P25 IN METRO MANILA, PHILIPPINES

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STOCK MARKET

PSEi

OPEN:	6,508.78
HIGH:	6,508.78
LOW:	6,446.80
CLOSE:	6,449.66
VOL.:	0.514 B
VAL(P):	3.637 B

ASIAN MARKETS

AUGUST 10, 2023

	CLOSE		NET	%
Japan (Nikkei 225)	32,473.65	▲	269.32	0.84
Hong Kong (Hang Seng)	19,248.26	▲	2.23	0.01
Taiwan (Weighted)	16,634.70	▼	-236.24	-1.40
Thailand (SET Index)	1,533.41	▲	5.11	0.33
S.Korea (Kse Composite)	2,601.56	▼	-3.56	-0.14
Singapore (Straits Times)	3,322.93	▲	9.14	0.28
Sydney (All Ordinaries)	7,357.40	▲	19.40	0.26
Malaysia (Klse Composite)	1,458.93	▼	-3.10	-0.21

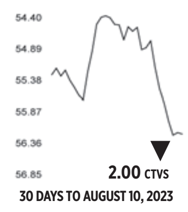
WORLD MARKETS

AUGUST 9, 2023

	CLOSE		NET
Dow Jones	35,123.360	▼	-191.130
NASDAQ	13,722.016	▼	-162.308
S&P 500	4,467.710	▼	-31.670
FTSE 100	7,587.300	▲	59.880
Euro Stoxx50	3,984.020	▲	19.350

PESO-DOLLAR RATES

FX



OPEN	P56.250
HIGH	P56.130
LOW	P56.450
CLOSE	P56.220
W.AVE.	P56.310
VOL.	$1,243.59 M

SOURCE : BAP

ASIAN MONIES-US$ RATE

AUGUST 10, 2023

	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	143.850	▼	143.340
Hong Kong (HK dollar)	7.816	▲	7.818
Taiwan (NT dollar)	31.738	▼	31.715
Thailand (baht)	35.110	▼	34.940
S. Korea (won)	1,313.540	▼	1,311.950
Singapore (dollar)	1.346	▼	1.344
Indonesia (rupiah)	15,180	▲	15,190
Malaysia (ringgit)	4.570	▼	4.568

WORLD CURRENCIES

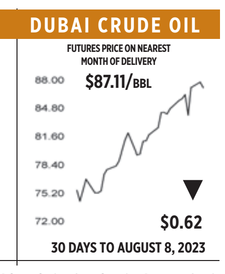
AUGUST 10, 2023

	CLOSE		PREVIOUS
US$/UK pound	1.2759	▲	1.2741
US$/Euro	1.1018	▲	1.0980
US$/Aust dollar	0.6552	▲	0.6548
Canada dollar/US$	1.3408	▼	1.3412
Swiss Franc/US$	0.8734	▼	0.8757

DUBAI CRUDE OIL

FUTURES PRICE ON NEAREST MONTH OF DELIVERY

$87.11/BBL



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

		Value			
ALI	P29.300	P309,859,260	-P0.100	▼	-0.340%
ICT	P208.000	P282,227,146	-P6.200	▼	-2.894%
BDO	P142.500	P246,451,120	P0.100	▲	0.070%
SMPH	P31.900	P224,416,100	-P0.900	▼	-2.744%
JFC	P249.000	P207,636,812	-P4.000	▼	-1.581%
SM	P887.000	P181,892,170	-P13.000	▼	-1.444%
MPI	P4.990	P171,030,015	-P0.010	▼	-0.200%
URC	P123.500	P161,976,487	-P1.300	▼	-1.042%
BPI	P115.800	P140,177,651	P0.000	—	0.000%
MONDE	P7.560	P116,437,395	-P0.340	▼	-4.304%

Q2 economic growth disappoints

THE PHILIPPINE ECONOMY grew much slower than expected in the second quarter, dragged by elevated inflation, the lagged impact of interest rate hikes and a contraction in government spending.

Gross domestic product (GDP) expanded by an annual 4.3% in April to June, the slowest in over two years, the Philippine Statistics Authority (PSA) reported on Thursday.

It was weaker than the 6.4% growth in the first quarter and 7.5% a year ago.

It was well below the estimates of 21 economists in a *BusinessWorld* poll with a median forecast of 6% last week.

"For the second quarter, the moderate economic expansion was driven by increases in tourism-related spending and commercial investments, but was tempered by high commodity prices, the lagged effects of interest rate hikes, the contraction in government spending, and slower global economic growth," National Economic and Development Authority (NEDA) Secretary Arsenio M. Balisacan told a briefing in Quezon City.

Discounting the declines recorded during the pandemic years of 2020 and 2021, the second-quarter annual growth was the slowest since the 4% growth in the fourth quarter of 2011.

