PSE may allow more shares for local small investors

THE Philippine Stock Exchange (PSE) has been authorized to increase the maximum subscription amount for each local small investor to more than P100,000 on a case-to-case basis to correspond with the size of the share offering.

In a circular, the exchange announced that the Securities and Exchange Commission had approved the amendments to the rules for local small investors (LSIs), or those who are willing to subscribe to a minimum board lot and whose subscription does not exceed P100,000.

The authority given to the PSE to increase the maximum subscription amount is aimed at "facilitating and achieving maximum participation and subscription to the LSI allocation."

The PSE said the allocation to LSIs will be at least 10% of the entire initial public offering (IPO), which will be offered only after the effectivity of the registration statement and during the formal offering period.

"In the event of an over or under subscription in the 10% offer, a 'clawback' or a 'claw-forward' mechanism shall be implemented," the PSE said, referring to a provision relating to the reallocation of the offer shares.

In a separate circular, the exchange also released amendments to listing rules for real estate investment trusts (REITs) relating to lock-up exemptions for REIT sponsors, as well as regarding the shareholder equity requirement.

"To enable a secondary offering of REIT shares during the IPO, even in cases where the actual issuance of REIT shares to the sponsors or promoters in exchange for their contributed properties at a price lower than the IPO price may take place within the 180-day period before the IPO due to pending regulatory approvals, such shares issued to sponsors or promoters shall be exempted from the application of the lock-up rule," the PSE said.

An amendment was also introduced that states that a newly formed REIT is not prohibited from undertaking a secondary offering of shares during an IPO, among others.

In another circular, the PSE also announced amendments to the lock-up rule section for the main board and the small and medium enterprises (SME) board.

"The amended lock-up rule allows alternative investment funds (AIFs) or their investment vehicle with demonstrated track record in private equity investments to sell during the IPO the shares that they acquired within 180 days prior to the IPO at a price lower than the IPO price, subject to the conditions set out in the rules," the exchange said.

An alternative investment fund is an investment vehicle established for the purpose of raising capital from different investors and investing the pooled funds in alternative investments such as private equity, venture capital, and real estate.

The circular also detailed specific guidelines for listings on the main board and the SME board, among other amendments. — **Luisa Maria Jacinta C. Jocson**

Vehicle sales jumped 19.5% in May — CAMPI

THE PHILIPPINE automotive industry is confident that recovery is underway after vehicle sales rose by 19.5% in May.

Vehicle sales stood at 26,370 units in May, compared with 22,062 units sold in the same period in 2021, a joint report by the Chamber of Automotive Manufacturers of the Philippines, Inc. (CAMPI) and Truck Manufacturers Association (TMA) showed.

Month on month, car sales increased by 4.9% from April's 25,149.

"Based on our data, the industry has already recorded double-digit percentage growths for three consecutive months on a year-over-year basis, indicating that recovery is underway," CAMPI President Rommel R. Gutierrez said in a statement.

Year-to-date sales figures showed that the industry sold 126,273 units, 14.6% higher than the 110,217 units sold in the similar period last year.

PHILIPPINE STAR/ MIGUEL DE GUZMAN
HEAVY TRAFFIC is seen along the southbound lane of EDSA in Quezon City.

The auto industry's growth reflected the pickup in economic activity after the further loosening of mobility restrictions. Most parts of the country have been under the most relaxed coronavirus alert level since March.

"The economic recovery from the ripple effects of the pandemic and the overall robust domestic demand are major contributing factors to the continued improvement of the automotive sales performance recorded in May," Mr. Gutierrez said.

Commercial vehicle sales surged by 34% to 19,406 units in May, bringing total sales 26% higher to 94,727 units in the first five months of 2022.

However, passenger car sales dropped by 8.4% to 6,964 units in May. Year to date, passenger car sales slid by 9.9% to 31,546 units.

"The industry is optimistic for a sustained economic growth anchored on domestic demand amid the continued containment of the pandemic — all-important to the full recovery of the industry," Mr. Gutierrez said.

