

STOCK MARKET	ASIAN MARKETS	WORLD MARKETS	PESO-DOLLAR RATES	ASIAN MONIES-US\$ RATE	WORLD CURRENCIES	DUBAI CRUDE OIL																																																																																																			
PSEI OPEN: 6,404.38 HIGH: 6,421.78 LOW: 6,392.63 CLOSE: 6,393.55 VOL: 0.537 B VAL(P): 3.317 B 11.36 Pts, 0.17% 30 DAYS TO JUNE 23, 2023	JUNE 23, 2023 <table border="1"> <tr><th></th><th>CLOSE</th><th>NET</th><th>%</th></tr> <tr><td>JAPAN (NIKKEI 225)</td><td>32,781.54</td><td>▼483.34</td><td>-1.45</td></tr> <tr><td>HONG KONG (HANG SENG)</td><td>18,889.97</td><td>▼328.38</td><td>-1.71</td></tr> <tr><td>TAIWAN (WEIGHTED)*</td><td>17,202.40</td><td>▲17.49</td><td>0.10</td></tr> <tr><td>THAILAND (SET INDEX)</td><td>1,505.52</td><td>▼-3.79</td><td>-0.25</td></tr> <tr><td>S.KOREA (KSE COMPOSITE)</td><td>2,570.10</td><td>▼-23.60</td><td>-0.91</td></tr> <tr><td>SINGAPORE (STRAITS TIMES)</td><td>3,191.60</td><td>▼-30.83</td><td>-0.96</td></tr> <tr><td>SYDNEY (ALL ORDINARIES)</td><td>7,099.20</td><td>▼-96.30</td><td>-1.34</td></tr> <tr><td>MALAYSIA (KLSE COMPOSITE)</td><td>1,390.89</td><td>▼-3.78</td><td>-0.27</td></tr> </table> * CLOSING PRICES AS OF JUNE 21, 2023		CLOSE	NET	%	JAPAN (NIKKEI 225)	32,781.54	▼483.34	-1.45	HONG KONG (HANG SENG)	18,889.97	▼328.38	-1.71	TAIWAN (WEIGHTED)*	17,202.40	▲17.49	0.10	THAILAND (SET INDEX)	1,505.52	▼-3.79	-0.25	S.KOREA (KSE COMPOSITE)	2,570.10	▼-23.60	-0.91	SINGAPORE (STRAITS TIMES)	3,191.60	▼-30.83	-0.96	SYDNEY (ALL ORDINARIES)	7,099.20	▼-96.30	-1.34	MALAYSIA (KLSE COMPOSITE)	1,390.89	▼-3.78	-0.27	JUNE 23, 2023 <table border="1"> <tr><th></th><th>CLOSE</th><th>NET</th></tr> <tr><td>Dow Jones</td><td>33,727.430</td><td>▼-219.280</td></tr> <tr><td>NASDAQ</td><td>13,492.516</td><td>▼-138.093</td></tr> <tr><td>S&P 500</td><td>4,348.330</td><td>▼-33.560</td></tr> <tr><td>FTSE 100</td><td>7,461.870</td><td>▼-40.160</td></tr> <tr><td>Euro Stoxx50</td><td>3,945.540</td><td>▼-6.940</td></tr> </table>		CLOSE	NET	Dow Jones	33,727.430	▼-219.280	NASDAQ	13,492.516	▼-138.093	S&P 500	4,348.330	▼-33.560	FTSE 100	7,461.870	▼-40.160	Euro Stoxx50	3,945.540	▼-6.940	FX OPEN P55.600 HIGH P55.550 LOW P55.775 CLOSE P55.770 W.AVE. P55.645 VOL. \$1,063.10 M SOURCE: BAP	JUNE 23, 2023 LATEST BID (0900GMT) <table border="1"> <tr><th></th><th>LATEST BID</th><th>PREVIOUS</th></tr> <tr><td>JAPAN (YEN)</td><td>143.680</td><td>141.870</td></tr> <tr><td>HONG KONG (HK DOLLAR)</td><td>7.830</td><td>7.830</td></tr> <tr><td>TAIWAN (NT DOLLAR)</td><td>30.989</td><td>30.952</td></tr> <tr><td>THAILAND (BAHT)</td><td>35.220</td><td>35.010</td></tr> <tr><td>S. KOREA (WON)</td><td>1,308.410</td><td>1,294.690</td></tr> <tr><td>SINGAPORE (DOLLAR)</td><td>1.352</td><td>1.341</td></tr> <tr><td>INDONESIA (RUPIAH)</td><td>14,990</td><td>14,935</td></tr> <tr><td>MALAYSIA (RINGGIT)</td><td>4.674</td><td>4.648</td></tr> </table>		LATEST BID	PREVIOUS	JAPAN (YEN)	143.680	141.870	HONG KONG (HK DOLLAR)	7.830	7.830	TAIWAN (NT DOLLAR)	30.989	30.952	THAILAND (BAHT)	35.220	35.010	S. KOREA (WON)	1,308.410	1,294.690	SINGAPORE (DOLLAR)	1.352	1.341	INDONESIA (RUPIAH)	14,990	14,935	MALAYSIA (RINGGIT)	4.674	4.648	JUNE 23, 2023 <table border="1"> <tr><th></th><th>CLOSE</th><th>PREVIOUS</th></tr> <tr><td>US\$/UK POUND</td><td>1.2711</td><td>1.2782</td></tr> <tr><td>US\$/EURO</td><td>1.0889</td><td>1.0998</td></tr> <tr><td>\$/AUSTRALIAN DOLLAR</td><td>0.6677</td><td>0.6789</td></tr> <tr><td>CANADA DOLLAR/US\$</td><td>1.3181</td><td>1.3146</td></tr> <tr><td>SWISS FRANC/US\$</td><td>0.8973</td><td>0.8941</td></tr> </table>		CLOSE	PREVIOUS	US\$/UK POUND	1.2711	1.2782	US\$/EURO	1.0889	1.0998	\$/AUSTRALIAN DOLLAR	0.6677	0.6789	CANADA DOLLAR/US\$	1.3181	1.3146	SWISS FRANC/US\$	0.8973	0.8941	FUTURES PRICE ON NEAREST MONTH OF DELIVERY \$74.10/BBL 30 DAYS TO JUNE 23, 2023
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PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • JUNE 23, 2023 (PSEi snapshot on S1/2; article on S2/2)

