P25
IN METRO MANILA, PHILIPPINES

# BusinessWorld

| STOCK MARKET | |
|---|---|
| PSEi | |
| OPEN: | 6,243.37 |
| HIGH: | 6,245.74 |
| LOW: | 6,205.80 |
| CLOSE: | 6,241.69 |
| VOL.: | 0.460 B |
| VAL(P): | 3.844 B |


ASIAN MARKETS

| SEPTEMBER 6, 2023 | CLOSE | | NET | % |
|---|---|---|---|---|
| Japan (Nikkei 225) | 33,241.02 | ▲ | 204.26 | 0.62 |
| Hong Kong (Hang Seng) | 18,449.98 | ▼ | -6.93 | -0.04 |
| Taiwan (Weighted) | 16,738.16 | ▼ | -53.45 | -0.32 |
| Thailand (SET Index) | 1,549.93 | ▲ | 2.07 | 0.13 |
| S.Korea (Kse Composite) | 2,563.34 | ▼ | -18.84 | -0.73 |
| Singapore (Straits Times) | 3,219.40 | ▼ | -7.43 | -0.23 |
| Sydney (All Ordinaries) | 7,257.10 | ▼ | -57.20 | -0.78 |
| Malaysia (Klse Composite) | 1,460.62 | ▲ | 5.79 | 0.40 |

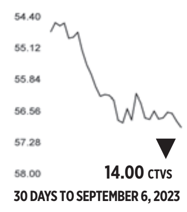
WORLD MARKETS

| SEPTEMBER 5, 2023 | CLOSE | | NET |
|---|---|---|---|
| Dow Jones | 34,641.970 | ▼ | -195.740 |
| NASDAQ | 14,020.952 | ▼ | -10.863 |
| S&P 500 | 4,496.830 | ▼ | -18.940 |
| FTSE 100 | 7,437.930 | ▼ | -14.830 |
| Euro Stoxx50 | 3,964.290 | ▼ | -3.340 |

PESO-DOLLAR RATES

| FX | |
|---|---|
| OPEN | P56.900 |
| HIGH | P56.800 |
| LOW | P57.930 |
| CLOSE | P56.940 |
| W.AVE. | P56.940 |
| VOL. | $1,357.60 M |

SOURCE : BAP




ASIAN MONIES-US$ RATE

| SEPTEMBER 6, 2023 | LATEST BID (0900GMT) | | PREVIOUS |
|---|---|---|---|
| Japan (yen) | 147.430 | ▼ | 147.030 |
| Hong Kong (HK dollar) | 7.842 | ▼ | 7.839 |
| Taiwan (NT dollar) | 31.926 | ▼ | 31.914 |
| Thailand (baht) | 35.460 | ▼ | 35.440 |
| S. Korea (won) | 1,333.090 | ▲ | 1,333.950 |
| Singapore (dollar) | 1.362 | ▼ | 1.360 |
| Indonesia (rupiah) | 15,290 | ▼ | 15,260 |
| Malaysia (ringgit) | 4.670 | ▼ | 4.660 |

WORLD CURRENCIES

| SEPTEMBER 6, 2023 | CLOSE | | PREVIOUS |
|---|---|---|---|
| US$/UK pound | 1.2555 | ▲ | 1.2545 |
| US$/Euro | 1.0726 | ▼ | 1.0752 |
| US$/Aust dollar | 0.6385 | ▲ | 0.6379 |
| Canada dollar/US$ | 1.3656 | ▲ | 1.3653 |
| Swiss Franc/US$ | 0.8899 | ▲ | 0.8875 |

