

STOCK MARKET	ASIAN MARKETS	WORLD MARKETS	PESO-DOLLAR RATES	ASIAN MONIES-US\$ RATE	WORLD CURRENCIES	DUBAI CRUDE OIL
<b>PSEI</b> OPEN: 6,525.39 HIGH: 6,525.39 LOW: 6,468.07 CLOSE: 6,468.07 VOL: 0.784 B VAL(P): 4.728 B 43.42 pts 0.66% 30 DAYS TO JUNE 30, 2023	<b>JUNE 30, 2023</b> JAPAN (NIKKEI 225) 33,189.04 ▲ -45.10 -0.14 HONG KONG (HANG SENG) 18,916.43 ▼ -17.93 -0.09 TAIWAN (WEIGHTED) 16,915.54 ▼ -26.76 -0.16 THAILAND (SET INDEX) 1,503.10 ▲ 23.53 1.59 S.KOREA (KSE COMPOSITE) 2,564.28 ▲ 14.26 0.56 SINGAPORE (STRAITS TIMES) 3,205.91 ▲ -1.37 -0.04 SYDNEY (ALL ORDINARIES) 7,203.30 ▲ 8.40 0.12 MALAYSIA (KLSE COMPOSITE) 1,376.68 ▼ -11.69 -0.84	<b>JUNE 30, 2023</b> Dow Jones 34,407.600 ▲ 285.180 NASDAQ 13,787.923 ▲ 196.592 S&P 500 4,450.380 ▲ 53.940 FTSE 100 7,531.530 ▲ 59.840 Euro Stoxx50 4,003.920 ▲ 40.920	<b>FX</b> OPEN P55.450 HIGH P55.170 LOW P55.520 CLOSE P55.200 W.AVE. P55.368 VOL. \$1,050.80 M SOURCE: BAP 10.00 cts 30 DAYS TO JUNE 30, 2023	<b>JUNE 30, 2023 LATEST BID (0900GMT)</b> JAPAN (YEN) 144.320 ▲ 144.370 HONG KONG (HK DOLLAR) 7.836 ▼ 7.836 TAIWAN (NT DOLLAR) 31.129 ▼ 31.049 THAILAND (BAHT) 35.270 ▲ 35.620 S. KOREA (WON) 1,315.110 ▲ 1,316.220 SINGAPORE (DOLLAR) 1.352 ▼ 1.354 INDONESIA (RUPIAH) 14,990 ▼ 14,990 MALAYSIA (RINGGIT) 4.665 ▲ 4.669	<b>JUNE 30, 2023</b> US\$/UK POUND 1.2704 ▲ 1.2641 US\$/EURO 1.0910 ▲ 1.0913 US\$/AUST DOLLAR 0.6666 ▲ 0.6614 CANADA DOLLAR/US\$ 1.3236 ▲ 1.3266 SWISS FRANC/US\$ 0.8953 ▼ 0.8969	<b>FUTURES PRICE ON NEAREST MONTH OF DELIVERY</b> \$76.74/BBL \$2.49 30 DAYS TO JUNE 30, 2023

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PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • JUNE 30, 2023 (PSEi snapshot on S1/2; article on S2/2)

SMPH	P32.850	ALI	P24.300	SM	P925.000	BDO	P137.700	JGS	P44.450	BPI	P108.800	JFC	P239.200	FCG	P0.710	AC	P625.000	GTCAP	P515.000
Value	P416,292,300	Value	P408,544,930	Value	P273,087,200	Value	P268,420,117	Value	P251,558,775	Value	P217,679,879	Value	P172,752,616	Value	P165,900,980	Value	P164,676,730	Value	P155,271,495
	-P0.950 ▼ -2.811%		-P0.800 ▼ -3.187%		P9.000 ▲ 0.983%		-P1.200 ▼ -0.864%		-P2.050 ▼ -4.409%		-P1.200 ▼ -1.091%		P0.600 ▲ 0.251%		-P0.030 ▼ -4.054%		-P15.000 ▼ -2.344%		P6.000 ▲ 1.179%

# Inflation likely eased to 5.5% — poll

By Keisha B. Ta-asan  
Reporter

HEADLINE INFLATION likely further slowed for a fifth straight month in June, due to stable food prices and high base effects, analysts said.

