P25 IN METRO MANILA, PHILIPPINES

BusinessWorld

STOCK MARKET	
PSEi	
OPEN:	6,592.14
HIGH:	6,635.40
LOW:	6,587.41
CLOSE:	6,625.08
VOL.:	0.900 B
VAL(P):	8.339 B
▲ 41.40 PTS. 0.62%	

30 DAYS TO APRIL 28, 2023

ASIAN MARKETS MAY 1, 2023	CLOSE		NET	%
Japan (Nikkei 225)	29,123.18	▲	266.74	0.92
Hong Kong (Hang Seng) *	19,894.57	▲	54.29	0.27
Taiwan (Weighted) *	15,579.18	▲	167.69	1.09
Thailand (SET Index) *	1,529.12	▼	-2.11	-0.14
S.Korea (Kse Composite) *	2,501.53	▲	5.72	0.23
Singapore (Straits Times) *	3,270.51	▼	-11.52	-0.35
Sydney (All Ordinaries)	7,334.60	▲	25.40	0.35
Malaysia (Klse Composite) *	1,415.95	▼	-2.10	-0.15

* CLOSING PRICE AS OF APRIL 28, 2023

WORLD MARKETS APRIL 28, 2023	CLOSE		NET
Dow Jones	34,098.160	▲	272.000
NASDAQ	12,226.584	▲	84.346
S&P 500	4,169.480	▲	34.130
FTSE 100	7,870.570	▲	38.990
Euro Stoxx50	4,048.500	▲	18.540

PESO-DOLLAR RATES	FX
OPEN	P55.620
HIGH	P55.320
LOW	P55.620
CLOSE	P55.380
W.AVE.	P55.497
VOL.	$1,240.20 M
▲ 34.00 CTVS	

30 DAYS TO APRIL 28, 2023 SOURCE : BAP

ASIAN MONIES-US$ RATE MAY 1, 2023	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	136.700	▼	136.280
Hong Kong (HK dollar)	7.850	—	7.850
Taiwan (NT dollar)	30.764	▼	30.738
Thailand (baht)	34.180	▼	34.120
S. Korea (won)	1,339.590	▼	1,337.780
Singapore (dollar)	1.334	▲	1.335
Indonesia (rupiah)	14,665	—	14,665
Malaysia (ringgit)	4.458	—	4.458

WORLD CURRENCIES MAY 1, 2023	CLOSE		PREVIOUS
US$/UK pound	1.2525	▼	1.2572
US$/Euro	1.0996	▼	1.1020
$/Aust dollar	0.6638	▲	0.6607
Canada dollar/US$	1.3567	▲	1.3550
Swiss Franc/US$	0.8938	▼	0.8941

DUBAI CRUDE OIL
FUTURES PRICE ON NEAREST MONTH OF DELIVERY
$79.74/BBL
▲ $1.79
30 DAYS TO APRIL 28, 2023

VOL. XXXVI • ISSUE 197
TUESDAY • MAY 2, 2023 • www.bworldonline.com
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PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • APRIL 28, 2023 (PSEi snapshot on *S1/2*; article on *S1/6*)

		Value			
BDO	P144.000	P939,009,888	-P0.600	▼	-0.415%
MPI	P4.430	P668,155,290	P0.170	▲	3.991%
BPI	P107.600	P421,427,695	-P1.400	▼	-1.284%
ALI	P26.650	P375,989,845	P0.700	▲	2.697%
SMPH	P33.950	P370,099,905	P0.050	▲	0.147%
SM	P895.000	P360,326,800	P7.000	▲	0.788%
ICT	P217.000	P331,530,842	-P2.000	▼	-0.913%
TEL	P1,204.000	P225,089,240	-P6.000	▼	-0.496%
URC	P147.000	P156,623,806	P2.500	▲	1.730%
ABA	P2.510	P155,196,600	P0.030	▲	1.210%

Inflation likely eased in April — poll

By Keisha B. Ta-asan
Reporter

INFLATION likely further eased in April amid lower food prices, electricity rate cuts, and favorable base effects, analysts said.

