

STOCK MARKET	ASIAN MARKETS	WORLD MARKETS	PESO-DOLLAR RATES	ASIAN MONIES-US\$ RATE	WORLD CURRENCIES	DUBAI CRUDE OIL																																																																					
PSEI OPEN: 6,459.53 HIGH: 6,508.21 LOW: 6,459.53 CLOSE: 6,508.21 VOL.: 1.543 B VAL(P): 2.452 B 40.14 pts. 0.62% 30 DAYS TO JULY 3, 2023	JULY 3, 2023 <table border="1"> <tr><th>CLOSE</th><th>NET</th><th>%</th></tr> <tr><td>JAPAN (Nikkei 225)</td><td>33,753.33</td><td>▲ 564.29 1.70</td></tr> <tr><td>HONG KONG (Hang Seng)</td><td>19,306.59</td><td>▲ 390.16 2.06</td></tr> <tr><td>TAIWAN (Weighted)</td><td>17,084.20</td><td>▲ 168.66 1.00</td></tr> <tr><td>THAILAND (SET Index)</td><td>1,503.68</td><td>▲ 0.58 0.04</td></tr> <tr><td>S. KOREA (KSE Composite)</td><td>2,602.47</td><td>▲ 38.19 1.49</td></tr> <tr><td>SINGAPORE (Straits Times)</td><td>3,207.74</td><td>▲ 1.83 0.06</td></tr> <tr><td>SYDNEY (All Ordinaries)</td><td>7,246.10</td><td>▲ 42.80 0.59</td></tr> <tr><td>MALAYSIA (KLC Composite)</td><td>1,395.89</td><td>▲ 19.21 1.40</td></tr> </table>	CLOSE	NET	%	JAPAN (Nikkei 225)	33,753.33	▲ 564.29 1.70	HONG KONG (Hang Seng)	19,306.59	▲ 390.16 2.06	TAIWAN (Weighted)	17,084.20	▲ 168.66 1.00	THAILAND (SET Index)	1,503.68	▲ 0.58 0.04	S. KOREA (KSE Composite)	2,602.47	▲ 38.19 1.49	SINGAPORE (Straits Times)	3,207.74	▲ 1.83 0.06	SYDNEY (All Ordinaries)	7,246.10	▲ 42.80 0.59	MALAYSIA (KLC Composite)	1,395.89	▲ 19.21 1.40	JUNE 30, 2023 <table border="1"> <tr><th>CLOSE</th><th>NET</th></tr> <tr><td>Dow Jones</td><td>34,407.600 ▲ 285.180</td></tr> <tr><td>NASDAQ</td><td>13,787.923 ▲ 196.592</td></tr> <tr><td>S&P 500</td><td>4,450.380 ▲ 53.940</td></tr> <tr><td>FTSE 100</td><td>7,531.530 ▲ 59.840</td></tr> <tr><td>Euro Stoxx50</td><td>4,003.920 ▲ 40.920</td></tr> </table>	CLOSE	NET	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	FX OPEN P55.250 HIGH P55.040 LOW P55.350 CLOSE P55.320 W.AVE. P55.177 VOL. \$1,262.05 M SOURCE: BAP 12.00 ctyvs 30 DAYS TO JULY 3, 2023	JULY 3, 2023 <table border="1"> <tr><th>LATEST BID (0900GMT)</th><th>PREVIOUS</th></tr> <tr><td>JAPAN (YEN)</td><td>144.660 ▼ 144.320</td></tr> <tr><td>HONG KONG (HK DOLLAR)</td><td>7.835 ▲ 7.836</td></tr> <tr><td>TAIWAN (NT DOLLAR)</td><td>31.107 ▲ 31.129</td></tr> <tr><td>THAILAND (BAHT)</td><td>35.200 ▲ 35.270</td></tr> <tr><td>S. KOREA (WON)</td><td>1,306.420 ▲ 1,315.110</td></tr> <tr><td>SINGAPORE (DOLLAR)</td><td>1.352 — 1.352</td></tr> <tr><td>INDONESIA (RUPIAH)</td><td>15,020 ▲ 14,990</td></tr> <tr><td>MALAYSIA (RINGGIT)</td><td>4.668 ▼ 4.665</td></tr> </table>	LATEST BID (0900GMT)	PREVIOUS	JAPAN (YEN)	144.660 ▼ 144.320	HONG KONG (HK DOLLAR)	7.835 ▲ 7.836	TAIWAN (NT DOLLAR)	31.107 ▲ 31.129	THAILAND (BAHT)	35.200 ▲ 35.270	S. KOREA (WON)	1,306.420 ▲ 1,315.110	SINGAPORE (DOLLAR)	1.352 — 1.352	INDONESIA (RUPIAH)	15,020 ▲ 14,990	MALAYSIA (RINGGIT)	4.668 ▼ 4.665	JULY 3, 2023 <table border="1"> <tr><th>CLOSE</th><th>PREVIOUS</th></tr> <tr><td>US\$/UK POUND</td><td>1.2673 ▼ 1.2704</td></tr> <tr><td>US\$/EURO</td><td>1.0890 ▼ 1.0910</td></tr> <tr><td>US\$/AUSTRALIAN DOLLAR</td><td>0.6656 ▼ 0.6666</td></tr> <tr><td>CANADA DOLLAR/US\$</td><td>1.3265 ▼ 1.3236</td></tr> <tr><td>SWISS FRANC/US\$</td><td>0.8994 ▲ 0.8953</td></tr> </table>	CLOSE	PREVIOUS	US\$/UK POUND	1.2673 ▼ 1.2704	US\$/EURO	1.0890 ▼ 1.0910	US\$/AUSTRALIAN DOLLAR	0.6656 ▼ 0.6666	CANADA DOLLAR/US\$	1.3265 ▼ 1.3236	SWISS FRANC/US\$	0.8994 ▲ 0.8953	FUTURES PRICE ON NEAREST MONTH OF DELIVERY \$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 • JULY 3, 2023 (PSEi snapshot on S1/2; article on S2/2)