A *BusinessWorld* poll of 17 analysts yielded a median estimate of 5.5% for June inflation, within the 5.3% to 6.1% forecast given by the Bangko Sentral ng Pilipinas (BSP) last Friday.

If realized, the median estimate will be slower than the 6.1% print in May 2023 and June 2022. It would also be the slowest since the 5.4% in May 2022.

June would mark the fifth consecutive month of slower inflation, and the 15<sup>th</sup> straight month that inflation surpassed the BSP's 2-4% target range.

The Philippine Statistics Authority (PSA) will report the consumer price index (CPI) data for June on July 5 (Wednesday).

Standard Chartered Bank economist Jonathan Koh said food and transport inflation may have moderated further in June due to base effects last year. "Meat and fruit prices have continued to ease in June, while vegetable prices rose in June. Transport prices likely contract-

ed year on year for the second consecutive month on high base effects," he said in an e-mail.

In June 2022, food inflation rose to 6.4%, while transport inflation accelerated 17.1% year on year.

China Banking Corp. Chief Economist Domini S. Velasquez said inflation likely further slowed in June as prices of key food items such as meat, fish and fruits, as well as cooking gas, declined.

Fuel retailers slashed their cooking gas prices by P3.47 per liter to P6.20 per kilogram in June.

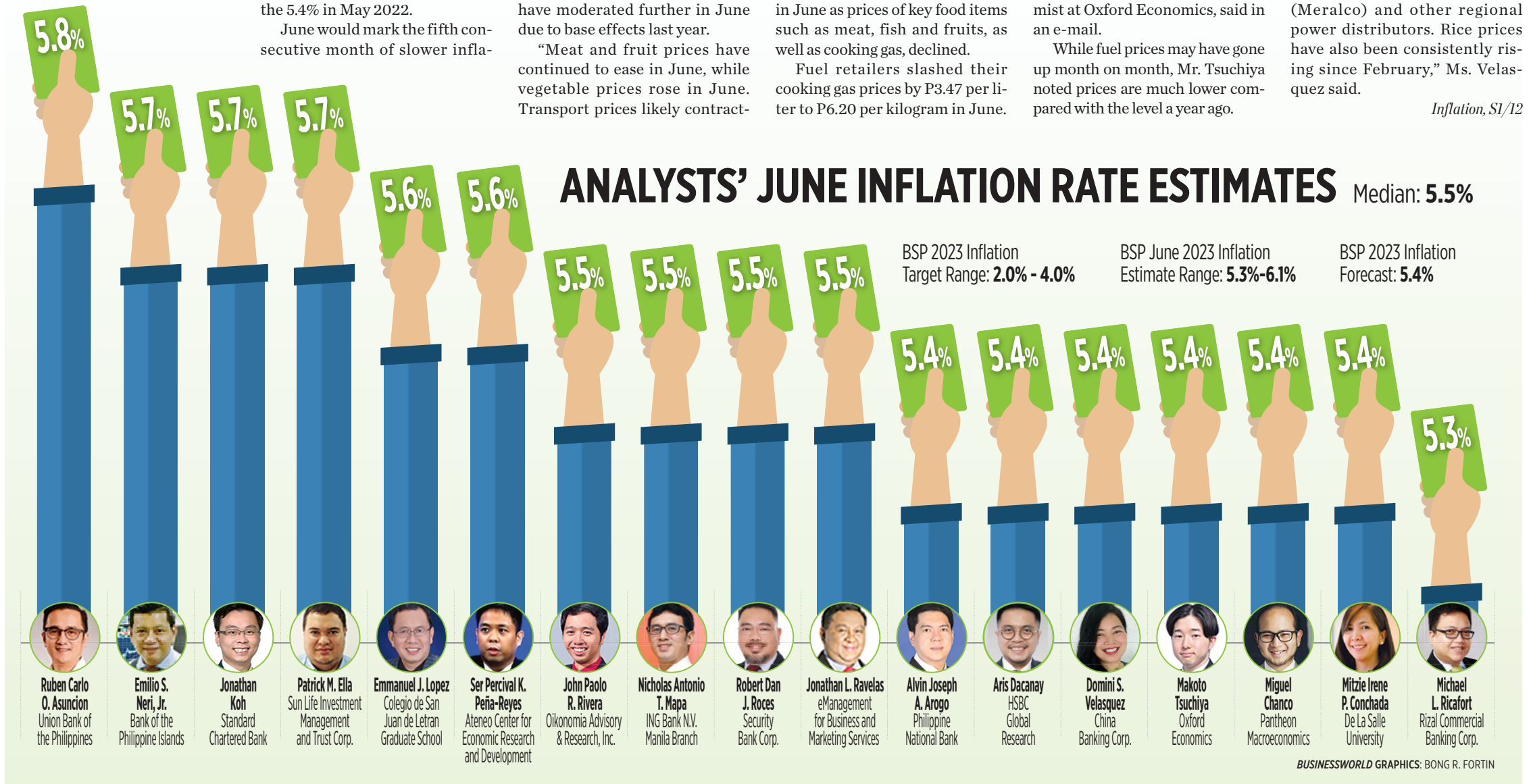
"We expect inflation to settle at 5.4% in June, as high base last year pulled down the annual figure. Although sequential growth likely picked up, it is still well below the trend seen last year. We estimate the downturn was broad-based with both fuel and nonfuel inflation slowing," Makoto Tsuchiya, assistant economist at Oxford Economics, said in an e-mail.

