P25 IN METRO MANILA, PHILIPPINES

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STOCK MARKET

PSEi

OPEN:	6,546.47
HIGH:	6,551.98
LOW:	6,520.53
CLOSE:	6,539.36
VOL.:	0.626 B
VAL(P):	3.865 B

ASIAN MARKETS

JUNE 8, 2023

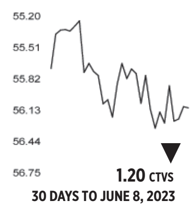
	CLOSE		NET	%
Japan (Nikkei 225)	31,641.27	▼	-272.47	-0.85
Hong Kong (Hang Seng)	19,299.18	▲	47.18	0.25
Taiwan (Weighted)	16,733.69	▼	-188.79	-1.12
Thailand (SET Index)	1,559.50	▲	26.29	1.71
S.Korea (Kse Composite)	2,610.85	▼	-4.75	-0.18
Singapore (Straits Times)	3,186.61	▲	7.03	0.22
Sydney (All Ordinaries)	7,099.70	▼	-18.30	-0.26
Malaysia (Klse Composite)	1,374.64	▼	-4.01	-0.29

WORLD MARKETS

JUNE 7, 2023

	CLOSE		NET
Dow Jones	33,665.020	▲	91.740
NASDAQ	13,104.895	▼	-171.523
S&P 500	4,267.520	▼	-16.330
FTSE 100	7,624.340	▼	-3.760
Euro Stoxx50	3,978.040	▼	-17.340

PESO-DOLLAR RATES



FX

OPEN	P56.120
HIGH	P56.080
LOW	P56.210
CLOSE	P56.110
W.AVE.	P56.147
VOL.	$957.00 M

SOURCE : BAP

ASIAN MONIES-US$ RATE

JUNE 8, 2023

	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	139.780	▼	139.310
Hong Kong (HK dollar)	7.836	▲	7.841
Taiwan (NT dollar)	30.722	▼	30.708
Thailand (baht)	34.790	▼	34.760
S. Korea (won)	1,303.240	▼	1,301.860
Singapore (dollar)	1.347	▲	1.348
Indonesia (rupiah)	14,890	▼	14,875
Malaysia (ringgit)	4.617	▼	4.600

WORLD CURRENCIES

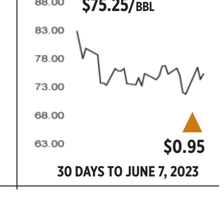
JUNE 8, 2023

	CLOSE		PREVIOUS
US$/UK pound	1.2462	▲	1.2436
US$/Euro	1.0728	▲	1.0692
$/Aust dollar	0.6682	▼	0.6687
Canada dollar/US$	1.3343	▼	1.3387
Swiss Franc/US$	0.9095	▲	0.9064

DUBAI CRUDE OIL

FUTURES PRICE ON NEAREST MONTH OF DELIVERY

$75.25/BBL



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S1/1-12 • 2 SECTIONS, 16 PAGES

PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • JUNE 8, 2023 (PSEi snapshot on *S1/3*; article on *S2/2*)

		Value			
AC	P677.000	P425,991,695	P3.000	▲	0.445%
URC	P142.900	P369,608,677	-P3.500	▼	-2.391%
SMPH	P33.650	P270,888,070	-P0.050	▼	-0.148%
BPI	P103.000	P262,260,887	-P0.900	▼	-0.866%
BDO	P137.800	P220,742,477	P0.400	▲	0.291%
ALI	P25.800	P182,781,635	-P0.500	▼	-1.901%
ICT	P201.800	P181,618,002	-P0.200	▼	-0.099%
MBT	P56.200	P122,449,334	-P0.500	▼	-0.882%
ANI	P7.320	P108,022,531	P0.010	▲	0.137%
WLCON	P26.000	P88,533,995	-P0.500	▼	-1.887%

BSP cuts reserve ratio, flags rate lull

By Keisha B. Ta-asan
Reporter

THE BANGKO SENTRAL ng Pilipinas (BSP) on Thursday cut banks' reserve requirement ratio effective June 30, while signaling that it would not touch the key rate.

The central bank would cut the ratio for universal and commercial banks and nonbank financial institutions with quasi-banking functions by 250 basis points (bps) to 9.5%, BSP Governor Felipe M. Medalla told reporters.

It will also cut the ratio for digital banks by 200 bps to 6% and by 100 bps for thrift banks, and rural and cooperative banks to 2% and 1%, respectively.

"There will be some liquidity effects, that's why we are planning to introduce the 56-day bills on that point so that we can mop up any excess liquidity effects of that cut in reserve requirements," Mr. Medalla said.

The central bank will offer 56-day securities on June 30, along with the auction of the 28-day debt, to mop up excess liquidity in the financial system.

"This operational adjustment is in line with the BSP's ongoing efforts towards a more active and flexible approach to liquidity management through market-based monetary operations," the BSP separately said in a statement.

It is committed to bringing down the reserve requirement ratio of big banks to single digits by 2023.

