

STOCK MARKET	ASIAN MARKETS	WORLD MARKETS	PESO-DOLLAR RATES	ASIAN MONIES-US\$ RATE	WORLD CURRENCIES	DUBAI CRUDE OIL
PSEi OPEN: 6,352.08 HIGH: 6,366.08 LOW: 6,290.27 CLOSE: 6,290.27 74.70 pts, 1.17% VOL.: 0.349 B VAL(P): 4,483 B	AUGUST 21, 2023 JAPAN (NIKKEI 225) 31,565.64 ▲ 114.88 0.37 HONG KONG (HANG SENG) 17,623.29 ▼ -327.56 -1.82 TAIWAN (WEIGHTED) 16,381.49 ▲ 0.18 0.00 THAILAND (SET INDEX) 1,525.85 ▲ 6.73 0.44 S.KOREA (KSE COMPOSITE) 2,508.80 ▲ 4.30 0.17 SINGAPORE (STRAITS TIMES) 3,154.03 ▼ -19.90 -0.63 SYDNEY (ALL ORDINARIES) 7,115.50 ▼ -32.60 -0.46 MALAYSIA (KLSE COMPOSITE) 1,450.57 ▲ 4.48 0.31	AUGUST 18, 2023 Dow Jones 34,500.660 ▲ 25.830 NASDAQ 13,290.776 ▼ -26.156 S&P 500 4,369.710 ▼ -0.650 FTSE 100 7,262.430 ▼ -47.780 Euro Stoxx50 3,885.390 ▼ -20.820	FX OPEN P56.650 HIGH P56.140 LOW P56.650 CLOSE P56.180 W.AVE. P56.434 VOL. \$1,457.52 M SOURCE: BAP	AUGUST 21, 2023 LATEST BID (0900GMT) JAPAN (YEN) 145.790 ▼ 145.370 HONG KONG (HK DOLLAR) 7.836 ▼ 7.833 TAIWAN (NT DOLLAR) 31.949 ▼ 31.872 THAILAND (BAHT) 35.180 ▼ 35.380 S. KOREA (WON) 1,342.060 ▼ 1,339.170 SINGAPORE (DOLLAR) 1.357 — 1.357 INDONESIA (RUPIAH) 15,320 ▼ 15,280 MALAYSIA (RINGGIT) 4.647 ▼ 4.645	AUGUST 21, 2023 US\$/UK POUND 1.2727 ▼ 1.2735 US\$/EURO 1.0895 ▼ 1.0873 US\$/AUSTRALIAN DOLLAR 0.6406 ▼ 0.6403 CANADA DOLLAR/US\$ 1.3524 ▼ 1.3546 SWISS FRANC/US\$ 0.8796 ▼ 0.8815	FUTURES PRICE ON NEAREST MONTH OF DELIVERY \$85.40/BBL 30 DAYS TO AUGUST 18, 2023

VOL. XXXVII • ISSUE 19

TUESDAY • AUGUST 22, 2023 • www.bworldonline.com

SI/1-10 • 2 SECTIONS, 14 PAGES

PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • AUGUST 18, 2023 (PSEi snapshot on S1/2; article on S2/2)

BDO	ALI	SMPH	JGS	BPI	TEL	SM	ICT	AC	URC
P138.200	P29.500	P30.000	P38.050	P111.100	P1,215.000	P860.000	P213.800	P590.000	P117.600
Value P566,209,557	Value P413,704,270	Value P305,414,730	Value P241,852,270	Value P239,119,242	Value P155,501,835	Value P148,207,440	Value P141,937,944	Value P139,726,005	Value P135,587,081
-P3.800 ▼ -2.676%	-P0.500 ▼ -1.667%	-P0.300 ▼ -0.990%	-P1.150 ▼ -2.934%	-P2.300 ▼ -2.028%	-P13.000 ▼ -1.059%	-P0.500 ▼ -0.058%	-P2.000 ▼ -0.927%	-P3.000 ▼ -0.506%	-P2.300 ▼ -1.918%

BSP may extend pause until yearend

By Keisha B. Ta-asan
Reporter

THE PHILIPPINE central bank is more likely to extend its policy pause for the rest of the year, analysts said.

