

STOCK MARKET	ASIAN MARKETS	WORLD MARKETS	PESO-DOLLAR RATES	ASIAN MONIES-US\$ RATE	WORLD CURRENCIES	DUBAI CRUDE OIL
<b>PSEi</b> OPEN: 6,632.83 HIGH: 6,660.66 LOW: 6,621.58 CLOSE: 6,658.59 VOL.: 0.721 B VAL(P): 4.636 B 35.98 pts. 0.54% 30 DAYS TO MAY 10, 2023	<b>MAY 10, 2023</b> JAPAN (NIKKEI 225) 29,122.18 ▼ -120.64 -0.41 HONG KONG (HANG SENG) 19,762.20 ▼ -105.38 -0.53 TAIWAN (WEIGHTED) 15,641.76 ▼ -85.94 -0.55 THAILAND (SET INDEX) 1,567.89 ▲ 3.23 0.21 S.KOREA (KSE COMPOSITE) 2,496.51 ▼ -13.55 -0.54 SINGAPORE (STRAITS TIMES) 3,241.41 ▼ -1.54 -0.05 SYDNEY (ALL ORDINARIES) 7,255.70 ▼ -8.40 -0.12 MALAYSIA (KLSE COMPOSITE) 1,425.68 ▼ -6.95 -0.49	<b>MAY 9, 2023</b> Dow Jones 33,561.810 ▼ -56.880 NASDAQ 12,179.553 ▼ -77.364 S&P 500 4,119.170 ▼ -18.950 FTSE 100 7,764.090 ▼ -14.290 Euro Stoxx50 4,041.350 ▼ -8.880	<b>FX</b> OPEN P55.720 HIGH P55.670 LOW P55.880 CLOSE P55.670 W.AVE. P55.770 VOL. \$1,414.15 M SOURCE : BAP 9.00 ctyvs 30 DAYS TO MAY 10, 2023	<b>MAY 10, 2023</b> LATEST BID (0900GMT) PREVIOUS JAPAN (YEN) 135.230 134.930 HONG KONG (HK DOLLAR) 7.832 7.844 TAIWAN (NT DOLLAR) 30.681 30.707 THAILAND (BAHT) 33.680 33.730 S. KOREA (WON) 1,324.010 1,324.270 SINGAPORE (DOLLAR) 1.328 1.326 INDONESIA (RUPIAH) 14,720 14,725 MALAYSIA (RINGGIT) 4.456 4.447	<b>MAY 10, 2023</b> US\$/UK POUND 1.2624 ▲ 1.2617 US\$/EURO 1.0954 ▲ 1.0981 \$/AUSTRALIAN DOLLAR 0.6751 ▼ 0.6759 CANADA DOLLAR/US\$ 1.3390 ▼ 1.3368 SWISS FRANC/US\$ 0.8904 ▼ 0.8912	<b>FUTURES PRICE ON NEAREST MONTH OF DELIVERY</b> \$75.80/BBL 30 DAYS TO MAY 9, 2023

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PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • MAY 10, 2023 (PSEi snapshot on SI/4; article on SI/2)

BDO P135.500	SMPH P34.000	SM P943.000	EMI P20.950	AC P666.500	URC P154.800	ALI P26.950	BLOOM P11.000	JGS P51.400	JFC P223.600
Value P414,365,998	Value P361,735,245	Value P298,292,535	Value P272,662,460	Value P261,431,600	Value P235,330,560	Value P223,936,325	Value P202,650,654	Value P150,512,540	Value P149,214,274
-P0.600 ▼ -0.441%	P0.000 — 0.000%	P8.000 ▲ 0.856%	P0.100 ▲ 0.480%	P5.000 ▲ 0.756%	P0.900 ▲ 0.585%	P0.150 ▲ 0.560%	P0.660 ▲ 6.383%	P1.500 ▲ 3.006%	-P1.400 ▼ -0.622%

# Agriculture posts surprise Q1 growth

## February FDI inflows highest in 14 months

By Keisha B. Ta-asan  
Reporter

FOREIGN DIRECT INVESTMENT (FDI) net inflows rose by 13% in February to its highest level in 14 months, amid improving investor sentiment towards the Philippines.

Data released by the Bangko Sentral ng Pilipinas (BSP) on Wednesday showed that FDI net inflows climbed to \$1.05 billion in February from \$926 million in the same month in 2022.

Net inflows of FDIs in February was more than double the \$448-million inflows seen in January.

This was also the highest level in 14 months, or since the \$2.66-billion net inflows in December 2021.

"FDI is up on improved sentiment with [the Philippines]"

potential for growth, as well as the efforts of the economic managers to attract these," Security Bank Corp. Chief Economist Robert Dan J. Rocas said in a Viber message.

Since the start of the year, President Ferdinand R. Marcos, Jr. has made several trips to Japan, Switzerland (for the World Economic Forum), China and most recently, the United States as part of efforts to woo investors.

Around \$13 billion worth of investment commitments were made during the Japan visit in February, according to officials.