The central bank last cut the ratio in 2020 — by 200 bps for big banks in April that year and by 100 bps for thrift and rural banks three months later.

The reserve ratio cut is meant to facilitate the central bank's shift to market-based instruments for managing liquidity in the financial system, particularly the term deposit facility and BSP securities.

"The reduction in reserve ratios is intended to coincide with the expiration of alternative modes of compliance with reserve requirements by end-June 2023 and thereby ensure stable domestic liquidity and credit conditions," the BSP said.

During the pandemic, the Philippine central bank allowed lenders to count their lending to micro, small and medium enterprises (MSME) and pandemic-hit large enterprises as part of their compliance with the reserve requirement for deposit liabilities and substitutes.

The pandemic relief will expire on June 30.

The reserve ratio cut will infuse about P325 billion into the financial system, Michael L. Ricafort, chief economist at Rizal Commercial Banking Corp., said in a note.

BSP, S1/3

Philippine lenders' April bad loan ratio worsens

BAD LOANS of Philippine banks rose in April, bringing their nonperforming loan ratio to the highest in seven months, the central bank said on Thursday.

The banking industry's gross bad loan ratio increased to 3.41% from 3.33% in March, though it was lower than 3.93% a year earlier, data from the Bangko Sentral ng Pilipinas (BSP) showed.

Bad loans in April rose by 3.05% to P427.265 billion from a month earlier but fell by 4.5% from a year earlier.

Banks' gross loan portfolio grew by 9.9% to P12.52 trillion from a year earlier and by 0.6% from a month ago.

"Rapid-fire rate hikes are starting to manifest in these numbers as servicing debt becomes more challenging with all the rate hikes," Nicholas Antonio T. Mapa, senior economist at ING Bank N.V. Manila, said in a Viber message.

The Monetary Board has raised policy rates by 425 basis points to 6.25% since May last year. It paused its aggressive tightening cycle last month, and has signaled it would keep rates on hold until the third quarter.

The pickup in banks' bad loans might also have to do with higher inflation and the risk of recession in the US, Michael L. Ricafort, chief economist at Rizal Commercial Banking Corp., said in a Viber message.

Inflation slowed for a fourth straight month in May to 6.1%, the lowest in a year.

Based on BSP data, past due loans rose by 4% to P516.02 billion from a year earlier. These accounted for 4.12% of borrowings, down from 4.19% a year earlier.

Restructured loans fell by 4.6% from a year earlier to P325.01 billion, cutting the ratio to 2.59%. The industry's bad loan coverage ratio stood at 86.23%, up from 77.39% in April 2022.

"With rates elevated, we could see nonperforming loans increase in the next few months as the full impact of policy tightening takes effect," Mr. Mapa said. — **Keisha B. Ta-asan**

GlobalSource keeps growth forecasts as inflation slacks off

GLOBALSOURCE PARTNERS, Inc. kept its Philippine growth forecast for 2023 and 2024 as it lowered its inflation outlook for this year, but said risks remain amid a looming global recession.

In a report dated June 7, the research consultant said it expects the economy to expand by 5.5% this year, which is below the government's 6-7% goal.

"We still expect the gross domestic product (GDP) to expand by 5.5% for the full year as inflation decelerates, interest rates stabilize and the rebound in tourism strengthens, gaining from China's reopening," GlobalSource analysts Romeo L. Bernardo and Maria Christine Tang said.

Robust consumption supported by remittances and local job opportunities would also drive economic growth, they said.

Inflation cooled for a fourth straight month in May to 6.1%, the lowest in a year. Still, it breached the central bank's 2-4% target for the 14th straight month. Inflation has averaged 7.5% to date.

