

STOCK MARKET	ASIAN MARKETS	WORLD MARKETS	PESO-DOLLAR RATES	ASIAN MONIES-US\$ RATE	WORLD CURRENCIES	DUBAI CRUDE OIL
PSEi OPEN: 6,459.26 HIGH: 6,459.26 LOW: 6,379.03 CLOSE: 6,379.03 VOL.: 0.445 B VAL(P): 3.098 B 95.23 pts. 1.47% 30 DAYS TO JULY 7, 2023	JULY 7, 2023 JAPAN (NIKKEI 225) 32,388.42 ▼ -384.60 -1.17 HONG KONG (HANG SENG) 18,365.70 ▼ -167.35 -0.90 TAIWAN (WEIGHTED) 16,664.21 ▼ -97.96 -0.58 THAILAND (SET INDEX) 1,490.51 ▲ 0.05 0.00 S.KOREA (KSE COMPOSITE) 2,526.71 ▼ -29.58 -1.16 SINGAPORE (STRAITS TIMES) 3,139.47 ▼ -10.96 -0.35 SYDNEY (ALL ORDINARIES) 7,042.30 ▼ -121.10 -1.69 MALAYSIA (KLSE COMPOSITE) 1,377.67 ▼ -8.28 -0.60	JULY 7, 2023 Dow Jones 33,734.880 ▼ -187.380 NASDAQ 13,660.716 ▼ -18.327 S&P 500 4,398.950 ▼ -12.640 FTSE 100 7,256.940 ▼ -23.560 Euro Stoxx50 3,855.630 ▼ -12.340	FX OPEN P55.650 HIGH P55.520 LOW P55.670 CLOSE P55.620 W.AVE. P55.597 VOL. \$1,009.30 M SOURCE : BAP 12.00 CTVS 30 DAYS TO JULY 7, 2023	JULY 7, 2023 LATEST BID (0900GMT) PREVIOUS JAPAN (YEN) 142.070 ▲ 144.020 HONG KONG (HK DOLLAR) 7.827 ▼ 7.818 TAIWAN (NT DOLLAR) 31.264 ▼ 31.218 THAILAND (BAHT) 35.150 ▼ 35.060 S. KOREA (WON) 1,297.900 ▲ 1,303.720 SINGAPORE (DOLLAR) 1.346 ▲ 1.352 INDONESIA (RUPIAH) 15,130 ▲ 15,040 MALAYSIA (RINGGIT) 4.666 ▼ 4.660	JULY 7, 2023 CLOSE PREVIOUS US\$/UK POUND 1.2836 ▲ 1.2712 US\$/EURO 1.0967 ▲ 1.0863 US\$/AUSTRALIAN DOLLAR 0.6688 ▲ 0.6671 CANADA DOLLAR/US\$ 1.3271 ▲ 1.3295 SWISS FRANC/US\$ 0.8882 ▼ 0.8971	FUTURES PRICE ON NEAREST MONTH OF DELIVERY 79.00 77.20 75.40 73.60 71.80 70.00 \$0.55 30 DAYS TO JULY 7, 2023

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PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • JULY 7, 2023 (PSEi snapshot on S1/4; article on S2/2)

SM	P910.500	SMPH	P31.900	AC	P605.000	BDO	P135.900	AP	P35.600	ICT	P198.400	BPI	P105.900	ALI	P24.000	MPI	P4.960	GREEN	P0.680
Value	P310,847,730	Value	P284,033,000	Value	P253,246,020	Value	P245,910,636	Value	P172,339,065	Value	P152,305,423	Value	P151,083,380	Value	P109,090,480	Value	P100,367,500	Value	P84,101,230
	-P21.500 ▼ -2.307%		-P0.850 ▼ -2.595%		-P9.500 ▼ -1.546%		-P1.000 ▼ -0.730%		-P0.400 ▼ -1.11%		P0.000 — 0.000%		-P2.900 ▼ -2.665%		-P0.450 ▼ -1.840%		P0.010 ▲ 0.202%		-P0.220 ▼ -24.444%

Retail dollar bond sale eyed by Sept.

Dollar reserves slip below \$100B anew

By Keisha B. Ta-asan
Reporter

THE PHILIPPINES' gross international reserves (GIR) slipped below \$100 billion for the first time in four months, as the National Government paid its foreign debt obligations and the central bank adjusted the valuation of its gold holdings.

