

STOCK MARKET	ASIAN MARKETS	WORLD MARKETS	PESO-DOLLAR RATES	ASIAN MONIES-US\$ RATE	WORLD CURRENCIES	DUBAI CRUDE OIL
STOCK MARKET PSEI OPEN: 6,333.20 HIGH: 6,410.09 LOW: 6,322.10 CLOSE: 6,410.09 VOL: 0.386 B VAL(P): 3.857 B 74.18 pts, 1.17% 30 DAYS TO AUGUST 16, 2023	AUGUST 16, 2023 JAPAN (NIKKEI 225) 31,766.82 ▼ -472.07 -1.46 HONG KONG (HANG SENG) 18,329.30 ▼ -251.81 -1.36 TAIWAN (WEIGHTED) 16,446.78 ▼ -8.02 -0.05 THAILAND (SET INDEX) 1,519.56 ▼ -1.17 -0.08 S.KOREA (KSE COMPOSITE) 2,525.64 ▼ -45.23 -1.76 SINGAPORE (STRAITS TIMES) 3,213.58 ▼ -19.16 -0.59 SYDNEY (ALL ORDINARIES) 7,195.20 ▼ -109.80 -1.50 MALAYSIA (KLSE COMPOSITE) 1,463.51 ▲ 3.23 0.22	AUGUST 15, 2023 Dow Jones 34,946.390 ▼ -361.240 NASDAQ 13,631.047 ▼ -157.284 S&P 500 4,437.860 ▼ -51.860 FTSE 100 7,389.640 ▼ -117.510 Euro Stoxx50 3,938.070 ▼ -42.880	PESO-DOLLAR RATES FX OPEN P56.800 HIGH P56.515 LOW P56.910 CLOSE P56.515 W.AVE. P56.762 VOL. \$1,021.25 M SOURCE: BAP 32.50 cts 30 DAYS TO AUGUST 16, 2023	AUGUST 16, 2023 LATEST BID (0900GMT) JAPAN (YEN) 145.540 HONG KONG (HK DOLLAR) 7.829 TAIWAN (NT DOLLAR) 31.899 THAILAND (BAHT) 35.350 S. KOREA (WON) 1,336.760 SINGAPORE (DOLLAR) 1.357 INDONESIA (RUPIAH) 15,280 MALAYSIA (RINGGIT) 4.627 PREVIOUS 145.540 7.824 31.894 33.530 1,333.880 1.356 15,335 4.633	AUGUST 16, 2023 US\$/UK POUND 1.2760 ▲ 1.2715 US\$/EURO 1.0928 ▲ 1.0934 US\$/AUSTRALIAN DOLLAR 0.6466 ▼ 0.6474 CANADA DOLLAR/US\$ 1.3483 ▼ 1.3483 SWISS FRANC/US\$ 0.8779 ▲ 0.8751	DUBAI CRUDE OIL FUTURES PRICE ON NEAREST MONTH OF DELIVERY \$87.15/BBL 30 DAYS TO AUGUST 15, 2023

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PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • AUGUST 16, 2023 (PSEi snapshot on S1/2; article on S2/2)

ALI	P30.000	ICT	P212.000	BPI	P113.000	SMPH	P30.400	BDO	P143.000	JFC	P250.800	TEL	P1,234.000	MONDE	P6.710	AC	P599.500	SM	P886.000
Value	P378,779,915	Value	P310,282,864	Value	P264,022,710	Value	P254,192,415	Value	P253,034,948	Value	P194,780,536	Value	P170,890,545	Value	P156,162,065	Value	P153,083,050	Value	P146,068,805
PO.350	▲ 1.180%	P6.200	▲ 3.013%	-P1.600	▼ -1.396%	P0.300	▲ 0.997%	P1.000	▲ 0.704%	P4.600	▲ 1.868%	-P26.000	▼ -2.063%	-P0.140	▼ -2.044%	-P0.500	▼ -0.083%	P26.000	▲ 3.023%

BSP to adjust inflation forecast

By Keisha B. Ta-asan
Reporter

THE BANGKO SENTRAL ng Pilipinas (BSP) will likely adjust its full-year inflation forecast amid a recent rally in global oil prices, an official said on Wednesday.

