P25 IN METRO MANILA, PHILIPPINES

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STOCK MARKET

PSEi — 30 DAYS TO MAY 8, 2023

OPEN:	6,709.56
HIGH:	6,750.06
LOW:	6,600.74
CLOSE:	6,600.74 (▼ 84.92 PTS. 1.27%)
VOL.:	0.718 B
VAL(P):	5.871 B

ASIAN MARKETS — MAY 8, 2023

	CLOSE		NET	%
Japan (Nikkei 225)	28,949.88	▼	-208.07	-0.71
Hong Kong (Hang Seng)	20,297.03	▲	247.72	1.24
Taiwan (Weighted)	15,699.57	▲	73.50	0.47
Thailand (SET Index)	1,558.05	▲	24.75	1.61
S.Korea (Kse Composite)	2,513.21	▲	12.27	0.49
Singapore (Straits Times)	3,259.70	▼	-6.93	-0.21
Sydney (All Ordinaries)	7,276.50	▲	56.50	0.78
Malaysia (Klse Composite)	1,433.74	▲	2.70	0.19

WORLD MARKETS — MAY 5, 2023

	CLOSE		NET
Dow Jones	33,674.380	▲	546.640
NASDAQ	12,235.413	▲	269.015
S&P 500	4,136.250	▲	75.030
FTSE 100	7,778.380	▲	75.740
Euro Stoxx50	4,032.480	▲	34.410

PESO-DOLLAR RATES

FX — 30 DAYS TO MAY 8, 2023

OPEN	P55.400
HIGH	P55.220
LOW	P55.400
CLOSE	P55.250 (▲ 5.00 CTVS)
W.AVE.	P55.294
VOL.	$989.15 M

SOURCE : BAP

ASIAN MONIES-US$ RATE — MAY 8, 2023

	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	134.980	▼	134.830
Hong Kong (HK dollar)	7.848	▼	7.847
Taiwan (NT dollar)	30.692	▼	30.578
Thailand (baht)	33.850	▲	33.880
S. Korea (won)	1,321.960	▼	1,317.470
Singapore (dollar)	1.325	—	1.325
Indonesia (rupiah)	14,695	▼	14,670
Malaysia (ringgit)	4.435	—	4.435

WORLD CURRENCIES — MAY 8, 2023

	CLOSE		PREVIOUS
US$/UK pound	1.2634	▼	1.2641
US$/Euro	1.1025	▲	1.1017
$/Aust dollar	0.6783	▲	0.6748
Canada dollar/US$	1.3345	▼	1.3373
Swiss Franc/US$	0.8887	▼	0.8910

DUBAI CRUDE OIL

FUTURES PRICE ON NEAREST MONTH OF DELIVERY $73.26/BBL ▼ $0.37 — 30 DAYS TO MAY 5, 2023

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

Stock	Price	Value	Change		% Change
BDO	P137.000	P383,083,606	P0.000	—	0.000%
URC	P150.800	P352,639,065	P2.500	▲	1.686%
ALI	P26.900	P335,471,005	-P1.350	▼	-4.779%
ICT	P210.000	P331,683,682	-P3.000	▼	-1.408%
AC	P659.500	P320,365,380	P9.500	▲	1.462%
SMPH	P33.300	P275,250,895	-P1.000	▼	-2.915%
TEL	P1,200.000	P255,170,590	-P50.000	▼	-4.000%
BPI	P105.100	P228,386,250	-P2.900	▼	-2.685%
ACEN	P6.070	P166,147,751	-P0.100	▼	-1.621%
JGS	P49.900	P150,546,683	-P0.500	▼	-0.992%

Underemployment rate at 18-year low

By John Victor D. Ordoñez *Reporter*

THE JOBLESS RATE eased to 4.7% in March, while the underemployment rate fell to its lowest level in 18 years, the Philippine Statistics Authority (PSA) reported on Monday.

Preliminary results from the PSA's Labor Force Survey (LFS) showed the jobless rate dipped to 4.7% from 4.8% in February and 5.8% in the same month a year ago.

This translated to 2.42 million jobless Filipinos in March, lower than the 2.47 million a month earlier and 2.88 million in March 2022.

PSA data also showed job quality improved as the underemployment rate fell to 11.2% in March, from 12.9% in February, and 15.8% in the same month a year ago.

