

STOCK MARKET	ASIAN MARKETS	WORLD MARKETS	PESO-DOLLAR RATES	ASIAN MONIES-US\$ RATE	WORLD CURRENCIES	DUBAI CRUDE OIL
PSEI OPEN: 6,541.04 HIGH: 6,553.23 LOW: 6,501.93 CLOSE: 6,507.15 VOL.: 1.219 B VAL(P): 5,659 B 32.21 pts. 0.49% 30 DAYS TO JUNE 9, 2023	JUNE 9, 2023 JAPAN (NIKKEI 225) 32,265.17 ▲ 623.90 1.97 HONG KONG (HANG SENG) 19,389.95 ▲ 90.77 0.47 TAIWAN (WEIGHTED) 16,886.40 ▲ 152.71 0.91 THAILAND (SET INDEX) 1,555.11 ▼ -4.39 -0.28 S.KOREA (KSE COMPOSITE) 2,641.16 ▲ 30.31 1.16 SINGAPORE (STRAITS TIMES) 3,186.97 ▲ 0.36 0.01 SYDNEY (ALL ORDINARIES) 7,122.50 ▲ 22.80 0.32 MALAYSIA (KLSE COMPOSITE) 1,376.08 ▲ 1.44 0.10	JUNE 9, 2023 Dow Jones 33,876.780 ▲ 43.170 NASDAQ 13,259.143 ▲ 20.619 S&P 500 4,298.860 ▲ 4.930 FTSE 100 7,562.360 ▼ -37.380 Euro Stoxx50 3,972.760 ▼ -3.660	FX OPEN P55.999 HIGH P55.900 LOW P56.060 CLOSE P56.050 W.AVE. P55.996 VOL. \$979.20 M SOURCE: BAP	JUNE 9, 2023 LATEST BID (0900GMT) PREVIOUS JAPAN (YEN) 139.340 139.780 HONG KONG (HK DOLLAR) 7.839 7.836 TAIWAN (NT DOLLAR) 30.660 30.722 THAILAND (BAHT) 34.590 34.790 S. KOREA (WON) 1,287.320 1,303.240 SINGAPORE (DOLLAR) 1.343 1.347 INDONESIA (RUPIAH) 14,835 14,890 MALAYSIA (RINGGIT) 4.612 4.617	JUNE 9, 2023 US\$/UK POUND 1.2569 ▲ 1.2462 US\$/EURO 1.0747 ▲ 1.0728 \$/AUSTRALIAN DOLLAR 0.6739 ▲ 0.6682 CANADA DOLLAR/US\$ 1.3341 ▲ 1.3343 SWISS FRANC/US\$ 0.9038 ▼ 0.9095	FUTURES PRICE ON NEAREST MONTH OF DELIVERY \$75.20/BBL \$0.94 30 DAYS TO JUNE 9, 2023

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PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • JUNE 9, 2023 (PSEI snapshot on S1/2; article on S2/2)

ALI P24.850	AC P679.500	GLO P1,785.000	SMPH P32.800	BPI P104.300	TEL P1,280.000	BDO P140.000	ICT P198.000	MBT P56.050	SM P910.000
Value P644,672,605	Value P376,923,325	Value P365,646,335	Value P361,492,650	Value P344,412,273	Value P263,147,545	Value P245,333,999	Value P147,134,636	Value P129,539,111	Value P128,428,770
-P0.950 ▼ -3.682%	P2.500 ▲ 0.369%	P65.000 ▲ 3.779%	-P0.850 ▼ -2.526%	P1.300 ▲ 1.262%	P21.000 ▲ 1.668%	P2.200 ▲ 1.597%	-P3.800 ▼ -1.883%	-P0.150 ▼ -0.267%	-P14.000 ▼ -1.515%

Reserve ratio cut may have little effect

Maharlika fund could eat into budget, analysts say

By Luisa Maria Jacinta C. Jocon Reporter

A PROPOSED Philippine sovereign wealth fund could affect essential public services as it eats up public funds, analysts said at the weekend.

