

STOCK MARKET	ASIAN MARKETS	WORLD MARKETS	PESO-DOLLAR RATES	ASIAN MONIES-US\$ RATE	WORLD CURRENCIES	DUBAI CRUDE OIL																																																																																										
PSEI OPEN: 6,580.49 HIGH: 6,590.65 LOW: 6,450.84 CLOSE: 6,450.84 VOL.: 0.541 B VAL(P): 6.637 B 125.92 pts, 1.91% 30 DAYS TO AUGUST 4, 2023	AUGUST 4, 2023 <table border="1"> <tr><th></th><th>CLOSE</th><th>NET</th><th>%</th></tr> <tr><td>JAPAN (Nikkei 225)</td><td>32,192.75</td><td>▲ 33.47</td><td>0.10</td></tr> <tr><td>HONG KONG (Hang Seng)</td><td>19,539.46</td><td>▲ 118.59</td><td>0.61</td></tr> <tr><td>TAIWAN (Weighted)</td><td>16,843.68</td><td>▲ -35.23</td><td>-0.21</td></tr> <tr><td>THAILAND (SET Index)</td><td>1,530.46</td><td>▲ 1.45</td><td>0.09</td></tr> <tr><td>S. KOREA (KSE Composite)</td><td>2,602.80</td><td>▲ -2.59</td><td>-0.10</td></tr> <tr><td>SINGAPORE (Straits Times)</td><td>3,292.39</td><td>▲ -11.67</td><td>-0.35</td></tr> <tr><td>SYDNEY (All Ordinaries)</td><td>7,325.30</td><td>▲ 13.60</td><td>0.19</td></tr> <tr><td>MALAYSIA (KLC Composite)</td><td>1,445.21</td><td>▲ 3.36</td><td>0.23</td></tr> </table>		CLOSE	NET	%	JAPAN (Nikkei 225)	32,192.75	▲ 33.47	0.10	HONG KONG (Hang Seng)	19,539.46	▲ 118.59	0.61	TAIWAN (Weighted)	16,843.68	▲ -35.23	-0.21	THAILAND (SET Index)	1,530.46	▲ 1.45	0.09	S. KOREA (KSE Composite)	2,602.80	▲ -2.59	-0.10	SINGAPORE (Straits Times)	3,292.39	▲ -11.67	-0.35	SYDNEY (All Ordinaries)	7,325.30	▲ 13.60	0.19	MALAYSIA (KLC Composite)	1,445.21	▲ 3.36	0.23	AUGUST 4, 2023 <table border="1"> <tr><th></th><th>CLOSE</th><th>NET</th></tr> <tr><td>Dow Jones</td><td>35,065.620</td><td>▼ -150.270</td></tr> <tr><td>NASDAQ</td><td>13,909.238</td><td>▼ -50.477</td></tr> <tr><td>S&P 500</td><td>4,478.030</td><td>▼ -23.860</td></tr> <tr><td>FTSE 100</td><td>7,564.370</td><td>▲ 35.210</td></tr> <tr><td>Euro Stoxx50</td><td>3,938.550</td><td>▲ 6.120</td></tr> </table>		CLOSE	NET	Dow Jones	35,065.620	▼ -150.270	NASDAQ	13,909.238	▼ -50.477	S&P 500	4,478.030	▼ -23.860	FTSE 100	7,564.370	▲ 35.210	Euro Stoxx50	3,938.550	▲ 6.120	FX OPEN P55.600 HIGH P55.550 LOW P55.777 CLOSE P55.740 W.AVE. P55.675 VOL. \$1,138.90 M SOURCE: BAP 22.00 ctyvs 30 DAYS TO AUGUST 4, 2023	AUGUST 4, 2023 LATEST BID (0900GMT) <table border="1"> <tr><th></th><th>PREVIOUS</th></tr> <tr><td>JAPAN (YEN)</td><td>▲ 142.860</td></tr> <tr><td>HONG KONG (HK DOLLAR)</td><td>▲ 7.815</td></tr> <tr><td>TAIWAN (NT DOLLAR)</td><td>▲ 31.652</td></tr> <tr><td>THAILAND (BAHT)</td><td>▲ 34.670</td></tr> <tr><td>S. KOREA (WON)</td><td>▲ 1,304.080</td></tr> <tr><td>SINGAPORE (DOLLAR)</td><td>▲ 1.339</td></tr> <tr><td>INDONESIA (RUPIAH)</td><td>▲ 15,165</td></tr> <tr><td>MALAYSIA (RINGGIT)</td><td>▲ 4.553</td></tr> </table>		PREVIOUS	JAPAN (YEN)	▲ 142.860	HONG KONG (HK DOLLAR)	▲ 7.815	TAIWAN (NT DOLLAR)	▲ 31.652	THAILAND (BAHT)	▲ 34.670	S. KOREA (WON)	▲ 1,304.080	SINGAPORE (DOLLAR)	▲ 1.339	INDONESIA (RUPIAH)	▲ 15,165	MALAYSIA (RINGGIT)	▲ 4.553	AUGUST 4, 2023 <table border="1"> <tr><th></th><th>CLOSE</th><th>PREVIOUS</th></tr> <tr><td>US\$/UK POUND</td><td>▲ 1.2748</td><td>▲ 1.2668</td></tr> <tr><td>US\$/EURO</td><td>▲ 1.1010</td><td>▲ 1.0923</td></tr> <tr><td>US\$/AUSTRALIAN DOLLAR</td><td>▲ 0.6569</td><td>▲ 0.6520</td></tr> <tr><td>CANADA DOLLAR/US\$</td><td>▲ 1.3373</td><td>▲ 1.3373</td></tr> <tr><td>SWISS FRANC/US\$</td><td>▲ 0.8727</td><td>▲ 0.8764</td></tr> </table>		CLOSE	PREVIOUS	US\$/UK POUND	▲ 1.2748	▲ 1.2668	US\$/EURO	▲ 1.1010	▲ 1.0923	US\$/AUSTRALIAN DOLLAR	▲ 0.6569	▲ 0.6520	CANADA DOLLAR/US\$	▲ 1.3373	▲ 1.3373	SWISS FRANC/US\$	▲ 0.8727	▲ 0.8764	FUTURES PRICE ON NEAREST MONTH OF DELIVERY \$87.11/BBL 30 DAYS TO AUGUST 4, 2023 ▲ \$3.15
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VOL. XXXVII • ISSUE 8 MONDAY • AUGUST 7, 2023 • www.bworldonline.com S1/1-10 • 3 SECTIONS, 22 PAGES

