P25 IN METRO MANILA, PHILIPPINES

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STOCK MARKET

PSEi — 30 DAYS TO JUNE 20, 2023 — ▼ 1.44 PTS. 0.02%

OPEN:	6,434.03
HIGH:	6,448.90
LOW:	6,410.33
CLOSE:	6,448.90
VOL.:	0.716 B
VAL(P):	4.751 B

ASIAN MARKETS — JUNE 20, 2023

	CLOSE		NET	%
Japan (Nikkei 225)	33,388.91	▲	18.49	0.06
Hong Kong (Hang Seng)	19,607.08	▼	-305.81	-1.54
Taiwan (Weighted)	17,184.91	▼	-89.65	-0.52
Thailand (SET Index)	1,537.59	▼	-19.33	-1.24
S.Korea (Kse Composite)	2,604.91	▼	-4.59	-0.18
Singapore (Straits Times)	3,220.23	▼	-20.94	-0.65
Sydney (All Ordinaries)	7,357.80	▲	62.90	0.86
Malaysia (Klse Composite)	1,388.33	▲	1.00	0.07

WORLD MARKETS — JUNE 19, 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	7,588.480	▼	-54.240
Euro Stoxx50	4,001.640	▼	-31.760

* CLOSING PRICES AS OF JUNE 16, 2023

PESO-DOLLAR RATES

FX — 30 DAYS TO JUNE 20, 2023 — ▲ 22.00 CTVS

OPEN	P55.750
HIGH	P55.520
LOW	P55.840
CLOSE	P55.520
W.AVE.	P55.730
VOL.	$1,214.25 M

SOURCE : BAP

ASIAN MONIES-US$ RATE — JUNE 20, 2023

	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	141.560	▲	141.950
Hong Kong (HK dollar)	7.823	▼	7.816
Taiwan (NT dollar)	30.901	▼	30.788
Thailand (baht)	34.720	▲	34.780
S. Korea (won)	1,286.510	▼	1,281.110
Singapore (dollar)	1.342	▼	1.340
Indonesia (rupiah)	14,995	▼	14,990
Malaysia (ringgit)	4.638	▼	4.625

WORLD CURRENCIES — JUNE 20, 2023

	CLOSE		PREVIOUS
US$/UK pound	1.2778	▼	1.2810
US$/Euro	1.0927	▲	1.0919
$/Aust dollar	0.6789	▼	0.6857
Canada dollar/US$	1.3219	▲	1.3200
Swiss Franc/US$	0.8971	▲	0.8953

DUBAI CRUDE OIL

FUTURES PRICE ON NEAREST MONTH OF DELIVERY — $76.25/BBL — ▲ $0.80 — 30 DAYS TO JUNE 19, 2023

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PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • JUNE 20, 2023 (PSEi snapshot on *S1/4*; article on *S2/2*)

		Value			
ALI	P23.150	P877,790,760	-P1.250	▼	-5.123%
TEL	P1,340.000	P357,524,280	P54.000	▲	4.199%
SM	P915.000	P279,215,735	P7.000	▲	0.771%
BPI	P105.000	P191,423,707	-P1.300	▼	-1.223%
BDO	P139.500	P185,930,847	-P0.500	▼	-0.357%
SMPH	P33.550	P174,285,385	P0.050	▲	0.149%
AC	P620.000	P173,187,915	P5.000	▲	0.813%
MBT	P54.300	P140,859,840	P1.200	▲	2.260%
GREEN	P1.380	P121,908,440	P0.030	▲	2.222%
GLO	P1,720.000	P113,440,435	P2.000	▲	0.116%

Balance of payment deficit narrows

THE COUNTRY'S balance of payment (BoP) position stood at a deficit of $439 million in May, narrower than the $1.61-billion gap a year earlier, the Bangko Sentral ng Pilipinas (BSP) said.

Still, the BoP position last month was wider than the $148-million shortfall in April, data released by the central bank late Monday showed.

The figure was also the widest deficit since the $895-million gap in February.