DUBAI CRUDE OIL

FUTURES PRICE ON NEAREST MONTH OF DELIVERY

$89.20/BBL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PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • SEPTEMBER 6, 2023 (PSEi snapshot on *S1/2*; article on *S2/2*)

| | | Value | | | |
|---|---|---|---|---|---|
| CNPF | P29.100 | P307,353,940 | P0.450 | ▲ | 1.571% |
| BDO | P137.700 | P292,051,078 | -P0.900 | ▼ | -0.649% |
| AC | P620.000 | P289,262,500 | -P8.000 | ▼ | -1.274% |
| BPI | P105.000 | P249,271,890 | P0.800 | ▲ | 0.768% |
| GTCAP | P575.000 | P203,313,685 | P0.000 | — | 0.000% |
| SMPH | P29.800 | P188,674,065 | P0.050 | ▲ | 0.168% |
| BLOOM | P11.360 | P185,476,444 | P0.320 | ▲ | 2.899% |
| TEL | P1,201.000 | P149,221,985 | -P1.000 | ▼ | -0.083% |
| URC | P116.900 | P139,963,333 | -P1.000 | ▼ | -0.848% |
| ALI | P28.350 | P102,448,395 | -P0.250 | ▼ | -0.874% |

# Economists hike inflation forecasts

A FASTER-THAN-EXPECTED Philippine inflation rate in August has prompted several economists to raise their forecasts for this year and 2024.

Inflation unexpectedly accelerated for the first time in seven months in August, as food and transport costs rose. Headline inflation quickened to 5.3% in August from 4.7% in July, ending six months of decline.

Nomura Global Markets Research raised its Philippine inflation projection to 5.9% for this year from 5.3% previously. It also hiked its 2024 inflation forecast to 3.6% from 3.1%.

GlobalSource Partners also upwardly adjusted its inflation forecast to 5.8% for this year from 5.5% given in August.

Pantheon Macroeconomics hiked its inflation projection to 5.6% (from 5.4% previously) for 2023 and 2.8% (from 2.6%) for 2024.

Also, Citigroup, Inc. raised its inflation expectation for this year to 5.6% from 5.4% previously. It hiked its 2024 inflation forecast to 3.1% from 2.9% previously but kept its 3.3% projection for 2025.

The BSP currently sees inflation averaging at 5.6% for this year before easing to 3.2% for 2024.

Nomura Chief Association of Southeast Asian Nations (ASEAN) Economist Euben Paracuelles said in a note that risks to food inflation have materialized early.