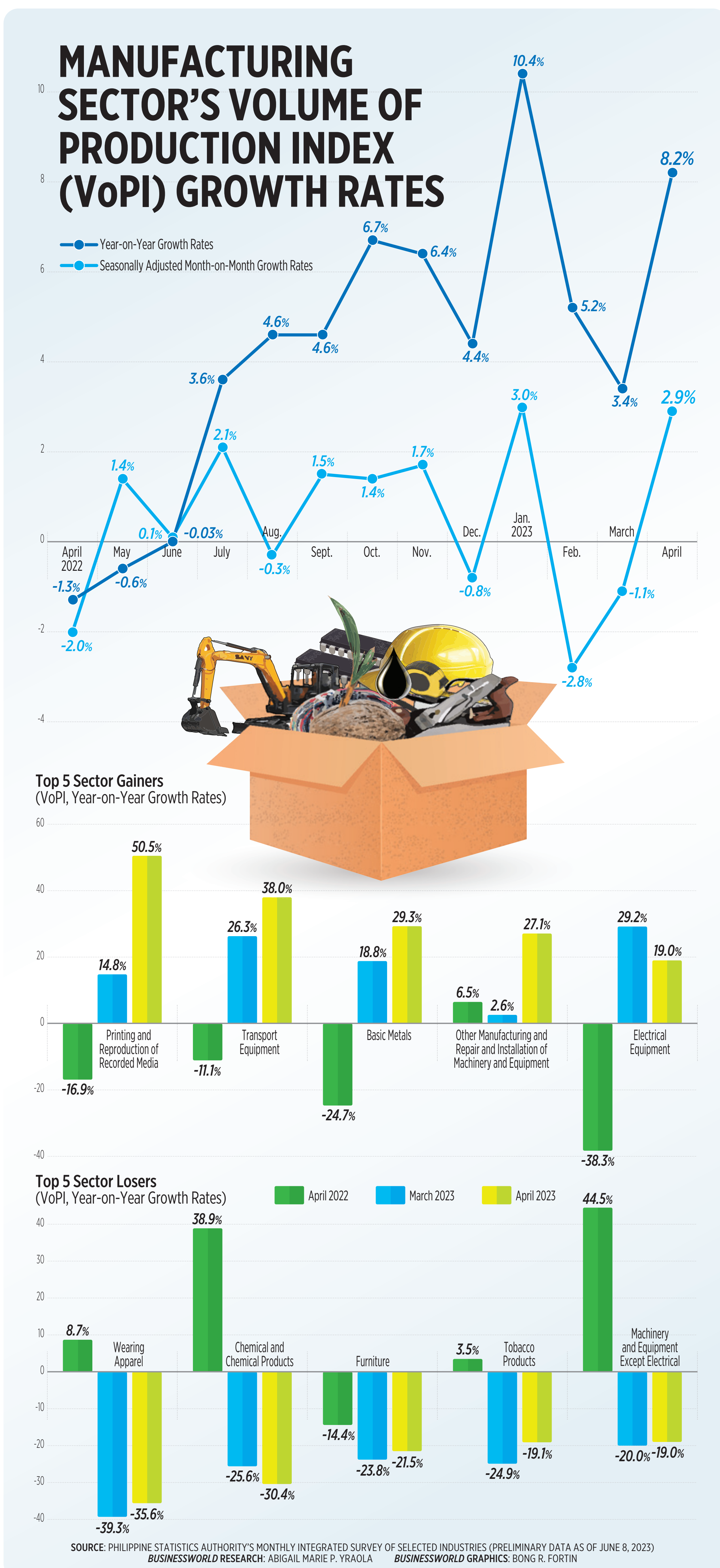
GlobalSource expects inflation to average 5.5% this year, lower than the 6.5% forecast it gave in March. This matches the central bank's full-year forecast.

But high interest rates have started to work their way through the economy, it said. Policy rates are also unlikely to fall quickly in the near term due to sticky inflation.

The Bangko Sentral ng Pilipinas (BSP) has raised the key rate by 425 basis points (bps) since May last year to tame inflation. Last month, the Monetary Board kept it at 6.25%, while signaling that it would keep it on hold until the third quarter.

GlobalSource expects the Philippine economy to expand by 5.8% in 2024, still below the government's 6.5-8% goal.

GlobalSource, S1/9



April factory output rises by 8.2% on solid demand

MANUFACTURING OUTPUT in the Philippines rose to a three-month high in April amid strong domestic demand.

Factory output, as measured by the volume of production index (VoPI), went up by 8.2% year on year, data from the local statistics agency released on Thursday showed.

This was higher than 3.4% in March. The output fell by 1.3% a year earlier.

The VoPI fell by 8.9% in April from a month earlier. Stripping out seasonality factors, production volume rose by 2.9% month on month after a 1.1% decline in March. To date, factory output has risen by 6.7%, slower than 49.2% a year earlier.

S&P Global's Philippine Manufacturing Purchasing Managers' Index (PMI) eased to an eight-month low of 51.4 in April. A reading above 50 signals improvement, while anything below 50 shows the opposite.

Robert Dan J. Roces, chief economist at Security Bank Corp., attributed the manufacturing output expansion to a strong domestic demand that increased production, recovering exports and public investments in infrastructure.

In an e-mail, he also said the April results would contribute to economic growth this quarter given manufacturing's big share in economic output.

The Philippines grew by 6.4% in the first quarter, the slowest in two years though it was within the government's 6-7% target.

The manufacturing sector contributes about a fifth to the economy.

In the report, the Philippine Statistics Authority said the top three contributors to April's growth were the heavily weighted food products at 14.7%, transport equipment at 38% and other nonmetallic mineral products at 15.7%.

Other sectors that posted increases that month were basic metals at 29.3%; coke and refined petroleum products at 15.3%; other manufacturing and repair and installation of machinery and equipment at 27.1%; printing and reproduction of media at 50.5%; and wood, bamboo, cane, rattan articles and related products at 16.9%.

Mr. Roces said manufacturing output likely continued to improve in May. "The factors that contributed to the growth in April remain in place, and no major disruptions are expected in terms job creation and consumption patterns."

Philippine Exporters Confederation, Inc. President Sergio R. Ortiz-Luis, Jr. said while inflation driven by rising oil prices and geopolitical issues could affect manufacturing growth, output growth would likely continue in the coming months.

"Slowly but surely, the improvement of our output will continue," he said in Filipino. — **T.C.S. Migriño**