Symbol	Value	Change	Symbol	Value	Change	Symbol	Value	Change	Symbol	Value	Change	Symbol	Value	Change	Symbol	Value	Change												
JFC	P240.400	▲	BDO	P140.000	▲	EMI	P21.050	▼	SM	P932.000	▲	SMPH	P33.700	▲	ALI	P24.750	▲	URC	P134.700	▼	BPI	P108.400	▼	GREEN	P1.080	▼	AC	P628.000	▲
Value	P380,641,254		Value	P128,170,111		Value	P127,012,145		Value	P126,394,285		Value	P119,002,375		Value	P102,432,485		Value	P85,133,064		Value	P77,860,027		Value	P76,337,680		Value	P70,801,740	
P1.200	▲ 0.502%		P2.300	▲ 1.670%		-P0.250	▼ -1.74%		P7.000	▲ 0.757%		P0.850	▲ 2.588%		P0.450	▲ 1.852%		-P2.800	▼ -2.036%		-P0.400	▼ -0.368%		-P0.110	▼ -9.244%		P3.000	▲ 0.480%	

Manufacturing growth cools in June

New BSP governor sees inflation returning to target before yearend

THE NEW Bangko Sentral ng Pilipinas (BSP) chief sees inflation returning to the 2-4% target range before the year ends.

"Inflation has finally started to come down, and if our models are right, we should be back in our target range even by the end of this year," BSP Governor Eli M. Remolona said during the turnover ceremony and the BSP's 30th anniversary event at its head office in Manila on Monday.

Mr. Remolona takes over the central bank after his predecessor Felipe M. Medalla led an aggressive monetary tightening campaign to curb inflation.

From May 2022 to March this year, the BSP has raised interest rates by 425 basis points to combat inflation. This brought the policy rate to 6.25%, the highest in nearly 16 years.

Mr. Medalla, who served 11 years as a Monetary Board member and one year as BSP governor, said the past year "was a year like no other" as the central bank faced unprecedented challenges and fought record-high inflation.