Data from the Bangko Sentral ng Pilipinas (BSP) released late on Friday showed the foreign exchange buffers slipped by 0.8% to \$99.8 billion as of end-June from \$100.6 billion as of end-May.

Year on year, the dollar reserves dropped by 1% from the \$100.85-billion level a year ago.

This was the first time GIR fell below the \$100-billion level since end-February when it stood at \$98.22 billion.

"The month-on-month decrease in the GIR level reflected

mainly the National Government's 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 BSP also attributed the lower dollar reserves to the drop in the value of its gold holdings as prices fell in the world market.

Ample foreign exchange buffers protect the economy from market volatility and ensure the country can pay its debts in case of an economic downturn.

The end-June dollar reserves were enough to cover about 5.9 times the country's short-term external debt based on original maturity and 4.2 times based on residual maturity.

It was also equivalent to 7.6 months' worth of imports of goods and payments of services and primary income, the BSP said.

Reserves, S1/11

Bad loans continue to pile up

PHILIPPINE BANKS' nonperforming loans (NPLs) further increased in May, bringing their NPL ratio to the highest in nine months, central bank data showed.

Data released by the Bangko Sentral ng Pilipinas (BSP) showed the banking industry's overall NPL ratio rose to 3.46% in May, from 3.41% in April, although lower than the 3.75% a year earlier.

This is the highest NPL ratio since August, when it stood at 3.53%.

Bad loans in May inched up by 1.9% to P436.117 billion from April, and by 1.6% from a year earlier.

The uptick in the NPL ratio reflects the higher interest rate environment both locally and globally, as central banks hiked aggressively to tame inflation, Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said in a Viber message.

Since May 2022, the Monetary Board raised borrowing costs by 425 basis points (bps), bringing the key interest rate to a near 16-year high of 6.25%. The BSP is widely expected to keep the policy rate steady for the rest of the year.

Aside from higher borrowing costs, firms are also dealing with elevated inflation that has cut into their profit margins and reduced their capacity to repay their loans.

"Nevertheless, the reopening of the economy somewhat overshadowed these risk factors," Mr. Ricafort said, adding that better revenues,

earnings, and employment improved the capability of consumers and firms to pay their loans.

He noted the NPL ratio in June is still among the lowest since the pandemic when it peaked at 4.51% in August 2021.

Based on BSP data, the banking industry's total loan portfolio expanded by 10.1% to P12.6 trillion from P11.44 trillion in June 2022. Month on month, it inched up by 0.3%.

Past due loans in May rose by 3.3% to P525.511 billion from P508.508 billion a year ago. This brought the ratio to 4.17%, slipping from 4.44% last year.

Restructured loans fell by 7.8% to P310.298 billion from P336.723 billion a year ago. These borrowings made up 2.46% of the industry's total loan portfolio, down from 2.94% in May 2022.

Lenders continued to beef up their loan loss reserves by 9.2% to P444.028 billion from a year earlier. However, its ratio inched down to 3.52% from 3.55%.

In May, lenders' NPL coverage ratio — which gauges the allowance for potential losses due to bad loans — increased to 101.81% from 94.76% a year earlier.