"It's incorrect to say that the Maharlika Investment Fund (MIF) will have no impact on the budget because funds that would otherwise have gone to the National Government (NG) will be diverted to the fund," Calixto V. Chikiamco, Foundation for Economic Freedom (FEF) president, said in a Viber message.

These include dividends of the Bangko Sentral ng Pilipinas (BSP) and income from Philippine Amusement and Gaming Corp. (PAGCOR).

"Worse, the funding of the MIF overrides the principle that Congress will allocate and have oversight over the spending of public funds," he added.

Finance Secretary Benjamin E. Diokno on Friday said the fund would have "no negative impact" on the budget.

"The only contribution of the NG is the initial P50 billion that comes from the BSP," he said. "These are dividends declared by BSP to the NG for the next two years. Once it reaches P50 billion, the BSP will have no contributions."

The Finance chief said contributions of Land Bank of the Philippines (LANDBANK) and Development Bank of the Philippines (DBP) are "small, relative to their investible funds."

"Why is it smart for them to invest in the fund?" he asked. "They're investing in low returns. The 10-year return on investment of LANDBANK is 4.23%. For DBP, it's less than 4%. There's a possibility to earn as much as 8.64%."

The additional P50 billion and P25 billion are only 3% of total investible funds, he added.

On May 31, Congress approved the bill creating the country's first

sovereign wealth fund. The bill is awaiting President Ferdinand R. Marcos, Jr.'s signature.

Under the measure, Maharlika Investment Corp., which will control the fund, will be financed by contributions from LANDBANK (P50 billion) and DBP (P25 billion), as well as the National Government (P50 billion).

The BSP will contribute 100% of its dividends in its first two years. Funds may also be taken from PAGCOR and privatization proceeds.

In a discussion paper released last week, faculty members from the University of the Philippines School of Economics said the fund "threatens to encroach upon the budget process."

"If the government wishes to set up the MIF primarily to invest in projects that yield economic or social externalities, such goals may be better achieved through the normal budget process, not a specialized investment fund," according to the paper.

"There is a very good reason for doing so, since it may prove difficult to hold accountable the specialized investment fund on the basis of economic returns, which are more amorphous and difficult to measure than financial returns," it added.

It cited a study that said sovereign wealth funds should "create a clear separation between the government as promoter of investments and as owner of the fund."

