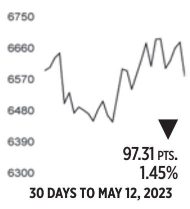
P25 IN METRO MANILA, PHILIPPINES

BusinessWorld

A NEWSPAPER IS A PUBLIC TRUST

FOLLOW US ON:
facebook.com/bworldph
twitter.com/bworldph
anchor.fm/businessworld

STOCK MARKET



PSEi

OPEN:	6,661.60
HIGH:	6,668.65
LOW:	6,578.15
CLOSE:	6,578.15
VOL.:	0.611 B
VAL(P):	5.509 B

ASIAN MARKETS

MAY 12, 2023

	CLOSE		NET	%
Japan (Nikkei 225)	29,388.30	▲	261.58	0.90
Hong Kong (Hang Seng)	19,627.24	▼	-116.55	-0.59
Taiwan (Weighted)	15,502.36	▼	-12.28	-0.08
Thailand (SET Index)	1,561.35	▼	-6.05	-0.39
S.Korea (Kse Composite)	2,475.42	▼	-15.58	-0.63
Singapore (Straits Times)	3,208.55	▼	-21.00	-0.65
Sydney (All Ordinaries)	7,256.70	▲	4.80	0.07
Malaysia (Klse Composite)	1,422.92	▼	-2.26	-0.16

WORLD MARKETS

MAY 12, 2023

	CLOSE		NET
Dow Jones	33,300.620	▼	-8.890
NASDAQ	12,284.743	▼	-43.764
S&P 500	4,124.080	▼	-6.540
FTSE 100	7,754.620	▲	24.040
Euro Stoxx50	4,040.710	▲	20.070

PESO-DOLLAR RATES

FX

OPEN	P55.860
HIGH	P55.650
LOW	P56.020
CLOSE	P55.790
W.AVE.	P55.876
VOL.	$1,488.00 M

SOURCE : BAP

ASIAN MONIES-US$ RATE

MAY 12, 2023

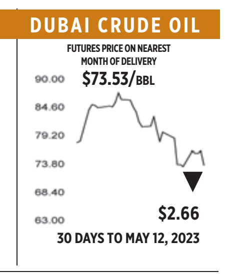
	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	135.710	▼	134.760
Hong Kong (HK dollar)	7.842	▼	7.837
Taiwan (NT dollar)	30.830	▼	30.752
Thailand (baht)	33.930	▼	33.740
S. Korea (won)	1,342.410	▼	1,329.530
Singapore (dollar)	1.338	▼	1.328
Indonesia (rupiah)	14,745	▼	14,720
Malaysia (ringgit)	4.477	▼	4.460

WORLD CURRENCIES

MAY 12, 2023

	CLOSE		PREVIOUS
US$/UK pound	1.2457	▼	1.2583
US$/Euro	1.0848	▼	1.0927
$/Aust dollar	0.6646	▼	0.6736
Canada dollar/US$	1.3548	▲	1.3406
Swiss Franc/US$	0.8980	▲	0.8938

DUBAI CRUDE OIL



VOL. XXXVI • ISSUE 206 | MONDAY • MAY 15, 2023 • www.bworldonline.com | S1/1-14 • 2 SECTIONS, 22 PAGES

PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • MAY 12, 2023 (PSEi snapshot on *S1/2*; article on *S2/2*)

		Value			
SMPH	P33.600	P794,199,955	-P1.000	▼	-2.890%
MONDE	P8.550	P525,338,315	-P0.770	▼	-8.262%
AC	P673.500	P524,623,760	-P4.500	▼	-0.664%
ALI	P26.500	P504,643,460	-P0.500	▼	-1.852%
TEL	P1,235.000	P265,175,560	P27.000	▲	2.235%
BDO	P135.500	P254,245,417	-P0.500	▼	-0.368%
JGS	P50.000	P225,686,362	-P1.450	▼	-2.818%
BPI	P104.200	P188,427,006	-P2.600	▼	-2.434%
SM	P927.000	P107,613,365	-P14.000	▼	-1.488%
RLC	P14.660	P94,561,942	-P0.020	▼	-0.136%

BSP to hold key rate at 6.25% — poll

By Keisha B. Ta-asan *Reporter*

THE BANGKO SENTRAL ng Pilipinas (BSP) is widely expected to maintain the key benchmark interest rate at 6.25% on Thursday, amid easing inflation and slowing economic growth.

