P25 IN METRO MANILA, PHILIPPINES

BusinessWorld

STOCK MARKET		
PSEi		
OPEN:	6,514.14	
HIGH:	6,536.36	
LOW:	6,494.06	
CLOSE:	6,536.36	▼ 9.91 PTS. 0.15%
VOL.:	0.428 B	
VAL(P):	3.693 B	

30 DAYS TO MARCH 23, 2023

ASIAN MARKETS — MARCH 23, 2023

	CLOSE		NET	%
Japan (Nikkei 225)	27,419.61	▼	-47.00	-0.17
Hong Kong (Hang Seng)	20,049.64	▲	458.21	2.34
Taiwan (Weighted)	15,863.95	▲	103.49	0.66
Thailand (SET Index)	1,594.35	▲	9.27	0.58
S.Korea (Kse Composite)	2,424.48	▲	7.52	0.31
Singapore (Straits Times)	3,220.40	▼	-0.58	-0.02
Sydney (All Ordinaries)	6,968.60	▼	-47.00	-0.67
Malaysia (Klse Composite)	1,410.98	▼	-1.06	-0.08

WORLD MARKETS — MARCH 22, 2023

	CLOSE		NET
Dow Jones	32,030.110	▼	-530.490
NASDAQ	11,669.956	▼	-190.153
S&P 500	3,936.970	▼	-65.900
FTSE 100	7,566.840	▲	30.620
Euro Stoxx50	3,834.66	▲	18.400

PESO-DOLLAR RATES — FX

OPEN	P54.380
HIGH	P54.270
LOW	P54.595
CLOSE	P54.270
W.AVE.	P54.451
VOL.	1,135.50 M

▲ 23.00 CTVS

30 DAYS TO MARCH 23, 2023

SOURCE : BAP

ASIAN MONIES-US$ RATE — MARCH 23, 2023

	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	131.160	▲	132.420
Hong Kong (HK dollar)	7.850	▼	7.847
Taiwan (NT dollar)	30.337	▲	30.513
Thailand (baht)	34.100	▲	34.390
S. Korea (won)	1,284.890	▲	1,305.450
Singapore (dollar)	1.327	▲	1.335
Indonesia (rupiah)	15,340	—	15,340
Malaysia (ringgit)	4.413	▲	4.461

WORLD CURRENCIES — MARCH 23, 2023

	CLOSE		PREVIOUS
US$/UK pound	1.2320	▲	1.2288
US$/Euro	1.0885	▲	1.0787
$/Aust dollar	0.6725	▲	0.6696
Canada dollar/US$	1.3675	▼	1.3703
Swiss Franc/US$	0.9155	▼	0.9209

DUBAI CRUDE OIL

FUTURES PRICE ON NEAREST MONTH OF DELIVERY

$74.55/BBL

▲ $0.85

30 DAYS TO MARCH 22, 2023

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S1/1-14 • 3 SECTIONS, 24 PAGES

PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • MARCH 23, 2023 (PSEi snapshot on *S1/4*; article on *S2/2*)

		Value			
GLO	P1,848.000	P380,492,700	P10.000	▲	0.544%
BDO	P124.000	P307,762,611	-P2.200	▼	-1.743%
SM	P900.000	P196,136,840	P0.000	—	0.000%
JFC	P223.000	P168,270,844	-P4.000	▼	-1.762%
TEL	P1,359.000	P165,068,320	-P22.000	▼	-1.593%
SMPH	P34.000	P161,344,215	P0.050	▲	0.147%
ICT	P201.000	P136,749,486	P1.000	▲	0.500%
ALI	P28.350	P131,542,550	P0.150	▲	0.532%
MPI	P3.550	P122,906,850	-P0.040	▼	-1.114%
RLC	P13.740	P122,124,180	-P0.600	▼	-4.184%

BSP downshifts pace of rate hikes

By Keisha B. Ta-asan
Reporter

THE BANGKO SENTRAL ng Pilipinas (BSP) on Thursday slowed its pace of monetary tightening as it raised its benchmark rate by 25 basis points (bps) and signaled a likely pause at its next meeting in May.

The Monetary Board increased the rate on the overnight reverse repurchase facility by 25 bps to 6.25%, as expected by 12 out of 14 analysts in a *BusinessWorld* poll last week.