While fuel prices may have gone up month on month, Mr. Tsuchiya noted prices are much lower compared with the level a year ago.

In June alone, pump price adjustments stood at a net increase of P0.45 per liter for gasoline, P1.7 per liter for diesel, and P1.6 per liter for kerosene.

"We also observed upward pressures from increases in vegetable and domestic pump prices as well as higher electricity rates of Manila Electric Co. (Meralco) and other regional power distributors. Rice prices have also been consistently rising since February," Ms. Velasquez said.

Inflation, S1/12



## May loan growth slowest in over a year

BANK LENDING in May grew at its slowest pace in over a year, reflecting the impact of high interest rates, while domestic liquidity expanded by 6.6% in the same month.

Data from the Bangko Sentral ng Pilipinas (BSP) released late Friday showed outstanding loans by big banks, net of reverse repurchase (RRP) placements with the central bank, expanded by 9.4% to P10.9 trillion in May from P9.97 trillion a year ago.

However, loan growth in May was slightly weaker than the 9.7% expansion in April. This is the slowest credit growth in 15 months or since the 8.9% print in March 2022.

Month on month, outstanding universal and commercial bank loans, net of RRP, increased by 0.7%, the BSP said.

"The moderation in bank lending activity reflects the impact of the BSP's cumulative policy rate adjustments," outgoing BSP Governor Felipe M. Medalla said in a statement.

Since May 2022, the Monetary Board has raised borrowing costs by 425 basis points (bps). The key benchmark interest rate currently stands at 6.25% — the highest in nearly 16 years.

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort attributed the weaker growth in lending to higher borrowing costs, as it became more expensive for businesses and consumers to obtain loans. This partly slowed the demand for loans, he added.

"Overall bank lending growth seems pretty modest, currently at high single digit combined with

around 11.5% nominal growth for the economy pretty much reduces the probability of a sharp spike in nonperforming loans (NPLs)," Bank of the Philippine Islands (BPI) Lead Economist Emilio S. Neri, Jr. said.

Mr. Neri noted that with high interest rates, "the probability of a surge in NPLs is much lower than when rates were zero or negative."

The latest central bank data showed the banking industry's gross NPL ratio increased to 3.41% in April from 3.33% in March, but still lower than 3.93% a year earlier.

"In general, a positive real interest rate environment helps us avoid excessive risk-taking among lenders and borrowers," Mr. Neri added.

Based on BSP data, outstanding loans to residents, net of RRP, rose by 9.3% in May, slower than the 9.6% print in April.

Borrowings for production activities rose by 7.9% to P9.5 trillion in May, easing from 8.3% in the previous month.