"We acted decisively. We also sold foreign exchange as necessary... Combined with non-monetary measures, our actions helped reduce second-round effects and re-anchor inflationary expectations," he said.

Mr. Medalla noted that the Philippines may see 18 straight months of inflation being above the 2-4% target from April 2022 to September 2023. This is three months longer than the longest record of 15 months in 2008 to 2009.

"Unless there are new shocks, we should see inflation below 4% before the end of this year," he said.

Inflation, S1/9

BSP to complete climate stress testing this year

THE PHILIPPINE central bank intends to complete the conduct of climate stress testing in collaboration with the World Bank this year.

The Bangko Sentral ng Pilipinas (BSP) on Monday launched its first sustainability report, which details the progress in pursuing the sustainability agenda in the financial system.

In the report, the BSP said it plans to issue detailed guidelines for banks in conducting their own climate stress testing using their own data.

"The exercise will also inform the enhancement of prudential reports submitted by banks to capture identified data relevant for surveillance of aggregate exposures of the banking system to climate and other environment-related risks," it said.

The BSP is also looking to update sustainability reporting requirements in the financial sector. This will take into account the final version of reporting standards to be released by the International Sustainability Standards Board.

The central bank is also considering other potential regulatory incentives for banks to promote green lending "such as the use of

preferential rediscount rates or provision for higher loan values related to its rediscounting facility."

"The BSP is also reviewing the single borrower's limit (SBL) regulations to promote lending to social and green projects under the Sustainable Finance Framework of the (National Government), among others," it said.

Last month, the BSP proposed an additional SBL of 15% for loans meant to finance green projects and a reserve requirement rate of zero percent for sustainable bonds.