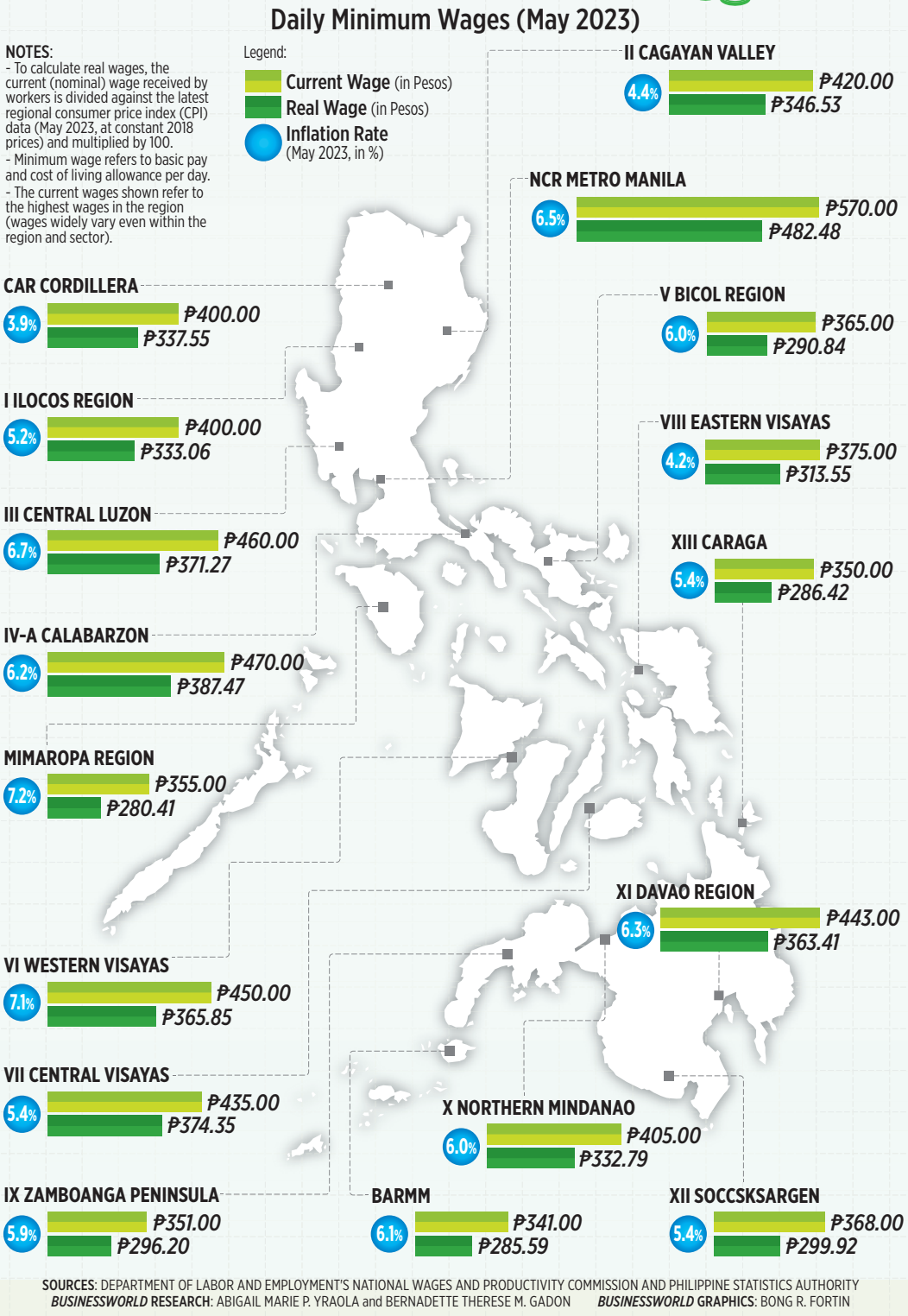
Domestic investments by the fund should also not be used to finance public expenditure bypassing budgetary controls.

"The Maharlika Investment Fund bill fails to define the relative share or importance of financial and economic investments," the college said. "In the event it focuses more on domestic investments — and gets to finance sufficiently many development projects like toll roads or dams — will the MIF also risk bypassing the normal budget process, thereby diminishing Congress' power of the purse?"

Maharlika, S1/3

HOW MINIMUM WAGES COMPARED ACROSS REGIONS IN MAY (AFTER ACCOUNTING FOR INFLATION)

Inflation-adjusted wages in May were 13.9% to 21% lower than the daily minimum wages across Philippine regions. In peso terms, real wages were P54.80 to P88.73 lower.



By Keisha B. Ta-asan Reporter

THE CUT in Philippine banks' reserve requirement ratio (RRR) would have minimal effect on liquidity because these would only replace an expiring relief measure given to lenders amid a coronavirus pandemic, analysts said at the weekend.

"The reserve requirement cut is expected to be liquidity-neutral because it offsets pandemic-era relief measures," Nicholas Antonio T. Mapa, senior economist at ING Bank N.V. Manila, said in a Viber message.

"Any excess created can also be absorbed via the new Bangko Sentral ng Pilipinas (BSP) bill tenor. Thus, we are not expecting any adverse reaction to the move," he added.

Last week, central bank Governor Felipe M. Medalla said the Monetary Board had cut the reserve ratio for big banks and nonbank financial institutions with quasi-banking functions by 250 basis points (bps) to 9.5% effective June 30.

The ratio for digital banks was also cut by 200 bps to 6%, and by 100 bps to 2% for thrift banks. The reserve ratio for rural and cooperative banks was likewise lowered by 100 bps to 1%.

The cuts will coincide with the expiration of a pandemic relief measure that counts loans to micro, small and medium enterprises (MSME) as an alternative compliance with reserve requirements.