This was driven by the faster expansion in loans for professional, scientific and technical services (53.8% in May from -40.6% in April), administrative and support services (36.3% from 34.3%), electricity, gas, steam, and air-conditioning supply (14.1% from 12.4%), and real estate activities (5.5% from 4.5%).

Slower month-on-month growth was seen in loans for manufacturing (0.6% in May from 9.4% in April), wholesale and retail trade, repair of motor vehicles and motorcycles (8.6% from 10.3%), information and com-

munication (15.9% from 19%), and agriculture (3.7% from 4.5%)

BSP data also showed a decline in arts, entertainment, and recreation (-7.4% from 4.9 in April) and education (-6.8% from -4.7%).

Meanwhile, consumer loans to residents rose by 22.7% to P1.09 trillion, slightly easing from the 22.3% print in April.

Credit card loans jumped by 29% in May, a tad weaker from the 29.9% in April. Salary-based general purpose consumption loans also eased to 52.9% from the 56.2% in the previous month.

Borrowings for motor vehicles expanded by 4.1%, improving from the 1.9% seen in April.

Outstanding loans to nonresidents also rose at a faster rate of 13.2% in May from the 2.2% print in the previous month.

Mr. Ricafort said measures to further reopen the economy would boost demand for loans.

"Businesses and industries can also plan better and become more decisive with new investments and expansion plans, which entail more demand for loans and other fundraising activities," he said.

Cooling inflation may also spur loan demand, he added, especially if the BSP begins cutting policy rates next year.

### STEADY M3 GROWTH

Despite slower credit growth, domestic liquidity rose by 6.6% annually to P16.3 trillion in May, the BSP said in a separate statement.

Loan growth, S1/12

## PHL remains a lower middle income economy — World Bank

THE PHILIPPINES remained a lower middle-income economy in 2022, according to the World Bank, as its gross national income (GNI) per capita lagged behind most of its Southeast Asian neighbors.

Data posted on the multilateral lender's website showed the Philippines' GNI per capita increased by 11.3% to \$3,950 in 2022, from \$3,550 in 2021.

Despite the increase, the Philippines' GNI per capita still fell within the World Bank's bracket for lower middle-income economies of \$1,136-\$4,465. The income bracket was once again raised from \$1,086-\$4,255 a year ago.

The Philippines has been classified as a lower middle-income economy since 1987, which is the earliest available data from the World Bank.

In Southeast Asia, the Philippines trailed high-income economies Singapore (\$67,200 GNI per capita) and Brunei (\$31,410), as well as upper middle-income economies Malaysia (\$11,780), Thailand (\$7,230) and Indonesia (\$4,580).

Aside from the Philippines, other lower middle-income economies in Southeast Asia include Vietnam (\$4,010), Laos (\$2,360), Timor-Leste (\$1,970), Cambodia (\$1,700) and Myanmar (\$1,210).

The Philippine government is targeting to reach upper middle-income status by 2025. The World Bank raised the bracket for upper middle-income economies to \$4,466-\$13,845 GNI per capita, from \$4,256-\$13,205 a year ago.

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said a strong

economic performance will help the Philippines achieve its goal to become an upper middle-income economy.

"Philippine gross domestic product (GDP) growth could normalize to around 6% in 2023 and beyond, among the fastest growing economies in Asia, with the stabilization of the GDP base," he said in a Viber message.

The government is targeting 6-7% growth this year, slower than the 7.6% GDP expansion in 2022.

In the first quarter, the economy grew by 6.4%, slower than the revised 7.1% in the fourth quarter, and the 8% in the first quarter of 2022.

Mr. Ricafort also cited strong remittances, low unemployment, improved infrastructure spending, and the pickup in tourism as factors that will "help reduce poverty and help achieve middle-income status for the country in the coming years."

In May, the World Bank said the country is "on track" to becoming an upper middle-income economy amid continued recovery and reforms.

The World Bank's latest update also showed eight countries shifting income classifications. In 2022, Guyana and American Samoa moved to the high-income status, while Indonesia, El Salvador, West Bank and Gaza secured upper middle-income status. Guinea and Zambia are now classified as lower middle-income economies.

However, Jordan was the only country to move down a status. It is now considered lower middle income from its earlier status of upper middle income. — **LMJC**