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

ALI	P28.400	BPI	P117.000	SM	P908.500	SMPH	P34.000	BDO	P141.000	ACEN	P5.500	ICT	P202.000	MBT	P55.000	TEL	P1,275.000	AC	P607.000
Value	P723,177,560	Value	P551,398,733	Value	P525,159,480	Value	P513,064,835	Value	P448,112,970	Value	P339,700,302	Value	P316,367,008	Value	P307,577,042	Value	P257,890,640	Value	P236,209,555
	▼ -1.900%		▲ 3.084%		▼ -0.384%		▲ 2.874%		▼ -3.820%		▲ 3.774%		▼ -2.885%		▼ -6.143%		▼ -2.672%		▼ -2.097%

Q2 GDP growth likely slowed further

By **Mariedel Irish U. Catilogo**
Researcher

PHILIPPINE ECONOMIC GROWTH likely moderated in the second quarter as still-

elevated inflation and high borrowing costs continued to dampen consumption.

A *BusinessWorld* poll of 21 economists conducted last week yielded a median estimate of 6% gross domestic product (GDP) growth for the April-to-June period.

If realized, this would be slower than the 6.4% growth in the first quarter and the 7.5% expansion in the same period in 2022.

This would bring the average GDP growth to 6.2% in the first half, still within the government's 6%-7% full-year target.

The Philippine Statistics Authority (PSA) is set to report the second-quarter GDP growth data on Aug. 10.

