

STOCK MARKET	ASIAN MARKETS	WORLD MARKETS	PESO-DOLLAR RATES	ASIAN MONIES-US\$ RATE	WORLD CURRENCIES	DUBAI CRUDE OIL
<b>PSEi</b> OPEN: 6,602.96 HIGH: 6,630.20 LOW: 6,579.48 CLOSE: 6,607.13 VOL.: 0.716 B VAL(P): 7.004 B 50.93 PTS. 0.77% 30 DAYS TO MARCH 1, 2023	<b>MARCH 1, 2023</b> JAPAN (NIKKEI 225) 27,516.53 ▲ 70.97 0.26 HONG KONG (HANG SENG) 20,619.71 ▲ 833.77 4.21 TAIWAN (WEIGHTED) 15,598.49 ▲ 94.70 0.61 THAILAND (SET INDEX) 1,623.04 ▲ 0.69 0.04 S.KOREA (KSE COMPOSITE)* 2,412.85 ▲ 10.21 0.42 SINGAPORE (STRAITS TIMES) 3,258.33 ▼ -4.30 -0.13 SYDNEY (ALL ORDINARIES) 7,251.60 ▼ -6.80 -0.09 MALAYSIA (KLSE COMPOSITE) 1,450.20 ▼ -3.99 -0.27 <small>* CLOSING PRICE AS OF FEBRUARY 28, 2023</small>	<b>FEBRUARY 28, 2023</b> DOW JONES 32,656.700 ▼ -232.390 NASDAQ 11,455.544 ▼ -11.435 S&P 500 3,970.150 ▼ -12.090 FTSE 100 7,876.280 ▼ -58.830 EURO STOXX50 3,895.48 ▼ -22.870	<b>FX</b> OPEN P55.300 HIGH P54.970 LOW P55.300 CLOSE P54.980 W.AVE. P55.077 VOL. \$1,029.88 M SOURCE : BAP 35.00 CTS. 30 DAYS TO MARCH 1, 2023	<b>MARCH 1, 2023</b> LATEST BID (0900GMT) PREVIOUS JAPAN (YEN) 135.800 136.690 HONG KONG (HK DOLLAR) 7.849 7.849 TAIWAN (NT DOLLAR) 30.550 30.737 THAILAND (BAHT) 34.820 35.330 S. KOREA (WON) 1,305.930 1,321.570 SINGAPORE (DOLLAR) 1.341 1.349 INDONESIA (RUPIAH) 15,230 15,245 MALAYSIA (RINGGIT) 4.470 4.486	<b>MARCH 1, 2023</b> CLOSING PREVIOUS US\$/UK POUND 1.2070 1.2084 US\$/EURO 1.0641 1.0617 \$/AUSTRALIAN DOLLAR 0.6763 0.6720 CANADA DOLLAR/US\$ 1.3608 1.3592 SWISS FRANC/US\$ 0.9380 0.9372	<b>DUBAI CRUDE OIL</b> FUTURES PRICE ON NEAREST MONTH OF DELIVERY <b>\$81.90/BBL</b> 30 DAYS TO FEBRUARY 28, 2023

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PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • MARCH 1, 2023 (PSEi snapshot on S1/3; article on S2/2)

GLO	P1,808.000	ICT	P198.800	ACEN	P6.310	SM	P889.000	BDO	P124.000	MBT	P61.350	SMPH	P34.800	TEL	P1,318.000	MEG	P2.000	BPI	P104.000
Value	P1,166,152,430	Value	P745,673,655	Value	P579,304,046	Value	P461,989,550	Value	P309,209,133	Value	P225,894,767	Value	P217,661,880	Value	P209,393,610	Value	P178,591,380	Value	P165,323,327
P33.000	▲ 1.859%	-P1.000	▼ -0.501%	-P0.030	▼ -0.473%	P37.000	▲ 4.343%	P0.600	▲ 0.486%	P3.150	▲ 5.412%	P0.750	▲ 2.203%	P33.000	▲ 2.568%	-P0.020	▼ -0.990%	-P5.800	▼ -5.282%

## Budget gap exceeds ceiling in 2022

### Factory activity eases in Feb. amid rising costs

PHILIPPINE FACTORY activity grew at a slower pace in February, as stubbornly high costs and supply chain challenges weighed on the sector, S&P Global said.