A *BusinessWorld* poll last week showed 13 out of 18 analysts anticipate the Monetary Board will pause its tightening cycle at its May 18 meeting.

If realized, this would be the first time the BSP will leave interest rates untouched since it began hiking in May 2022.

Meanwhile, five economists see the BSP hiking borrowing costs by 25 basis points (bps), before pausing at its June 22 meeting.

According to most analysts, the BSP has done enough in taming inflation which has decelerated steadily from the peak of 8.7% in January.

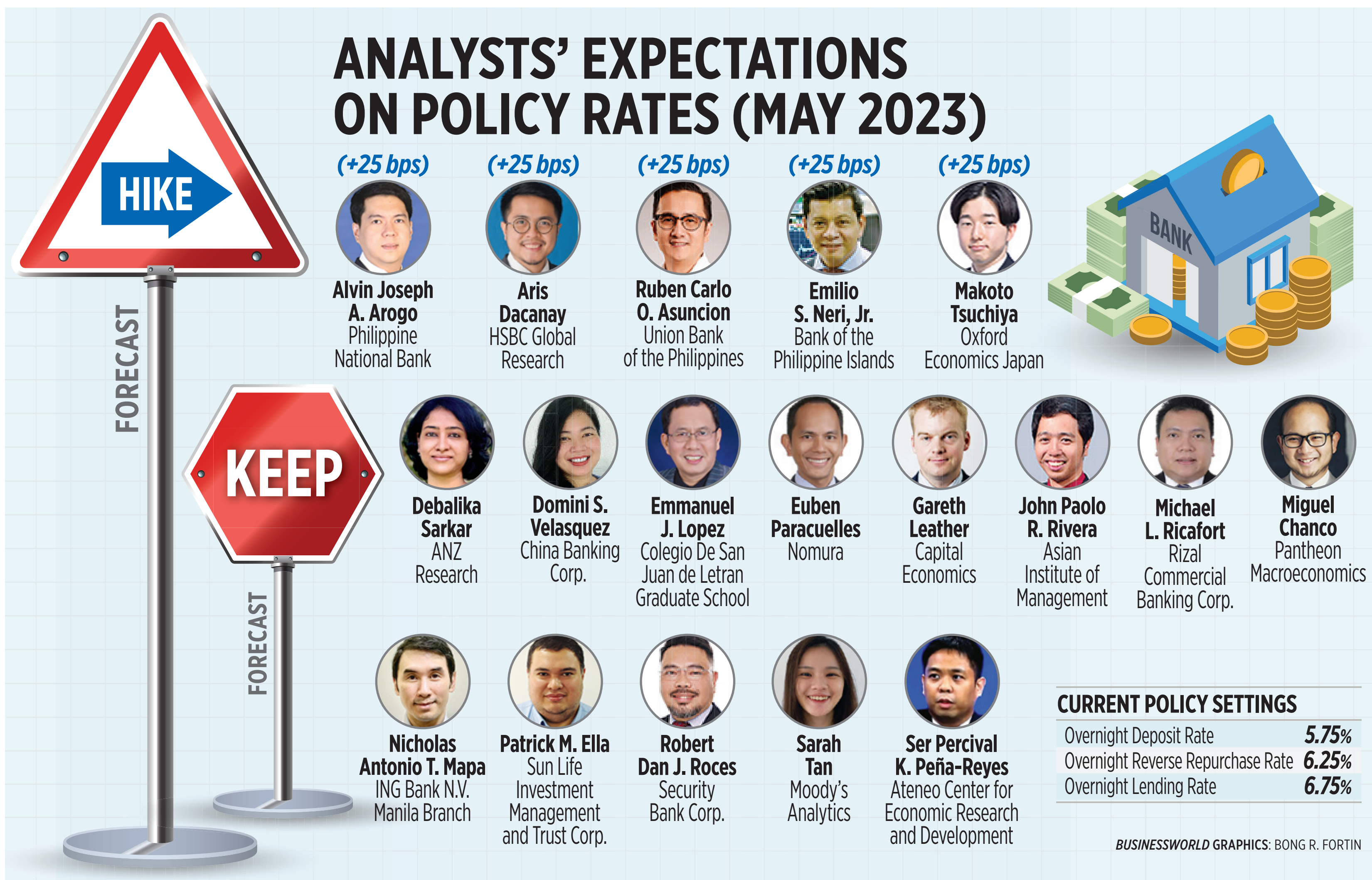
"I'm expecting the Board to pause next week, in view of the more favorable inflation numbers over the past few months, which show clearly that the worst of the surge is finally over," Miguel Chanco, chief emerging Asia economist at Pantheon Macroeconomics, said in an e-mail.