However, still-elevated inflation may prompt the Bangko Sentral ng Pilipinas (BSP) to continue hiking interest rates at its policy meeting later this month, despite earlier signals of a pause.

A *BusinessWorld* poll of 14 analysts yielded a median estimate of 7% for April inflation, settling near the upper end of the 6.3-7.1% forecast range by the BSP for the month.

If realized, this would be slower than the 7.6% in March, but faster than the 4.9% in April 2022. It will also be the slowest rise in prices in seven months, or since the 6.9% inflation rate in September last year.

However, April inflation would surpass the BSP's 2-4% target range for the 13th consecutive month.

Consumer price index (CPI) data for April will be released on May 5.

"Although oil prices have increased and the longer-lasting effects from last year's supply shocks are still prevalent, the headline inflation print will likely be lower than March's 7.6% due to favorable base effects," Philippine National Bank economist Alvin Joseph A. Arogo said.

In April alone, pump price adjustments stood at a net increase of P2.90 per liter for gasoline, P1.10 per liter for diesel, and P2 per liter for kerosene.

"The prices of numerous food items also moderated but a few continue to be very elevated. In particular, sugar and onion prices continue to soften with supply augmented from the government's emergency importation of these goods whereas egg and oil prices are still high," Hongkong and Shanghai Banking Corp. economist for the Association of Southeast Asian Nations (ASEAN) Aris Dacanay said.

The average price of local red onions went as high as P180 per kilogram by end-April, while the price of refined sugar ranged from P86 to P110 per kilo during the month, data from the Department of Agriculture showed.

Oxford Economics assistant economist Makoto Tsuchiya said despite a year-on-year slowdown in inflation, momentum likely picked up month on month largely due to food prices, particularly meat.

"But a high base a year ago likely exerted downward pressures on both fuel and headline CPI," Mr. Tsuchiya said in an e-mail.

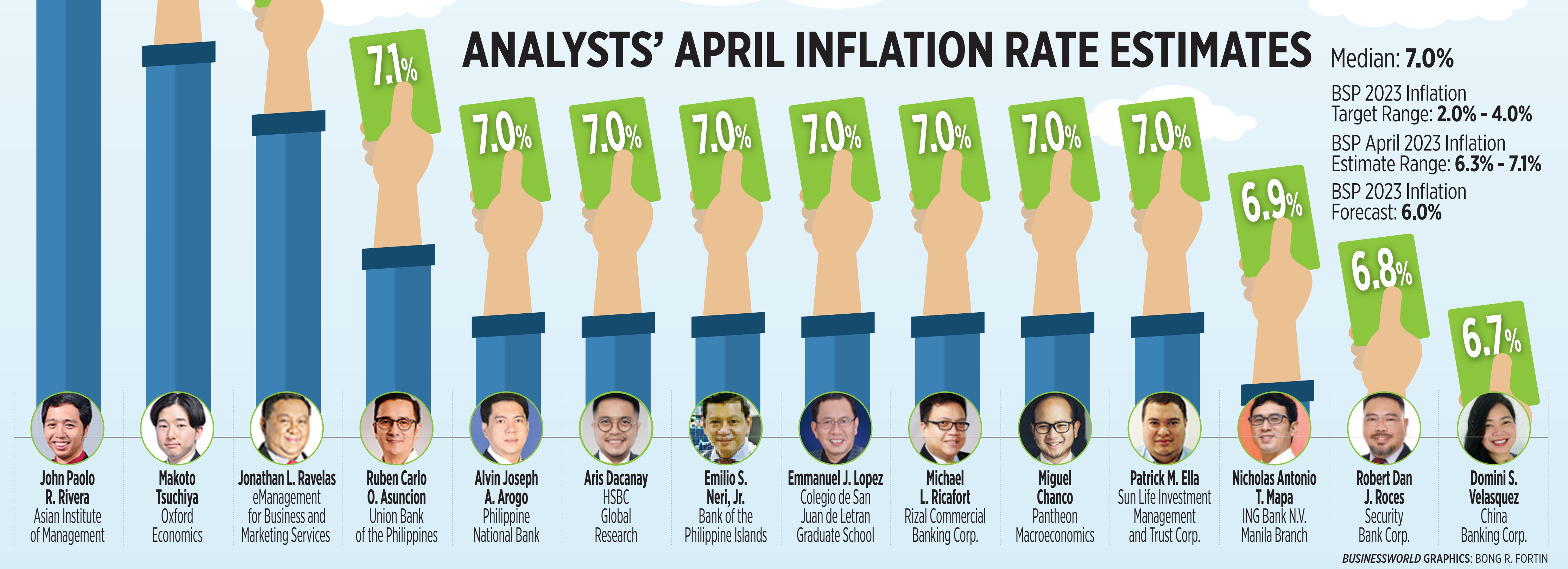
Prices of pork *kasim* ranged from P310 to P365 per kilo at end-April, higher than the P290 to P350 range at end-March. Prices of whole chicken also rose to P150-P220 per kilo from P150-P200 a month ago, while prices of beef rump were unchanged at P395-P550.