The S&P Global Philippines Manufacturing Purchasing Managers' Index (PMI) reading stood at 52.7 in February, down from 53.5 in January, which "signaled the softest improvement in operating conditions in three months."

The latest PMI reading matched the 52.7 reading in November 2022, and was the lowest since 52.6 in October 2022.

"According to the latest PMI data, growth across the Filipino manufacturing sector remained solid midway through the first quarter of 2023, albeit easing slightly from January. Both production levels and factory orders rose at solid rates and were stronger than their respective historical averages," Maryam Baluch, economist at S&P Global Market Intelligence, said in a statement.

February marked the 13<sup>th</sup> straight month that the PMI reading was above the 50 mark, which denotes improvement in operating conditions. A reading below 50 signals deterioration.

The headline PMI measures manufacturing conditions through the weighted average of five indices: new orders (30%), output (25%), employment (20%), suppliers' delivery times (15%) and stocks of purchases (10%).

The Philippines' PMI reading was the second fastest among six Association of Southeast Asian Nations (ASEAN) member countries, behind Thailand (54.8). It was ahead of Indonesia and Vietnam (both at 51.2) and Myanmar (51.1). Factory output contracted in Malaysia (48.4).

S&P Global said production and new orders in the Philippines expanded in February, but at a slower rate.

Factory, S1/9

### January credit growth slowest in 9 months

BANK LENDING expanded in January at its slowest pace in nine months, reflecting the impact of rising interest rates.

Preliminary data from the Bangko Sentral ng Pilipinas (BSP) released late on Tuesday showed outstanding loans by big banks, net of reverse repurchase (RRP) placements with the BSP, rose by 10.4% to P10.71 trillion in January from P9.70 trillion a year earlier.

January credit growth, which eased from the revised 13.7% in December, was the slowest pace in nine months or since the 10.1% expansion in April 2022.

Month on month, outstanding universal and commercial bank loans, net of RRP, were broadly unchanged, the BSP said.

"Brisk credit growth and adequate liquidity will continue to sustain the momentum of economic growth," BSP Governor Felipe M. Medalla said in a statement.

Lending to residents, net of RRP, jumped by 10.2% in January, easing from the 13.5% rise in December.

Borrowings for production activities rose by 9.2% year on year, slower than the revised 12.4% growth in December.

This was mainly due to double-digit growth in loans for key

sectors such as electricity, gas, steam and air-conditioning supply (12.7%), wholesale and retail trade (10.4%), manufacturing (10.3%), and information and communication (21.4%).

Lending for real estate activities rose by 3.5% in January, while those for accommodation and food services (-4.8%), and education (-5.8%) declined.

Consumer loans climbed by 20.3% in January, easing from the revised 25.1% growth in the prior month.

Credit card loans (30.7%) and salary-based general purpose consumption loans (67.1%) continued to show double-digit growth, while borrowings for motor vehicles contracted by 4.4%. Outstanding loans to nonresidents grew by 16.8% in January from 19.9% (revised) a month ago.