Interest rates on the overnight deposit and lending facilities were also hiked by 25 bps to 5.75% and 6.75%, respectively.

Since May 2022, the central bank raised rates by a total of 425 bps, including 50 bps each at its last two meetings.

At 6.25%, this is the highest benchmark rate in nearly 16 years or since the 7.5% print in May 2007.

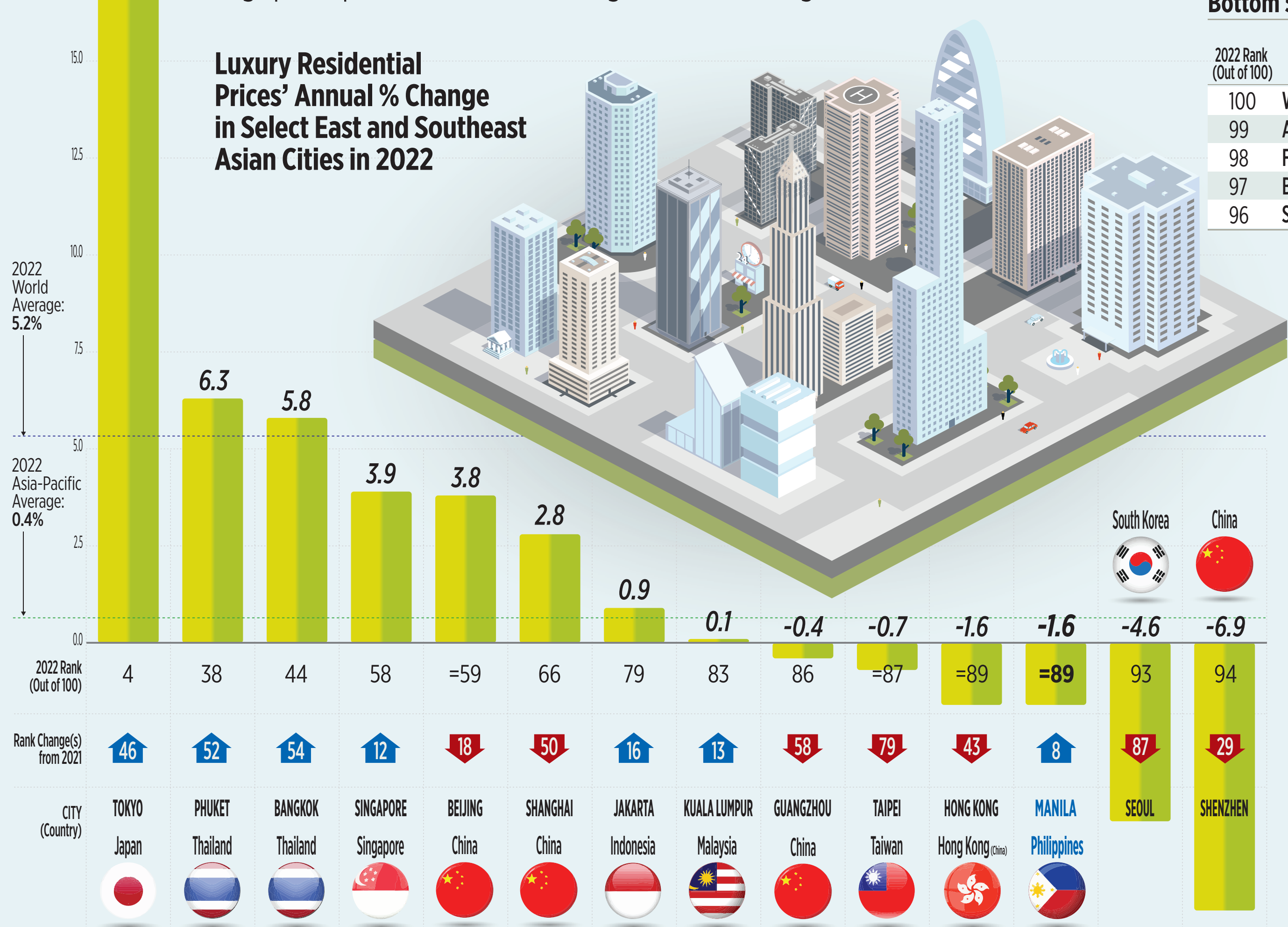
"With core inflation rising in February despite a modest decline in headline inflation, further monetary policy action was deemed necessary to address broadening price impulses emanating from robust domestic demand and lingering supply-side constraints," BSP Governor Felipe M. Medalla said at a media briefing.