For the first semester, GDP growth averaged 5.3%.

"To achieve the target growth rate of 6-7% for the year, the country's GDP needs to grow by at least 6.6% in the second half of 2023. Notwithstanding the challenges, we believe this is still attainable," Mr. Balisacan said.

The economy shrank by 0.9% on a quarter-on-quarter basis, a reversal of the 1% growth in the first quarter. This ended 11 straight quarters of quarterly growth and the sharpest drop since the 13.8% contraction at the start of the coronavirus pandemic in the second quarter of 2020.

Growth, S1/3

FDI net inflows drop in May to a four-month low

NET INFLOWS of foreign direct investments (FDI) declined in May, as elevated inflation and multi-year high borrowing costs dampened investor sentiment.

Data released by the Bangko Sentral ng Pilipinas (BSP) showed that FDI net inflows fell by 34% to $488 million from $739 million a year earlier.

It also dropped by 44.2% from the $876-million FDI net inflows in April.

The net FDI inflows in May was the lowest in four months, or since $448 million in January.

"FDI remains subdued due to the effects of relatively higher prices and interest rate levels globally," the central bank said in a statement on Thursday.

Headline inflation slowed to 6.1% in May from 6.6% in April. However, May marked the 14th consecutive month of inflation breaching the BSP's 2-4% target.

To tame inflation, the Monetary Board tightened policy rates by 425 basis points (bps) from May 2022 to March 2023. At its May meeting, the BSP paused its tightening given easing inflation.

"The decline in (May) FDI net inflows reflected the 70.7% contraction in nonresidents' net investments in debt instruments to $161 million from $551 million in the same month last year," the BSP said.

Meanwhile, investments in equity and investment fund shares rose by 74.2% to $326 million.

FDI, S1/5

Sys, Villar top Philippines' rich list

THE SY SIBLINGS remained the richest in the Philippines, as they added $1.8 billion to their net worth this year, *Forbes Asia* said on Thursday.

The combined wealth of the Philippines' top 50 tycoons jumped by 11% to $80 billion this year from $72 billion a year ago, despite an economic slowdown.

"More than half of those on the list are wealthier this year, led by the top three," *Forbes Asia* said in a statement.

The tycoons' net worth received a boost from the 6% rise in the Philippine Stock Exchange index from a year ago when fortunes were last measured. The 2023 list used the full-year annual results, based on the latest publicly available figures as of July 22.

Rich list, S1/5

Proposed tax reforms seen to raise P120.5B in revenues next year

TAX REFORM measures could potentially generate as much as P120.5 billion in additional revenues next year, the Department of Finance (DoF) said on Thursday.

Pending before Congress are the Passive Income and Financial Intermediary Taxation Act (PIFITA), value-added tax (VAT) on digital service providers, a new mining fiscal regime, motor vehicles road user's tax, as well as excise tax on single-use plastics, pre-mixed alcohol, sweetened beverages and junk food.

"These tax revenue measures will enable us to raise revenues totaling P120.5 billion or 0.5% of GDP (gross domestic product) in 2024 and P183.2 billion or 0.6% of GDP in 2026," Finance Secretary Benjamin E. Diokno said during a Development Budget Coordination Committee (DBCC) briefing before the House Committee on Appropriations.

