

STOCK MARKET	ASIAN MARKETS	WORLD MARKETS	PESO-DOLLAR RATES	ASIAN MONIES-US\$ RATE	WORLD CURRENCIES	DUBAI CRUDE OIL																																																																					
PSEi OPEN: 6,202.89 HIGH: 6,216.46 LOW: 6,126.34 CLOSE: 6,126.34 VOL.: 1.554 B VAL(P): 9.069 B 82.06 pts. 1.32% 30 DAYS TO SEPTEMBER 15, 2023	SEPTEMBER 15, 2023 <table border="1"> <tr><th>CLOSE</th><th>NET</th><th>%</th></tr> <tr><td>JAPAN (Nikkei 225)</td><td>33,533.09</td><td>▲ 364.99 1.10</td></tr> <tr><td>HONG KONG (Hang Seng)</td><td>18,182.89</td><td>▲ 134.97 0.75</td></tr> <tr><td>TAIWAN (Weighted)</td><td>16,920.92</td><td>▲ 113.36 0.67</td></tr> <tr><td>THAILAND (SET Index)</td><td>1,542.03</td><td>▼ -3.11 -0.20</td></tr> <tr><td>S. KOREA (KSE Composite)</td><td>2,601.28</td><td>▲ 28.39 1.10</td></tr> <tr><td>SINGAPORE (STRAITS TIMES)</td><td>3,280.69</td><td>▲ 31.18 0.96</td></tr> <tr><td>SYDNEY (All Ordinaries)</td><td>7,279.00</td><td>▲ 92.50 1.29</td></tr> <tr><td>MALAYSIA (KLC Composite)</td><td>1,459.03</td><td>▲ 9.45 0.65</td></tr> </table>	CLOSE	NET	%	JAPAN (Nikkei 225)	33,533.09	▲ 364.99 1.10	HONG KONG (Hang Seng)	18,182.89	▲ 134.97 0.75	TAIWAN (Weighted)	16,920.92	▲ 113.36 0.67	THAILAND (SET Index)	1,542.03	▼ -3.11 -0.20	S. KOREA (KSE Composite)	2,601.28	▲ 28.39 1.10	SINGAPORE (STRAITS TIMES)	3,280.69	▲ 31.18 0.96	SYDNEY (All Ordinaries)	7,279.00	▲ 92.50 1.29	MALAYSIA (KLC Composite)	1,459.03	▲ 9.45 0.65	SEPTEMBER 15, 2023 <table border="1"> <tr><th>CLOSE</th><th>NET</th></tr> <tr><td>Dow Jones</td><td>34,618.240 ▼ -288.870</td></tr> <tr><td>NASDAQ</td><td>13,708.335 ▼ -217.717</td></tr> <tr><td>S&P 500</td><td>4,450.320 ▼ -54.780</td></tr> <tr><td>FTSE 100</td><td>7,711.380 ▼ 38.300</td></tr> <tr><td>Euro Stoxx50</td><td>4,021.490 ▲ 9.480</td></tr> </table>	CLOSE	NET	Dow Jones	34,618.240 ▼ -288.870	NASDAQ	13,708.335 ▼ -217.717	S&P 500	4,450.320 ▼ -54.780	FTSE 100	7,711.380 ▼ 38.300	Euro Stoxx50	4,021.490 ▲ 9.480	FX OPEN P56.780 HIGH P56.780 LOW P56.900 CLOSE P56.815 W.AVE. P56.838 VOL. \$1,059.41 M 5.00 ctyvs 30 DAYS TO SEPTEMBER 15, 2023 SOURCE: BAP	SEPTEMBER 15, 2023 <table border="1"> <tr><th>LATEST BID (0900GMT)</th><th>PREVIOUS</th></tr> <tr><td>JAPAN (YEN)</td><td>147.820 ▼ 147.380</td></tr> <tr><td>HONG KONG (HK DOLLAR)</td><td>7.826 ▲ 7.827</td></tr> <tr><td>TAIWAN (NT DOLLAR)</td><td>31.862 ▲ 31.907</td></tr> <tr><td>THAILAND (BAHT)</td><td>35.650 ▼ 35.750</td></tr> <tr><td>S. KOREA (WON)</td><td>1,328.460 ▼ 1,326.270</td></tr> <tr><td>SINGAPORE (DOLLAR)</td><td>1.363 ▼ 1.361</td></tr> <tr><td>INDONESIA (RUPIAH)</td><td>15,350 ▼ 15,350</td></tr> <tr><td>MALAYSIA (RINGGIT)</td><td>4.682 ▼ 4.679</td></tr> </table>	LATEST BID (0900GMT)	PREVIOUS	JAPAN (YEN)	147.820 ▼ 147.380	HONG KONG (HK DOLLAR)	7.826 ▲ 7.827	TAIWAN (NT DOLLAR)	31.862 ▲ 31.907	THAILAND (BAHT)	35.650 ▼ 35.750	S. KOREA (WON)	1,328.460 ▼ 1,326.270	SINGAPORE (DOLLAR)	1.363 ▼ 1.361	INDONESIA (RUPIAH)	15,350 ▼ 15,350	MALAYSIA (RINGGIT)	4.682 ▼ 4.679	SEPTEMBER 15, 2023 <table border="1"> <tr><th>CLOSE</th><th>PREVIOUS</th></tr> <tr><td>US\$/UK POUND</td><td>1.2389 ▼ 1.2472</td></tr> <tr><td>US\$/EURO</td><td>1.0655 ▼ 1.0726</td></tr> <tr><td>US\$/AUSTRALIAN DOLLAR</td><td>0.6432 ▲ 0.6427</td></tr> <tr><td>CANADA DOLLAR/US\$</td><td>1.3523 ▲ 1.3534</td></tr> <tr><td>SWISS FRANC/US\$</td><td>0.8974 ▲ 0.8932</td></tr> </table>	CLOSE	PREVIOUS	US\$/UK POUND	1.2389 ▼ 1.2472	US\$/EURO	1.0655 ▼ 1.0726	US\$/AUSTRALIAN DOLLAR	0.6432 ▲ 0.6427	CANADA DOLLAR/US\$	1.3523 ▲ 1.3534	SWISS FRANC/US\$	0.8974 ▲ 0.8932	FUTURES PRICE ON NEAREST MONTH OF DELIVERY \$95.55/BBL 06.00 03.20 00.40 -0.40 -0.80 -1.20 30 DAYS TO SEPTEMBER 15, 2023 ▲ \$1.70
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VOL. XXXVII • ISSUE 38 **MONDAY • SEPTEMBER 18, 2023 • www.bworldonline.com** S1/1-12 • 2 SECTIONS, 20 PAGES

PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • SEPTEMBER 15, 2023 (PSEi snapshot on S1/4; article on S2/2)

AP	P31.600	BPI	P110.000	RCR	P4.760	BDO	P129.000	RRHI	P47.450	SMPH	P29.400	ICT	P205.000	ALI	P27.150	TEL	P1,129.000	AC	P619.500
Value	P2,346,156,535	Value	P1,097,747,637	Value	P620,135,958	Value	P526,920,114	Value	P526,657,870	Value	P468,232,025	Value	P334,175,004	Value	P292,463,835	Value	P273,535,780	Value	P237,397,020
	-P1.600 ▼ -4.819%		P0.400 ▲ 0.365%		-P0.240 ▼ -4.800%		-P0.600 ▼ -0.463%		-P2.350 ▼ -4.719%		-P0.800 ▼ -2.649%		-P5.000 ▼ -2.381%		-P0.700 ▼ -2.513%		-P31.000 ▼ -2.672%		-P7.500 ▼ -1.196%

BSP likely to maintain pause — poll

By Keisha B. Ta-asan
Reporter

THE BANGKO SENTRAL ng Pilipinas (BSP) will likely hold interest rates steady for a fourth straight meeting on Thursday, amid slowing economic growth.

A *BusinessWorld* poll conducted last week showed 14 of 17 analysts expect the Monetary Board (MB) to maintain the policy rate at a near 16-year high of 6.25% despite the inflation uptick in August.

On the other hand, three analysts see the BSP raising borrowing costs by 25 basis points (bps) at the Sept. 17 meeting to preemptively ward off inflation-

ary pressures. If realized, this would bring the target reverse repurchase (RRP) rate to 6.5%.

"I'm expecting the MB to hold (this week), despite the surprise uptick in inflation in August. I highly doubt the latest print will spook members into further action (i.e. another hike); it was well within their target range and their official response to the actual data was fairly nuanced and reasonable, expecting disinflation to resume going forward," Pantheon Chief Emerging Asia Economist Miguel Chanco said.

