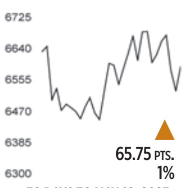
P25 IN METRO MANILA, PHILIPPINES

# BusinessWorld

## STOCK MARKET

### PSEi




| | |
|---|---|
| OPEN: | 6,549.34 |
| HIGH: | 6,596.34 |
| LOW: | 6,549.34 |
| CLOSE: | 6,588.90 |
| VOL.: | 2.700 B |
| VAL(P): | 5.180 B |

## ASIAN MARKETS

MAY 16, 2023

| | CLOSE | | NET | % |
|---|---|---|---|---|
| Japan (Nikkei 225) | 29,842.99 | ▲ | 216.65 | 0.73 |
| Hong Kong (Hang Seng) | 19,978.25 | ▲ | 7.12 | 0.04 |
| Taiwan (Weighted) | 15,673.90 | ▲ | 198.85 | 1.28 |
| Thailand (SET Index) | 1,541.19 | ▼ | -0.19 | -0.01 |
| S.Korea (Kse Composite) | 2,480.24 | ▲ | 0.89 | 0.04 |
| Singapore (Straits Times) | 3,210.96 | ▼ | -3.76 | -0.12 |
| Sydney (All Ordinaries) | 7,234.70 | ▼ | -32.40 | -0.45 |
| Malaysia (Klse Composite) | 1,423.50 | ▲ | 6.13 | 0.43 |

## WORLD MARKETS

MAY 15, 2023

| | CLOSE | | NET |
|---|---|---|---|
| Dow Jones | 33,348.600 | ▲ | 47.980 |
| NASDAQ | 12,365.209 | ▲ | 80.466 |
| S&P 500 | 4,136.280 | ▲ | 12.200 |
| FTSE 100 | 7,777.700 | ▲ | 23.080 |
| Euro Stoxx50 | 4,045.380 | ▲ | 4.670 |

## PESO-DOLLAR RATES

### FX


| | |
|---|---|
| OPEN | P55.970 |
| HIGH | P55.970 |
| LOW | P56.222 |
| CLOSE | P56.030 |
| W.AVE. | P56.117 |
| VOL. | $1,295.15 M |

SOURCE : BAP

## ASIAN MONIES-US$ RATE

MAY 16, 2023

| | LATEST BID (0900GMT) | | PREVIOUS |
|---|---|---|---|
| Japan (yen) | 135.730 | ▲ | 136.200 |
| Hong Kong (HK dollar) | 7.837 | ▲ | 7.839 |
| Taiwan (NT dollar) | 30.809 | ▲ | 30.812 |
| Thailand (baht) | 33.960 | ▼ | 33.750 |
| S. Korea (won) | 1,338.590 | ▼ | 1,337.950 |
| Singapore (dollar) | 1.336 | ▲ | 1.338 |
| Indonesia (rupiah) | 14,815 | ▼ | 14,795 |
| Malaysia (ringgit) | 4.496 | ▲ | 4.500 |

## WORLD CURRENCIES

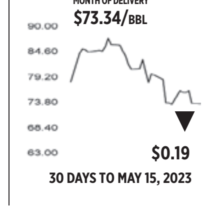
MAY 16, 2023

| | CLOSE | | PREVIOUS |
|---|---|---|---|
| US$/UK pound | 1.2538 | ▲ | 1.2479 |
| US$/Euro | 1.0895 | ▲ | 1.0857 |
| $/Aust dollar | 0.6690 | ▲ | 0.6681 |
| Canada dollar/US$ | 1.3458 | ▼ | 1.3517 |
| Swiss Franc/US$ | 0.8921 | ▼ | 0.8967 |

## DUBAI CRUDE OIL

FUTURES PRICE ON NEAREST MONTH OF DELIVERY

$73.34/BBL

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S1/1-10 • 2 SECTIONS, 20 PAGES

PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • MAY 16, 2023 (PSEi snapshot on *S1/2*; article on *S2/4*)

| | | Value | | | |
|---|---|---|---|---|---|
| BDO | P136.400 | P427,106,505 | P0.600 | ▲ | 0.442% |
| AC | P670.000 | P323,659,240 | P14.000 | ▲ | 2.134% |
| GLO | P1,721.000 | P268,053,610 | P20.000 | ▲ | 1.176% |
| SMPH | P33.400 | P205,644,550 | P0.400 | ▲ | 1.212% |
| ALI | P26.500 | P183,446,135 | P0.300 | ▲ | 1.145% |
| BPI | P104.100 | P122,512,160 | P1.400 | ▲ | 1.363% |
| TEL | P1,219.000 | P94,468,765 | P12.000 | ▲ | 0.994% |
| JFC | P226.000 | P92,242,834 | P3.400 | ▲ | 1.527% |
| GTCAP | P495.000 | P92,165,088 | P20.000 | ▲ | 4.211% |
| MBT | P59.000 | P84,772,227 | P0.200 | ▲ | 0.340% |

# Q1 investment pledges hit P172.7B

**By Abigail Marie P. Yraola**
*Researcher*

FOREIGN INVESTMENT pledges surged in the first quarter, amid the Marcos administration's efforts to boost the country's profile as an attractive investment destination, analysts said.

The value of foreign commitments approved by the country's investment promotion agencies soared to P172.7 billion in January to March, preliminary data from the Philippine Statistics Authority (PSA) showed.

This was nearly 20 times higher than P8.98 billion in the first quarter of 2022, but slightly lower than the P173.61 billion in the previous quarter.

Germany was the biggest source of approved investment pledges at P156.96 billion (90.9% share), followed by Japan and the Netherlands with commitments worth P3.82 billion (2.2%) and P2.65 billion (1.5%), respectively.

"The Philippines is viewed as one of the most attractive investment destinations in the region, with growth projections expected to outperform if not be the one on top, due to a number of factors, including the country's strong economic fundamentals and its competitive labor costs," Robert Dan J. Roces, chief economist at Security Bank Corp., said.

Recent economic reforms, coupled with the economic managers' international roadshows, have also helped attract new investments, he added.

Structural reforms pushed by the previous and current administrations are now yielding tangible results, said Domini S. Velasquez, chief economist at China Banking Corp.

These include the passage of the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, as well as amendments to the Retail Trade Liberalization Act, Public Service Act and Foreign Investment Act.

In a Viber message, Ms. Velasquez said these reforms would continue to drive investments into the country.

"When the amendment to the Public Service Act finally gains traction, we expect investments to improve even further," she said.

Four agencies, namely the Board of Investments (BoI), Clark Development Corp. (CDC), Philippine Economic Zone Authority (PEZA) and Subic Bay Metropolitan Authority (SBMA), approved the investment pledges in the first quarter.

The BoI accounted for 95.7% of total foreign investment pledges with P165.36 billion.

*Investment, S1/9*

# Rising credit card usage may lead to spike in household debt

**By Keisha B. Ta-asan**
*Reporter*

MACTAN, Cebu — A recent surge in credit card usage by Filipinos amid elevated inflation and interest rates could lead to a spike in household debt and pose a risk to financial stability, analysts said.