Inflation eased for a third straight month in April, slowing to 6.6% from 7.6% in March. However, it marked the 13th straight month that inflation breached the central bank's 2-4% target.

For the first four months of the year, the consumer price index averaged 7.9%, still above the BSP's 6% full-year forecast.

"(The) improvement in the inflation rate, especially the last two months which have shown contractions on a monthly basis, will be key factors in the BSP's decision," Patrick M. Ella, economist at Sun Life Investment Management and Trust Corp., said.

Poll, S1/8



Gross borrowings slip in Q1

THE NATIONAL Government's gross borrowings declined by 9.46% in the first quarter, the Bureau of the Treasury (BTr) said.

Data from the BTr showed that gross borrowings dropped to P979.762 billion in the January-to-March period, from P1.08 trillion in the same period a year ago.

For the first three months of the year, domestic debt accounted for 69.88% of total gross borrowings.

Gross domestic debt decreased by 19.37% to P684.658 billion in the first quarter, from P849.117 billion a year ago.

Broken down, this consisted of P366.675 billion from fixed-rate Treasury bonds, P283.763 billion from retail Treasury bonds, and P34.22 billion from Treasury bills.

Meanwhile, external gross borrowings rose by 26.64% to P295.104 billion from P233.022 billion.

This consisted of P163.607 billion in global bonds, P105.731 billion in program loans, and P25.766 billion in new project loans.

In March alone, gross borrowings fell by 59.72% to P237.602 billion from P589.888 billion in the same month in the previous year.

Month on month, gross borrowings went down by 36.68% from P375.245 billion in February.

In March, domestic borrowings accounted for 61.47% of the total.

Gross domestic borrowings stood at P146.045 billion, falling 68.15% from P458.566 billion a year ago.

Borrowings, S1/8

ASEAN-BAC meeting

PRESIDENT Ferdinand R. Marcos, Jr. (front row, second from left) stops for a selfie with Trade Secretary Alfredo E. Pascual (from left), Association of Southeast Asian Nations Business Advisory Council (ASEAN-BAC) Philippines Chair Jose Ma. "Joey" A. Concepcion III, and ASEAN-BAC member and Philippine Chamber of Commerce and Industry (PCCI) George T. Barcelon on the sidelines of the 42nd ASEAN Summit in Labuan Bajo, Indonesia. The ASEAN-BAC held its interface meetings with ASEAN leaders on May 10, in line with its aim to provide strategic advice and private sector feedback.

PHL eyes $2-B retail dollar bond offer in Q3

By Luisa Maria Jacinta C. Jocson *Reporter*

THE PHILIPPINE government may launch a retail dollar bond offering in the third quarter of 2023, National Treasurer Rosalia V. de Leon said.

At a briefing on Friday, Ms. De Leon said the offer size will be around $2 billion, surpassing its previous retail dollar bond issuance.

The Philippines' last retail dollar bond sale was in 2021, when it raised almost $1.6 billion or P80.91 billion.

"We are looking for a more comfortable exchange rate. It's a moving target, we're now looking at the third quarter. We are planning this carefully, because otherwise we'll be adding more debt," she said.

The peso has recently weakened against the US dollar. The local currency closed at P55.79 versus the US dollar on Friday, inching down by four centavos from Thursday's P55.75 finish.

Last month, Ms. De Leon said the government was looking to offer $1.5-billion retail dollar bonds in May.

She said the government will market the retail dollar bonds to overseas Filipino workers (OFWs) through multiple platforms such as the Bonds.PH app, the LANDBANK mobile app, and selling agents.

To make it easier to buy the retail dollar bonds, Ms. De Leon said they're trying to get some banks to waive the fees for opening dollar accounts.

"Apparently, there are fees, so we are going to the agent banks to consider waiving those fees. We want to make sure everything is smoothened out so we will have a good reception," she said.

