P25 IN METRO MANILA, PHILIPPINES

BusinessWorld

STOCK MARKET

PSEi

OPEN:	6,490.35
HIGH:	6,564.70
LOW:	6,483.87
CLOSE:	6,564.70
VOL.:	0.802 B
VAL(P):	4.145 B

▲ 84.77 PTS. 1.30%

30 DAYS TO JUNE 7, 2023

ASIAN MARKETS

JUNE 7, 2023

	CLOSE		NET	%
Japan (Nikkei 225)	31,913.74	▼	-593.04	-1.82
Hong Kong (Hang Seng)	19,252.00	▲	152.72	0.80
Taiwan (Weighted)	16,922.48	▲	160.82	0.96
Thailand (SET Index)	1,533.21	▲	4.67	0.31
S.Korea (Kse Composite)	2,615.60	▲	0.19	0.01
Singapore (Straits Times)	3,179.58	▼	-10.53	-0.33
Sydney (All Ordinaries)	7,118.00	▼	-11.60	-0.16
Malaysia (Klse Composite)	1,378.65	▼	-4.52	-0.33

WORLD MARKETS

JUNE 6, 2023

	CLOSE		NET
Dow Jones	33,573.280	▲	10.420
NASDAQ	13,276.418	▲	46.989
S&P 500	4,283.850	▲	10.060
FTSE 100	7,628.100	▲	28.110
Euro Stoxx50	3,995.380	▲	13.020

PESO-DOLLAR RATES

FX

OPEN	P56.100
HIGH	P55.990
LOW	P56.185
CLOSE	P56.098
W.AVE.	P56.076
VOL.	$841.55 M

SOURCE : BAP

▲ 12.20 CTVS

30 DAYS TO JUNE 7, 2023

ASIAN MONIES-US$ RATE

JUNE 7, 2023

	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	139.310	▲	139.350
Hong Kong (HK dollar)	7.841	▲	7.842
Taiwan (NT dollar)	30.708	▼	30.706
Thailand (baht)	34.760	▲	34.790
S. Korea (won)	1,301.860	▼	1,300.500
Singapore (dollar)	1.348	▲	1.349
Indonesia (rupiah)	14,875	▼	14,855
Malaysia (ringgit)	4.600	▲	4.604

WORLD CURRENCIES

JUNE 7, 2023

	CLOSE		PREVIOUS
US$/UK pound	1.2436	▲	1.2407
US$/Euro	1.0692	▼	1.0694
$/Aust dollar	0.6687	▲	0.6657
Canada dollar/US$	1.3387	▼	1.3415
Swiss Franc/US$	0.9064	▼	0.9068

DUBAI CRUDE OIL

FUTURES PRICE ON NEAREST MONTH OF DELIVERY

$74.30/BBL

▼ $2.10

30 DAYS TO JUNE 6, 2023

VOL. XXXVI • ISSUE 224 | THURSDAY • JUNE 8, 2023 • www.bworldonline.com | S1/1-10 • 3 SECTIONS, 38 PAGES

PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • JUNE 7, 2023 (PSEi snapshot on *S1/3*; article on *S2/2*)

		Value			
BDO	P137.400	P458,585,024	P2.100	▲	1.552%
BPI	P103.900	P400,866,371	P1.900	▲	1.863%
SMPH	P33.700	P367,271,685	P0.200	▲	0.597%
ALI	P26.300	P247,007,535	P0.400	▲	1.544%
AC	P674.000	P229,695,520	P19.000	▲	2.901%
ICT	P202.000	P202,610,417	P1.000	▲	0.498%
SM	P925.000	P124,329,275	P20.000	▲	2.210%
TEL	P1,259.000	P113,148,820	P30.000	▲	2.441%
URC	P146.400	P104,460,909	P2.400	▲	1.667%
MBT	P56.700	P90,676,376	-P0.150	▼	-0.264%

Philippine May dollar reserves slide

By Keisha B. Ta-asan
Reporter

PHILIPPINE DOLLAR reserves slipped at the end of May as the government paid its debt and the value of the central bank's gold holdings declined.

Data released by the Bangko Sentral ng Pilipinas (BSP) on Wednesday showed the gross international reserves (GIR) slid by 0.5% to $101.3 billion (P5.675 trillion) from April. Year on year, the reserves declined by 2.3%.

This was the lowest dollar reserve level since $98.22 billion in February.

"The month-on-month decrease in the GIR level reflected mainly the National Government's (NG) net foreign currency withdrawals from its deposits with the BSP to settle its foreign currency debt obligations and pay for its various expenditures," the central bank said in a statement.

Ample foreign exchange buffers protect the economy from market volatility and ensure the country can pay its debts in case of an economic downturn.

Based on BSP data, foreign currency deposits fell by 7% from a month earlier to $1.06 billion at end-May and by 49.5% from a year ago.

