P25
IN METRO MANILA, PHILIPPINES

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STOCK MARKET

PSEi

OPEN:	6,450.30
HIGH:	6,508.37
LOW:	6,413.57
CLOSE:	6,508.34
VOL.:	0.994 B
VAL(P):	53.507 B

▲ 46.92 PTS. 0.72%
30 DAYS TO JUNE 16, 2023

ASIAN MARKETS

JUNE 16, 2023

	CLOSE		NET	%
Japan (Nikkei 225)	33,706.08	▲	220.59	0.66
Hong Kong (Hang Seng)	20,040.37	▲	211.45	1.07
Taiwan (Weighted)	17,288.91	▼	-46.07	-0.27
Thailand (SET Index)	1,559.39	▲	1.68	0.11
S.Korea (Kse Composite)	2,625.79	▲	17.25	0.66
Singapore (Straits Times)	3,260.03	▲	17.18	0.53
Sydney (All Ordinaries)	7,251.20	▲	75.90	1.06
Malaysia (Klse Composite)	1,388.61	▲	6.88	0.50

WORLD MARKETS

JUNE 16, 2023

	CLOSE		NET
Dow Jones	34,299.120	▼	-108.940
NASDAQ	13,689.571	▼	-93.250
S&P 500	4,409.590	▼	-16.250
FTSE 100	7,642.720	▲	14.460
Euro Stoxx50	4,033.400	▲	25.320

PESO-DOLLAR RATES

FX

OPEN	P55.820
HIGH	P55.730
LOW	P55.888
CLOSE	P55.860
W.AVE.	P55.807
VOL.	$969.15 M

▲ 8.50 CTVS
30 DAYS TO JUNE 16, 2023
SOURCE : BAP

ASIAN MONIES-US$ RATE

JUNE 16, 2023

	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	141.820	▼	141.040
Hong Kong (HK dollar)	7.820	▲	7.826
Taiwan (NT dollar)	30.674	▲	30.741
Thailand (baht)	34.670	▲	34.810
S. Korea (won)	1,276.150	▲	1,279.260
Singapore (dollar)	1.337	▲	1.342
Indonesia (rupiah)	14,930	▲	14,940
Malaysia (ringgit)	4.611	▲	4.624

WORLD CURRENCIES

JUNE 16, 2023

	CLOSE		PREVIOUS
US$/UK pound	1.2817	▲	1.2654
US$/Euro	1.0933	▲	1.0840
$/Aust dollar	0.6877	▲	0.6816
Canada dollar/US$	1.3196	▼	1.3328
Swiss Franc/US$	0.8937	▼	0.9016

DUBAI CRUDE OIL

FUTURES PRICE ON NEAREST MONTH OF DELIVERY
$75.45/BBL
▲ $2.08
30 DAYS TO JUNE 16, 2023

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PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • JUNE 16, 2023 (PSEi snapshot on *S1/2*; article on *S2/2*)

		Value			
AC	P615.000	P1,128,965,150	-P20.000	▼	-3.150%
BPI	P107.000	P1,089,938,599	P2.000	▲	1.905%
BDO	P140.000	P613,404,955	-P1.900	▼	-1.339%
SMPH	P34.000	P589,748,685	P0.850	▲	2.564%
ALI	P24.450	P545,001,185	P0.200	▲	0.825%
SM	P924.000	P478,135,925	P2.000	▲	0.217%
MPI	P4.380	P344,180,640	-P0.030	▼	-0.680%
ICT	P202.000	P333,438,260	P7.500	▲	3.856%
URC	P140.000	P323,901,455	-P0.500	▼	-0.356%
MBT	P53.700	P295,199,551	-P0.300	▼	-0.556%

BSP likely to keep rates unchanged

By Keisha B. Ta-asan
Reporter

THE BANGKO SENTRAL ng Pilipinas (BSP) is expected to keep benchmark interest rates steady for a second straight meeting on Thursday after inflation eased further last month and the US Federal Reserve likewise paused its tightening cycle last week.

Fifteen economists in a *BusinessWorld* poll held last week all expect the Monetary Board to maintain the overnight repurchase rate at a near 16-year high of 6.25% during its June 22 meeting.

If realized, this would be the second straight meeting the BSP will leave interest rates untouched. The central bank had raised borrowing costs by 425 basis points (bps) from May 2022 to March 2023 to help bring elevated inflation down.

"The decline in the latest headline and core inflation readings in May will give the BSP confidence to hold its policy rate steady at the June meeting," Moody's Analytics economist Sarah Tan said in an e-mail.

"Notably, headline inflation is firmly trekking down with each step covering quite a distance. Adding to the good news, core inflation clocked its first back-to-back decline since February 2022. This reflects that underlying inflation expectations are starting to cool albeit in small step," Ms. Tan said.