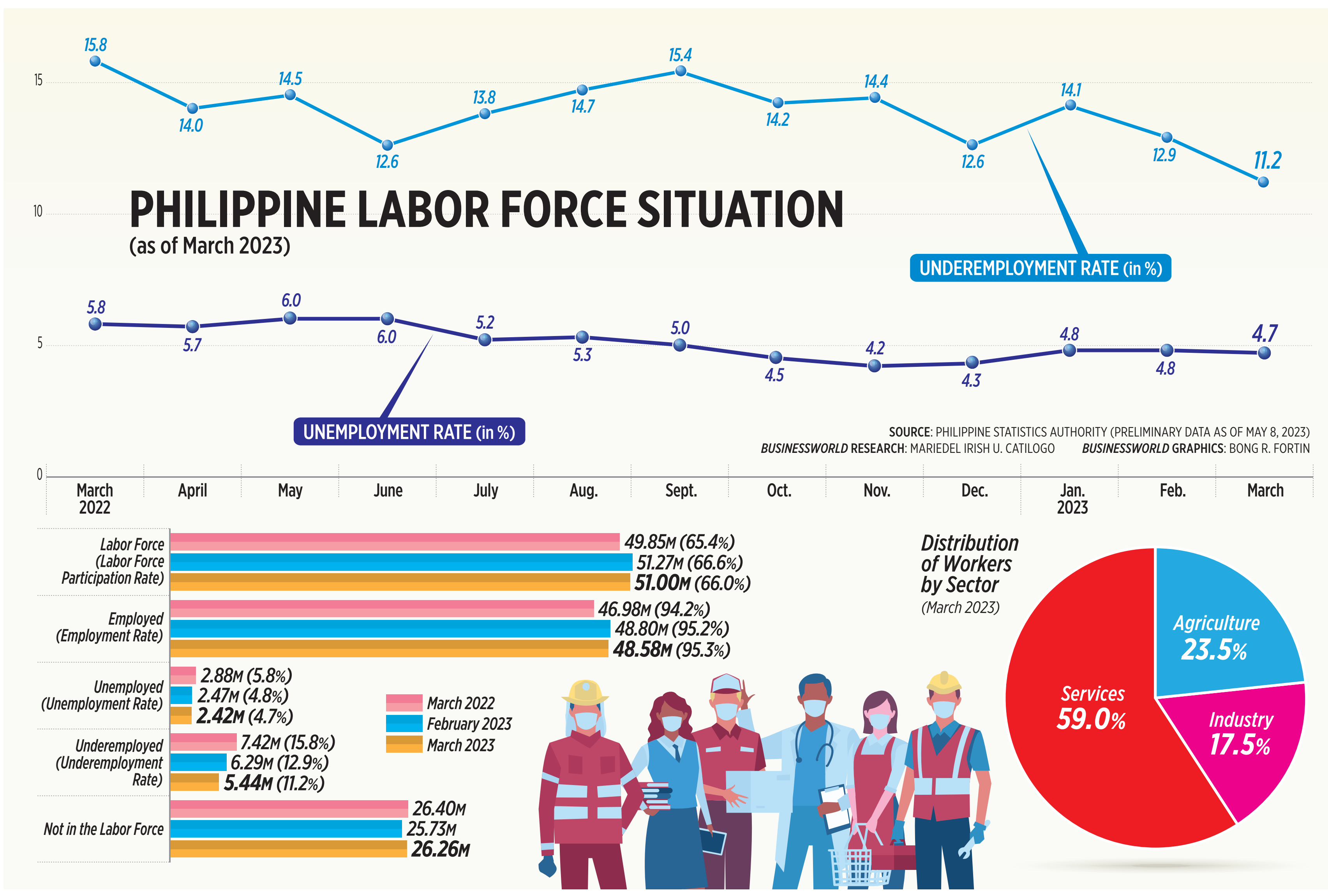
This is equivalent to 5.44 million employed Filipinos still looking for more work or longer working hours.

PSA Undersecretary and National Statistician Claire Dennis S. Mapa said this was the lowest underemployment rate since the PSA updated its definition in April 2005.

"Here we see that employment has increased, underemployment has fallen, and the contribution of salary and wage earners is quite substantial, in particular those employed under private establishments," he said during an online briefing in mixed English and Filipino.

Despite the improvement in the labor market, National Economic and Development Authority (NEDA) Secretary Arsenio M. Balisacan pushed for major economic liberalization reforms to address issues and constraints to labor productivity and job creation.