However, a sharp depreciation of the peso due to the US Federal Reserve's further tightening may prompt the Bangko Sentral ng Pilipinas (BSP) to resume its tightening cycle, they added.

Former BSP Governor Felipe M. Medalla on Friday said current Governor Eli M. Remolona, Jr. will be in a "tough spot" if the US Federal Reserve hikes borrowing costs again this September.

"The Philippines already has a large current account [deficit]. If the borrowing cost of the Philippines is the same with the US, people will prefer to put money in the US, including Filipinos," Mr. Medalla told reporters on Friday, adding this would lead to the further de-

preciation of the peso against the US dollar.

He also warned that too much peso depreciation may cause a "backlash" on prices and wages.

The former BSP chief's statement comes after the Monetary Board paused its tightening cycle for a third straight meeting on Aug. 17. This kept the benchmark policy rate unchanged at 6.25%, the highest in nearly 16 years. From May 2022 to March 2023, the central bank has raised borrowing costs by 425 basis points (bps).

The US Federal Reserve hiked by 25 bps last month to 5.25-5.5%, its highest level in 22 years.

A Reuters poll last week showed a majority of economists believe the Fed is likely done raising rates this year. The Fed's next meeting is in September.

Security Bank Corp. Chief Economist Robert Dan J. Rocas said the BSP is unlikely to tighten policy again this year, although a large rate hike by the Fed may force its hand.

"The main risk for the BSP to move higher, we think, is that if

the Fed does so. This will narrow the interest rate differential and likely result in a sharp depreciation of the peso," he said.

The peso closed at P56.18 on Friday, strengthening by 59 centavos from Thursday's P56.77 finish. Year to date, the peso depreciated by 0.7% or 42.50 centavos from its P55.755 close on Dec. 29.

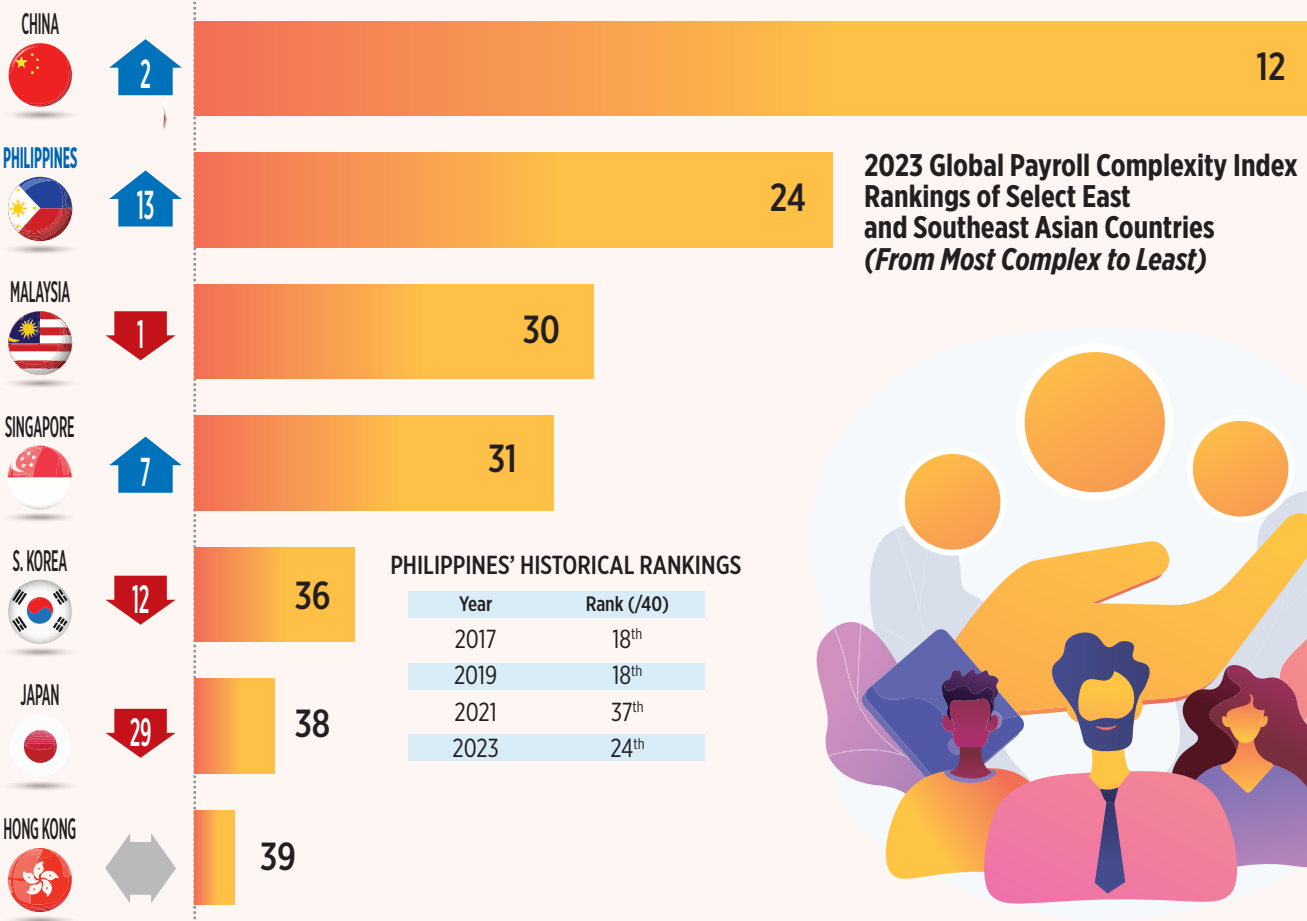
Bank of the Philippine Islands Lead Economist Emilio S. Neri, Jr. said a rate cut is "premature" in the Philippines due to the hawkish stance of the US central bank.