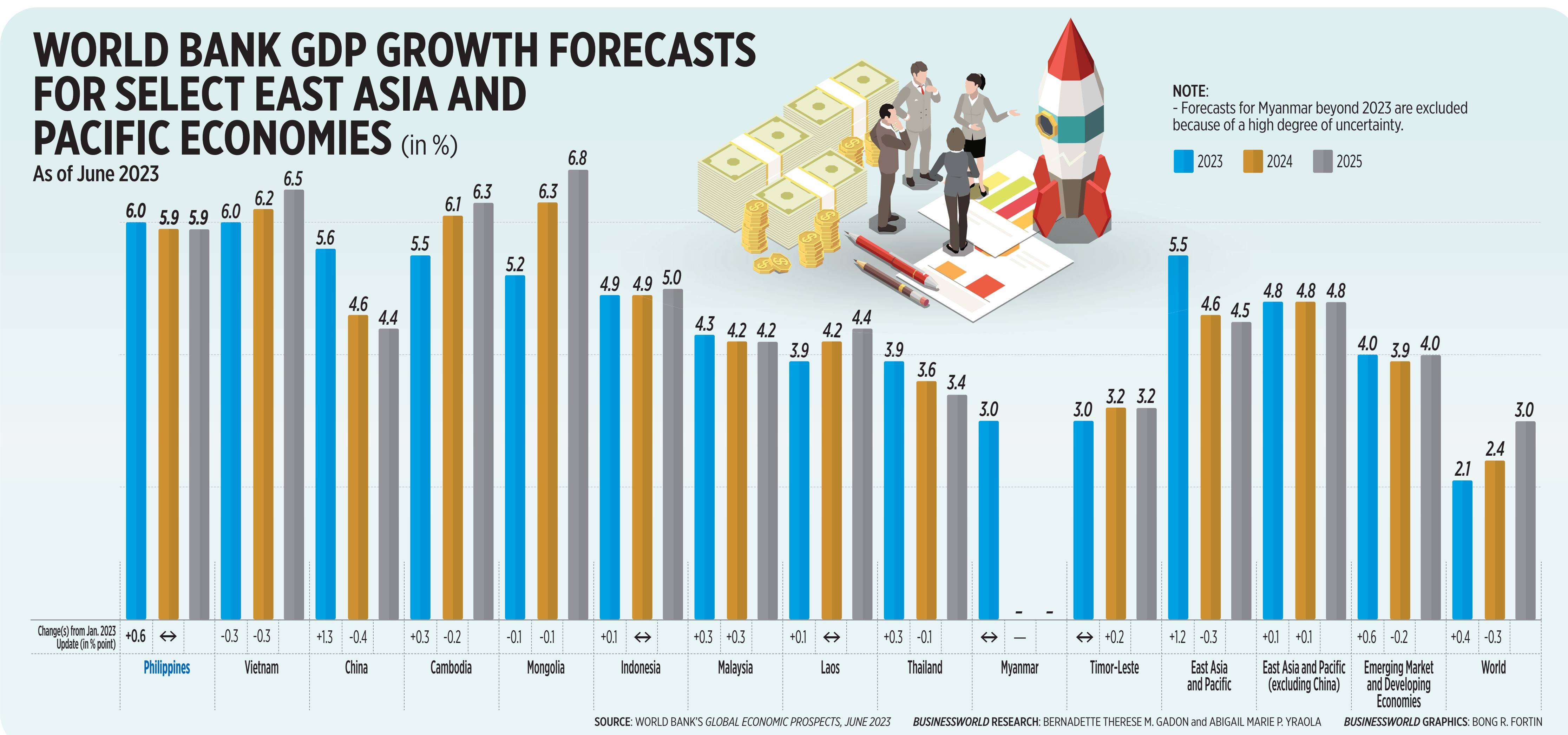
The central bank also attributed the lower reserves to the declining value of its gold holdings due to falling gold prices in the world market.

Gold reserves were valued at $10.2 billion, down by 0.4% from end-April but 12.9% higher than a year earlier.

The reserves were enough to cover about 5.9 times the country's short-term external debt based on original maturity and 4.2 times based on residual maturity.

It was also equivalent to 7.6 months' worth of imports of goods and payments of services and primary income, the BSP said.

Reserves, S1/9



SOURCE: WORLD BANK'S *GLOBAL ECONOMIC PROSPECTS, JUNE 2023* **BUSINESSWORLD RESEARCH**: BERNADETTE THERESE M. GADON and ABIGAIL MARIE P. YRAOLA **BUSINESSWORLD GRAPHICS**: BONG R. FORTIN

LANDBANK health at risk from sovereign wealth fund — economists

By Kyle Aristophere T. Atienza *Reporter*

ECONOMISTS are worried about the alleged failure of Philippine lawmakers to consider the health of state-owned Land Bank of the Philippines (LANDBANK) when it approved a proposed sovereign wealth fund.