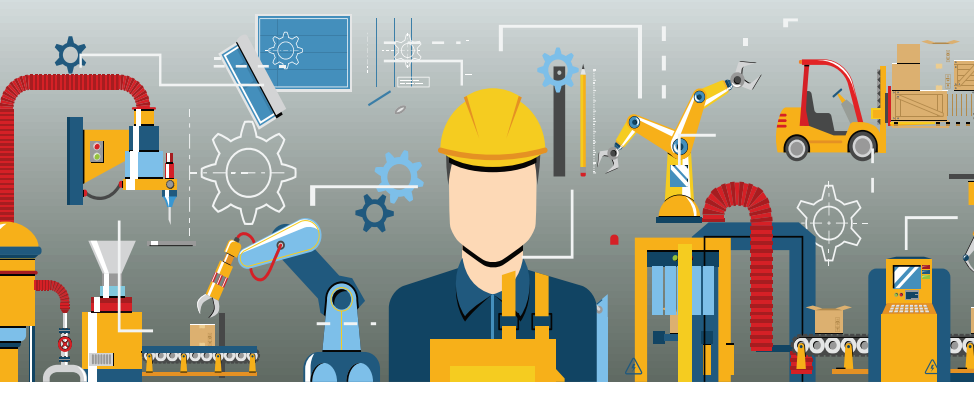
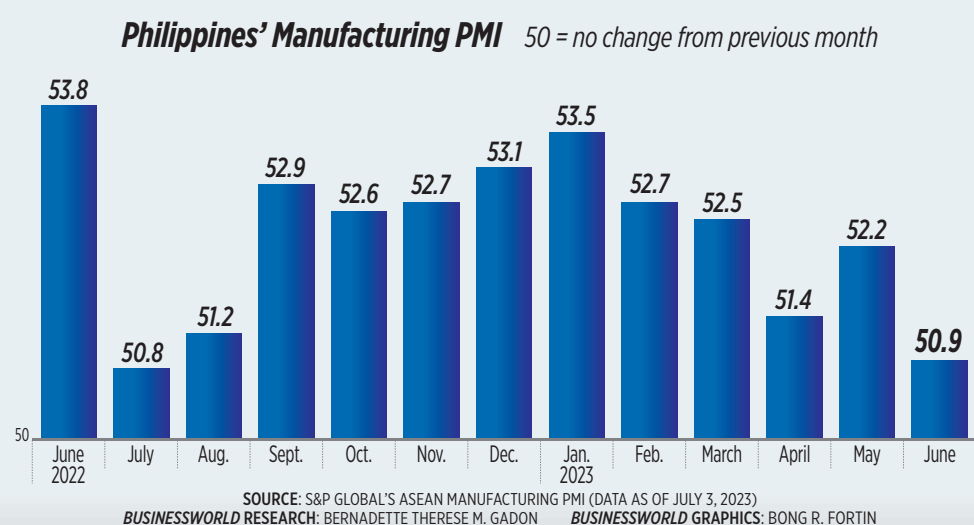
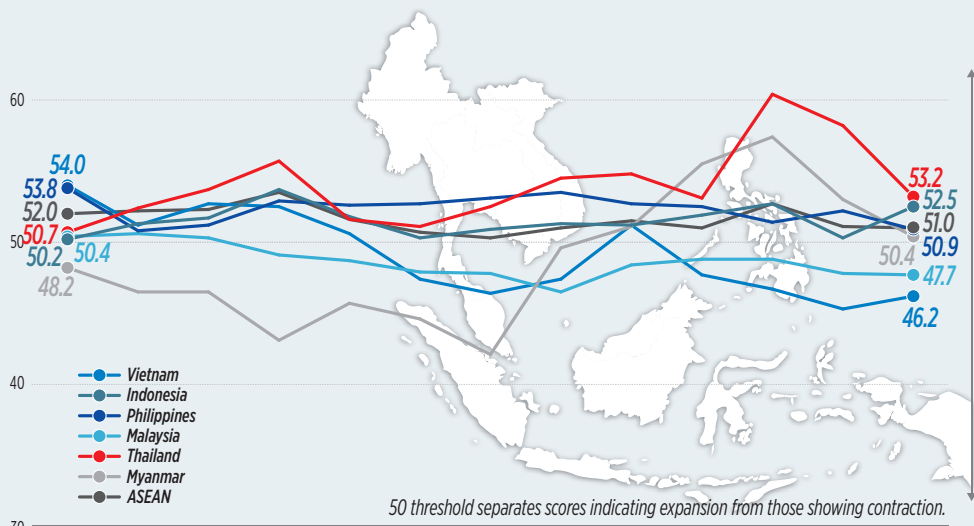
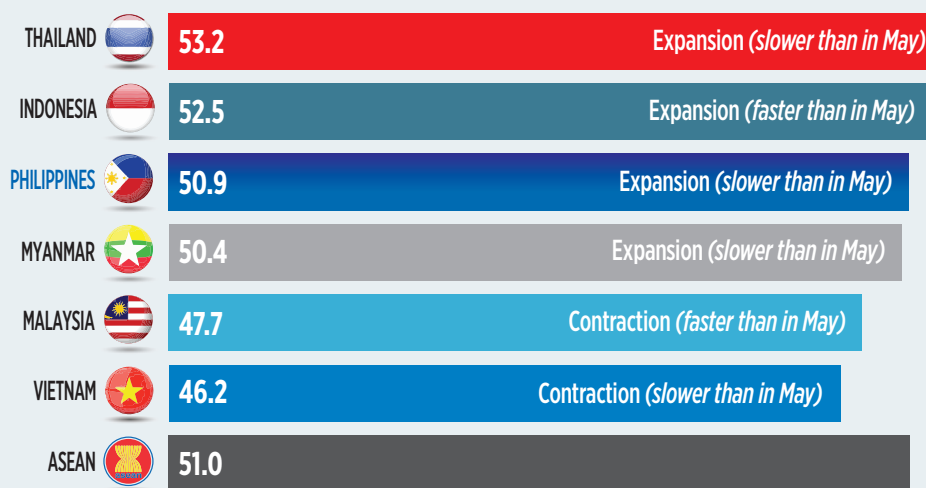
If approved, the draft circular will amend sections 362 and 251 of the Manual of Regulations for Banks that cover exposure limits to a single borrower and reserves.