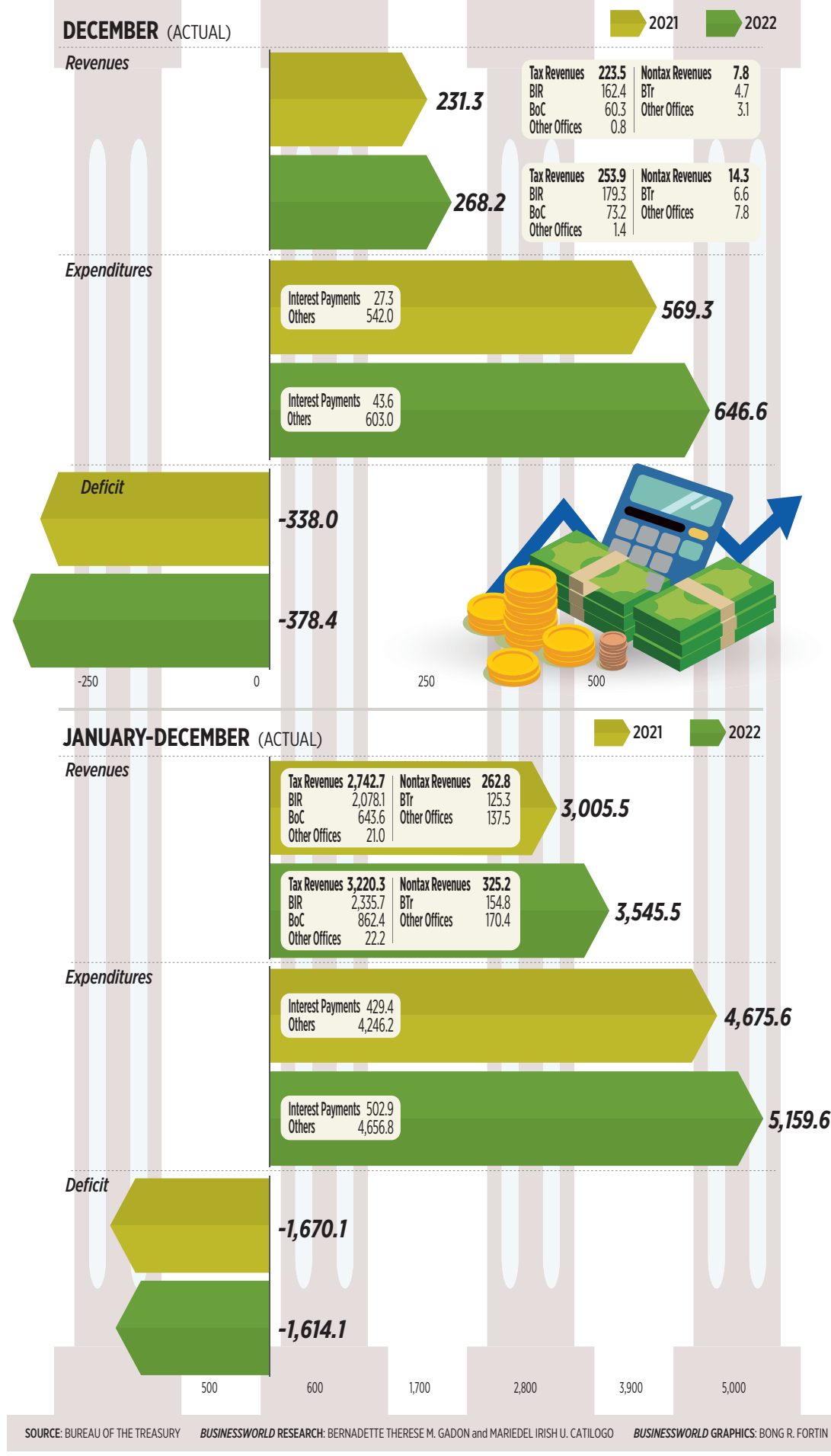
"Consumer loans and loans for production activities both grew at slower paces, likely due to high interest rates and inflation," China Banking Corp. Chief Economist Domini S. Velasquez said in a Viber message.

"The continued double-digit growth still pointed to robust demand and was likely supported by positive sentiments on the economy's growth prospects," she added.

Credit, S1/9

## NATIONAL GOVERNMENT FISCAL PERFORMANCE

(in billion pesos)



THE NATIONAL Government's (NG) fiscal gap narrowed year on year to P1.61 trillion in 2022, but exceeded the budget deficit ceiling.

Data from the Bureau of the Treasury (BTr) showed the full-year deficit was lower by 3.35% or P56 billion than the P1.67 trillion shortfall in 2021.

It was also higher than the revised P1.502-trillion target set by the Development Budget Coordination Committee (DBCC) last December.