Philippine headline inflation slowed to 6.1% in May from 6.6% in April, preliminary data from the Philippine Statistics Authority (PSA) showed. Still, this marked the 14th straight month that inflation breached the central bank's 2-4% target range.

For the first five months, inflation averaged 7.5%, still well above the BSP's 5.5% forecast for the year.

Meanwhile, core inflation, which excludes volatile food and fuel prices, slowed to 7.7% last month from 7.9% in April. It averaged 7.8% in the five-month period.

"We believe the BSP will maintain the key policy rate at 6.25% at the next meeting given declining inflation and stabilizing interest rate differential with the US, which removes depreciation pressures on the currency," Makoto Tsuchiya, assistant economist at Oxford Economics, said in an e-mail.

BSP, S1/3

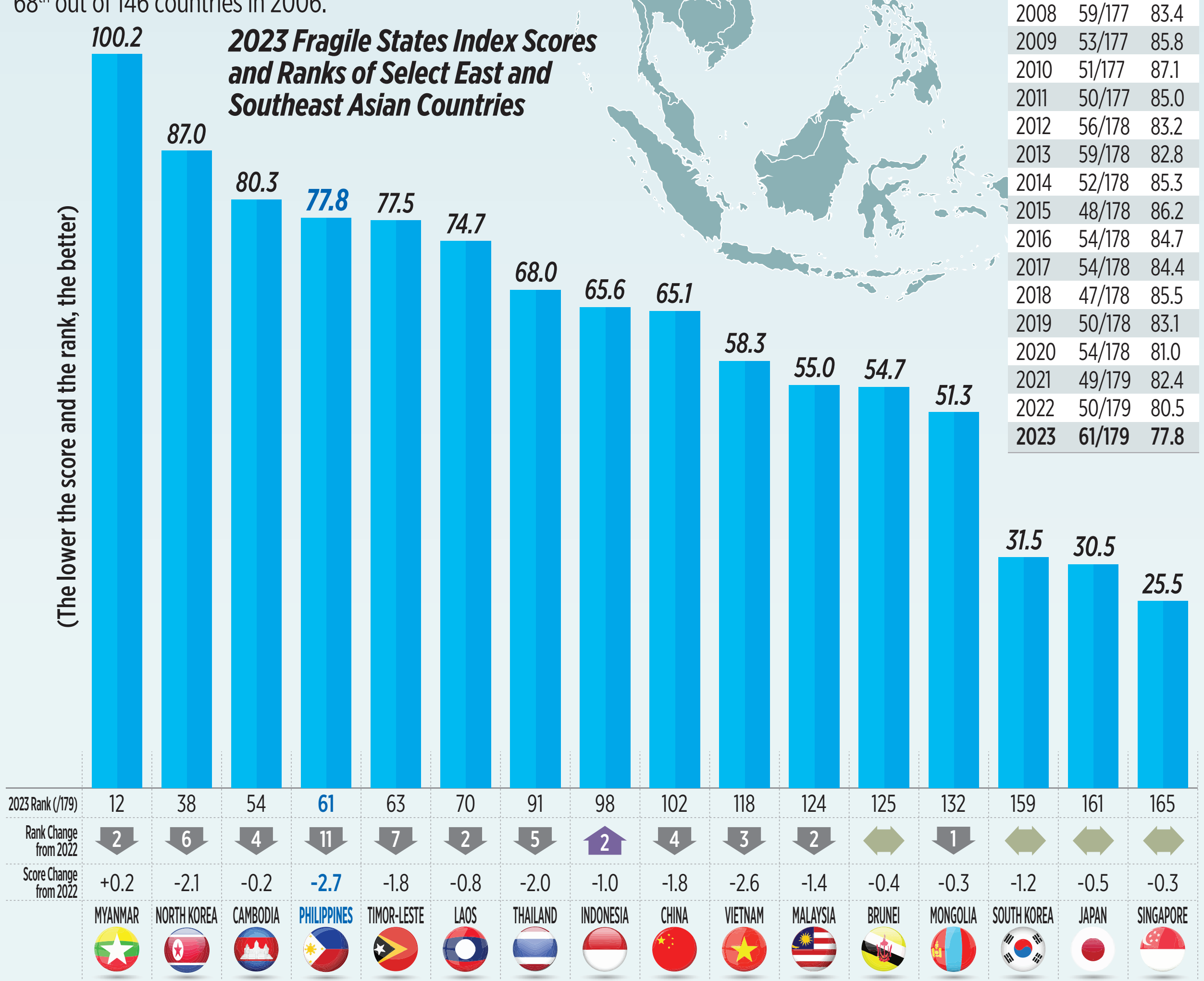
PHILIPPINES IMPROVES IN 2023 FRAGILE STATES INDEX

The Philippines improved 11 places to rank 61st out of 179 countries with a score of 77.8 (out of 120) in the 2023 edition of the Fragile States Index (FSI) by American nonprofit institution Fund for Peace. A higher rank and index score indicate greater instability. It was the best ranking of the Philippines in 17 years or since it placed 68th out of 146 countries in 2006.