Underemployment, S1/3



SOURCE: PHILIPPINE STATISTICS AUTHORITY (PRELIMINARY DATA AS OF MAY 8, 2023)
BUSINESSWORLD RESEARCH: MARIEDEL IRISH U. CATILOGO *BUSINESSWORLD* GRAPHICS: BONG R. FORTIN

Bank lending growth steady in March

By Keisha B. Ta-asan
Reporter

BANK LENDING steadied in March alongside a rise in domestic liquidity, despite aggressive rate hikes by the Philippine central bank.

Data released by the Bangko Sentral ng Pilipinas (BSP) on Monday showed outstanding loans by big banks rose by 10.1% to P10.762 trillion in March from P9.77 trillion a year earlier.

This was the fastest growth in bank lending in two months or since the 10.4% seen in January. It also ended three straight months of slower credit growth.

Month on month, outstanding universal and commercial bank loans, net of reverse repurchase placements, inched up by 0.2%, the BSP said.

"The sustained growth in credit is supported by sound Philippine banking system conditions," BSP Governor Felipe M. Medalla said in a statement.

Union Bank of the Philippines, Inc. Chief Economist Ruben Carlo O. Asuncion said the uptick in March bank lending was a "surprise."

"We are expecting outstanding loan growth to weaken amidst rising interest rates. This may indicate the resiliency of the economy despite the headwinds," Mr. Asuncion said.

The BSP has raised borrowing costs by 425 basis points (bps) since May 2022 to tame inflation. This brought the key policy rate to 6.25%, the highest in nearly 16 years.

The aggressive monetary tightening appears to have had an impact, as headline inflation eased to 6.6% in April, from 7.6% in March. It was the slowest inflation rate in eight months or since 6.3% in August last year.

For the first four months of 2023, inflation averaged 7.9%. This is still above the central bank's 6% average forecast for 2023 and its 2-4% target.

"Bank lending continues its robust growth despite higher interest rates. This might be due to the lagged impact of rate hikes which started May last year," China Banking Corp. Chief Economist Domini S. Velasquez said.

Lending, S1/3

FUEL PRICE TRACKER
(week-on-week change)

GASOLINE		
April 25	▼	P1.40
May 2	▼	P1.50
May 9	▼	P2.20
DIESEL		
April 25	▼	P0.70
May 2	▼	P1.30
May 9	▼	P2.70
KEROSENE		
April 25	▼	P0.20
May 2	▼	P1.40
May 9	▼	P2.55

- ***May 9, 12:01 a.m.*** — Caltex Philippines
- ***May 9, 6 a.m.*** — Petron Corp.; Phoenix Petroleum; Pilipinas Shell Petroleum Corp.; PTT Philippines Corp.; Seaoil Philippines, Inc.
- ***May 9, 8:01 a.m.*** — Cleanfuel (Shaw Autogas, Inc.)

Gov't debt hits record high P13.86 trillion

By Luisa Maria Jacinta C. Jocson *Reporter*

THE NATIONAL Government's (NG) outstanding debt reached a record-high P13.86 trillion as of end-March, the Bureau of the Treasury (BTr) said on Monday.

Data from the BTr showed that outstanding debt inched up by 0.8% or P104.15 billion from the P13.75 trillion at the end of February, "primarily due to the net issuance of domestic and external debt."

Year on year, the debt stock rose by 9.3% from P12.68 trillion. Overall debt increased by 3.3% from the P13.42 trillion as of end-December 2022.

Over half or 68.7% of total debt came from domestic sources, while the rest was owed to foreign creditors.

At end-March, domestic debt rose by 7.3% to P9.51 trillion from P8.87 trillion a year ago. Month on month, it edged up by 0.8% from P9.44 trillion at end-February.

"In March, the P72.87-billion net issuance of domestic securities outweighed the P1.87-billion effect of local currency appreciation against the US dollar on onshore foreign currency denominated securities," the BTr said in a statement.

Based on figures from the BTr, the peso appreciated by 1.6% to P54.318 as of end-March versus the US dollar from P55.21 as of end-February.

The government mainly borrows from domestic sources to mitigate foreign currency risk.

Meanwhile, foreign debt climbed by 14% to P4.34 trillion at end-March from P3.81 trillion in the previous year. Month on month, it went up by 0.8% from P4.31 trillion.

Broken down, external debt consisted of P1.95 trillion in loans and P2.4 trillion in global bonds.

"The increment in NG's external obligation for the month was attributed to the P84.26-billion net availment of foreign loans and P18.53-billion impact of third-currency adjustments against the US dollar. These more than offset the P69.64-billion effect of local currency appreciation against the US dollar," the BTr said.