SM	P909.500	BDO	P140.000	JGS	P43.000	ICT	P199.700	AC	P615.000	URC	P126.500	ALI	P24.400	BPI	P106.200	SMPH	P33.000	EMI	P21.550
Value	P319,943,020	Value	P287,877,214	Value	P247,758,085	Value	P227,496,277	Value	P189,821,820	Value	P174,070,335	Value	P168,353,690	Value	P166,032,593	Value	P118,557,745	Value	P102,970,810
Δ	-P0.500 ▼ -0.055%	Δ	-P0.800 ▼ -0.568%	Δ	-P2.100 ▼ -4.656%	Δ	-P0.300 ▼ -0.150%	Δ	-P9.000 ▼ -1.442%	Δ	-P3.300 ▼ -2.542%	Δ	P0.700 ▲ 2.954%	Δ	-P0.300 ▲ -0.282%	Δ	-P0.100 ▼ -0.302%	Δ	-P0.150 ▼ -0.691%

BSP unlikely to cut rates this year

By **Keisha B. Ta-asan**
Reporter

THE BANGKO SENTRAL ng Pilipinas (BSP) may keep its key benchmark rate at 6.25% for the rest of the year, before it starts policy easing by early 2024.

Finance Secretary and Monetary Board member Benjamin E. Diokno said the BSP will likely maintain a long pause.

"I think we will continue to maintain, maybe a long pause. I

don't see any cut until we really have strong evidence of a decline (in inflation)," Mr. Diokno said in a press chat on Friday.

Last week, the Monetary Board extended its policy hold for a second straight meeting, keeping the key policy rate at 6.25%.

According to Mr. Diokno, inflation will likely decelerate to within the 2-4% target range by September or the fourth quarter this year.