Philippines' Historical Performance

Year	Rank	Total Score
2006	68/146	79.2
2007	56/177	83.2
2008	59/177	83.4
2009	53/177	85.8
2010	51/177	87.1
2011	50/177	85.0
2012	56/178	83.2
2013	59/178	82.8
2014	52/178	85.3
2015	48/178	86.2
2016	54/178	84.7
2017	54/178	84.4
2018	47/178	85.5
2019	50/178	83.1
2020	54/178	81.0
2021	49/179	82.4
2022	50/179	80.5
2023	61/179	77.8

2023 Fragile States Index Scores and Ranks of Select East and Southeast Asian Countries



	Myanmar	North Korea	Cambodia	Philippines	Timor-Leste	Laos	Thailand	Indonesia	China	Vietnam	Malaysia	Brunei	Mongolia	South Korea	Japan	Singapore
Score	100.2	87.0	80.3	77.8	77.5	74.7	68.0	65.6	65.1	58.3	55.0	54.7	51.3	31.5	30.5	25.5
2023 Rank (/179)	12	38	54	61	63	70	91	98	102	118	124	125	132	159	161	165
Rank Change from 2022	▼2	▼6	▼4	▼11	▼7	▼2	▼5	▲2	▼4	▼3	▼2	◆	▼1	◆	◆	◆
Score Change from 2022	+0.2	-2.1	-0.2	-2.7	-1.8	-0.8	-2.0	-1.0	-1.8	-2.6	-1.4	-0.4	-0.3	-1.2	-0.5	-0.3

Philippines: Indicator Scores, 2023 (max is 10)

Indicators	Subindicators	Total Score
COHESION INDICATORS	Security Apparatus	9.1
	Factionalized Elites	8.0
	Group Grievance	6.8
ECONOMIC INDICATORS	Economy	4.4
	Economic Inequality	4.7
	Human Flight and Brain Drain	4.9
POLITICAL INDICATORS	State Legitimacy	6.8
	Public Services	6.5
	Human Rights	7.5
SOCIAL AND CROSS-CUTTING INDICATORS	Demographic Pressures	7.9
	Refugees and Internally Displaced Persons	5.8
	External Intervention	5.4

Most Fragile States

2023 Rank (/179)	Country	Rank Change from 2022	2023 Score (/120)
1	Somalia	▲1	111.9
2	Yemen	▼1	108.9
3	South Sudan	◆0	108.5
4	Dem. Rep. of the Congo	▲2	107.2
5	Syria	▼2	107.1
6	Afghanistan	▲2	106.6
7	Sudan	◆0	106.2
8	Central African Republic	▼3	105.7
9	Chad	◆0	104.6
10	Haiti	▲1	102.9

Least Fragile States

2023 Rank (/179)	Country	Rank Change from 2022	2023 Score (/120)
179	Norway	▼1	14.5
178	Iceland	▼1	15.7
177	Finland	▲2	16.0
176	New Zealand	◆0	16.7
175	Switzerland	▼1	17.8
174	Denmark	▲1	17.9
173	Canada	▼1	18.9
172	Ireland	▼1	19.5
171	Luxembourg	▲2	19.5
170	Sweden	◆0	20.6

NOTES:
- The index measures a state's vulnerability to conflict or collapse that may manifest in various ways such as loss of physical control of territory, erosion of "legitimate authority" to make collective decisions; and the inability to "provide reasonable public services"; and to interact with other states as a member of the international community.
- The 2023 FSI comprises data collected from Jan. 1 to Dec. 31, 2022, thus, certain events that have occurred since Jan. 1, 2023 were not covered.

SOURCE: FUND FOR PEACE'S FRAGILE STATES INDEX ANNUAL REPORT 2023
BUSINESSWORLD RESEARCH: ABIGAIL MARIE P. YRAOLA and BERNADETTE THERESE M. GADON
BUSINESSWORLD GRAPHICS: BONG R. FORTIN

Government must prioritize telco, energy investments

THE GOVERNMENT should prioritize investments in telecommunications and energy to boost economic growth, the International Monetary Fund (IMF) said.

"The priority really is to invest more in telecom. If you want to promote the digitalization of the economy, you need to invest more in the telecom sector, in strengthening connectivity in the country, and broadband coverage," IMF Representative to the Philippines Ragnar Gudmundsson told reporters on the sidelines of the International Tax Conference 2023 last week.

Mr. Gudmundsson said recent legislation, such as the amended Public Service Act, is a step in the right direction.

