P25 IN METRO MANILA, PHILIPPINES

BusinessWorld

STOCK MARKET		
PSEi		
OPEN:	6,601.75	
HIGH:	6,641.76	
LOW:	6,592.17	
CLOSE:	6,603.56	▼ 17.27 PTS. 0.26%
VOL.:	1.161 B	
VAL(P):	6.039 B	

30 DAYS TO MAY 23, 2023

ASIAN MARKETS MAY 23, 2023	CLOSE		NET	%
Japan (Nikkei 225)	30,957.77	▼	-129.05	-0.42
Hong Kong (Hang Seng)	19,431.25	▼	-246.92	-1.25
Taiwan (Weighted)	16,188.03	▲	7.14	0.04
Thailand (SET Index)	1,533.40	▲	4.16	0.27
S.Korea (Kse Composite)	2,567.55	▲	10.47	0.41
Singapore (Straits Times)	3,218.95	▲	7.86	0.24
Sydney (All Ordinaries)	7,259.90	▼	-3.40	-0.05
Malaysia (Klse Composite)	1,411.54	▼	-7.46	-0.53

WORLD MARKETS MAY 22, 2023	CLOSE		NET
Dow Jones	33,286.580	▼	-140.050
NASDAQ	12,720.776	▲	62.879
S&P 500	4,192.630	▲	0.650
FTSE 100	7,770.990	▲	14.120
Euro Stoxx50	4,074.040	▼	-1.310

PESO-DOLLAR RATES	FX
OPEN	P55.700
HIGH	P55.570
LOW	P55.750
CLOSE	P55.725
W.AVE.	P55.671
VOL.	$1,190.10 M

▲ 9.50 CTVS

30 DAYS TO MAY 23, 2023

SOURCE : BAP

ASIAN MONIES-US$ RATE MAY 23, 2023	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	138.330	▼	137.810
Hong Kong (HK dollar)	7.834	▼	7.823
Taiwan (NT dollar)	30.765	▼	30.650
Thailand (baht)	34.690	▼	34.420
S. Korea (won)	1,317.480	▼	1,314.560
Singapore (dollar)	1.346	▼	1.345
Indonesia (rupiah)	14,875	▲	14,885
Malaysia (ringgit)	4.568	▼	4.543

WORLD CURRENCIES MAY 23, 2023	CLOSE		PREVIOUS
US$/UK pound	1.2389	▼	1.2444
US$/Euro	1.0791	▼	1.0815
$/Aust dollar	0.6624	▼	0.6647
Canada dollar/US$	1.3534	▲	1.3491
Swiss Franc/US$	0.9000	▲	0.8949

DUBAI CRUDE OIL

FUTURES PRICE ON NEAREST MONTH OF DELIVERY

$74.23/BBL ▼ 0.82

30 DAYS TO MAY 22, 2023

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

		Value			
BDO	P137.900	P477,416,839	-P1.100	▼	-0.791%
SMPH	P34.500	P473,379,400	P0.500	▲	1.471%
ALI	P26.100	P346,809,705	-P0.400	▼	-1.509%
SM	P920.000	P306,001,930	-P4.000	▼	-0.433%
AC	P681.500	P279,076,585	-P10.500	▼	-1.517%
GTCAP	P519.000	P191,062,905	P12.000	▲	2.367%
BPI	P103.000	P165,611,029	P0.100	▲	0.097%
JFC	P229.000	P151,032,816	-P2.600	▼	-1.123%
HOUSE	P9.330	P141,781,190	-P0.010	▼	-0.107%
MONDE	P8.540	P123,848,716	-P0.060	▼	-0.698%

'Mild' economic slowdown seen in Q2

PHILIPPINE ECONOMIC growth may slow to below 6% in the second quarter, as elevated inflation continues to dampen consumer spending, First Metro Investment Corp. (FMIC) and the University of Asia and the Pacific (UA&P) said in a joint report.

"We expect only a mild slowdown in Q2 by around 0.5 percentage points or slightly below 6% year on year, as the elevated inflation rate eats in consumers' purchasing power," they said in the May issue of The Market Call.