"The BoP deficit in May 2023 reflected outflows arising mainly from 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 BSP said in a statement.

The BoP measures the country's transactions with the rest of the world. A deficit means more funds fled the economy than what came in, while a surplus shows the opposite.

For January to May, the BoP posted a $2.87-billion surplus, a reversal from the $1.53-billion deficit a year ago.

"Based on preliminary data, this cumulative BoP surplus was partly attributed to net inflows from personal remittances, net foreign borrowings by the NG, trade in services, and foreign direct investments," the BSP said.

The BoP reflects final gross international reserves (GIR) of $100.6 billion, down by 1.2% from $101.8 billion as of end-April.

The dollar buffer is enough to fund 7.4 months' worth of imports of goods and payments of services and primary income.

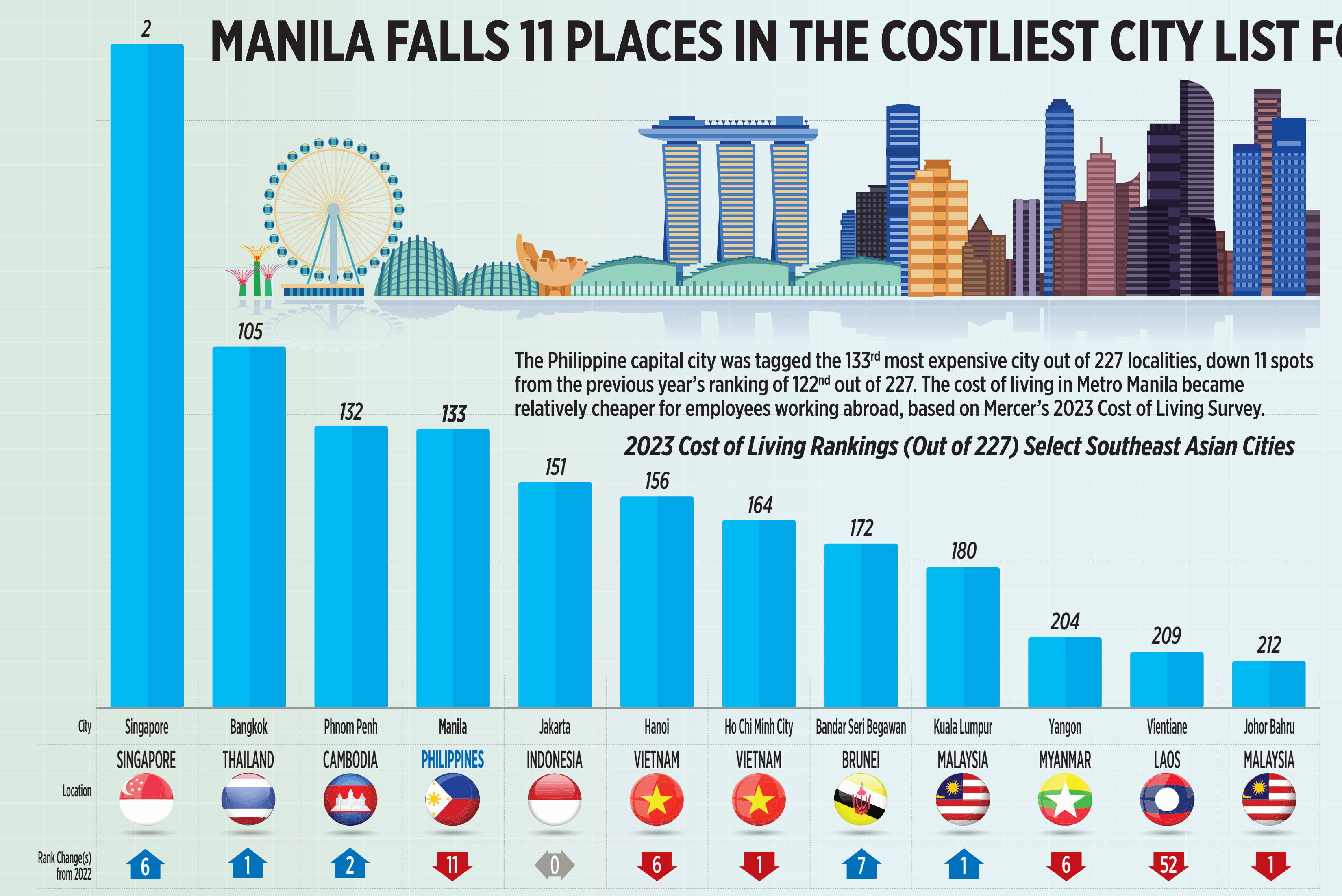
The GIR can also cover up to 5.8 times the short-term external debt based on original maturity and 4.1 times based on residual maturity.