"The fiscal outturn was driven by revenue growth of 17.97% outpacing the 10.35% expansion in government spending," the BTr said in a press release on Wednesday.

This brought the fiscal deficit to 7.33% of gross domestic product (GDP), lower than 8.6% in 2021 but higher than the DBCC target of 6.9%.

In December alone, the budget gap widened to a record P378.4 billion, up 11.94% from the P338 billion in the same month in 2021.

Revenues in December increased by 15.95% year on year to P268.2 billion.

Tax revenues grew by 13.61% to P253.9 billion during the month, as Bureau of Internal Revenue's (BIR) collection rose by 10.42% to P179.3 billion and the Bureau of Customs (BoC) revenues reached P73.2 billion, up by 21.4% from a year ago.

On the other hand, nontax revenues from the Treasury went up by 38.31% to P6.6 billion in December.

Meanwhile, government spending jumped by 13.57% to P466.6 billion in December from P569.3 billion in the same month a year ago.

Primary spending — which refers to total expenditures minus interest payments — rose by 11.25% to P603 billion from P542 billion.

#### FULL YEAR

For the full-year 2022, revenue collection jumped by 17.97% to P3.55 trillion from P3.01 trillion in 2021. It was also slightly higher than its P3.52-trillion program for the year.

Tax revenues, which accounted for 91% of the total revenues, rose by 17.41% to P3.22 trillion from P2.74 trillion a year ago.

Of this, revenues generated by the BIR went up by 12.39% to P2.34 trillion, while collections from the BoC jumped 34.01% to P862.4 billion.

Other tax collecting offices posted P22.2 billion in revenue, an increase of 5.69% from a year earlier.

Budget, S1/9

## Industry group expects electronics exports growth to slow to 5% this year

THE SEMICONDUCTOR and Electronics Industries in the Philippines Foundation, Inc. (SEIPI) set a 5% exports growth target this year, as it expects demand to weaken amid a potential global recession.

The industry missed its 10% growth goal in 2022, as the value of electronics exports jumped by 6.88% year on year to \$49.09 billion.

SEIPI President Danilo C. Lachica said in a Viber message that last year's revenues hit a "record high," even as it failed to hit the target.

"(We have set) 5% (lower target) for 2023 due to slower global demand. (The growth will

be) driven by automotive and industrial electronics products," Mr. Lachica said, adding the new target was set during a SEIPI board meeting last week.

In January, Mr. Lachica had said SEIPI was eyeing a 9% growth this year.

Meanwhile, SEIPI raised several issues, namely the low foreign direct investments in the electronics industry, high operating costs, and work-from-home (WFH) arrangements, with the officials of the Trade and Finance departments as well as the Philippine Economic

Zone Authority (PEZA) and the Bureau of Customs (BoC).

Mr. Lachica previously urged the government to allow exporters and manufacturers to conduct WFH arrangements, particularly for employees not involved in production.

The proposal came after the government allowed registered information technology and business process management firms to implement 100% WFH and avail of fiscal incentives as long as they transfer their registration to the Board of Investments from the PEZA.

Mr. Lachica also expressed concern over the BoC's X-Ray Selectivity System and the implementation of the electronic tracking of containerized cargo system, saying it was unnecessary and entailed more costs for the industry.

SEIPI also raised the issue of the Bureau of Internal Revenue's imposition of a 12% value-added tax on constructive exporters and production support functions.

Meanwhile, SEIPI said it is eyeing to locally source more materials used in production such as chemicals, plastics, and packaging materials. This

after it successfully localized P321.3 million worth of imported parts and materials in 2022.

"The Parts Localization TWG (technical working group) has tapped more local suppliers and manufacturers to enhance their capacities to supply critical materials for the electronics member companies... The TWG targets to locally source more items this year, focusing on chemicals, plastics, and packaging materials," it said.

There are plans to expand the parts localization program to the Visayas and Mindanao regions, it added. — R.M.D.Ochave



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**BANKING & FINANCE**  
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