The BSP attributed the year-on-year increase in FDI to the higher non-residents' net investments in debt instruments, which offset the drop in net equity capital placements and reinvestment of earnings.

FDI, SI/9



RESIDENTS are seen fleeing their homes due to floods, Oct. 23, 2020. The Philippines is one of the most disaster-prone countries in the world.

## Gov't seeks \$500-million climate risk loan from WB

THE PHILIPPINE GOVERNMENT is eyeing a \$500-million loan from the World Bank (WB) to strengthen its resilience against climate-related disasters.

The Philippines Disaster Risk Management and Climate Development policy loan, which includes an option for a catastrophe deferred drawdown, is expected to be approved by the World Bank board on Sept. 21.

In a document uploaded on its website, the World Bank said the loan aims to strengthen the capacity of the Philippine government in managing disaster and climate risks in the education and health sectors.

The Philippines ranked first globally for having the highest disaster risks, according to the World Risk Index 2022.

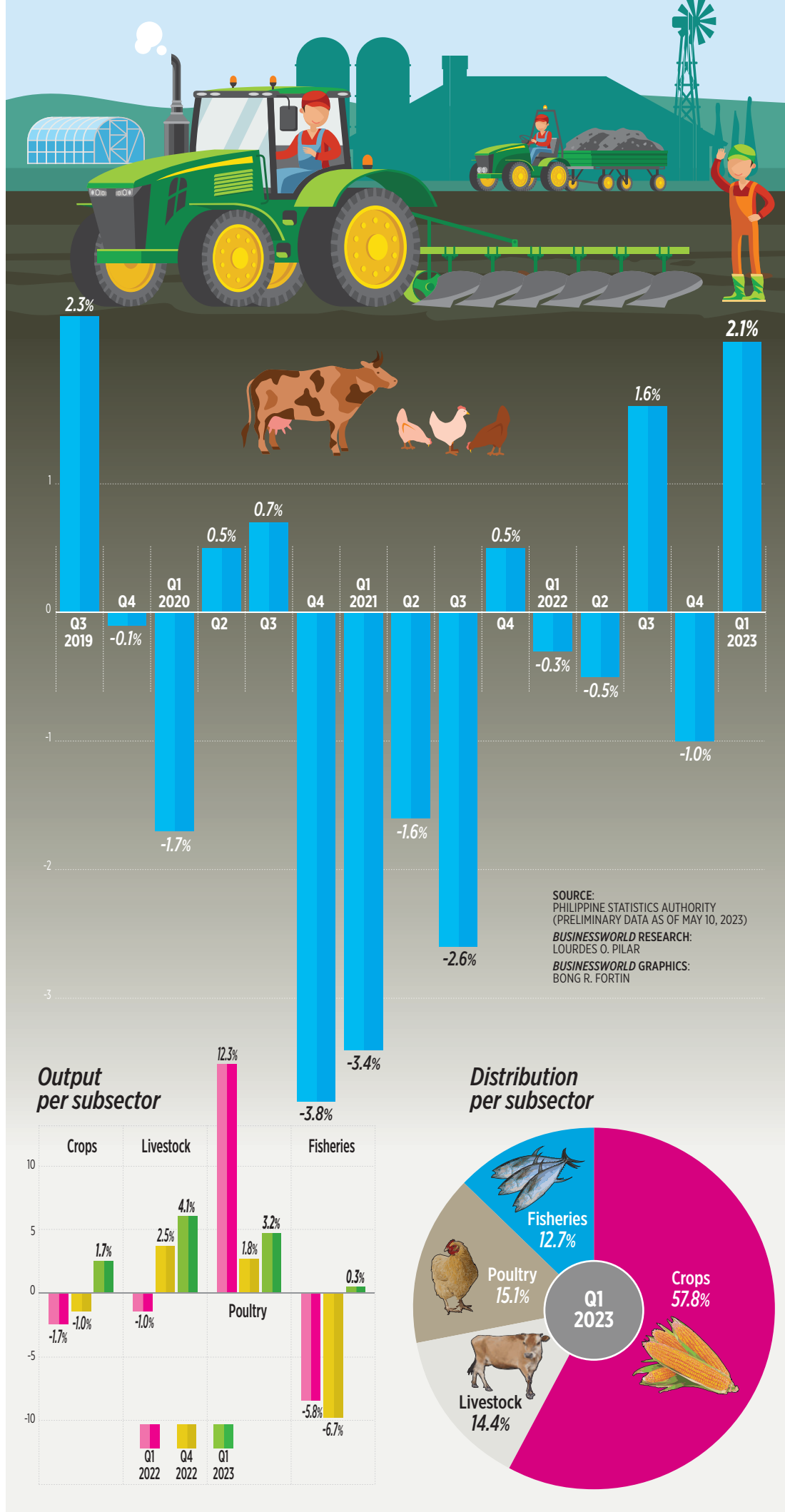
Disasters have killed over 10,000 people, affected around 103 million, and caused as much as P409 million in economic losses for the Philippines between 2010 and 2019, the multilateral lender said.