Congress should have considered Fitch Ratings' warning that LANDBANK's common equity Tier 1 ratio of 13.9% — a measure of its financial strength — at the end of last year could drop if it is forced to contribute to the Maharlika Investment Fund, said Enrico P. Villanueva, a senior lecturer at the University of the Philippines Los Baños Economics Department.

"Fitch already indicated that these ratios could turn their outlook from stable to negative," he said in a Facebook Messenger chat.

Mr. Villanueva said LANDBANK has good ratings only because of implicit government guarantee, adding that credit rating companies look at data, not the spin. "Banking is a public trust. When the state tinkers with government financial institutions, it risks losing public trust," he tweeted separately.

Pamela Louise Y. Nuyles of LANDBANK's Public Communications Department declined when asked to comment via Viber.

Fitch Ratings in April revised its outlook for LANDBANK's capitalization and leverage score of "BB" to negative from stable given the potential impact of its participation in the Maharlika fund on its loss-absorption buffers.

The newly passed bill requires the state lender and Development Bank of the Philippines (DBP) to contribute P50 billion and P25 billion, respectively, to the fund. The National Government must also contribute P50 billion.

Funds from the Philippine Amusement and Gaming Corp. and proceeds from privatization and transfer of government funds may also be used.

"LANDBANK's ratings are a direct function of solvency and liquidity," John Paolo R. Rivera, an economist at the Asian Institute of Management, said in a Viber message. "Its high ratings have been driven by its healthy solvency and liquidity metrics. It also benefits from the expectation, and fact, that it is government-supported, given that it is fully owned by the government and fulfills government policy objectives."

Maharlika, S1/9

World Bank raises Philippine growth outlook

By Luisa Maria Jacinta C. Jocson *Reporter*

THE PHILIPPINE ECONOMY is likely to grow by 6% this year amid strong domestic demand and despite elevated inflation, the World Bank said, raising its forecast from 5.4% in January.

A recovery in jobs, improved consumer sentiment and strong remittances from Filipinos overseas would drive local consumption, the multilateral lender said in its Global Economic Prospects report on Wednesday.

"Despite external challenges, high domestic inflation and tight monetary conditions, domestic demand has once again remained resilient, fueling growth," World Bank Country Director for the Philippines Ndiame Diop separately told a virtual news briefing.

The latest growth forecast is the lower end of the government's 6-7% growth target this year. The Philippine economy grew by 6.4% in the first quarter, slower than 8% a year ago and 7.1% a quarter earlier.

"Despite weak global conditions, our upward revision reflects this continued strength in domestic demand," World Bank Philippines Senior Economist Ralph van Doorn said.

But the potential global slowdown could still affect growth. "Although the global economy displayed remarkable resilience in early 2023, economic conditions will remain subdued for the rest of 2023," Mr. Diop said.

He said global growth is expected to wane due to "persistent inflation, slowdown of global trade and the effect of recent monetary tightening."

The World Bank expects global growth to slow to 2.1% this year, though this is higher than its earlier 1.7% projection. It also sees global growth reaching 2.4% next year and 3% in 2025.

"Risks remain tilted to the downside," Mr. Diop said. "Recent episodes of market instability have raised concerns of a potential spillover. The possibility of further monetary tightening amid sticky core inflation could raise the cost of global financing and lead to a more pronounced and prolonged global slowdown."

Persistent inflation remained a cause for concern, the World Bank said.

"Although our baseline forecast (shows) inflation will decelerate, it is still the main challenge," Mr. van Doorn said.

The World Bank expects Philippine inflation to average 5.7% this year, higher than its earlier 4.2% forecast.

Outlook, S1/9

Gov't could boost infra spending to 12% of GDP

By Aaron Michael C. Sy
Reporter

THE PHILIPPINES could boost infrastructure spending to as much as 12% of economic output as early as next year if its sovereign wealth fund goes as planned, according to its Finance chief.

"The 5-6% will come from the national budget," Finance Secretary Benjamin E. Diokno told reporters on Wednesday. "If public-private partnerships (PPP) and the Maharlika Investment Fund are continued, we might reach 10-12% per year."

The government plans to spend 5.3% of the gross domestic product (GDP) or about P1.29 trillion on infrastructure this year. Infrastructure spending is expected at 5-6% of GDP until 2028.

A number of priority projects are undergoing feasibility studies, while some are in the detailed engineering phase, Mr. Diokno said.

FULL STORY

Read the full story by scanning the QR code with your smartphone or by typing the link
<bit.ly/Infra080623>

In celebration of World Bicycle Day, McDonald's Philippines holds the second Tour De McDo in support of its advocacy to champion sustainable active mobility. President and CEO Kenneth S. Yang welcomed participants at McDonald's Quirino Mabini to start the bike ride which brought together over a hundred cycling enthusiasts and personalities simultaneously in three key areas – Pampanga, Intramuros, and Tagaytay.