"We believe that high inflation and elevated interest rates dampened household

spending and capital formation, respectively, (in the second quarter)," Philippine National Bank economist Alvin Joseph A. Arogo said.

Since peaking at a 14-year high of 8.7% in January, headline inflation has been on a downtrend and eased to 5.4% in June, bringing the six-month average to 7.2%.

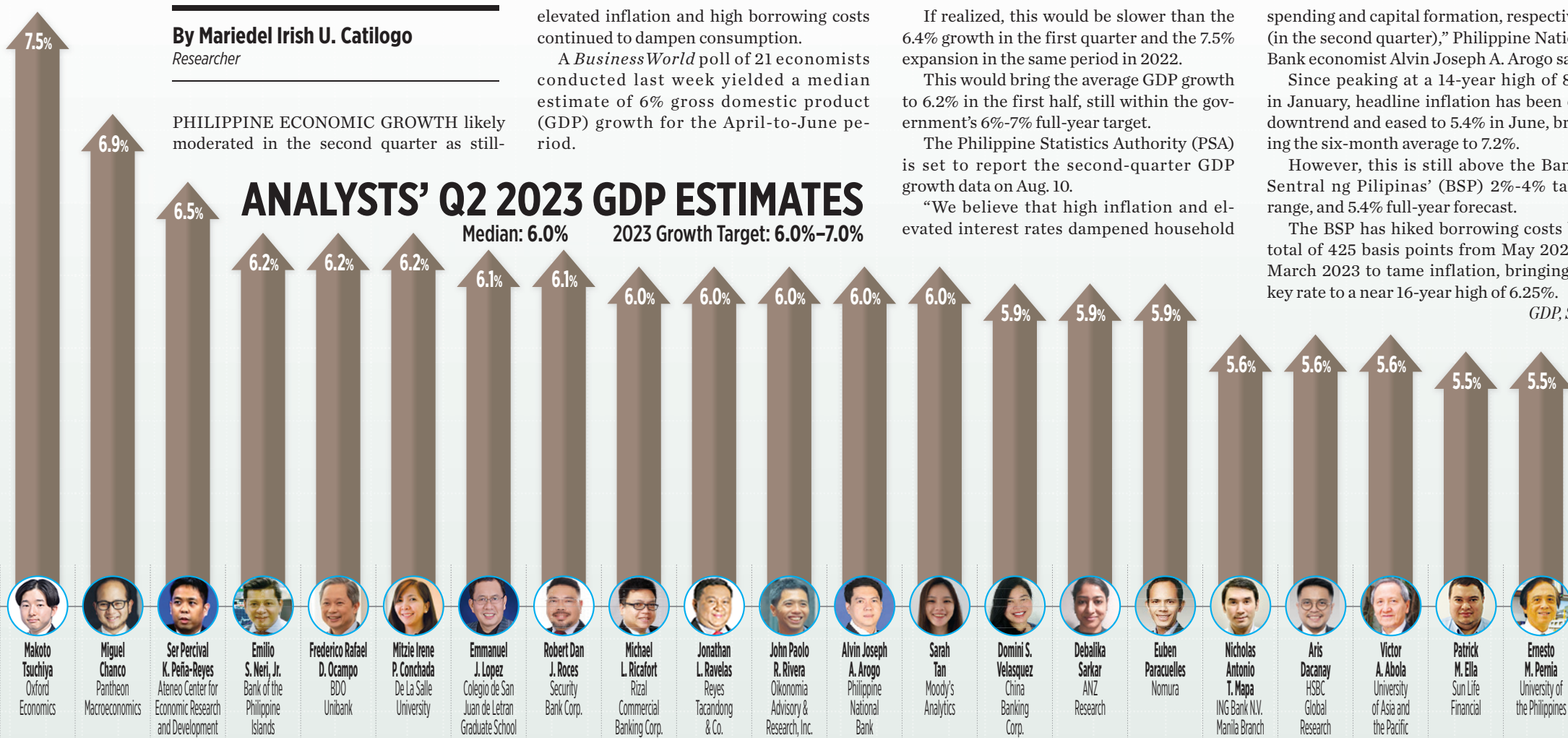
However, this is still above the Bangko Sentral ng Pilipinas' (BSP) 2%-4% target range, and 5.4% full-year forecast.