The central bank trimmed its average inflation forecast for 2023 to 6% from 6.1% previously. Still, this is beyond the BSP's 2-4% target range, and faster than the 5.8% full-year inflation in 2022.

Rate hikes, S1/8

MANILA RANKS 89TH IN 100-CITY PRIME INTERNATIONAL RESIDENTIAL INDEX

Manila rose eight places to 89th, alongside Hong Kong, in the latest 100-city Prime International Residential Index (PIRI 100) published in The Wealth Report 2023 by real estate consultancy Knight Frank. The Philippine capital's prices of luxury residences dropped by 1.6% last year. This was the third lowest in the East and Southeast Asian region. It was smaller than 0.4% average price uptick in the Asia-Pacific region as well as the global increase of 5.2% in 2022.



Top 5

2022 Rank (Out of 100)	CITY (Country)	Rank Change(s) from 2021	2022 Annual Change in Luxury Residential Prices
1	DUBAI (UAE)	◆ 0	44.2%
2	ASPEN (USA)	▲ 12	27.6%
3	RIYADH (Saudi Arabia)	▲ 20	25.0%
4	TOKYO (Japan)	▲ 46	22.8%
5	MIAMI (USA)	▼ 1	21.6%

Bottom 5

2022 Rank (Out of 100)	CITY (Country)	Rank Change(s) from 2021	2022 Annual Change in Luxury Residential Prices
100	WELLINGTON (New Zealand)	▼ 76	-23.7%
99	AUCKLAND (New Zealand)	▼ 62	-19.0%
98	FRANKFURT (Germany)	▼ 34	-10.6%
97	BUENOS AIRES (Argentina)	▲ 3	-9.8%
96	STOCKHOLM (Sweden)	▼ 66	-7.7%

Philippines' Historical Rank and PIRI % Change

Year	Rank (/100)	PIRI Index
2017	100	0.0%
2018	2	10.9%
2019	8	6.5%
2020	1	19.4%
2021	97	-1.5%
2022	**89**	**-1.6%**

NOTES:
- The properties in the index are valued annually and the percentage change in their current value against their previous value is calculated. The overall change in the level of the index is calculated as a mean average of the change in value of all the properties within the index.

- The following are used to represent the composition of prime market stock in each market area: geographical location, price band, bedroom numbers/property size, property type, and new-build or resales.

SOURCE: KNIGHT FRANK'S THE WEALTH REPORT 2023 (HTTPS://WWW.KNIGHTFRANK.COM/WEALTHREPORT)
BUSINESSWORLD RESEARCH: LOURDES O. PILAR
BUSINESSWORLD GRAPHICS: BONG R. FORTIN

Gov't working on 90 investment leads from China

THE PHILIPPINES is now pursuing 90 active investment leads from Chinese companies, President Ferdinand R. Marcos, Jr. said on Thursday.

Mr. Marcos made the statement at the Federation of Filipino-Chinese Chambers of Commerce and Industry, Inc.'s (FFCCCII) biennial convention, where he touted the investment pledges that he secured during his state visit to China in January.

"I am pleased to share that as of February 2023, the Board of Investments is monitoring 90 active investment leads from Chinese companies engaged in manufacturing, information and technology, business processes management and renewable energy," the President said in a speech.

Mr. Marcos recognized the Filipino-Chinese chamber's participation during his visit to China, noting that it "paved the way for the signing of various agreements to improve bilateral trade and investment cooperation" between Manila and Beijing.

The agreements secured during the China visit covered agriculture, renewable energy, nickel processing, tourism, and bridge construction.

However, Leonardo A. Lanzona, who teaches economics at the Ateneo de Manila University, said attracting long-term investment requires institutional reforms such as anti-corruption measures.

"Institutional reform is more important than the infusion of capital. All these investments might come in, but if the institutions remain inefficient and corrupt, nothing will come out of it," he said in a Facebook Messenger chat.

Mr. Lanzona said the Philippine government should not consider foreign investments as the "end-all or be-all" of development.

"Investments should enhance, not replace, our domestic resources. Technology transfer that will make use of our resources and spillover effects to the remote regions should be incorporated in these investments. Otherwise, not everyone will benefit from these investments," he said.