"It should be noted that the country's trade and current account deficit remains wide, which means there is a fundamental tendency for the peso to depreciate. This makes the economy more vulnerable to any actions done by the Fed," he said.

Based on central bank data, the current account deficit was at \$4.3 billion in the first quarter, up from \$4 billion a year ago. This is equivalent to -4.3% of gross domestic product (GDP).

BSP, SI/9

PHILIPPINES PLACES 24TH IN 40-COUNTRY PAYROLL COMPLEXITY INDEX



The Philippines rose 13 places to rank 24th out of 40 countries monitored as the most complex for payroll processing in the 2023 edition of biennial Global Payroll Complexity Index (GPCI) by IT and consulting company Alight Solutions. Among the seven countries in the East and Southeast Asian region, the Philippines was the second most complex country for payroll processing, just behind China.

MOST COMPLEX COUNTRIES FOR PAYROLL PROCESSING

2023 Overall Rank (/40)	Country	Rank Changes from 2021
1	France	0
2	Germany	2
3	Switzerland	5
4	Italy	2
5	Canada	25
6	Poland	0
7	Turkey	29
8	Netherlands	8
9	Belgium	6
10	Slovakia	16

LEAST COMPLEX COUNTRIES FOR PAYROLL PROCESSING

2023 Overall Rank (/40)	Country	Rank Changes from 2021
40	Saudi Arabia	-
39	Hong Kong	0
38	Japan	29
37	Argentina	14
36	South Korea	12
35	Mexico	20
34	Romania	12
33	United Arab Emirates	7
32	Hungary	-
31	Singapore	7

NOTE: * The GPCI is a benchmarking survey that ranks the complexity of payroll processes in the top 40 countries, focusing on three crucial factors namely, mandatory deductions, social security calculations and types of governmental mandatory reporting. An increase in complexity in a specific country does not always correspond to a higher ranking, due to the index being based on the combined changes and movements in all countries. This means a lower or higher ranking in 2023 does not necessarily indicate an increase or decrease in complexity for a particular country.

Suspension of Manila Bay reclamation projects seen to discourage foreign investors

THE SUSPENSION of the reclamation projects in Manila Bay may discourage the entry of more investments in the country, according to some business groups.

Philippine Chamber of Commerce and Industry President George T. Barcelon said the government's recent move to halt reclamation projects in Manila Bay creates "unnecessary uncertainty" for investors.

"In the business world, a contract should be honored. If they (investors) see this, they would be concerned and they might step back. That is a concern. The other concern is if a lot of businesses are legitimate and we do something like that, other countries may also be concerned," he told *BusinessWorld* via mobile phone.