Balance of payment, S1/9

MANILA FALLS 11 PLACES IN THE COSTLIEST CITY LIST FOR EXPATS

The Philippine capital city was tagged the 133rd most expensive city out of 227 localities, down 11 spots from the previous year's ranking of 122nd out of 227. The cost of living in Metro Manila became relatively cheaper for employees working abroad, based on Mercer's 2023 Cost of Living Survey.

2023 Cost of Living Rankings (Out of 227) Select Southeast Asian Cities



Most Expensive Cities

2023 Rank (Out of 227)	City	Location	Rank Change(s) from 2022
1	*Hong Kong*	Hong Kong (SAR)	0
2	*Singapore*	Singapore	▲6
3	*Zurich*	Switzerland	▼1
4	*Geneva*	Switzerland	▼1
5	*Basel*	Switzerland	▼1
6	*New York City, NY*	United States	▲1
7	*Bern*	Switzerland	▼2
8	*Tel Aviv*	Israel	▼2
9	*Copenhagen*	Denmark	▲2
10	*Nassau*	Bahamas	▲6

Least Costly Cities

2023 Rank (Out of 227)	City	Location	Rank Change(s) from 2022
227	*Islamabad*	Pakistan	▼3
226	*Karachi*	Pakistan	▼3
225	*Havana*	Cuba	▼83
224	*Bishkek*	Kyrgyzstan	▲2
223	*Dushanbe*	Tajikistan	▲2
222	*Windhoek*	Namibia	▼9
221	*Ankara*	Turkey	▲6
220	*Durban*	South Africa	▼4
219	*Tunis*	Tunisia	▲1
218	*Tashkent*	Uzbekistan	▲3

NOTE: The study looks at the comparative cost of more than 200 items in each location including housing, transportation, food, clothing, household goods, and entertainment. Cost of living and rental accommodation cost comparisons were derived from a survey conducted in March this year.

SOURCE: MERCER'S 2023 COST OF LIVING CITY RANKING
***BUSINESSWORLD* RESEARCH**: LOURDES O. PILAR and ABIGAIL MARIE P. YRAOLA
***BUSINESSWORLD* GRAPHICS**: BONG R. FORTIN

Rate cut bets build in bond markets

A GROWING CHORUS of investors is buying bonds from certain developed nations where they believe interest rates will be cut sooner and faster than many economists expect.

Australia and Sweden are among money managers' favorite markets for such trades, along with South Korea, Norway, New Zealand and Canada. What they all have in common is an economy battered by highly leveraged households, and a market that has not priced in rate relief so soon.

It's the opposite of what's going on in the US, where traders have been fading bets on rate cuts this year after stronger-than-expected activity data. While the US Federal Reserve is seen reducing rates early next year, the Reserve Bank of Australia and the Riksbank are only seen easing later in 2024.

"The US economy is structurally healthier and able to withstand higher rates for longer than those economies with household leverage imbalances," said Iain Cunningham, a portfolio manager at Ninety-One Asset Management.

Mr. Cunningham has been buying government bonds from Australia, New Zealand, South Korea, and, to a lesser extent, Sweden, since mid-2022, based on the view that the market is wrong in pricing in rate cuts that will take so long to come into place.