The Philippine economy grew by 6.4% in the first quarter, slower than the revised 7.1% growth in the previous quarter, and the 8% expansion in the first quarter of 2022. This was also the slowest growth rate in eight quarters or since the 3.8% contraction in the first quarter of 2021.

Economic managers are still confident of meeting the 6-7% gross domestic product (GDP) growth target for 2023.

"The downward trend will likely bottom in the second quarter as inflation eases and more employment and the income tax cut boost consumption spending," FMIC and UA&P said.

However, they expect the economy to recover in the second half thanks to "muscular growth" in key services sub-sectors such as transport and storage, and accommodations and food services as tourism recovers.

The construction sub-sector is also expected to contribute to economic growth, thanks to flagship infrastructure projects such as the Metro Manila Subway, North-South Commuter Rail, and the South Expressway Extension.

"These large contributors to employment and slower inflation should combine to power more robust consumer spending, heretofore hindered by elevated inflation," they added.

FMIC and UA&P now expect inflation to ease to an average of 6.3% in the second quarter, from 6.6% previously. Inflation is seen to further decelerate to an average of 5.1% in the third quarter, and 3.3% in the fourth quarter.

"The supply response to higher food prices earlier in the year appears to gain traction, while crude oil prices remain weak due to the global economic slowdown," they said.

Headline inflation slowed to 6.6% in April, from 7.6% in March. For the first four months of the year, inflation averaged 7.9%, higher than 3.7% seen a year ago.

The BSP sees inflation settling within the 2-4% target band by September, and averaging 5.5% this year. It projects inflation to ease to 2.8% in 2024.

As inflation continues to slow, FMIC and UA&P said the BSP may be done with its tightening cycle.

"BSP has kept policy rates unchanged at 6.25% in its May 18 meeting, and we think it will have ended its policy rate hiking cycle, unless a major spike in inflation occurs or the exchange rate again rises too fast," it said.

To tame inflation, BSP raised borrowing costs by 425 basis points (bps) since May last year, bringing the benchmark rate to 6.25%.

FMIC and UA&P also noted the peso may further depreciate against the dollar due to the country's large trade deficits.