As of end-March, the NG's overall guaranteed obligations slipped by 0.8% to P384.12 billion from P387.19 billion in the prior month. Year on year, it declined by 6.6% from P411.04 billion.

"The latest net borrowings of the National Government may reflect the need to finance the budget deficits in recent months," Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said in a Viber message.

The government's budget deficit narrowed by 14.51% to P270.9 billion in the January-to-March period, lower than the P298.705-billion programmed deficit set by Development Budget Coordination Committee (DBCC).

This year, the government has set a budget deficit ceiling of P1.499 trillion, equivalent to 6.1% of gross domestic product.

"Recent trends in tax collections may have influenced more borrowing, but this is expected since the economy is also normalizing. Nevertheless, debt management should really be top priority making sure it is sustainable and manageable," Union Bank of the Philippines, Inc. Chief Economist Ruben Carlo O. Asuncion added in a Viber message.

Mr. Ricafort also said the implementation of lower individual tax rates at the start of this year also reduced government revenues, which prompted more borrowings.

Debt, S1/3

Inflation, economic slowdown seen to hurt Philippines Inc.'s recovery

A SLOWDOWN in economic growth, coupled with persistently high inflation, may hinder the recovery of Philippines Inc. from the coronavirus disease 2019 (COVID-19) pandemic, S&P Global Ratings said on Monday.

In a report titled "Philippines Corporate Primer: COVID hits aren't slowing growth aspirations," S&P said Philippine corporates' revenue and profit growth may slow to mid- or high-single digits over the next two years.

"Philippine companies suffered deeply during COVID, and by our estimate, nearly 40% still had lower profits in 2022 than in 2019. Their recoveries are now complicated by inflation and the country's slowing economic momentum," S&P said in its report.

The credit watcher said Philippine companies saw a decline in profits, while incurring more debt during the pandemic.

According to S&P, median revenues of Philippine corporates declined by 13% while median profits fell nearly 20% in 2020 from the previous year.

Philippine corporates' debt rose by 12% in 2020, it added.

For the report, S&P surveyed 40 large, listed companies on the Philippine Stock Exchange. It excluded firms with a significant share of revenues, income, or assets from the banking sector.

"The next challenge is inflation and higher rates. Rising funding costs will weigh on corporate profits, given higher legacy COVID debt. And operating performance is unlikely to be as solid as in rebound-year 2022, with (Philippine) GDP growth slowing to about 5.8% in 2023 and 2024," S&P said.

Economic managers expect Philippine gross domestic product (GDP) to grow by 6-7% this year, slower than the 7.6% expansion in 2022. The government is targeting 6.5-8% GDP growth for 2024.

S&P said elevated inflation and higher interest rates have started to weigh on household spending, "constraining private demand prospects."

For the first four months of 2023, inflation averaged 7.9%. This is still above the central bank's 6% average forecast for 2023 and its 2-4% target.

To fight inflation, the Bangko Sentral ng Pilipinas (BSP) raised borrowing costs by 425 basis points (bps) since May 2022, bringing the key policy rate to 6.25%, the highest in nearly 16 years.

"We estimate the median margin across the 40 declined to roughly 22% in 2022 from about 27% in 2019. Headline inflation of 6.2% in 2023 is likely to keep profit margins in check," S&P said.

Despite being among the most vulnerable to the pandemic, S&P said that Philippine companies' funding and liquidity remained stable throughout the health crisis.

"[Philippine firms'] average debt maturity profile is longer than in other emerging markets such as Vietnam or Indonesia. These companies often hold ample cash balances or, for the larger groups, monetizable equity investments," it said.

The credit watcher noted that liquidity was also a credit strength as majority of firms (60%) has sufficient cash balances at end-2022 to repay debt maturing in 2023, reducing refinancing risk.

Capital spending also remained resilient despite persistent inflation, S&P said.

"Large companies in the Philippines have been among the most active spenders in the region, seeking to take advantage of relatively modest GDP per capita, a sizable population, rising incomes, and infrastructure needs," it said.

S&P said the quick recovery in capital spending and acquisition activity "suggests that growth remains top of the agenda as operations normalize."

In 2022, aggregate capital expenditures and acquisitions were 65% higher than in 2020.

The Philippine banking sector remains as the primary source of funding for large companies in the country, becoming a reliable credit provider over the past decade, according to the debt watcher.

Lending to big corporations also accounts for the majority of banking loan books as exposure to micro-, small-, and medium-sized enterprises (MSMEs) stayed below 10% of total loans in the past several years.

Philippines Inc., S1/3