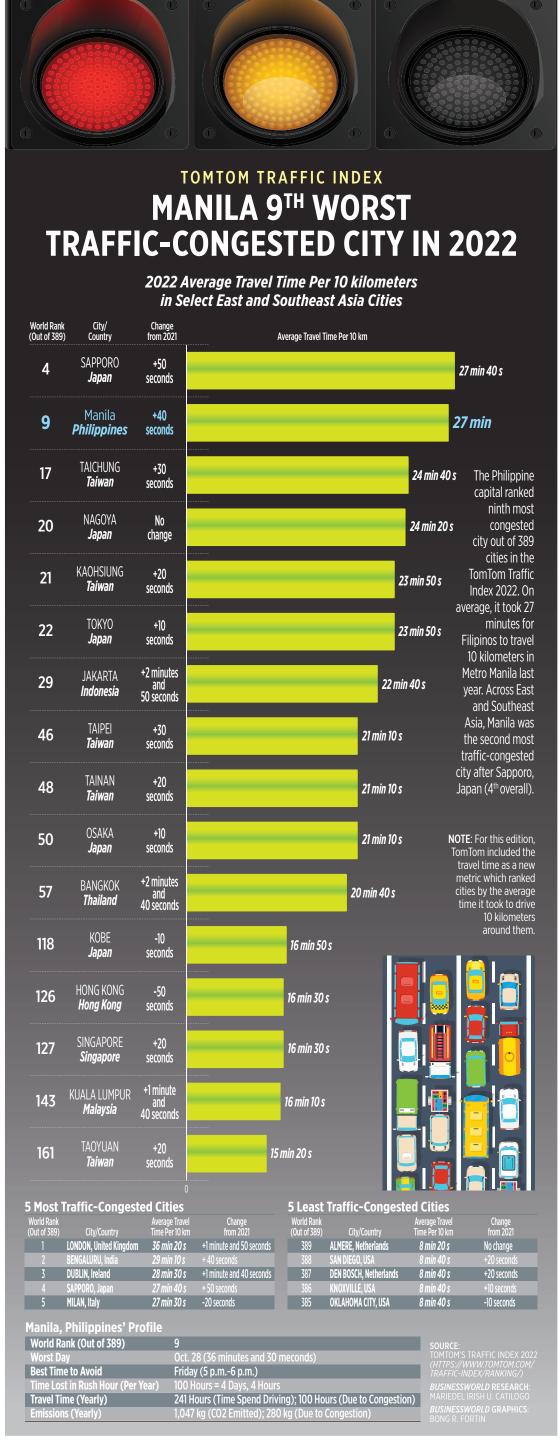
The World Bank's report was the first analysis of global data on young people who were under the age of 25 at the start of the pandemic in 2020. These young people will make up 90% of the "prime-age workforce" in 2050,

When the pandemic hit in March 2020, widespread lockdowns were implemented to curb the spread of the coronavirus disease 2019 (COVID-19). This prompted school closures in 180 countries including the Philippines.

Around 1.3 billion children in low- and middle-income countries missed at least half a year of school, 960 million missed at least a full year and 711 million missed a year and a half or more, the World Bank said.

Between April 2020 and March 2022, Philippine schools were closed for 510 days, one of the longest school closures in the world. The Philippines only resumed full face-to-face classes for public and private schools in November 2022.

Youth, S1/9



By Keisha B. Ta-asan

Reporter

THE PHILIPPINE central bank on Thursday raised its benchmark interest rate by 50 basis points (bps) for a second straight meeting, and signaled more tightening to tame red-hot inflation.

The Monetary Board (MB) increased its overnight borrowing rate by 50 bps to 6% as predicted by nine out of 18 analysts in a BusinessWorld poll last week. This brought the policy rate to

6%, the highest in nearly 16 years or since May 2007 when it stood at 7.5%. The rates on the overnight de-

posit and lending facilities were also increased to 5.5% and 6.5% respectively.

The BSP's aggressive rate hike came after inflation accelerated to a 14-year high 8.7% in January, from 8.1% in December. January also marked the 10th consecutive month inflation was above the BSP's 2-4% target range and its 7.5% to 8.3% forecast range for January.

"The Monetary Board deems a strong follow-through monetary policy response as necessary to reduce the risk of a breach in the inflation target in 2024. An upward adjustment in the policy interest rate would also prevent inflation expectations from drifting further away from the target band," BSP Governor Felipe M. Medalla said at a briefing after the MB meeting.

The central bank raised its average inflation forecast for 2023 to 6.1% from 4.5% previously This is beyond the BSP's 2-4% target range, and faster than the 5.8% full-year inflation in 2022.

The BSP also hiked its 2024 inflation projection to 3.1% from 2.8% previously.

BSP hikes, S1/9

PCC looks into possible cartel behind high onion prices

THE PHILIPPINE Competition Commission (PCC) has been looking into the possibility that a cartel has been behind the recent spike in onion prices.

"Since November 2022, the PCC has been investigating the high prices of onion for possible cartel or abuse of dominance conduct, consistent with the probe prompted by House Speaker Rep. Martin G. Romualdez and House Resolution No. 681 filed by Rep. Stella A. Quimbo," the competition watchdog said in a statement.

The PCC said it launched a market assessment after observing an "unusual high range" of onion retail prices, which peaked at P600 per kilogram (/kg) in December last year.

"As prices are seen to stabilize due to the imports and the SRP1 set last Feb. 6, the PCC is looking into the cause of such market anomaly in coordination with the sector regulators and other law enforcement agencies," it said.

Legislators and agriculture industry stakeholders have raised concern over the surge in onion prices, citing importation issues, price manipulation and smuggling. — $\mathbf{R.M.D.Ochave}$



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