The World Bank said the policy loan focuses specifically on the education and health sectors due to "their high exposure and vulnerability to disasters, climate change, and public health emergencies, and their essential role in human capital accumulation, economic growth, and poverty reduction."

The loan will fund projects aimed at improving the resilience of school infrastructure, protect learners against natural hazards, enhance emergency preparedness, and promote learning continuity.

Climate risk, SI/9

## PERFORMANCE OF PHILIPPINE AGRICULTURE (Year-on-Year Growth Rates, At Constant 2018 Prices)



PHILIPPINE AGRICULTURAL production posted a surprise 2.1% growth in the first quarter, the Philippine Statistics Authority (PSA) said on Wednesday.

Data from the PSA showed the value of production in agriculture and fisheries at constant 2018 prices expanded by an annual 2.1% to P428.69 billion in the January-to-March period.

This was a turnaround from the 0.3% decline in the first quarter of 2022 and the 1% contraction in the fourth quarter of 2022.

"This was due to the annual increases in the value of production of crops, livestock, poultry, and fisheries," the PSA said.

Analysts earlier said they expected flat agricultural output for the first three months of 2023.

At current prices, the value of production in agriculture and fisheries rose by 14.1% to P569.94 billion in the first quarter, faster than the 2.2% in the same period a year ago and 9.3% in the fourth quarter of 2022.

Agriculture usually contributes around a tenth to the Philippines' overall gross domestic product (GDP). The PSA is scheduled to release first-quarter GDP data this morning (May 11).

Raul Q. Montemayor, national manager of the Federation of Free Farmers, said farm output growth was coming from a "very low base" in the first quarter of 2022.

"Compared to the low output in the first quarter of 2022, it appears that there was a significant growth in the first quarter of 2023. But in fact, we just got back to approximately 2021 output levels for crops," he said in a Viber message.

Mr. Montemayor noted that natural calamities, animal diseases, and "pro-import policy of the government" have hurt farmgate prices, and discouraged farmers from expanding production.

Crops, which made up 57.8% of the total farm output, expanded by 1.7%, reversing the 1.7% decline in the same quarter last year, and the 1% dip in the fourth quarter.

Growth in crops production was mainly due to the 5.2% increase in paddy rice (palay), and 3.2% jump in corn.

"First and second-quarter rice production will be good enough to last us until the next harvest during the wet season which is around August and September," said Danilo V. Fausto, president of the Philippine Chamber of Agriculture and Food, Inc.

Despite palay output growth, Mr. Fausto noted that additional imports may be needed for any shortage caused by the upcoming El Niño and other natural calamities.

Agriculture, SI/9

# PHL may find it difficult to return to pre-pandemic growth momentum

THE PHILIPPINES may find it difficult to return to its pre-pandemic growth momentum despite signs of recovery, according to the central bank chief.

Bangko Sentral ng Pilipinas (BSP) Governor Felipe M. Medalla said the Philippines had a strong recovery last year but still this was lower than what could have been if the pandemic did not happen.

"Our growth prospects are good. The negative side of it; our economy is significantly lower from what could have been if there had been no pandemic. It will take a long time before we are able to recover," he said in an interview with *The Banker*.

A video of the interview was uploaded on *The Banker's* website.

The Philippine Statistics Authority (PSA) is set to release its first-quarter gross domestic product (GDP) data today (May 11).

A *BusinessWorld* poll of 23 economists conducted last week yielded a median GDP estimate of 6.1% for the first three months of the year.

If realized, this would be slower than the revised 7.1% growth in the previous quarter, and the 8% growth in the first quarter of 2022.

Last year, the economy grew by 7.6%.

"We are able to recover the output levels, but it's very hard to recover

the old growth path. The new growth path will be higher than 2019 but lower than what could have been," Mr. Medalla said.

The economy contracted to 9.5% in 2020, reflecting the impact of the pandemic. Philippine GDP grew by 6.1% in 2019.

Mr. Medalla also said inflation was a lot harder to address than he initially thought, adding that above-target inflation could last for up to 18-19 straight months.

April marked the 13th straight month that inflation breached the central bank's 2-4% target range.

Headline inflation rose by an annual 6.6% in April, from 7.6% in March. It was the slowest in eight months or since the 6.3% print in August 2022.

The BSP has been aggressively tightening monetary policy, raising 425 basis points (bps) since May last year to 6.25%. Since then, supply shocks are beginning to wane and inflation is expected to be below 4% by the end of the year.

"Despite that, the economy remains strong and the increase in policy rate has not caused negative effects in financial stability. In other words, we are able to use our interest rate policy to totally address inflation," Mr. Medalla said.

The BSP currently sees full-year inflation at 6% for 2023, before easing to 2.9% in 2024.

Meanwhile, Mr. Medalla noted the next policy move of the US Federal Reserve is another factor to consider when the BSP decides to cut rates.

"Despite the fact that our inflation is falling faster than the US, we may be more reluctant to cut [policy rates] because cutting may result in significant peso depreciation," he said.

Mr. Medalla said the country has "more than adequate" dollar reserves that could help mitigate the volatility in the foreign exchange market.

Pre-pandemic growth, SI/9