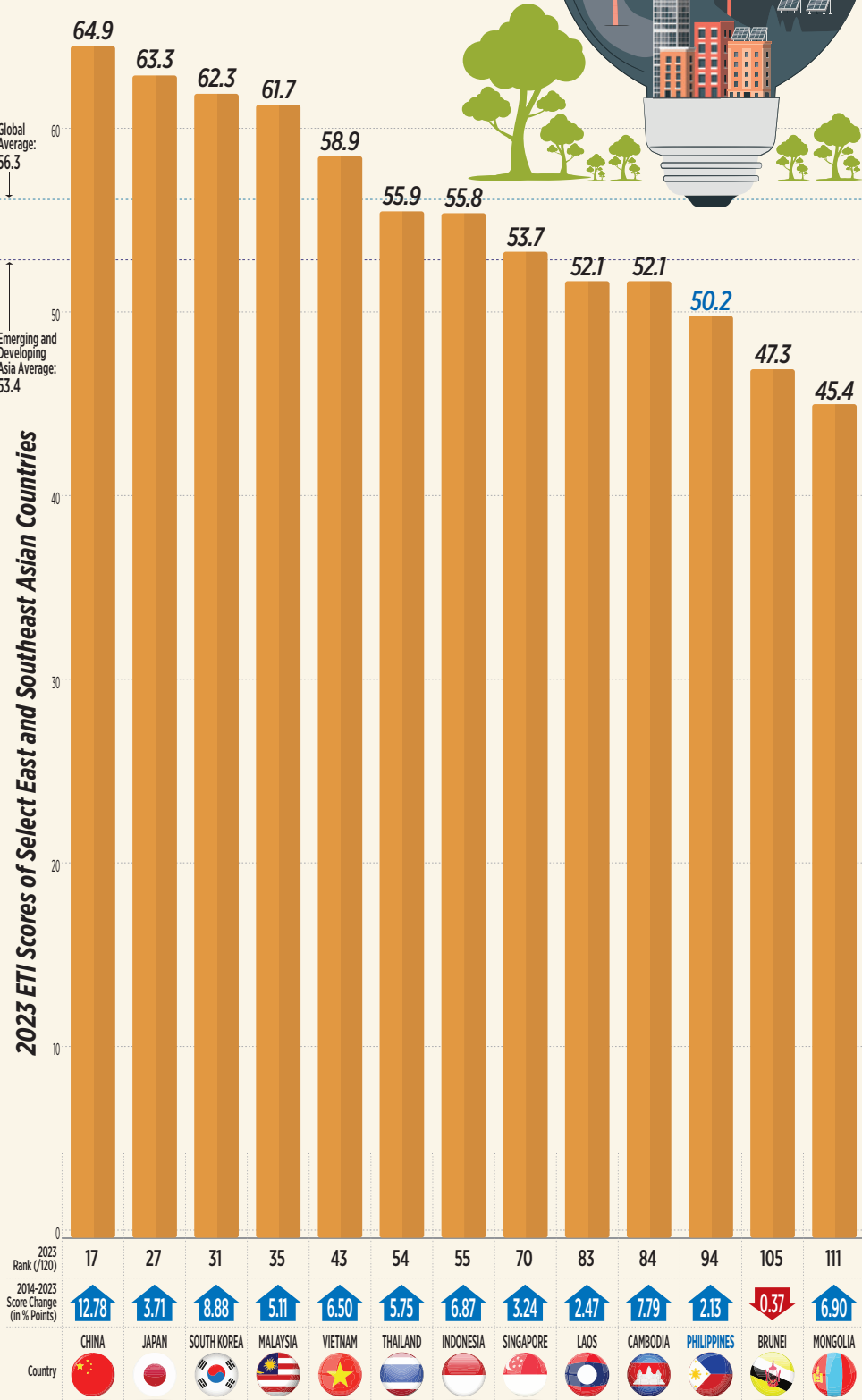
Easing inflation and eventually lower interest rates will help improve the credit quality of many borrowers, Mr. Ricafort said.

Headline inflation slowed for a fifth straight month in June to 5.4% from 6.1% a year ago.

For the first six months of the year, inflation averaged 7.2%, still above the BSP's 5.4% full-year forecast. — Keisha B. Ta-asan

PHILIPPINES LAGS IN 2023 ENERGY TRANSITION INDEX

The World Economic Forum's Energy Transition Index (ETI) looks at how well economies balance energy security and access with environmental sustainability and affordability. The 2023 edition of the report showed the Philippines ranked 94 out of 120 countries, with an overall score of 50.2 on a 0-100% scale. Despite improving by 2.13 percentage points in a decade, however, the country fell below the global average score of 56.3% as well as Emerging and Developing Asia's average score of 53.4%. This put the Philippines the third-lowest among its peers in the region.