The BSP has hiked borrowing costs by a total of 425 basis points from May 2022 to March 2023 to tame inflation, bringing the key rate to a near 16-year high of 6.25%.

GDP, S1/5

ANALYSTS' Q2 2023 GDP ESTIMATES

Median: 6.0% 2023 Growth Target: 6.0%-7.0%



BUSINESSWORLD GRAPHICS: BONG R. FORTIN

Farm output may have expanded in 2nd quarter

THE PHILIPPINES' overall agricultural output likely saw an improvement in the second quarter due to favorable weather conditions and low base effects.

"I would think there was some improvement this year due to better (sunnier) weather in the second quarter," Raul Q. Montemayor, national manager of Federation of Free Farmers, said in a Facebook Messenger chat.

He noted that agricultural output is coming from a "low base" as it shrank by 0.6% in the second quarter of 2022.

In the first quarter, the value of production in the agriculture and fisheries sector expanded by 2.1%. Agriculture contributes about a 10th of the country's gross domestic product (GDP) and a fourth of jobs.

The Philippine Statistics Authority (PSA) is set to release second-quarter farm output data on Aug. 9, a day before the GDP data.

The Department of Agriculture set a 2.3%-2.5% agricultural output growth target for this year.

"The (gross value added) in real terms has been declining constantly since 2018. If ever there is an improvement this year, we would still end up lower in real terms compared with 2018," he said.

In 2022, the gross value added (GVA) of the agriculture, forestry and fishing sector stood at P1.78 trillion or 8.9% of the GDP — the lowest contribution over the last five years. In 2018, agriculture accounted for 9.7% of GDP.

"Declining GVA in real terms (constant 2018 prices) means a decline in output. The hog and poultry sectors are still recovering from the (African swine fe-

ver), so any recovery will come up as an increase in output (compared with low base levels)," Mr. Montemayor said.

He noted that crops and fisheries output is also declining or stagnating.

"It may be due to the continuous entry of imports which depress farmgate prices and discourage farmers/fishers from expanding their production. Or the support being given is not enough, or the wrong one, or is not properly delivered," Mr. Montemayor said.

Elias Jose M. Inciong, president of the United Broiler Raisers Association, said production volume may have been higher in the second quarter.

"There might be a decline in terms of value as farmgate prices were unusually low for a second quarter," he said in a Viber message.

He noted that in April, the farmgate price of chicken on a liveweight basis reached P89 per kilogram which is below the production cost.

Alfred Ng, vice-president of the National Federation of Hog Farmers, Inc., said there was higher production in the second quarter amid hog repopulation efforts in areas which were stricken by the African swine fever.

Mr. Ng said there is currently a surplus in pork supply as reflected by the decline in liveweight prices.

"From P200 per kilogram during the first quarter, it had gone down to P150 backyard and P160-P170 commercial which some farmers claim they are losing money as feeds remain high and gas prices are up again," he said.

Farm output, S1/3

Remolona sees upside risks to inflation outlook

POSSIBLE SUPPLY constraints affecting key food items threatens to reverse the downward trend in Philippine inflation, Bangko Sentral ng Pilipinas (BSP) Governor Eli M. Remolona said on Friday.

Mr. Remolona said the central bank sees inflation returning to the 2-4% target range by yearend, in the absence of supply shocks.

"We want to get to the target range without overshooting it too much," he told reporters. "I think we will overshoot a little bit *pero hindi kami madadapa* [but we won't trip]."

Asked if the Philippine economy would be able to handle another rate hike, Mr. Remolona said: "I think we're very close to our full capacity at this point."

The Monetary Board kept its key policy rate unchanged

at a nearly 16-year high of 6.25% at its last two meetings. It has hiked borrowing costs by 425 basis points from May 2022 to March 2023 to tame inflation.