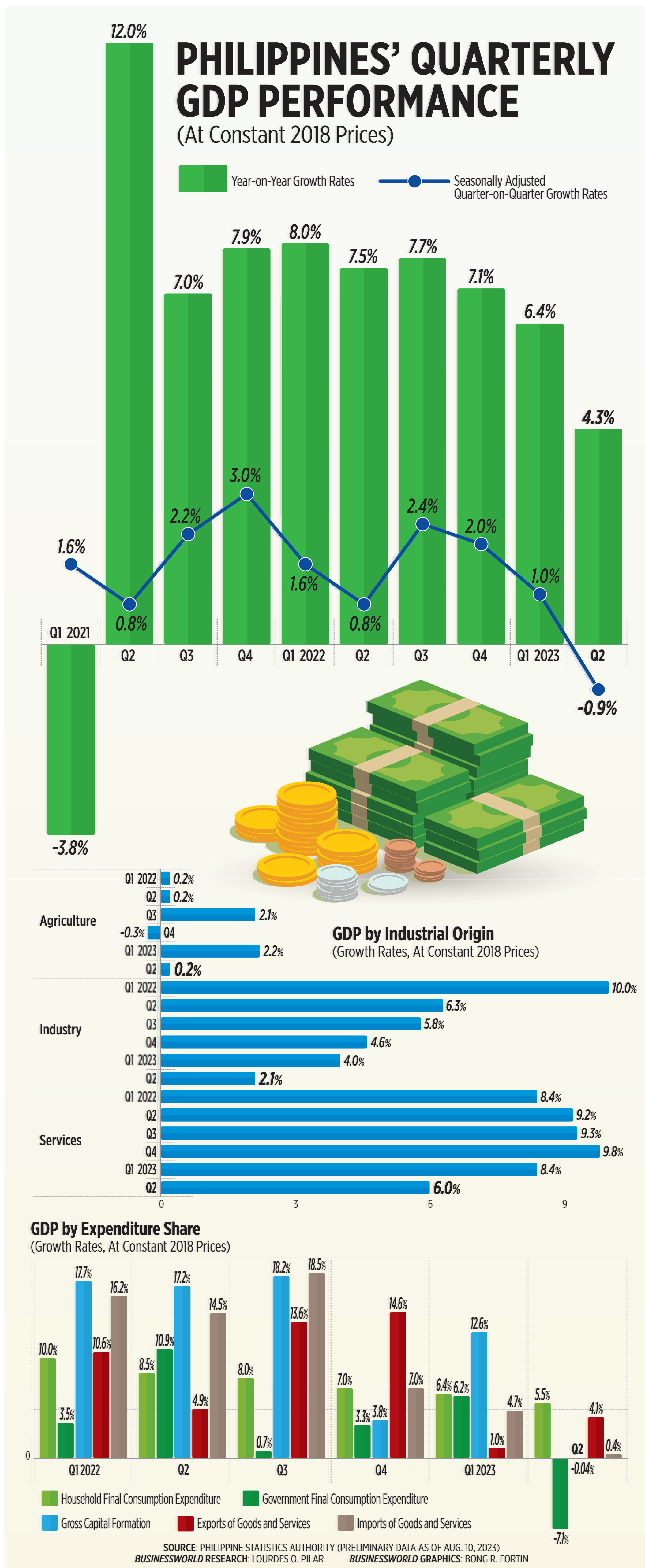
"We will continue to work with Congress in pushing for key reforms crucial to accelerating economic development," he added.

The PIFITA is expected to generate P8.5 billion in revenues next year, P7.2 billion in 2025 and P5.5 billion in 2026. It has been approved by the House but is pending at the Senate committee level.

Meanwhile, the bill imposing a 12% VAT on digital transactions has been approved by the House and is also pending at the Senate committee level. If enacted into law, its projected revenues are seen to reach P17 billion next year, P18.3 billion in 2025, and P19.5 billion in 2026.

The bill seeking to impose an excise tax on single-use plastics is expected to generate P6.5 billion in 2024. By 2025 and 2026, it is expected to raise P7 billion and P7.4 billion, respectively. It has hurdled the House but is still pending at the Senate committee level.

Revenues, S1/3



BSP sees 'prudent' pause in tightening

By Keisha B. Ta-asan
Reporter

THE BANGKO SENTRAL ng Pilipinas (BSP) may extend its "prudent" pause at next week's meeting, but some analysts expect rate cuts to begin this year after the economy's weaker-than-expected growth in the second quarter.

BSP Governor Eli M. Remolona, Jr. on Thursday said the central bank has not adjusted its policy settings at its last two meetings because they have been reconsidering and reassessing evolving domestic developments.

"The data is still mixed so we're not sure. We haven't been sure whether to raise or even to cut. But for now, we're at a pause and we're reassessing the situation. So that's where we stand," he said during the Development Budget Coordination Committee's (DBCC) briefing before the House Committee on Appropriations.

However, Mr. Remolona told reporters the unexpectedly slower gross domestic product (GDP) growth in the second quarter is a "cause for concern."

The Philippine economy expanded by an annual 4.3% in April to June, slower than the 6.4% growth in the first quarter and 7.5% a year earlier. It was below the 6% median forecast in a *BusinessWorld* poll of 21 economists last week.

Asked if the BSP will consider rate cuts due to the slower Q2 growth, Mr. Remolona said: "We're not sure because it's one number and we're looking at a lot of other numbers."

He expressed confidence the economy would pick up again in the second half.

"We think by the end of the year we will hit something like 6%," he added.

For the first half, GDP growth averaged 5.3%. To meet the government's 6-7% goal, GDP needs to grow by at least 6.6% in the second half.

Mr. Remolona said inflation is on track to return to the 2-4% target by the fourth quarter due to aggressive monetary tightening, giving "cause for a prudent pause."

Headline inflation slowed for a sixth straight month to a 16-month low of 4.7% in July from 5.4% in June. From January to July, inflation averaged 6.8%, still higher than the 5.4% forecast by the central bank.

The Monetary Board raised borrowing costs by 425 basis points (bps) from May 2022 to March 2023. This brought the key interest rate to a near 16-year high of 6.25%.

However, Mr. Remolona cited several upside risks to the inflation outlook such as transport fare and wage hikes, food supply constraints, and the El Niño weather event.

Pause, S1/5