Headline inflation unexpectedly quickened for the first time in seven months to 5.3% in August, but within the BSP's 4.8-5.6% forecast range for the

month. Inflation averaged 6.6% in the eight-month period.

"We expect the BSP to keep its policy rate steady at 6.25%. Concerns on growth will likely be front and center," HSBC Global Research Association of Southeast Asian Nations (ASEAN) economist Aris Dacanay said in an e-mail.

Philippine gross domestic product (GDP) grew by a slower-than-expected 4.3% in the second quarter from the 7.5% a year ago.

For the first semester, GDP growth averaged 5.3%. This was well below the government's 6-7% target for the year.

Mr. Dacanay said bank lending has also been growing at its slowest pace since the global financial crisis in 2009, barring

the coronavirus pandemic in 2020.

BSP data showed outstanding loans of universal and commercial banks, net of RRP placements with the central bank, rose by 7.7% to P11 trillion in July. Loan growth in July was the weakest increase since April.

Patrick M. Ella, economist at Sun Life Investment Management and Trust Corp., said the temporary spike in prices last month is "transitory" and should not prompt another rate hike from the BSP.

China Banking Corp. Chief Economist Domini S. Velasquez said inflation expectations are still well anchored.

Pause, S1/12

Analysts' Expectations on Policy Rates (September 2023)

Hike +25 bps **Hike +25 bps** **Hike +25 bps**

Emmanuel J. Lopez
Colegio de San Juan de Letran Graduate School

Jonathan L. Ravelas Reyes
Tacandong & Co.

Ser Percival K. Peña-Reyes
Ateneo Center for Economic Research and Development

FORECAST

CURRENT POLICY SETTINGS

Overnight Deposit Rate	5.75%
Target Reverse Repurchase Rate	6.25%
Overnight Lending Rate	6.75%

KEEP

Alvin Joseph A. Arago
Philippine National Bank

Aris Dacanay
HSBC Global Research

Ruben Carlo O. Asuncion
Union Bank of the Philippines

Cid L. Terosa
University of Asia and the Pacific

Domini S. Velasquez
China Banking Corp.

Emilio S. Neri, Jr.
Bank of the Philippine Islands

Euben Paracuelles
Nomura

FORECAST

John Paolo R. Rivera
Oikonomia Advisory & Research, Inc.

Patrick M. Ella
Sun Life Investment Management and Trust Corp.

Michael L. Ricafort
Rizal Commercial Banking Corp.

Miguel Chanco
Pantheon Macroeconomics

Nicholas Antonio T. Mapa
ING Bank N.V. Manila Branch

Makoto Tsuchiya
Oxford Economics

Robert Dan J. Roces
Security Bank Corp.

BusinessWorld Graphics: Bong R. Fortin

External debt hits \$118 billion

THE PHILIPPINES' outstanding external debt reached \$117.918 billion at end-June as the government diversified its borrowings from other countries and institutions.

Preliminary data released by the Bangko Sentral ng Pilipinas (BSP) on Friday night showed external debt increased by 9.5% to \$117.918 billion at end-June from \$107.692 billion in the same period a year ago.

However, it dipped by 0.8% from the record \$118.812 billion seen at the end of March.

The BSP in a statement said the annual growth of the external debt stock was driven by net availments of the National Government (NG) worth \$7.9 billion.

It was also due to the change in the scope of the external debt, which now includes non-residents' peso-denominated debt securities issued onshore and other prior adjustments.

"Meanwhile, the transfer of Philippine debt papers issued offshore from non-residents to residents of \$1.3 billion and negative FX (foreign exchange) revaluation of \$295

million partially tempered the year-on-year increase in the debt stock," the BSP said.

External debt includes all types of borrowings by residents from nonresidents.

"The increase in external/foreign debt was due to some diversification of the country's borrowing sources other than domestic borrowings, but realistically entail greater FX risks," Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said in a Viber message.

"Higher external debt also ensuring that the foreign commercial borrowing/bond issuance shelves are continuously available and liquid in terms of market trades for foreign investors."

Mr. Ricafort noted the annual growth in external borrowings was due to official development assistance (ODA) loans from multilateral sources such as the World Bank, the Asian Development Bank, among others.

Debt, S1/9

Gross borrowings down 25% in July

THE NATIONAL GOVERNMENT'S (NG) gross borrowings fell by 25% in July amid a decline in domestic debt, data from the Bureau of the Treasury (BTr) showed.