"Possibly higher prices of fish, meat, rice, hotel accommodations and restaurant services, housing rentals were drivers for a return to month-on-month CPI increases," Bank of the Philippine Islands (BPI) Lead Economist Emilio S. Neri, Jr. said.

China Banking Corp. Chief Economist Domini S. Velasquez noted liquefied petroleum gas prices and electricity rates in Manila Electric Co.'s (Meralco) service areas were also lower in April.

Fuel retailers cut prices of cooking gas by around P9.18 to P9.20 per kilogram in April, while Meralco also slashed the overall rate for a typical household by P0.1180 to P11.3168 per kilowatt-hour (kWh) in April.

Inflation, S1/11



BUSINESSWORLD **GRAPHICS**: BONG R. FORTIN

PHL needs to improve infrastructure planning

By Luisa Maria Jacinta C. Jocson *Reporter*

BETTER infrastructure planning is needed to prepare for potential "fiscal surprises," analysts said.

The World Bank in a recent report said developing countries must improve infrastructure governance to address fiscal surprises, as rising debt levels, higher borrowing costs, and tighter financial conditions have impacted their ability to fulfill infrastructure needs.

"An elaborate research and study are needed to identify or determine what are these 'surprises' as our economic situations, such as our handling of inflation, differ from other countries' situations," Antonio A. Ligon, a law and business professor at De La Salle University, said in a Viber message.

"It's really difficult to give how large and frequent are the fiscal surprises of infrastructure because government management and the program of handling inflation will come into play," he added.

From 2010 to 2018, developing countries utilized only about 70% of infrastructure investment budgets, the World Bank said.

"Closing the infrastructure gap while supporting the post-pandemic recovery requires the creation of sustainable fiscal space for infrastructure. Fiscal risks must be mitigated in order to increase the value for money from existing resources and additional capital that will need to be mobilized to close the gap," the Washington-based multilateral lender said.

Fiscal surprises may be caused by economic factors or natural disasters, according to the World Bank. These lead to risks such as cost overrun, asset impairment, cash flow problems, early termination, and renegotiation of contracts, among others.

"Not all sources of fiscal risks from infrastructure are exogenous to the government; some are the result of moral hazard. Infrastructure projects tend to be subject to significant social and political pressures that may distort governments' decisions regarding the selection of projects and provision modalities," it added.

Terry L. Ridon, a public investment analyst and convenor of think tank InfraWatch PH, said that fiscal surprises can occur because of unexpected government expenditures due to public health emergencies such as the coronavirus disease 2019 pandemic or natural disasters.

Infrastructure, S1/11

WHAT'S INSIDE

FUEL PRICE TRACKER
(week-on-week change)

GASOLINE		
April 18	▲	P0.30
April 25	▼	P1.40
May 2	▼	P1.50
DIESEL		
April 18	▼	P0.40
April 25	▼	P0.70
May 2	▼	P1.30
KEROSENE		
April 18	▲	P0.10
April 25	▼	P0.20
May 2	▼	P1.40

- *May 2, 12:01 a.m.* — Caltex Philippines
- *May 2, 6 a.m.* — Petron Corp.; Phoenix Petroleum; Pilipinas Shell Petroleum Corp.; PTT Philippines Corp.; Seaoil Philippines, Inc.
- *May 2, 8:01 a.m.* — Cleanfuel (Shaw Autogas, Inc.)