The SBL is a ceiling on the amount of loans, credit accommodations and guarantees a bank or financial institution can extend to one borrower meant to prevent over-concentration of risk.

The BSP said it is working with the Securities and Exchange Commission and the Insurance Commission in developing the sustainable finance taxonomy guidelines with the support of the World Bank.

Climate, S1/9

MANUFACTURING PURCHASING MANAGERS' INDEX (PMI) OF SELECT ASEAN ECONOMIES, JUNE 2023



By Luisa Maria Jacinta C. Jocson Reporter

PHILIPPINE FACTORY ACTIVITY lost momentum in June, with output expanding to its slowest pace in 11 months, S&P Global said on Monday.

The S&P Global Philippines Manufacturing Purchasing Managers' Index (PMI) eased to 50.9 in June from 52.2 in May, remaining above the 50-point index mark that separates growth from contraction.

This was the weakest manufacturing growth seen in 11 months or since the 50.8 reading in July 2022.

June also marked the 17th straight month that the PMI reading was above 50.

"Growth across the Filipino manufacturing factor slowed as the June PMI index reading signaled the weakest improvement in the health of the sector since July 2022," Maryam Baluch, economist at S&P Global Market Intelligence, said in a statement.

"The muted headline figure reflected softer rates of expansion across both output and new orders, while manufacturing employment registered a fresh reduction," she added.

The headline PMI measures manufacturing conditions through the weighted average of five indices: new orders (30%), output (25%), employment (20%), suppliers' delivery times (15%) and stocks of purchases (10%).

Based on the latest PMI reading, the Philippines had the third best PMI reading in June out of six Southeast Asian countries.

The Philippines was behind Thailand (53.2) and Indonesia (52.5), but ahead of Myanmar (50.4). Meanwhile, Malaysia (47.7) and Vietnam (46.2) both reported a contraction in factory activity.

WEAK DEMAND

"Filipino manufacturing firms signaled a moderate improvement in overall business conditions in the closing month of the second quarter. Overall growth was supported by continued expansion in production and factory orders. However, in both cases, the rates of increase eased from May, with some panelists reporting weaker underlying demand trends," S&P Global said.

Firms' output only showed a "fractional rise" in June, and the weakest since the current run of expansion started in September 2022, it added.

Manufacturing, S1/9

Wage hikes unlikely to boost demand or fuel another inflation spike

THE 7% HIKE in minimum wages in the National Capital Region (NCR) is unlikely to boost domestic demand to the extent that it will fuel another spike in inflation, analysts said.

In an e-mail, Oxford Economics assistant economist Makoto Tsuchiya said the minimum wage hike in NCR, which takes effect on July 16, will provide support to households that are grappling with rising cost of goods.

"But we estimate the real minimum wage in NCR in 2023 will still be lower than

the 2020 level given surging inflation for the past few years. Therefore, the hike is unlikely to boost domestic demand to the extent that will reaccelerate inflation," Mr. Tsuchiya said.

Last week, the Regional Tripartite Wages and Productivity Board (RTWPB) of the NCR approved a P40 wage hike for all minimum wage earners in Metro Manila, bringing the minimum wage from P570 to P610 a day effective July 16.

"Given that the increase is roughly 7%, only slightly faster than the growth of the economy, we feel that the increase in wages may not fan out of control inflationary pressures just yet," ING Bank N.V. Manila Senior Economist Nicholas Antonio T. Mapa said.

On the other hand, Security Bank Corp. Chief Economist Robert Dan J. Roces said any wage hike is inflationary and could increase demand for goods and services as workers have more money to spend.

"In effect it may lead to higher prices with businesses passing on the cost of increased wages to consumers," he said.

In terms of risk, Mr. Roces said the "inflationary tendency, if any, may be offset by raising interest rates especially in this current environment."

The Bangko Sentral ng Pilipinas (BSP) extended its policy pause for a second straight meeting in June, keeping rates at a near 16-year high of 6.25%.

Wage, S1/9