Headline inflation eased to 6.1% in May from 6.6% in April. The BSP last week trimmed its aver-

age inflation forecast for 2023 to 5.4% from the 5.5% it gave in May. The new projection is lower than the 5.8% average in 2022, but still above the 2-4% target.

"Our expectation is that inflation may hit below 2% by the first quarter next year because of base effects. That will be the time for considering the cuts because globally, inflation remains persistent. We're just trying to be more conservative," Mr. Diokno said.

The BSP projects inflation to further slow to 2.9% in 2024, be-

fore accelerating again to 3.2% in 2025.

Mr. Diokno is not concerned with the policy moves of the US Federal Reserve, saying he is more focused on the domestic economy.

The Federal Open Market Committee (FOMC) raised its key interest rates by 500 basis points (bps) since March 2022, bringing the Fed funds rate to 5-5.25%. The Fed paused its tightening at its June 14 meeting but signaled it may hike rates amid sticky inflation and strong US economic activity.

"Right now, the interest rate differential is 1.25. If they hike by 25 bps, we're still OK. We have a lot of dollar buffers... plus we have a steady source of income from business process outsourcing (firms), overseas remittances and foreign direct investments," Mr. Diokno said in mixed English and Filipino.

Gross international reserves (GIR) slid by 0.5% to \$101.3 billion as of end-May from \$101.8 billion as of end-April. Year on year, the GIR declined by 2.3% from \$103.65 billion.

Security Bank Corp. Chief Economist Robert Dan J. Rocas said the BSP may respond to the Fed if it hikes by 25 bps at its July 25-26 meeting, which would bring the policy rate to 6.5%.

"We expect the BSP to match the size by August if only to keep the 1% Fed-BSP policy differential intact and prevent a repeat of last year's peso depreciation event. The (foreign exchange rate) remains confined in a volatile range thus keeping to the differential will be crucial," he said.

Rates, S1/9

Revenues up 11% but slow spending a concern

By **Luisa Maria Jacinta C. Jacson**
Reporter

GOVERNMENT REVENUES rose by 11% in the first five months of the year, but Finance Secretary Benjamin E. Diokno said that underspending remains a concern.

Data from the Department of Finance (DoF) showed revenue collections jumped by 10.83% to P1.59 trillion in the January-to-May period, from P1.44 trillion recorded in the same period a year ago.

"I think for the full year, we will surpass our target," Mr. Diokno said in a press chat on Friday.

The government is targeting to raise P3.729 trillion in revenues, equivalent to 15.2% of gross domestic product (GDP).

For the January-to-May period, DoF data showed tax revenues rose by 9.71% year on year to P1.41 trillion. Collections from the Bureau of Internal Revenue (BIR) went up by 9.95% to P1.05 trillion, while the Bureau of Customs (BoC) saw collections jump by 12.1% to P359.3 billion.

Mr. Diokno said the improvement in revenues was due to the "over-collection" by Customs and the government's privatization efforts.

Meanwhile, nontax revenues jumped by 20.56% to P178 billion in the January-to-May period from P147.4 billion a year ago. Nontax revenues from other offices surged by 48.95% to P95.8 billion, offsetting the 1.34% drop in revenues from the Bureau of the Treasury (BTr).

"On the nontax revenues, the BTr's (collections) were almost flat. For other offices, this might be from privatization," Mr. Diokno added.

UNDERSPENDING

However, Mr. Diokno expressed concern over the government's sluggish spending.

"I'm concerned with the performance of the government. They are slow to spend. The Department of Budget and Management (DBM) is quick to release, but agencies are not spending fast enough and that will impact performance," he said.

"We're collecting more revenues than forecasted, but agencies are underspending. For the fiscal conservative, that's nice, but not necessarily good for a developing country. We are trying to pick up (spending), to make up for that pandemic. It's not a lack of money, it's the ability to perform," he added.

Revenues, S1/9

Debt service bill balloons in April

THE GOVERNMENT'S debt service bill ballooned to P204.763 billion in April, the Bureau of the Treasury (BTr) said.

Data from the BTr showed that the April debt service bill surged by 376.5% from P42.975 billion in the same month a year ago.