OECD sees PHL growth at 5.7%

THE ORGANISATION for Economic Co-operation and Development (OECD) expects the Philippine economy to expand by 5.7% this year, slightly below the government's target.

"Exports may slow in 2023 due to the global economic slowdown, and tighter monetary conditions to cope with high inflationary pressures may pose a challenge for private consumption and investment growth," the OECD said in its Economic Outlook for Southeast Asia, China, and India report.

The OECD's gross domestic product (GDP) growth forecast for the Philippines is below the government's 6-7% target this year. It is also slower than the 7.6% GDP expansion in 2022.

Based on the OECD projections, the Philippines has the second-highest GDP forecast among Association of Southeast Asian Nations (ASEAN) member-countries, behind only Vietnam's 6.4%.

The Philippines is expected to grow faster than Cambodia (5.4%), Indonesia (4.7%), Malaysia (4%), Thailand (3.8%), Laos (3.5%), Brunei (3.2%), Singapore (2.2%), and Myanmar (2%).

For 2024, the OECD gave a 6.1% GDP growth forecast for the Philippines, which is also below the government's 6.5-8% target.

"This is especially impressive given the grim outlook for the global economy and the backdrop of rising inflation and interest rates in the second half of 2022," the OECD said.

Resilient household spending, investments, and continued growth in services and exports are seen to drive the Philippine economy's expansion, it added.

"However, export growth is expected to perform relatively poorly in 2023 by historical standards given the slowing global economic growth, although an increase in economic activity in China following its reopening of its borders will be beneficial. Weaker domestic demand will reduce import growth in 2023," it added.

Inflation and high interest rates will continue to hurt economic growth.

"Tighter monetary conditions will weigh on private consumption and investment growth. The Philippine peso is facing depreciation pressures, weighed down by inflationary pressures and an abnormally large interest rate differential with the United States that is driving severe capital outflows," the OECD said.

Inflation averaged 8.3% in the first quarter, well above the central bank's 6% full-year forecast.

To curb inflation, the BSP has increased its benchmark rate by 425 basis points (bps) since May 2022 to 6.25% — the highest in nearly 16 years.

Meanwhile, the OECD projected ASEAN's average GDP growth will reach 4.6% this year and 4.8% in 2024.

Emerging Asia — which refers to ASEAN plus China and India — is seen expanding by 5.3% in 2023 and 5.4% in 2024.

However, the region must continue to address external headwinds to continue to support growth.

"Emerging Asian economies still face risks that could negatively affect their growth and stability, such as inflation, the global economic slowdown and supply chain disruptions," the OECD said.

It described the current inflationary episode in the region as "very long and persistent" and while not "particularly high," it is still showing signals of continued acceleration.

"They face persistent inflationary pressures, including higher food and energy prices. The combination of inflationary pressures and increasing interest rates in advanced economies have put pressure on capital flows and local currencies in the region," it added.

TOURISM

The OECD also emphasized the need to prioritize the recovery of the tourism sector to boost growth in the region.

Data showed that travel and tourism contributed 11.7% of GDP and 13.2% of employment in Southeast Asia in 2019 or before the pandemic.

The Philippine Statistics Authority The tourism sector contributed 12.7% to Philippine GDP in 2019, based on data from the local statistics authority. This shrank to 5.2% of GDP in 2021, reflecting the impact of the pandemic.

The OECD said the Philippines should focus on environmental protection and enforcement to protect its top destinations.

"The Philippines also offers a favorable business environment for tourism development, and entrepreneurs should be given clear opportunities to take advantage of it. Human capital development, including language training, will be helpful," it added.

To mitigate risks, the tourism sector in emerging Asia should "adapt to the various challenges such as diversifying inbound markets, promoting domestic tourism and stabilizing the labor market."

OECD, S1/11