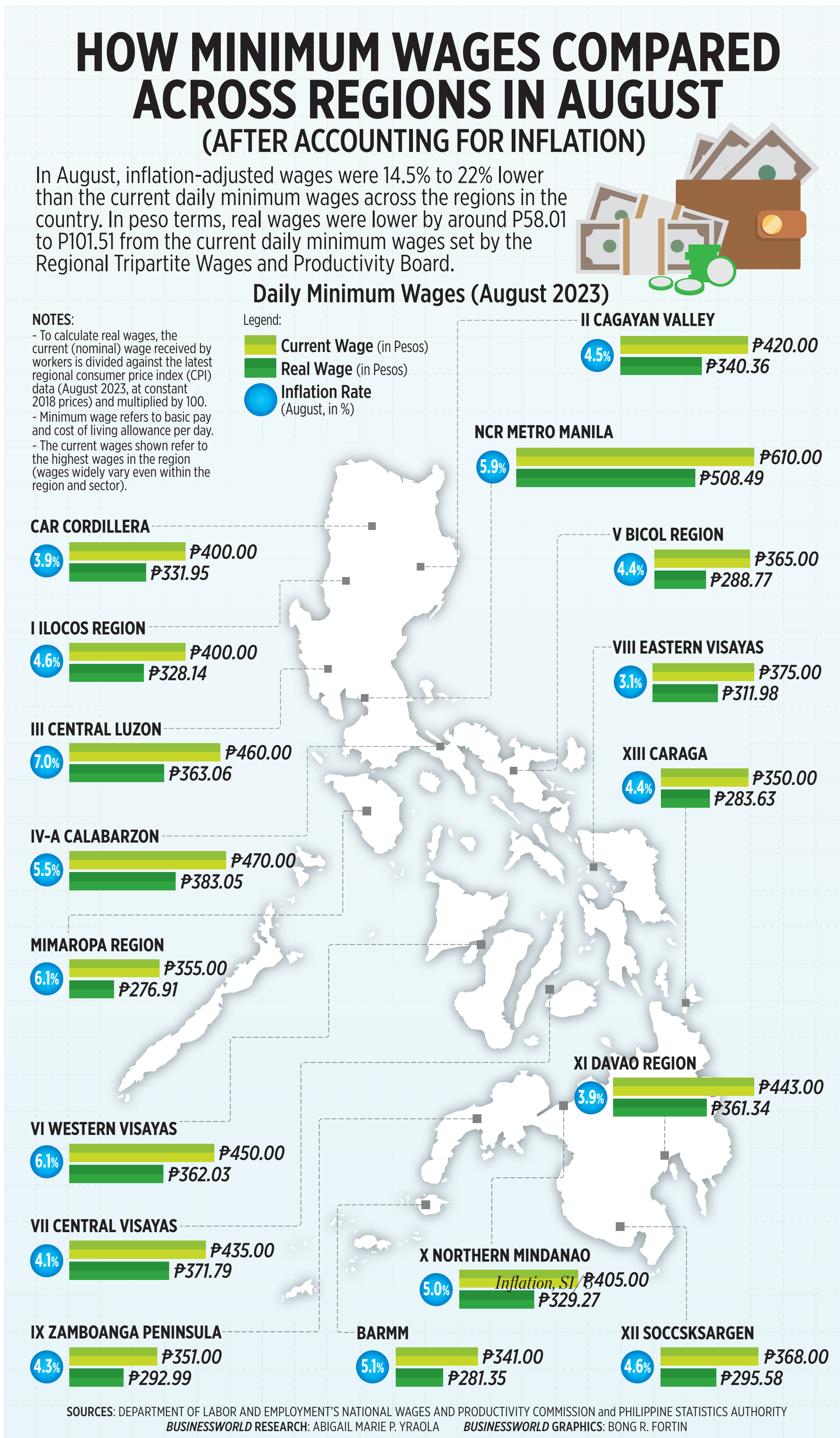
In August, food inflation alone quickened to 8.2% from 6.3% in July amid a spike in rice and vegetable prices.

"We expect upward pressure on food prices to intensify in the coming months owing to the ongoing El Niño phenomenon and the lagged effects of rising international food prices, which are likely to be exacerbated by increased protectionism among food exporters," he said.

The El Niño weather event is expected to strengthen towards the latter part of the year and persist until the first quarter of 2024.

Citi said inflation expectations have risen due to elevated food prices, but inflation should return to the BSP's 2-4% target band by the fourth quarter.

*Inflation, S1/5*




## Variable rate format for RRP may shorten monetary policy lag

THE SHIFT to a variable rate auction format for the reverse repurchase (RRP) facility of the Bangko Sentral ng Pilipinas (BSP) may help shorten the lag whenever the central bank adjusts borrowing costs, an official said.

BSP Deputy Governor Francisco G. Dakila, Jr. on Wednesday said the implementation of the Overnight (ON) RRP Rate and the shift to a variable rate auction format were largely operational and will not affect the BSP's monetary policy stance.

However, the reforms will boost the efficiency of the central bank's market operations and enhance the implementation of monetary policy, he said.

"Hopefully, (the changes) will shorten (the response lag)," Mr. Dakila said in mixed English and Filipino, adding that the reforms may also help banks in pricing their products for consumers and other lenders.

"If, for example, there will be a change in the BSP's monetary policy and the BSP raised its policy rate, the move will have a larger effect in market interest rates because of the daily operations," he said.

Starting Friday (Sept. 8), the BSP will shift to a variable rate format for the RRP and introduce the ON RRP Rate, which is a market-determined short-term interest rate.

The BSP also changed the term for its key policy rate, currently at 6.25%, to "Target RRP Rate."

According to Mr. Dakila, the Target RRP Rate will be set by the Monetary Board in every policy review, but the ON RRP Rate will change every day based on the daily auction results.

"The ON RRP Rate can be based on the Target, or even higher than the Target. But our objective is for the ON RRP Rate to be close to the Target," he said.