Month on month, debt payments rose by 44% from P142.171 billion in March.

Of the total debt service bill in April, more than three-fourths or 77.41% went to amortization. The rest went to interest payments.

Principal payments during the month skyrocketed (2,694%) to P158.51 billion from P5.672 billion in the same month in 2022.

Domestic debt payments jumped to P153.959 billion in April. There were no payments made for domestic debt during the same period a year ago.

Amortization on foreign obligations stood at P4.551 billion, lower by 19.8% from the P5.672 billion.

Meanwhile, interest payments rose by 24% to P46.253 billion from P37.303 billion in April 2022.

Broken down, interest on local debt slipped by 7% to P27.75 billion in April from P29.856 billion a year ago.

Domestic interest payments consisted of P22.815 billion in fixed-rate Treasury bonds, P3.575 billion in retail Treasury bonds, and P901 million in Treasury bills.

Interest paid on foreign debt more than doubled to P18.503 billion from P7.447 billion a year ago.

FOUR-MONTH BILL

In the first four months of the year, the debt service bill reached P770.479 billion, surging by 116% from the P356.625 billion in 2022.

The debt service bill consisted mainly of principal payments, accounting for 75.57% of the total.

Amortization payments in the January-to-April period more than tripled (242.5%) to P582.249 billion from P169.993 billion.

Payments made for domestic debt reached P530.784 billion, while payments for foreign obligations reached P51.465 billion during the period.

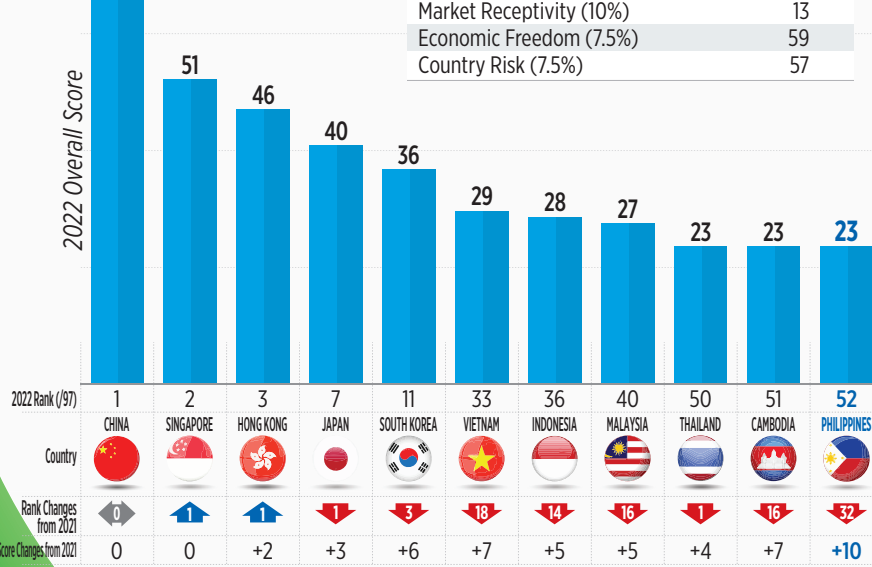
Meanwhile, total interest payments during the four-month period inched up by 0.86% to P188.23 billion from P186.632 billion a year ago.

This consisted of P770.74 billion in fixed-rate Treasury bonds, P40.228 billion in retail Treasury bonds, and P4.403 billion in Treasury bills.

Debt, S1/9

PHILIPPINES LAGS IN MARKET POTENTIAL INDEX

2022 Market Potential Index Scores of Select East and Southeast Asian Countries
(Out of 100)



Philippines' 2022 Profile

Dimensions and Weights of Market Potential	Score
Market Size (25%)	4
Market Intensity (15%)	49
Market Growth Rate (12.5%)	60
Market Consumption Capacity (12.5%)	14
Commercial Infrastructure (10%)	36
Market Receptivity (10%)	13
Economic Freedom (7.5%)	59
Country Risk (7.5%)	57