"Although the RRR in the Philippines will still be the highest in the Association of Southeast Asian Nations (ASEAN), it is still a big benefit to banks as the level came from the heights of 20% in 2018," Aris Dacanay, an economist for ASEAN at HSBC, said in a note.

He added that the expiration of alternative compliance for big banks is estimated to mop up P272.4 billion (\$4.9 billion) worth of liquidity, while the 250-bp cut in the RRR will likely release P360.1 billion of liquidity.

Reserve, S1/9

Philippine regulators told to empower users, workers to tackle AI threats

By Kyle Aristophere T. Atienza Reporter

MELVIN PANESA, 21, worries about losing his call center job near the Philippine capital to artificial intelligence or AI.

His company has been helping its workers keep up with AI — a software system based on neural networks that "thinks" a lot like a human — by teaching them how to harness the tool.

"They monitor staff improvement and teach them how to use AI tools in a productive and efficient manner," Mr. Panesa said in a Facebook Messenger chat.

Lawmakers all over the world are starting to consider laws needed to regulate AI, which made headlines earlier this year

when ChatGPT, an AI program that can answer questions in written form, became generally available.

AI has allowed effective voice and image recognition, as well as the ability to generate synthetic imagery and speech. Researchers working hard to make it possible for AI to browse the web, book tickets, tweak recipes and more.

AI was pioneered decades ago, but it blossomed only recently thanks to powerful new computers.

The government and stakeholders including the academe and civil society should start formal talks to determine how the country could embrace AI and ensure that its use is ethical, the Analytics & Artificial Intelligence

Association of the Philippines (AAP) said in an e-mail.

"With AI having consumers as early adopters, the discussions on regulation to protect people and determine where and when they can be used should involve various sectors including civic society," it said. "It should not be limited to the private sector representing the commercial use of AI."

The government should regulate entities that create AI applications and systems "to ensure responsible and ethical AI products," AAP said. "These discussions should involve startups and practitioners, aside from technology companies."

Advocacy groups and tech insiders have warned that AI-powered chatbots could be used

in disinformation campaigns and to displace jobs. Geoffrey Hinton, the AI godfather himself, has sounded the same alarms.

After announcing his resignation from Google, Inc. in May, Mr. Hinton told the BBC AI chatbots — a product of his pioneering research on neural networks and deep machine learning — were "quite scary" because they could become more intelligent than humans.

Neural networks are systems similar to the human brain in processing and learning information, enabling AI to learn from experience.

"Right now, what we're seeing are things like GPT-4 eclipses a person in the amount of general knowledge it has, and it eclipses them by a long way," Mr. Hinton told the BBC. "In terms of reason-

ing, it's not as good, but it does already do simple reasoning. And given the rate of progress, we expect things to get better quite fast. So we need to worry about that."

AAP said Philippine lawmakers should take the cue from governments around the world that have taken steps to regulate AI.

The proposed European AI Act, for one, wants to ensure that AI systems are overseen by people, safe, transparent, traceable, nondiscriminatory and environment-friendly, according to the European Parliament website.

"AI systems with an unacceptable level of risk to people's safety would be strictly prohibited, including systems that deploy subliminal or purposefully manipulative techniques, exploit people's vulnerabilities or are used for social scoring (classifying people

based on their social behavior, socioeconomic status, personal characteristics)," the European Parliament said.

A local congressman has filed a bill that seeks to create an Artificial Intelligence Development Authority, a superbody that will lead the development and implementation of a national AI strategy.

"The Philippine government should consult stakeholders in an organized and strategic manner to achieve concrete results in the shortest possible time, given the pace of how this technology evolves," AAP said.

For one, the government should do something about the weak digital infrastructure, which prevents the country from fully harnessing the potentials of AI, it added.

AI threats, S1/3



THE ECONOMY
DoF says credibility of PPP program hurt by toll inaction S1/4

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BANKING & FINANCE
Peso seen to trade sideways vs dollar before Fed, BSP reviews S2/1



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