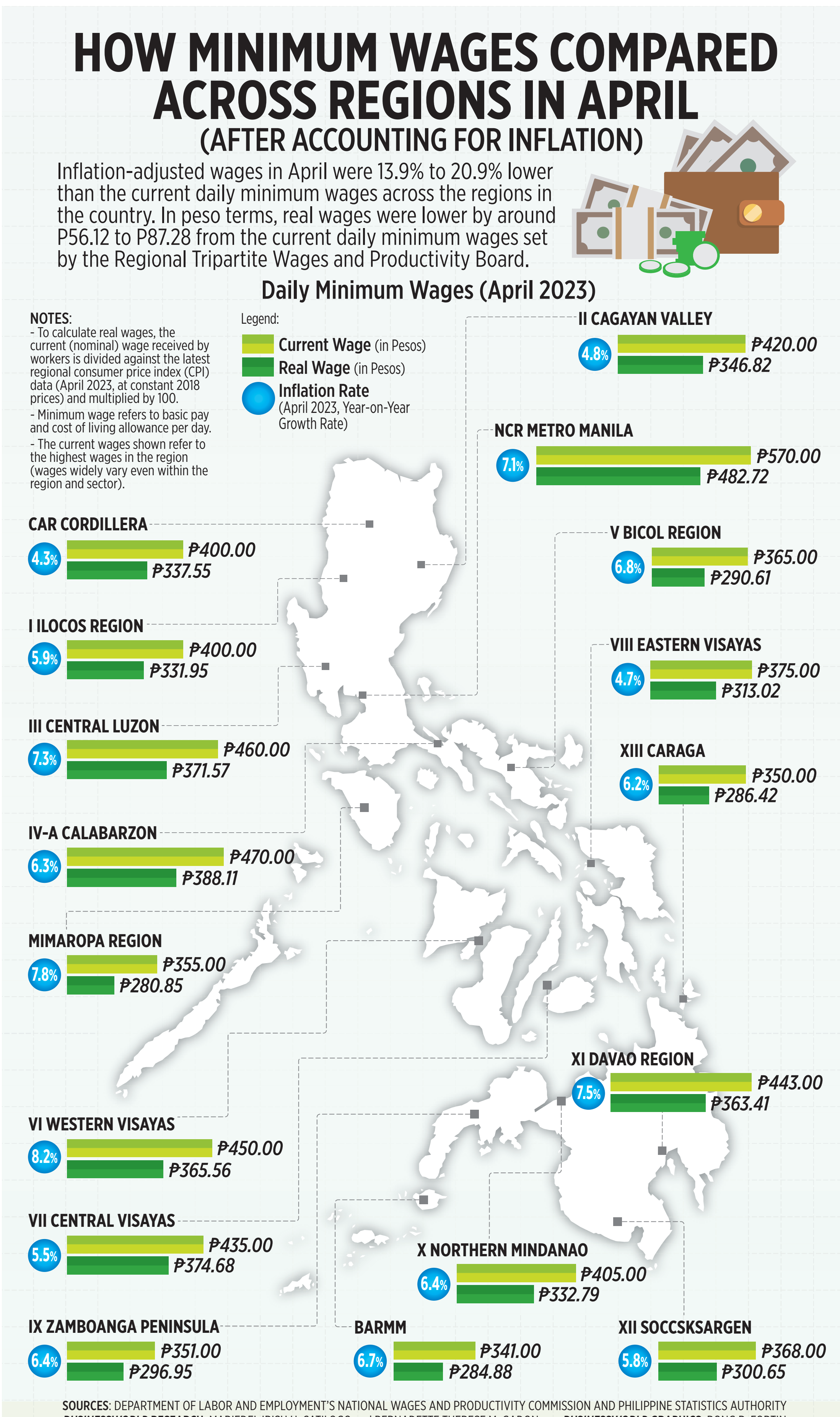
ING Bank N.V. Manila Senior Economist Nicholas Antonio T. Mapa said rising credit card usage is not a "danger" yet, but could be an issue.

"We're seeing high credit card usage, some people are saying it's because of high inflation and high [interest] rates. That is one risk I see, the buildup of household debt," Mr. Mapa said on the sidelines of a financial stability forum of the Bangko Sentral ng Pilipinas (BSP) and International Monetary Fund (IMF) in Cebu.

Outstanding loans by big banks rose by 10.1% to $10.762 trillion in March, data from the BSP showed. Household borrowings expanded by 21.3% in March year on year. Credit card loans grew by 27.9%, while salary-based general purpose consumption loans rose by 67%.

Data from the Credit Card Association of the Philippines showed gross credit card billings surged by 47% to P410 billion in the first quarter. This was the fastest growth since the coronavirus pandemic started in 2020.

*Credit card, S1/9*




# Instead of rate cuts, BSP may reduce banks' RRR

MACTAN, Cebu — The Bangko Sentral ng Pilipinas (BSP) might reduce banks' reserve requirement ratio (RRR) as an alternative to loosening monetary policy, its governor said on Tuesday.

As inflation settles within the 2-4% target by January next year, BSP Governor Felipe M. Medalla said market players might now wonder when the central bank would begin slashing policy rates.

"My answer is, how can we cut if the policy rate difference between us and in the US is already very low?" he said during a financial stability conference. "We must have other ways of loosening monetary conditions even if we cannot cut rates. The easiest thing to do is to cut back the reserve requirements."