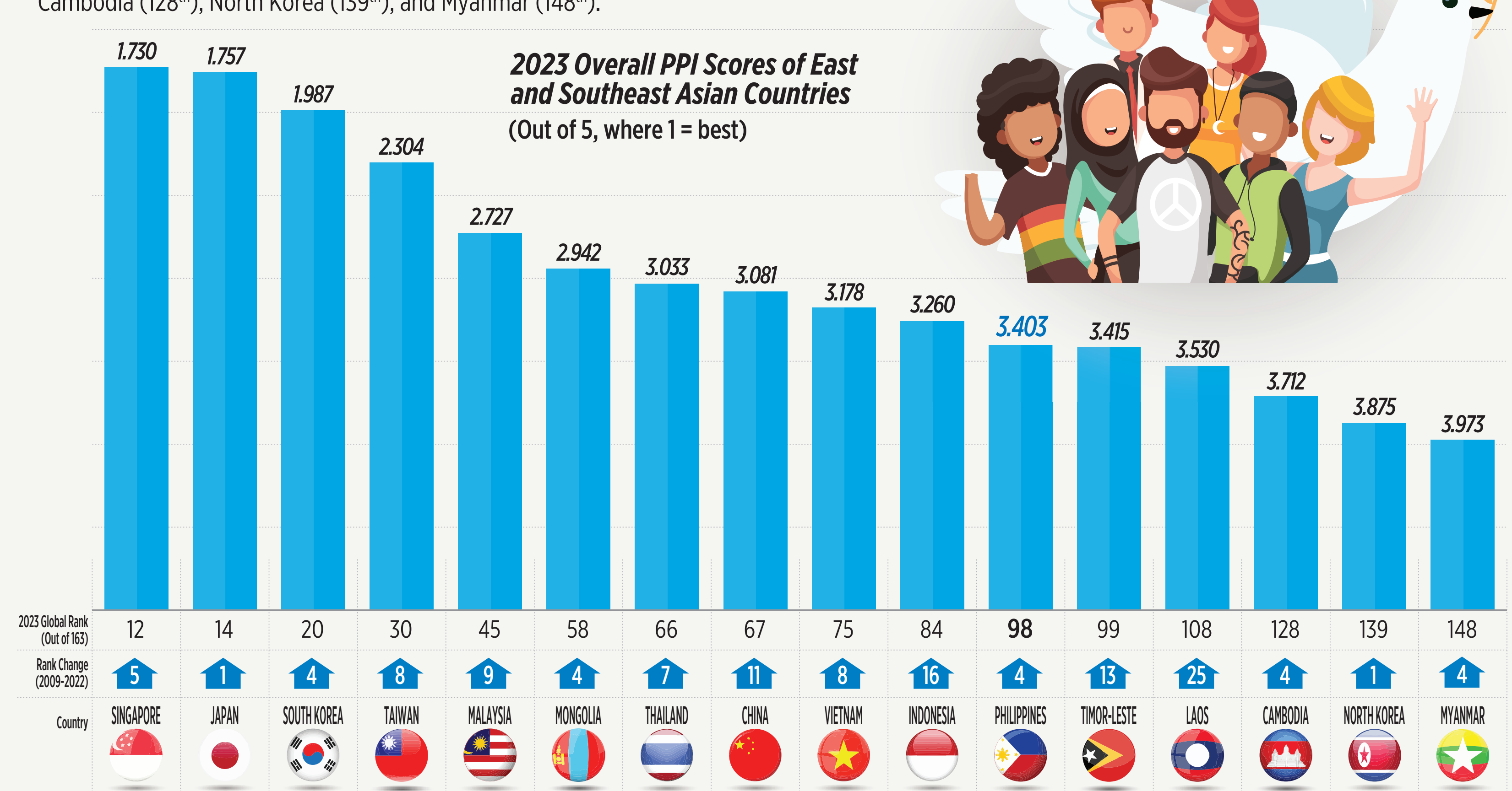
"The peso will likely remain under pressure due to elevated trade deficits and higher policy rates in the US by another 25 basis points in June," they said.

Slowdown, S1/9

PHILIPPINES ADVANCES IN 2023 POSITIVE PEACE INDEX

(... but remains one of the lowest in the region)

The Institute for Economics & Peace's Positive Peace Index (PPI) measures a country's capabilities to build and maintain peace. It is composed of 24 indicators that capture the eight pillars of "positive peace." In a scale of 1 (lower levels of violence) to 5 (greater levels of violence), the Philippines got an overall PPI score of 3.403 in the latest edition of the report, placing it 98th out of 163 countries monitored. Its ranking improved by four notches from 2009 to 2022. Among the East and Southeast Asian countries included in the index, the Philippines ranked the sixth-lowest in the region, just ahead of Timor-Leste (99th overall), Laos (108th), Cambodia (128th), North Korea (139th), and Myanmar (148th).



Top 10

2023 Global Rank (Out of 163)	Country	Rank Change (2009-2022)	2023 PPI Overall Score
1	Norway	▲ 1	1.400
2	Finland	▲ 1	1.425
3	Denmark	▼ 2	1.440
4	Switzerland	▲ 1	1.453
5	Sweden	▼ 1	1.465
6	Ireland	▲ 4	1.592
7	New Zealand	▲ 5	1.653
8	Australia	▼ 1	1.666
9	Germany	▲ 2	1.694
10	Iceland	▼ 4	1.704

Bottom 10

2023 Global Rank (Out of 163)	Country	Rank Change (2009-2022)	2023 PPI Overall Score
163	Yemen	▼ 12	4.490
162	South Sudan	▼ 4	4.479
161	Somalia	▲ 2	4.447
160	Central African Rep.	▼ 3	4.393
159	Chad	▲ 3	4.339
158	Congo - Kinshasa	▲ 3	4.258
157	Syria	▼ 31	4.247
156	Afghanistan	▲ 3	4.236
155	Eritrea	▲ 1	4.225
154	Sudan	▲ 6	4.105