Investors holding those bets argue that these economies are way more exposed to higher interest rates than the US due to their more elevated household debt levels, and the full effect of their tightening cycles has yet to kick in.

Bonds, S1/8

BSP, SM Store launch first of 18 coin deposit machines

IN A BID to improve coin circulation in the Philippines, the Bangko Sentral ng Pilipinas (BSP) and SM Store deployed a coin deposit machine at the SM Store in SM Mall of Asia on Tuesday, June 20. The machine is the first of 18 coin deposit machines that will be available at SM Stores and SM Supermarkets. Present at the event are (from left) BSP Deputy Governor Bernadette Romulo-Puyat, BSP Governor Felipe M. Medalla, and SM Investments Corp. Vice Chairperson Tessie Sy-Coson.

ANZ Research says peso to appreciate gradually vs dollar in second half

THE PESO will slowly appreciate against the dollar in the second half as the current account balance improves, ANZ Research said.

"We expect the currency to appreciate gradually over the second half of the year as the current account deficit starts to improve," the research firm said in a note on Tuesday.

The local currency is seen to hit P55 a dollar by September, before appreciating to the P54 by December.

"This is due to lower oil prices reducing the import bill, while growth in National Government capital outlay expenditure, a major driver of import demand, is also expected to moderate," it added.

Based on data from the Bankers Association of the Philippines, the peso closed at P55.52 versus the greenback on Tuesday, climbing by 22 centavos from Monday's P55.74 finish.

This is the peso's strongest close in more than a month. Year to date, the peso has appreciated by 0.4% or 23.5 centavos from its P55.755 a dollar close on Dec. 29.

The country's current account balance "appears to have improved" but "it is still not comforting," according to ANZ Research.

The Bangko Sentral ng Pilipinas (BSP) recently lowered its balance of payment forecasts for this year and 2024.

The current account deficit is now projected to reach $15.1 billion, or -3.4% of the gross domestic product (GDP), down from the $17.1 billion (-4% of GDP) forecast previously.

The central bank also expects a narrower current account deficit of $15.4 billion (-3.2% of GDP) in 2024.

Based on central bank data, the country's current account deficit was $4.3 billion or -4.3% of GDP in the first quarter, up from $4 billion a year ago, amid a wider trade-in-goods deficit.

"The major boost to the current account recovery will be from service exports on the back of higher tourism and business process outsourcing revenues," ANZ Research said.

Latest data from the local statistics agency showed the country's trade balance reached a deficit of $4.53 billion in April, lower than the $5.1-billion deficit a month earlier and the $5.32-billion gap last year.

Philippine exports declined by 20.2% to $4.9 billion in April, while merchandise imports fell by 17.7% to $9.43 billion.

Peso, S1/8

Select tax rate cuts under CREATE to conclude in July

THE BUREAU of Internal Revenue (BIR) prompted taxpayers about reverted rates for percentage tax, minimum corporate income tax and regular corporate income tax for select institutions under the Corporate Recovery and Tax Incentives for Enterprises (CREATE) law.

The agency on Tuesday released Revenue Memorandum Circular No. 69-2023, which announced the reversion of the tax rates effective July 1.

The government temporarily reduced corporate income tax rates through the CREATE law to support businesses recovering from a coronavirus pandemic.

Under the law, the percentage tax rate was lowered to 1% from 3% from July 1, 2020 to June 30, 2023.

"The rate of percentage tax shall now revert to 3% of gross quarterly sales or receipts of the taxpayer," the BIR said.

"This rate applies to corporations, self-employed individuals and professionals whose gross sales or gross receipts are not exceeding the P3-million threshold, except for cooperatives and self-employed individuals availing themselves of the 8% income tax rate," it added.

The minimum corporate income tax will also revert to 2% from 1% under the CREATE law.

"The minimum corporate income tax rate for domestic and resident foreign corporations, including offshore banking units and regional operating headquarters, will revert to 2% based on the gross income of such corporations," the BIR added.

Tax, S1/8