BSP Deputy Governor of the Monetary and Economics Sector Francisco G. Dakila, Jr. said he would present a revised inflation outlook to the Monetary Board at its policy-setting meeting today (Aug. 17).

"Although this is not yet finalized, but actually, there might be a slight upward revision in the inflation outlook because of several developments, mostly in oil," he told lawmakers during a Senate committee hearing.

The BSP's latest estimates show average inflation will settle at 5.4% this year, before easing to 2.9% in 2024. The average inflation forecast for 2025 is 3.2%.

The BSP still expects inflation to hit its 2-4% target by the fourth quarter.

Headline inflation slowed for a sixth consecutive month to 4.7% in July, bringing the seven-month average to 6.8%.

Inflation has been declining since its 8.7% peak in January, but this may be affected by recent oil price hikes and rising prices of rice and other food items.

Oil production cuts by the Organization of the Petroleum Exporting Countries and its allies, as well as rising global demand, have pushed crude prices to multi-month highs.

Fuel retailers on Tuesday raised the price of gasoline by P1.90 a liter, P1.50 a liter for diesel, and P2.50 a liter for kerosene. This brought the year-to-date oil price adjustments to a net increase of P13.40 a liter for

gasoline, P8.60 a liter for diesel and P5.14 a liter for kerosene.

Mr. Dakila said elevated core inflation, which discounts volatile food and fuel prices, is still a concern.

"Core inflation is still much higher compared with the headline inflation numbers. So, we're very careful in ensuring that inflation expectations remain anchored to the inflation target. We want to guard against any disanchoring of inflation expectations," he said.

Core inflation decelerated to 6.7% in July from 7.4% in June. Still, it was higher than 3.9% a year ago. This

brought the average core inflation from January to July to 7.6%.

"The (BSP) governor has been saying, inflation has to first go down to within the inflation target band. Moreover, we should wait for core inflation numbers to also go down, just to make sure," Mr. Dakila said.

The Monetary Board raised borrowing costs by 425 basis points (bps) from May 2022 to March 2023 to curb inflation. This brought the key rate to its highest in nearly 16 years at 6.25%.

Inflation, S1/9

More research firms cut PHL growth estimates after disappointing Q2 print

MORE RESEARCH FIRMS slashed their economic growth forecasts for the Philippines this year, as they expect high interest rates to further crimp consumer spending and private investments.

In an Aug. 15 report, HSBC Global Research cut its Philippine growth projection this year to 4.8% from 5.3%, following a "significant downside surprise" in the second quarter. It also trimmed its 2024 Philippine gross domestic product (GDP) forecast to 5.2% from 5.6%.

Nomura Global Markets Research also cut its Philippine growth forecast to 5.2% for this year from 5.5%.

The HSBC and Nomura forecasts are significantly below the government's 6-7% growth target for the year.

This comes after the Philippine economy grew by a slower-than-expected 4.3% in the second quarter, from 6.4% in the first quarter and 7.5% a year ago. This was the weakest print in over two years, bringing average growth to 5.3% in the first half.

Economic managers earlier said GDP must expand by at least 6.6% in the second half to achieve the 6-7% target.

"The Philippines, which has been losing momentum in the last few quarters, faced a shock sequential contraction with GDP growth dropping to -0.9% quarter on quarter in the second quarter from 1% in the first quarter," Nomura said in a note authored by analysts Euben Paracuelles and Charnon Boonnuch.

"Private investment will likely continue to face headwinds from

substantially higher interest rates. We also expect external demand to remain weak, led by China, which is not recovering strongly," they added.

Gross capital formation, which is the investment component of the economy, contracted by 0.04% in April to June. This was a reversal of the 12.6% growth in the first quarter and 17.2% in the second quarter of 2022.

HSBC said Philippine growth in the next four quarters would likely remain below the historical average mainly due to slower private consumption.

"Households that have dipped into their savings in the past three years will likely rein in their consumption to build their savings back up," it said.