Meanwhile, Mr. Marcos assured Filipino-Chinese businessmen that the issues they raised during a courtesy call with him last year are already being "actively addressed by government."

China, S1/11

PHL may grow by 5.3% this year — McKinsey

THE PHILIPPINE ECONOMY is expected to grow at a slower pace this year, reflecting the high unemployment, rising interest rates, and elevated inflation.

In a report, McKinsey & Co. Philippines said gross domestic product (GDP) may expand by around 5.3% this year, although this is a "moving target."

This 5.3% GDP forecast is well below the government's 6-7% target for this year. In 2022, the economy expanded by 7.6%.

First-quarter GDP data will be released on May 11.

"Key challenges face the country: significantly high unemployment numbers; a high inflation rate; rising policy rates; import and export bottlenecks; and the declining strength of the Philippine peso against the American dollar," McKinsey said in its "What does 2023 hold for the Philippines' economy?" report.

The report was authored by McKinsey & Co. Philippines managing partner Jon Canto, partner Kristine Romano, and knowledge analysts Danice Parel and Vicah Villanueva.

McKinsey said inflation is expected to average 5.1% this year, below the Bangko Sentral ng Pilipinas' (BSP) average forecast of 6% but faster than the 2-4% target range.

It said the financial services sector will be affected by interest rate hikes and rising inflation.

"Interest rate hikes could have a positive effect by widening the net-interest margin, but macro-volatility could cause a slowdown in new loans. Rising inflation will likely increase the pressure on wages and increase operational cost," it said.

The BSP on Thursday raised its key interest rate by 25 basis points (bps), bringing the benchmark rate to a 16-year high of 6.25%.

High interest rates will also hurt the real estate and construction sector, affecting its post-pandemic recovery.

"Policy rates may reach 6.25% in the first half of 2023, which would negatively impact home buyers' loan rates and increase the strain on a sector that must also address the increased costs of construction and logistics caused by supply-chain issues," McKinsey said.

On the other hand, McKinsey said there are opportunities for real estate investments and green buildings.

"Much of the sector is expected to recover to pre-pandemic levels by the end of 2023, and construction by the end of 2024. Much of this growth will likely be driven by residential building construction, predicted to grow by 12%. Non-residential construction, by contrast, has yet to recover to pre-pandemic levels," it added.

McKinsey, S1/11

Creative industry's share to GDP slips in 2022

THE CREATIVE INDUSTRY'S contribution to the Philippine economy slightly dipped in 2022, even as it grew by 12%, the Philippine Statistics Authority (PSA) said on Thursday.

Preliminary data from the PSA showed the creative industry's share to the country's gross domestic product (GDP) slipped to 7.3% last year from 7.4% in 2021.

This was the creative sector's lowest share to GDP since the earliest available data up to 2018.

In terms of gross value added, the creative economy stood at P1.6 trillion last year, a 12.1% increase from P1.43 trillion in 2021.

According to the PSA, the creative economy includes films, digital services, media publishing, music, arts, entertainment, advertising, art galleries, museums, and trade shows.

The PSA said symbols, images and other related activities accounted for nearly a third (32.9%) or P528.35 billion of the creative industry's total gross value added.

Advertising, research and development contributed 20.8% or P333.92 billion, while digital interactive goods and service activities added 20.3% or P325.44 billion.

Media publishing and printing activities accounted for 11.2% or P179.14 billion of the industry's total gross value added in 2022.

PSA data also showed there were 6.98 million Filipinos employed in the creative industry in 2022, up 10.5% year on year. However, the growth in employment was slower than the 14.5% increase seen previously.

Broken down, 42.5% or 2.97 million were employed by companies involved in traditional cultural expression activities, followed by symbols and images and other related activities (24.8% or 1.73 million) and advertising, research and development, and other artistic service activities (18% or 1.26 million).

Union Bank of the Philippines, Inc. Chief Economist Ruben Carlo O. Asuncion said creative sector benefited from the increasing digitalization of the economy.

"Internet penetration and smartphone ownership growth have highly encouraged growth of the creative economy," he said in an e-mail interview.

"I think that it is going to continue its growth in the coming years as more and more people get involved in this growing segment of the overall economy," he added. — **Lourdes O. Pilar**

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