President Ferdinand R. Marcos, Jr. earlier this month suspended all reclamation projects in Manila Bay, except for one, as the government reassesses their overall long-term impact on the environment.

The Department of Environment and Natural Resources (DENR) has not given a timeline for the completion of the review of the reclamation projects.

"The issue of inconsistent policy is one but stopping projects is something that will really terrorize possible investors... Now I think they will all disappear because of this," Philippine Exporters Confederation, Inc. President Sergio R. Ortiz-Luis, Jr. said in an ANC interview on Aug. 19.

Mr. Ortiz-Luis said foreign investors have always been concerned about dealing with the Philippines due to inconsistent policies.

"That is why they choose Vietnam or Thailand. In the case of the reclamation, to advertise that we are halting (reclamation) projects is really damaging," he added.

Mr. Ortiz-Luis said Manila Bay reclamation projects would have provided more areas for expansion in Manila and Pasay.

"The reclamation can give spaces where the city can expand, bring new technology. The planned expansion will deescalate prices of land in the area. With the additional land that will be reclaimed, the price will stabilize and be more affordable," he added.

Manila Bay, SI/9

FUEL PRICE TRACKER

GASOLINE	
Aug. 8	P0.50
Aug. 15	P1.90
Aug. 22	P1.10
DIESEL	
Aug. 8	P4.00
Aug. 15	P1.50
Aug. 22	P0.20
KEROSENE	
Aug. 8	P2.75
Aug. 15	P2.50
Aug. 22	P0.70

• Aug. 22, 12:01 a.m. — Caltex Philippines
 • Aug. 22, 6 a.m. — Petron Corp.; Phoenix Petroleum; Pilipinas Shell Petroleum Corp.; PTT Philippines Corp.; Seaoil Philippines, Inc.
 • Aug. 22, 8:01 a.m. — Cleanfuel (Shaw Autogas, Inc.)

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Remolona wants further RRR cuts

THE BANGKO SENTRAL ng Pilipinas (BSP) intends to further reduce the amount of cash that banks must have in reserve, but analysts said it may have to wait until inflation returns to the 2-4% target band first before adjusting the reserve requirement ratio (RRR).

BSP Governor Eli M. Remolona, Jr. has said the Monetary Board still plans to lower the banks' RRR but is unsure when it will be implemented.

"I don't think it makes sense to lower the reserve requirement while we're still in the tightening mode. They are not consistent," he said at a briefing after the Monetary Board's policy-setting meeting on Aug. 17. "One is about inflation and the other one is more about the efficiency of the banking system."

Last week, the Monetary Board extended its hawkish policy pause for a third straight meeting, keeping the key interest rate at 6.25% — the highest in nearly 16 years.

The BSP has raised borrowing costs by 425 basis points (bps) from May 2022 to March 2023 to tame inflation.

Adjusting the reserve requirement affects credit allocation in



BANGKO SENTRAL ng Pilipinas
 Governor Eli M. Remolona, Jr.

the banking system, Mr. Remolona said.

The RRR is the portion of reserves that banks must hold onto rather than lending out.

In June, the BSP slashed the ratio for big banks and non-bank financial institutions with quasi-banking functions by 250 bps to 9.5%. It has also reduced the ratio for digital banks by 200 bps to 6% and by 100 bps for thrift banks, and rural and

cooperative banks to 2% and 1%, respectively.

The BSP has brought down the RRR for big banks to a single-digit level this year from a high of 20% in 2018.

"Since there have been no signals on local policy rate cuts this year, there could be no immediate cut on banks' RRR until inflation reaches the inflation target as early as fourth quarter of 2023 and for as long as monetary policy remains restrictive in the fight versus inflation," Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said, adding this is consistent with overall monetary policy.

The BSP, he said, will avoid inflicting any inflationary pressures, "since there would be no offsetting end of regulatory relief measures similar to June 30, 2023 during the last RRR cut that effectively created a net neutral monetary policy."

When a bank is required to hold a lower reserve ratio, it has more funds to lend to borrowers. This increases the bank's lending capacity, impacting its ability to support economic growth and meet the credit needs of individuals and businesses.

Remolona, SI/9