Growth, S1/9

Failure to reform military pension system may hurt PHL credit rating

THE PHILIPPINES may lose its investment grade rating if it fails to reform the pension system for military and uniformed personnel (MUP), Finance Secretary Benjamin E. Diokno said on Wednesday.

This would affect the Philippine government's efforts to cut its debt levels, Mr. Diokno said during a Development Budget Coordination Committee (DBCC) briefing at the Senate.

"The rating agencies look at that. If we continue to ignore the military pension system, our investment grade will likely become 'junk,'" he said.

Mr. Diokno said that if debt watchers downgrade the country's investment grade rating to "BB+" and below, it will be more difficult for the government to borrow and finance the budget.

The National Government's (NG) debt as a share of gross domestic product (GDP) stood at 61% at the end of the second quarter, slightly above the 60% threshold considered by multilateral lenders to be manageable for developing economies. The Marcos administration is targeting to lower the debt-to-GDP ratio to 51.1% by 2028.

Philippine sovereign bonds have a "Baa2" rating from Moody's Investors Service, BBB+ from S&P Global Ratings, and BBB from Fitch Ratings. All three debt watchers have as-

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

Mr. Diokno has been pushing for reforms in the military and police pension system, which does not require them to contribute to their pensions and is sourced entirely from the government budget.

"The amount that we allocate for military pension is much higher than the current operating budget," he said.

Under the 2024 National Expenditure Plan, the proposed allocation for pension benefits of uniformed personnel and veterans is P140.68 billion, 3.5% up from the P139.5-billion budget this year.

"The pension system that is for the military is not a real pension system in the following sense — there are no contributors," Mr. Diokno said.

"A pension system is where the beneficiaries of the pension system contribute to the system and there is a government counterpart, but in this particular sense, there is no contribution on the part of the beneficiaries, and we only appropriate it annually," he added.

A House of Representatives ad hoc committee approved on Tuesday a consolidated bill that seeks to reform the military pension system. — **Keisha B. Ta-asan**

Marcos wants rice prices to be closely monitored

PRESIDENT Ferdinand R. Marcos, Jr. on Wednesday ordered the Trade and Agriculture departments to closely monitor retail prices of rice, saying there is sufficient supply.

At the same time, the Department of Agriculture (DA) is recommending that the private sector import an additional 500,000 metric tons (MT) of rice as El Niño-induced dry spells may impact crop production later this year.

In a statement, the Presidential Communications Office (PCO) said Mr. Marcos, who also serves as Agriculture secretary, "will go after hoarders and price manipulators who take advantage of the lean months before the harvest season."

Citing reports from the DA, the Palace said some retailers are selling rice at P38 to P40 per kilo "while some are selling their cheapest variety at P50 per kilo."

"Rice supply is sufficient. Prices are, however, very variable," the Palace said. "The government is working with the private sector to rationalize the prices and make available affordable rice in the market and in Kadiwa stores."

Leonardo A. Lanzona, who teaches economics at the Ateneo de Manila University, said Mr. Marcos, as DA secretary, should see the whole problem and determine when the government should intervene.

Rice prices, S1/9

CREDIT SUISSE HIGH-NET WORTH FILIPINOS REACHED ALMOST 69,000 IN 2022

The Philippines had a total of 68,727 high-net worth individuals (HNWIs) in 2022, according to the 14th edition of Credit Suisse and UBS Group's Global Wealth Report. However, this was lower than the 78,626 individuals with a net worth of at least \$1 million in the previous edition. The Philippines had the third lowest number of HNWIs in the region, accounting for 0.7% of the total.