Philippines' Historical Performance

Year	Rank	Score (1-100)
1996	22/23	13
1997	18/23	30
1998	15/23	25
2000	12/23	30
2001	17/23	22
2002	19/24	16
2003	20/24	21
2004	18/24	31
2005	20/24	21
2007	22/27	14
2008	18/27	17
2009	23/26	8
2010	26/26	1
2011	22/26	20
2013	23/26	16
2014	47/87	25
2015	46/87	25
2016	46/87	23
2017	39/97	24
2018	32/97	30
2019	35/97	36
2020	36/97	30
2021	20/97	33
2022	52/97	23

The Philippines dropped by 32 notches to rank 52nd out of 97 countries with an overall score of 23 (out of 100) in the 2022 edition of the Market Potential Index by Michigan State University-International Business Center. The index ranks countries on their market potential to provide guidance to US companies that plan to expand their markets internationally.

The country was also one of the laggards in the region, alongside Thailand and Cambodia.

SOURCE: MICHIGAN STATE UNIVERSITY-INTERNATIONAL BUSINESS CENTER'S MARKET POTENTIAL INDEX 2022 (HTTPS://GLOBALEDGE.MSU.EDU/MP/2022)

BUSINESSWORLD RESEARCH: MARIELLE IRISH U. CATILOGO and BERNADETTE THERESA M. GADON

BUSINESSWORLD GRAPHICS: BONG R. FORTIN

Top 10

Rank (Out of 97)	Country	Rank Changes from 2021	2022 Overall Score	Score Changes from 2021
1	China	0	100	0
2	Singapore	1	51	0
3	Hong Kong	1	46	+2
4	India	2	45	+8
5	Canada	0	42	+4
6	Ireland	1	40	+3
7	Japan	1	40	+3
8	Switzerland	3	39	-1
9	Netherlands	3	38	0
10	Germany	1	37	+3

Bottom 10

Rank (Out of 97)	Country	Rank Changes from 2021	2022 Overall Score	Score Changes from 2021
97	Cuba	1	1	+2
96	Venezuela	1	2	-1
95	Angola	0	10	0
94	Lebanon	7	11	+5
93	Algeria	0	11	+2
92	Paraguay	19	12	+9
91	Tanzania	6	12	+4
90	Ethiopia	12	13	+6
89	Uganda	12	13	+7
88	Cameroon	8	13	+5

New BSP chief needs to continue fight vs inflation

THE NEW GOVERNOR of the Bangko Sentral ng Pilipinas (BSP) should focus on tackling elevated inflation while protecting economic growth, analysts said.

President Ferdinand R. Marcos, Jr. on Friday appointed Monetary Board member Eli M. Remolona, 70, as the new BSP governor and chairman of the policy-setting board.

"We think it was a good decision given his stellar background as well as his being attuned to the market and the economy," Security Bank

Corp. Chief Economist and Assistant Vice-President Robert Dan J. Rocas said in a Viber message.

Mr. Remolona will start his six-year term on July 3. Current BSP Governor Felipe M. Medalla steps down on July 2.

"The beginning of his term will be one of balancing growth along with rate cuts while being cognizant of the risks from external developments," Mr. Rocas said.

The Philippine economy expanded by 6.4% in the first quarter — its slowest growth in two

years but still within the government's 6-7% target.

Meanwhile, inflation cooled for a fourth straight month in May, slowing to 6.1% from 6.6% in April, but remained above the BSP's 2-4% target range for a 14th straight month.

"We applaud his appointment. Dr. Remolona brings his wealth of experience to the table. Expecting him to carry on Mr. Medalla's fight versus inflation," ING Bank NV. Manila Senior Economist Nicholas Antonio T. Mapa said in a Viber message.

China Bank Capital Corp. Managing Director Juan Paolo E. Colet said Mr. Remolona is a "strong choice" for BSP governor, but he would have to calibrate policy to tame inflation and manage foreign exchange stability.

"While there is room for the BSP to hold its key rate steady until the end of the year, it will be mindful of keeping an adequate interest rate differential with the US to prevent unnecessary depreciation of the peso," Mr. Colet said in a Viber message.

New BSP chief, S1/9