"If we're going to hike, we have to be very careful not to hike too much. *Siguro kaunti lang muna* [maybe just a bit], but if we're going to cut, there [should be] room to cut, so wait until Aug. 17 (Monetary Board meeting)," Mr. Remolona added.

Headline inflation cooled to a 16-month low of 4.7% in July from 6.4% in the same month in 2022. Core inflation also eased to 6.7%, the lowest this year.

For the seven-month period, inflation averaged 6.8%, still higher than the 5.4% forecast by the central bank. It also marked the 16th straight month of infla-

tion exceeding the BSP's 2-4% target band.

Mr. Remolona said there are several risks to the inflation outlook.

"We are more worried about Vietnam, which is a big source [of the country's rice imports]. El Niño is beginning to hit Vietnam, they're experiencing droughts, so that's more worrisome," Mr. Remolona said in mixed English and Filipino.

Rice export prices have been going up as supply tightened due to India's ban on white rice exports. India is the world's biggest rice exporter, followed by Thailand and Vietnam.

The Philippines is one of the world's biggest rice importers and usually buys rice mainly from Vietnam.

Jonathan L. Ravelas, senior adviser at Reyes Tacandong &

Co., said Philippine inflation is seen to maintain its downward trend in the second half but upside risks remain.

"The recent introduction of restrictive trade policies on certain food commodities by neighboring countries, the impact of typhoons Egay and Falcon in the country, as well as extended oil output and export cuts by major oil producers, have introduced new upside risks to near-term inflation," he said.

"These risks add to existing concerns about potential changes in domestic price policies amid ongoing supply constraints of key food items and currency fluctuations," he added.

Security Bank Corp. Chief Economist Robert Dan J. Roces said rising food prices in July are a red flag.

Inflation, S1/9

PHL faces challenges in securing 'A' credit rating

THE PHILIPPINES is still determined to secure an "A" sovereign credit rating before the end of the Marcos administration, although Finance Secretary Benjamin E. Diokno said it may be more challenging amid uncertainties in the global markets.

"Given the current global environment, getting an 'A' rating promises to be challenging," he told reporters in a press chat on Friday.

Last week, Fitch Ratings downgraded the US debt rating to "AA+" from "AAA" due to a likely fiscal deterioration over the next three years and growing government debt burden.

"At a time of uncertainty in the global market, the Philippines is doing quite well," Mr. Diokno said. "Our ultimate goal is to get an 'A' rating before the end of the President's term."

The Philippines currently falls short of the "A" rating across three major debt watchers, with Moody's Investors Service rating the country at "Baa2," S&P Global Ratings at "BBB+," and Fitch Ratings at "BBB."

All three have assigned a "stable outlook" for the Philippines, indicating that no rating changes may occur in the next 12 to 18 months.

"An upgrade to 'A' rating will result in improved perception of

the local and international business and financial communities on the country and will help reduce the government's borrowing cost," Mr. Diokno said.

"In turn, this will increase investment due to higher investor confidence and will eventually help in achieving the country in its long-term economic plans," he added.

The Philippines' outstanding sovereign debt hit a record P14.15 trillion as of end-June.

Finance Undersecretary Zeno Ronald R. Abenoja said interest payments constitute about 10-11% of the government's budget.

For next year, the government's debt service program is set at P1.91

trillion, of which P670.47 billion will go to interest payments.

"With the credit rating upgrade, it will lower the borrowing cost of the government that will provide savings for the National Government," Mr. Abenoja said.

He also said that the savings from lower borrowing costs could be allocated to the government's priority projects.

Meanwhile, BSP Governor Eli M. Remolona said the credit default swap (CDS) spread of the Philippines on a five-year horizon is around 69-70 bps, which mirrors a CDS spread of a country with an "A" rating.

Credit rating, S1/3



THE ECONOMY
S.Korea ready to sign trade deal; PHL working on internal approval S1/2

OPINION
Taylor Swift's Eras Tour is a potent reminder that the internet is not real life S1/6

THE NATION
Philippines accuses China of blocking, firing water cannon at resupply ship S1/10



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