Mr. Dakila said that the RRP in auction format, together with the BSP's term deposit facility (TDF) and the BSP securities facility, or the BSP bills, will help the central bank gauge where markets are and how far they are to the policy rate.

*RRP, S1/2*

**Malcolm Gladwell in Manila**

**AUTHOR Malcolm Gladwell (third from left) gave a talk during the SM Supermalls' Tenant Partner Summit at the SMX Convention Center Manila, Sept. 4. In photo (from left to right) SM Supermalls President Steven T. Tan, SM Investments Corp. Vice Chairperson Teresita T. Sy-Coson, Mr. Gladwell, Wunderman Thompson Intelligence Global Director Emma Chiu, SM Prime Holdings, Inc. (SMPH) Chairman of the Executive Committee Hans T. Sy, and SMPH President Jeffrey C. Lim.**

## Marcos secures $22M in investment pledges from Indonesian companies

PHILIPPINE President Ferdinand R. Marcos, Jr. secured $22 million (P1.3 billion) in investment pledges from Indonesian companies in the animal health, artificial intelligence (AI) and digital sectors, according to the Presidential Palace.

Mr. Marcos met with top executives of Indonesian companies on the sidelines of the Association of Southeast Asian Nations (ASEAN) Summit in Jakarta.

In a statement, the Palace said PT Vaksindo Satwa Nusantara is planning to invest $2 million as it works with Univet Nutrition and Animal Healthcare Company Philippines (UNAHCO, Inc.) on veterinary vaccines. The company, known as Indonesia's first animal vaccine maker, is expected to provide the Philippines with an avian influenza vaccine.

*Pledges, S1/2*

## Exports likely posted modest uptick in July

**By Justine Irish D. Tabile**
*Reporter*

PHILIPPINE EXPORTS likely posted a modest growth in July, despite sluggish global demand, according to economists and business groups.

Danilo C. Lachica, president of the Semiconductor and Electronics Industries in the Philippines Foundation, Inc. (SEIPI), said electronics exports are recovering but "may be not at the same level as last year's July year-to-date."

In a text message, Mr. Lachica said electronics exports are still recovering from the 15% contraction in the first quarter.

ING Bank N.V. Manila Senior Economist Nicholas Antonio T. Mapa said there may have been modest gains in exports in July.

"However, global trade remains sluggish on soft demand and thus any gains may be limited," Mr. Mapa said in a Viber message.

The Philippine Statistics Authority is scheduled to release international merchandise trade statistics for July on Friday (Sept. 8).

The trade gap reached $27.96 billion in the first six months of 2023, narrower than the $29.84-billion deficit a year ago. This as exports declined by an annual 9.3% to $34.94 billion, while imports fell by 8% to $62.9 billion.

"Both exports and imports have corrected higher in recent months. Exports are already up from near three-year lows a few months ago and recently among seven-month highs," Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said in a Viber message.

He noted the exports were earlier weighed by the risk of a recession in the United States.

The Development Budget Coordination Committee's 2023 exports and imports growth assumptions are set at 1% and 2%, respectively.

Meanwhile, Confederation of Wearable Exporters of the Philippines Executive Director Maritess Jocson-Agoncillo said the decline in garments exports could continue for the rest of the year.

She noted all four sectors of the wearable industry — apparel, textile, travel goods, and footwear — contracted by 22% in the first semester.

"We have been seeing the trend since the start of the year where we are hitting a double-digit negative growth which is not very good. The market has slowed down and we even have major brands that have pulled out," Ms. Jocson-Agoncillo said in a phone interview.

However, she said the industry is expected to start exporting this month the product lines for spring and summer 2024.

"But even if it picks up, (our industry's) growth can only be a single-digit thing because we had a double-digit decline," Ms. Jocson-Agoncillo said.

Meanwhile, Philippine Exporters Confederation, Inc. President Sergio R. Ortiz-Luis, Jr. said exports will likely be an improvement from last year's figures.

*Exports, S1/2*



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