In July, gross borrowings dropped by a fourth to P131.937 billion from P174.951 billion in the same month a year ago.

Month on month, gross borrowings slid by 20.8% from P166.487 billion in June. Domestic debt accounted for the bulk or 83.75% of total gross borrowings in July.

Gross domestic borrowings fell by 34.2% to P110.498 billion during the month from P167.81 billion a year ago.

Broken down, domestic debt was made up of P108.379 billion in fixed-rate Treasury bonds and P2.119 billion in Treasury bills.

Meanwhile, external gross borrowings, mostly composed of new project loans, more than tripled to P21.439 billion from P7.141 billion.

For the first seven months of 2023, gross borrowings jumped by 24.8% to P1.55 trillion from P1.25 trillion a year ago.

Gross domestic debt stood at P1.17 trillion in the January-to-July period, up by 28.4% from P909.073 billion a year earlier.

This accounted for 75.5% of total gross borrowings in the first seven months.

Domestic debt during the seven-month period was composed of P794.529 billion in fixed-rate Treasury bonds, P283.763 billion in retail Treasury bonds, and P88.703 billion in Treasury bills.

External debt went up by 15.3% to P387.88 billion as of end-July from P336.477 billion a year ago.

This consisted of P163.607 billion in global bonds, P145.059 billion in program loans, and P79.214 billion in new project loans.

"The decrease in gross borrowings could be attributed to relatively lower amount of maturing government bonds/debt during the month," Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said in a Viber message.

The narrower budget deficit in July reflected higher government revenue collections, which meant less borrowings were needed, he added.

The National Government's fiscal deficit shrank by 44.89% to P47.8 billion in July. For the first seven months of the year, the budget gap narrowed by 21.22% to P599.5 billion.

Mr. Ricafort said risk factors like elevated inflation and high interest rates could drive up borrowings.

The National Government has set its borrowing program at P2.207 trillion this year, consisting of P1.654 trillion from domestic sources and P553.5 billion from foreign creditors. — **Luisa Maria Jacinta C. Jocon**

AI could unlock growth opportunities for PHL

By Luisa Maria Jacinta C. Jocon Reporter

THE PHILIPPINES should take advantage of the shift to artificial intelligence (AI) technologies, which is expected to generate growth opportunities for many industries, analysts said.

Moody's Investors Service said in a Sept. 6 report that AI and other transformative technologies have the potential to "reshape entire industries" and "drive the emergence of new sectors, possibly in content generation, mobility, education, or healthcare fields."

New technologies, it said, will boost growth by increasing productivity through task automation, process optimization, and enhanced decision making.

However, Moody's also noted that AI may displace industries and workers and may increase inequalities due to the potential demand for high-skilled workers.

The Philippines ranked 54th out of 181 countries in a 2022 Government AI Readiness Index by Oxford Insights.

Ria Ysabelle Flora, Aboitiz Data Innovation Head of Power Solutions, said increased AI adoption would benefit a number of industries and sectors, such as finance, in the Philippines.

"With the help of tech and AI, banks that used to work on decades-old systems now are slowly realizing the importance of overcoming their technical debt," she said in a Viber message.

Ms. Flora said engineering-centric industries such as energy and manufacturing are also seen

to gain through business process optimization brought by AI.

"I see a lot of value potential in AI coming into the energy sector," she added.

AI is also expected to bring more opportunities for growth in the Information Technology and Business Process Management (IT-BPM) industry.

IT and Business Process Association of the Philippines (IBPAP) President Jack Madrid said that generative AI (GenAI) holds exciting potential for customer service.

Full-scale implementation of GenAI could boost productivity by 50% or even more, he said, citing studies.

"In contrast to traditional AI, which relies on rule-based systems or standard machine learning algorithms, GenAI goes further by understanding context, creating coherent and contextually appropriate responses, and handling customer inquiries more effectively," he said in an e-mail.

"It can decode complex customer questions, discerning nuanced intent, sentiment, and context, leading to accurate and relevant responses. By leveraging customer data, GenAI provides personalized answers and suggestions, enhancing the customer experience with tailored solutions," he added.

Mr. Madrid said that GenAI can make the workforce more productive by automating repetitive tasks and allow them to focus on more judgment-sensitive activities.

AI, S1/11