SOURCE: INSTITUTE FOR ECONOMICS & PEACE'S POSITIVE PEACE 2023 BRIEFING
BUSINESSWORLD RESEARCH: ABIGAIL MARIE P. YRAOLA and LOURDES O. PILAR
BUSINESSWORLD GRAPHICS: BONG R. FORTIN

Gov't budget utilization rate at 90% as of end-April

THE CASH utilization rate of government agencies stood at 90% as of end-April, slightly slower than a year ago, data from the Department of Budget and Management (DBM) showed.

The National Government, local governments and state-owned companies used P1.18 trillion of the P1.3 trillion worth of notice of cash allocation (NCA) issued in the first four months.

As of end-April, unused allocations stood at P128.07 billion.

The April cash utilization rate was a tad lower than the 92% a year ago.

NCAs are a quarterly disbursement authority that the DBM issues to agencies, allowing them to withdraw funds from the Bureau of the Treasury to support their spending needs.

Line departments used 86% or P779.9 billion of the total P907.1 billion allotments released as of end April. This left P127.2 billion in unused NCAs.

At end-April, only the Commission on Audit recorded a 100% utilization rate.

Other offices that had high utilization rates were the Department of Energy (99%), Commission on Elections (98%), Office of the Press Secretary (96%), and the Department of Interior and Local Government (95%).

The Department of Transportation recorded the lowest rate at 63%.

Meanwhile, budgetary support to government-owned companies as well as allotments to local government units were 100% used.

"The slightly faster utilization rate a year ago may have to do with election-related rush, especially the need to expedite completion by some incumbent officials back then. Also, some speeding up the utilization of funds before the election ban last year," Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said in a Viber message.

A public works ban for the May national elections ran from March 25 to May 8 last year. Aimed at preventing politicians from using public resources for their election campaigns, the ban covers disbursement and spending as well as construction activity.

Budget, S1/9

MITA urges gov't to further lower pork tariffs

LOCAL MEAT IMPORTERS are urging the government to further lower the tariffs on imported pork and maintain these for the next five years, in order to ensure adequate supply amid a possible pork shortage in the coming months.

This as the executive order (EO) on the current tariff rates for imported pork is set to expire by yearend.

In a May 22 letter, the Meat Importers and Traders Association (MITA) asked National Economic and Development Authority (NEDA) Secretary Arsenio M. Balisacan to clarify if the current tariff rates will be "reduced, maintained or revert to the higher rates."

The current tariff rate is 15% for in-quota imports, and 25% for out-quota, as per the EOs issued by then-President Rodrigo R. Duterte and President Ferdinand R. Marcos, Jr.

The latest EO, which was signed by Mr. Marcos, expires by end-2023, which means pork meat would revert to the original tariff rates of 30% in-quota and 40% out-quota.

"The EOs were issued to address the high price of pork that resulted from the hog shortage caused by African Swine Fever (ASF). Needless to say, reversion to a higher duty rate will further raise the cost of imported pork meat and discourage imports," MITA said in the letter signed by its president Sherwin Choi and president emeritus Jesus C. Cham.

PHILIPPINE STAR/ WALTER BOLLOZOS

CUSTOMERS shop for pork meat at the Marikina Public Market, March 14.

The group also reiterated its proposal that all meat and edible offal imports be imposed a 5% tariff rate across the board. It also pushed for another five years of lower duties for pork meat imports to ensure the industry recovers from ASF, which first appeared in 2019.

"We are now in the fourth year, and the (Department of Agriculture) has just forecast a pork shortage for the coming months. Clearly the hog recovery is not going well. It is timely to now maintain low tariff for the next five years," MITA said.

Amid the rise in global pork prices, the group said the Philippines should follow its neighbors in cutting tariffs and diversifying sources of pork imports.

MITA, S1/9