Top 10 Countries with Largest Number of HNWIs

Market	Total HNWIs in 2022
United States	22,709,637
China	6,230,878
France	2,821,164
Japan	2,757,392
Germany	2,626,823
United Kingdom	2,556,090
Canada	2,031,955
Australia	1,840,470
Italy	1,335,317
South Korea	1,254,154

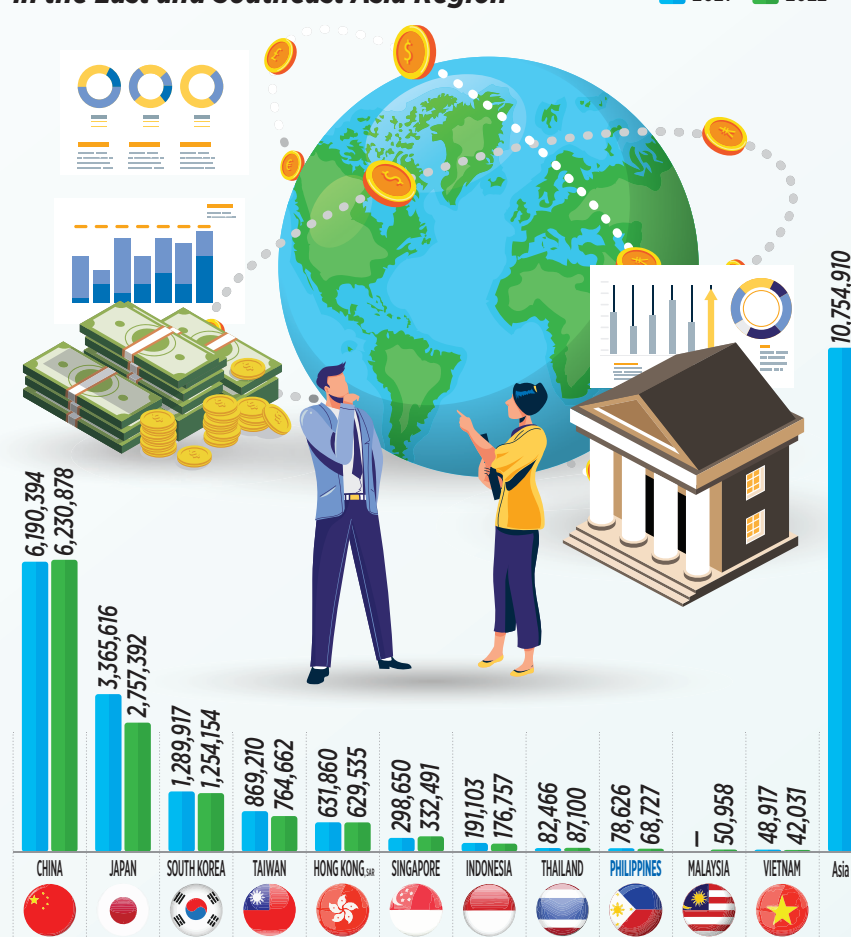
>>> Read related story "Global household wealth drops for first time since 2008 crisis" on S1/9

Philippines' HNWIs by Wealth Range (2011 - 2022)

	2011	2012	2013	2014	2015	2016
\$1M-\$5M	15,681	21,609	26,860	26,119	29,531	32,810
\$5M-\$10M	1,432	2,007	2,697	2,702	3,003	3,360
\$10M-\$50M	913	1,295	1,839	1,852	2,105	2,240
\$50M-\$100M	83	120	185	191	218	235
\$100M-\$500M	53	78	126	133	151	162
\$500M+	9	12	23	25	29	31
Total	18,171	25,121	31,730	31,022	35,037	38,838

	2017	2018	2019	2020	2021	2022
\$1M-\$5M	32,350	27,369	43,853	70,140	68,063	58,882
\$5M-\$10M	3,285	2,757	4,532	6,363	6,055	5,470
\$10M-\$50M	2,186	1,884	3,154	3,872	3,907	3,768
\$50M-\$100M	222	190	326	345	370	373
\$100M-\$500M	152	130	227	217	197	199
\$500M+	27	24	43	34	34	35
Total	38,222	32,354	52,135	80,971	78,626	68,727

High-Net Worth Individuals (HNWIs) in the East and Southeast Asia Region



SOURCE: CREDIT SUISSE AG'S GLOBAL WEALTH REPORT 2023 (HTTPS://WWW.UBS.COM/GLOBAL/EN/FAMILY-OFFICE-UHNW/REPORTS/GLOBAL-WEALTH-REPORT-2023.HTML) AND GLOBAL WEALTH DATABASE 2010-2023
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62,483,355
59,591,074