Top 10				Bottom 10			
2023 Rank (120)	Country	2023 ETI Score	2014-2023 Score Change	2023 Rank (120)	Country	2023 ETI Score	2014-2023 Score Change
1	Sweden	78.5	1.41	120	Yemen	40.0	1.86
2	Denmark	76.1	3.88	119	Congo, Dem. Rep.	42.3	1.27
3	Norway	73.7	2.89	118	Tanzania	42.9	10.35
4	Finland	72.8	9.80	117	Zambia	44.3	1.29
5	Switzerland	72.4	1.21	116	Zimbabwe	44.7	12.26
6	Iceland	70.6	7.88	115	Jamaica	44.9	2.31
7	France	70.6	1.84	114	Nicaragua	44.9	20.8
8	Austria	69.3	6.82	113	Bangladesh	45.0	1.65
9	Netherlands	68.8	9.20	112	Lebanon	45.2	2.24
10	Estonia	68.2	10.87	111	Mongolia	45.4	6.90

NOTE: The ETI framework analyzes countries' current energy system performance and enabling environment for energy transition in five equally weighted components: equity and inclusion, security, sustainability, regulatory framework and investment, and enabling factors.

SOURCE: WORLD ECONOMIC FORUM'S FOSTERING EFFECTIVE ENERGY TRANSITION: 2023 EDITION (ENERGY TRANSITION INDEX 2023)
BUSINESSWORLD RESEARCH: LOURDES O. PILAR BUSINESSWORLD GRAPHICS: BONG R. FORTIN

By Luisa Maria Jacinta C. Jocson
Reporter

THE GOVERNMENT is looking to offer retail dollar bonds by September, National Treasurer Rosalia V. de Leon said.

"We are doing all the marketing now. If markets are favorable, maybe in September," Ms. De Leon said during a press chat at the Department of Finance (DoF) on Friday.

Earlier, the government announced its plan to launch the offering within the third quarter.

Ms. De Leon said the government is targeting an offer size of \$2 billion.

The Philippines had its last retail dollar bond sale in 2021, when it raised almost \$1.6 billion.

Finance Secretary Benjamin E. Diokno said that the economic team will also discuss the bond offering during the Philippine economic briefing in Toronto, Canada on July 13.

"We are going to float the dollar-denominated bonds, there is interest from Filipinos abroad to invest in retail dollar bonds," he said.

"We would like to talk with overseas Filipino workers to provide them an outlet for investing. In fact, we even lowered the minimum denomination. It was \$300 the last time, it is now just \$200 and (it will be) tax exempt," Ms. De Leon added.

When asked about the possibility of launching euro bonds, Ms. De Leon said "maybe for next time."

"There were requests for euro bonds when we were in Frankfurt. Maybe next year, when the conditions in the Philippines are more attractive," Mr. Diokno added.

'MANAGEABLE DEBT'

Meanwhile, Mr. Diokno said that the National Government's (NG) outstanding debt, which reached a record P14.1 trillion as of end-May, is still manageable.

The Finance chief said that the debt-to-gross domestic product (GDP) ratio will likely end the year at 60% to 61%.

"Still manageable... our debt is reasonable, by any standard, at 60%. We plan to reduce that to 51% (through) a combination of lower borrowing and higher GDP," Mr. Diokno said.

As of end-December, the country's debt-to-GDP ratio stood at 60.9%, improving from the 63.7% ratio as of end-September.

This is slightly lower than the 61.8% target under the medium-term fiscal framework, but still a tad above the 60% threshold considered manageable by multilateral lenders for developing economies.

Dollar bond, S1/8

Mining industry backs bill imposing margin-based royalty

THE MINING INDUSTRY would prefer the imposition of a margin-based royalty and windfall profits tax, as it would still generate revenues for the government but less burdensome for miners.

Chamber of Mines of the Philippines Vice Chairman Gerard H. Brimo said in a Viber message these taxes would provide the government "with a progressively larger share in mining revenues when

commodities prices go up and give a break to the industry when prices are low."

The Department of Finance (DoF) wants Congress to prioritize a measure rationalizing the fiscal regime for the mining sector, as it seeks to generate additional revenues for the government.

Mr. Brimo said the industry supports House Bill No. 373, which is authored by House Ways and Means Committee

Chairman and Albay Rep. Jose Maria Clemente S. Salceda. The bill proposes a margin-based royalty on large-scale miners outside of mineral reservations. It also proposes a windfall profits tax that is likewise based on margins.

Basing the tax on margins means that the rate increases as operating margins increase.

Mr. Brimo said that margin-based royalty is practiced in many other countries.

"This is the same tax structure that applies in the two largest copper producing countries in the world, Chile and Peru, who have been able to attract substantial foreign investments to grow their industries. Canada also applies an income-based royalty although the royalty rate does not change," he said.

Miners, S1/8

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