"We have to look at market conditions, so that it will be a bigger volume. We really have to waive the (bank) fees."

Finance Secretary Benjamin E. Diokno emphasized that anyone can buy the retail dollar bonds, not just OFWs.

In January, the government raised $3 billion from its second global bond offering under the Marcos administration.

BORROWING PROGRAM

Meanwhile, Ms. De Leon said there will likely be no adjustment to the government's current borrowing program.

The government plans to borrow P2.207 trillion this year, of which 75% will be sourced locally. The government plans to borrow P1.654 trillion domestically and P553.5 billion from overseas.

"We will have to calibrate based first in terms of the spending, and at the same time collection," she said, noting the Bureau of Internal Revenue's and Bureau of Customs' recent revenue performance.

"If that will continue, we will be able to shrink the deficit for the year and we can also reduce borrowings for the year, just as we did last year," she added.

The National Government's (NG) budget deficit narrowed by 14.51% year on year to P270.9 billion in the first quarter, as revenues improved, and expenditures dropped.

Ms. De Leon also said that she expects debt levels to decline in the next few months, as the government borrows less.

"Going forward, we also see that this (debt) will decline. First, we have redemptions. There are retail Treasury bonds that are maturing. At the same time, the deficit is narrowing. For this year, our deficit will be 6.1% of gross domestic product (GDP)," she said.

The NG's outstanding debt stood at a record-high P13.86 trillion as of end-March.

IMF sees PHL growth further slowing in 2024

THE PHILIPPINE ECONOMY may expand at a much slower pace next year due to weak external demand and high base effects, the International Monetary Fund (IMF) said on Friday.

At a press briefing following a staff visit from the multilateral lender, IMF Mission Head to the Philippines Shanaka Jay Peiris said Philippine gross domestic product (GDP) growth may fall within the 5.5-6% range in 2024.

The lower end of the forecast is also below the 5.8% projection the IMF previously gave in April.

The IMF's forecast is also below the government's 6.5-8% target for next year.

"Last year's growth in the fourth quarter is strong, and first quarter is also strong, so the base effects next year are going to be a bit more challenging because we see a very strong growth in the entire [2023]," Mr. Peiris said.

Despite China's reopening, he said the IMF sees weaker external demand through 2024 due to the looming recession in the United States and Europe.

At the same briefing, IMF Resident Representative to the Philippines Ragnar Gudmundsson said the 2024 outlook for the Philippines may improve "if we see an acceleration in investments."

For this year, the IMF kept its 6% growth forecast for the Philippines. Mr. Peiris said that the first-quarter GDP growth in the Philippines was in line with their expectations.

The Philippine economy grew by 6.4% in the first quarter, marking the slowest pace in two years. This is lower than the revised 7.1% growth in the previous quarter. Still, it settled within the government's 6-7% target for the year.

Philippine headline inflation also started slowing, and while core inflation is still elevated, Mr. Peiris said the latter is expected to ease in the coming months.

Inflation slowed for a third straight month in April, easing to 6.6% from 7.6% in March. For the first four months of the year, inflation averaged 7.9%, still above the BSP's 6% full-year forecast.

Meanwhile, core inflation slightly slowed to 7.9% in April from 8% in March.

"The current monetary stance might need to stay tighter for longer, maybe mostly for this year, given the inflation risk, particularly core inflation is still high. And that global interest rates also probably have to remain high for a while," Mr. Peiris said.

The Bangko Sentral ng Pilipinas (BSP) has raised borrowing costs by 425 basis points (bps) to 6.25%, the highest in nearly 16 years.

Asked if the Philippines still has room for further tightening, Mr. Peiris said the 425-bp cumulative increases of the central bank is enough to bring down inflation back to the 2-4% target by end of the year.

"Of course, if there's another shock, [the BSP] should not rule out raising interest rates, but at the moment in this range, [policy] rates could be enough to bring down inflation to target by the end of the year," he said.

A *BusinessWorld* poll last week showed 13 out of 18 analysts anticipate the Monetary Board to maintain the key benchmark interest rate at 6.25% on May 18, the third policy review this year.

"We think the Philippines is in good shape for maintaining a strong growth momentum. I think just for high inflation... fighting inflation is obviously on the first priority, and then fiscal consolidation and monetary policy tightening will help bring that down," Mr. Peiris said.

Growth, S1/9