Mr. Medalla said it would be dangerous to cut policy rates faster than the US Federal Reserve because the peso might further depreciate against the dollar.

The US Federal Reserve has hiked borrowing costs by 500 basis points since March last year, bringing the Fed funds rate to 5-5.25%. Market players are expecting the Fed to start keeping rates on hold at its next meeting on June 13-14.

The Philippine central bank has raised the key policy rate by 425 bps to 6.25%, a 100- to 125-bp interest rate difference with the US Fed.

A cut in banks' reserve requirement is a move intended to be an operational adjustment to facilitate the BSP's shift to market-based instruments for managing liquidity in the financial system, particularly the term deposit facility and the BSP securities.

The BSP earlier committed to bring down the ratio for big banks to single digits by this year. The ratio for big banks is 12%, one of the highest in the region. Reserve requirements for thrift and rural lenders are 3% and 2%, respectively.

"We have been waiting for the RRR cut as it improves cost effectiveness for banks," China Banking Corp. Chief Economist Domini S. Velasquez said.

In March 2020, the central bank cut the RRR, or the percentage of deposits and deposit substitutes banks must keep with the BSP, by 200 bps to 12% to cushion the impact of the coronavirus pandemic.

"We understand that there are timing issues under a monetary tightening environment when delaying the RRR cut. When it happens, possibly in the third or fourth quarter, it will provide liquidity to boost the economy," Ms. Velasquez said.

A cut in banks' reserve requirement is very likely to happen this year, Bank of the Philippine Islands (BPI) Lead Economist Emilio S. Neri, Jr. said in an interview.

He noted that the BSP might shore up its reserves before cutting policy rates.

"If the US starts cutting, then portfolio flows will reverse towards emerging markets. This is the best time to rebuild your buffers," Mr. Neri said.

Gross international reserves (GIR) stood at $101.51 billion in April from $101.55 billion in March, based on preliminary data from the BSP.

The GIR is the amount of all foreign exchange flowing into the country. Having an ample level of foreign exchange buffers safeguards an economy from market volatility and is an assurance of the country's capability for debt repayment in the event of an economic downturn.

"It's hard to rebuild your buffers if you cut policy rates. The direction of capital flows will reverse if you cut immediately. Just keep it there," Mr. Neri said.

The Monetary Board is widely expected to pause its tightening cycle on Thursday as inflation slowed in recent months.

*Rate cuts, S1/9*

## WHAT'S INSIDE



**A NEWSPAPER IS A PUBLIC TRUST**



# Up to 100,000 PHL jobs may become obsolete in next 3-4 years

AS MANY AS 100,000 jobs in the Philippines might be at risk and could become obsolete amid "rapid global digitalization," according to management consulting firm Kearney.

"We have done a study on this and there's a percentage of jobs that will probably become obsolete in the next three to four years. When we were calculating, it came out to about 50,000 to 100,000 jobs that were being netted off," Kearney Philippines Country Head Marco de la Rosa said during a media roundtable in Taguig City on Tuesday.

Among those that could become obsolete are retail and back-office roles.

"Retail is typically going to be badly hit... Also, any back-office roles that require your traditional data entry, more manual type processes, are going to be impacted as well. That cuts across all sectors and we're already seeing the impact of that in financial institutions, telecommunications, and the like," Mr. De la Rosa said.

In a statement, Kearney said the Philippine business process outsourcing (BPO) industry is particularly vulnerable to changing employment trends.

"The Philippines currently has 10-15% of the global BPO workforce, and this industry will be hard-hit by the change in employment trends. If the country wants to retain its spot in the BPO global market, it needs to re-strategize its overall approach," Kearney said.

As of end-2022, the Philippines' information technology and business process management (IT-BPM) sector had 1.57 million full-time employees. It generated $32.5 billion in revenues last year, 10% higher than $29.5 billion in 2021.

Mr. De la Rosa said there is a need to upskill and reskill Filipino workers whose jobs are at risk of becoming obsolete.

"Complex problem solving will still be needed. You're going to need basic reading comprehension because if you're going to use a bot, you need to still be able to understand intent. Another need is customer centricity. It's also a skill that matters because at the end of the day, that human element won't really go away," he added.

The Kearney executive noted talent retention is another challenge for Philippine companies.

*Jobs, S1/9*