"Now, it's about the implementation of legislation. Investing in telecommunications infrastructure is going to be key," he added.

The amended PSA, which allows full foreign ownership in more public services such as telecommunications, airlines, and railways, took effect in April this year.

In March, the government approved 194 infrastructure flagship projects with a total investment of P8.2 trillion. These include 119 projects in physical connectivity and five projects in digital connectivity.

"Another priority is to invest in the energy transition... The Philippines is very well placed, being one of the countries most vulnerable to climate change, to precisely attract the interest of foreign investors in this area. For that, good projects need to be prepared," Mr. Gudmundsson said.

Investments, S1/9

GOCC subsidies up 75% in April

SUBSIDIES PROVIDED to government-owned and -controlled corporations (GOCCs) surged in April, data from the Bureau of the Treasury (BTr) showed.

Budgetary support to GOCCs jumped by 75% to P8.958 billion in April from P5.117 billion in the same month a year ago.

Month on month, subsidies declined by 17% from P10.795 billion in March.

The government provides subsidies to GOCCs to help cover their operational expenses.

The National Irrigation Administration (NIA) was the top recipient of subsidies in April, with P3.878 billion or almost half (43.29%) of the total for the month.

This was followed by the National Food Authority (NFA), which received P2.017 billion during the month.

The National Housing Authority (NHA) was granted P836 million in April after not receiving any subsidies the previous month.

Other top recipients in April were the Sugar Regulatory Administration (P429 million), the Philippine Rice Research Institute (P321 million), the Philippine Children's Medical Center (P266 million), the Philippine Heart Center (P178 million), Philippine Crop Insurance Corp. (P134 million), Philippine National Railways (P132 million), the National Kidney and Transplant Institute (P125 million), and the Lung Center of the Philippines (P121 million).

GOCCs that were given at least P50 million were the National Dairy Authority (P98 million), the Cultural Center of the Philippines (P80 million), and the Development Academy of the Philippines (P61 million).

Philippine Postal Corp., Power Sector Assets and Liabilities Management Corp (PSALM)., Small Business Corp., and the Subic Bay Metropolitan Authority did not receive any subsidies in April.

In the first four months, subsidies amounted to P30.266 billion, down by 3.6% from the P31.391 billion in the same period a year ago.

In the January-to-April period, the NIA received P14.062 billion to lead all GOCCs. This was followed by PSALM with P5 billion and the NFA with P3.252 billion.

Last year, GOCC subsidies rose by 8.5% to P200.41 billion from P184.767 billion in 2021. — **Luisa Maria Jacinta C. Jocson**

External debt hits record $118.8 billion at end-March

OUTSTANDING EXTERNAL DEBT hit a record $118.812 billion at the end of the first quarter, the Bangko Sentral ng Pilipinas (BSP) said.

Preliminary data from the BSP showed that external debt was up by 8.3% from the $109.753 billion seen as of March 2022. It was also higher by 6.8% from the $111.268 billion in end-2022.

External debt includes all types of borrowings by residents from nonresidents.

"The rise in the debt level during the first quarter of 2023 was driven primarily by the aforesaid statistical adjustment involving the inclusion of the nonresident holdings of peso-denominated debt securities issued onshore in the debt stock," the BSP said.

The growth of the country's debt stock was also driven by net availments of the National Government (NG) worth $2.7 billion from the issuance of multi-tranche global bonds, prior periods' adjustments of $767 million, and the appreciation of other currencies against the US dollar.

"The increase in foreign debt may have been attributed to the new global bond issuance and other commercial sources earlier in 2023, as well as foreign borrowings for official development assistance (ODA) and other multilateral sources," Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said in a Viber message.

In January, the government raised $3 billion from its first dollar bond issuance for the year.

"Year on year, the country's debt stock rose by $9.1 billion. The increase was driven by net availments of $7.6 billion, of which $7.4 billion pertain to NG borrowings; inclusion of nonresidents holdings of peso-denominated debt securities worth $3.8 billion and prior periods' adjustments of $646 million," the BSP said.

"Meanwhile, the transfer of Philippine debt papers from nonresidents to residents of $1.7 billion and negative foreign exchange revaluation of $1.3 billion partially tempered the increase in the debt stock for said period," it added.

External debt was equivalent to 29% of gross domestic product (GDP) at end-March, higher than the debt-to-GDP ratio of 27.5% in the same period a year ago, as well as the 27.5% logged at end-2022.

The BSP said this was due to a "change in the scope of the external debt stock to include nonresident holdings of peso-denominated debt securities issued onshore worth $3.8 billion."

"The country's external debt-to-GDP ratio is still relatively lower compared to most Asian countries, given the larger share of domestic borrowings in the government's borrowings for many years already, as part of the prudent stance to manage foreign exchange risks involved in foreign borrowings," Mr. Ricafort added.

Debt, S1/9