Toyota Motor Philippines Corp. has the highest market share for the month at 55.83% or 14,723 units sold, followed by Mitsubishi Motors Philippines Corp. at 11.15% or 2,939 units sold.

Nissan Philippines, Inc. had a 7.53% market share after selling 1,985 units, followed by Suzuki Phils., Inc with a 7.08% market share after selling 1,868 units. — **Arjay L. Balinbin**

Medalla,
from S1/1

This was the first increase in borrowing costs since 2018 and followed cuts worth 200 bps in 2020 as the BSP moved to support the economy amid the coronavirus pandemic.

Inflation accelerated by 5.4% in May, the highest in three and a half years and above the BSP's 2-4% target range.

The BSP last month raised its average inflation estimate to 4.6% this year, higher than the previous estimate of 4.3%. In 2023, inflation is projected at 3.9%, also higher than the previous estimate of 3.3%.

"(Based on) our calculation the probability it will exceed target of 2-4% next year is 47%, then that's unacceptable. We are an inflation-targeting central bank. We cannot cure what has already happened, the price shocks... (But) we will do our best (to ensure) that demand is not excessive and inflationary expectations are not disanchored," Mr. Medalla said.

Mr. Medalla also downplayed concerns that policy tightening will dampen the Philippine economy's recovery from the pandemic.

"Now the question is will it kill growth? My answer is no. Because when your expected inflation is higher than 3% and policy rate is below 3%, in real terms that's still very low interest rates," he said.

Economic managers are targeting a 7-8% gross domestic product (GDP) growth this year.

"2022 will be a high-growth year, simply because of the huge pent-up demand. What's going on in the Philippines is the relaxation of all those restrictions in people's movements is more powerful than any stimulus you could think of," Mr. Medalla said.

Most regions in the Philippines have been under the most relaxed coronavirus alert level since March.

However, health experts have warned daily coronavirus infections in Metro Manila and nearby areas can hit as much as 500 by the end of June.

The full video of the roundtable with Mr. Medalla will be shown on *BusinessWorld*'s Facebook page at 11 a.m. on June 20. — **Keisha B. Ta-asan**

Concepcion: no need for higher alert level if hospitalization rates remain low

Amidst concerns about a possible return to an Alert Level 2 status for the National Capital Region (NCR), Presidential Adviser for Entrepreneurship and Go Negosyo founder Joey Concepcion said that higher alert levels may not be necessary if hospitalization rates remain low.

"If our Covid cases are not ending up in hospitals, then there is no need for higher alert levels," he said.

His statement follows reports of a gradual uptick in Covid infection rates when, as of June 13, the Philippines recorded 386 new cases, with almost half, or 188, in NCR. However, ICU rates are at a low 20 percent, and healthcare utilization rate is at 16.6 percent for the entire Philippines.

"Don't look at the percentages, look at the numbers," said infectious diseases expert Dr. Edsel Salvaña in his Facebook post on June 13 after media reports about the slow rise in cases, specifically in the NCR. "A 100 percent increase from a baseline of 100 cases is only 200 cases. Remember we've seen over 35,000 cases in a day in the past," wrote Dr. Salvana, who is also a member of the government's Technical Advisory Group.

"[It's] very unlikely we will have to escalate to Alert Level 2 as long as hospital capacity remains good," said Dr. Salvaña. The opinion was echoed by Usec. Rosario Vergeire during the Laging Handa Public Briefing last June 13, saying, "Let us not look at the number of cases, we need to look at the hospital capacity because this is more important to our healthcare system."

"The basis should always be the healthcare utilization rates," said Concepcion. "The medical experts themselves are saying that it is still possible to be infected with Covid even after you've been vaccinated and even with acquired immunity. What the vaccine prevents is severe illness and death, and that should be the metric by which we decide whether or not to raise alert levels," he said.

Concepcion has been appealing for less mobility restrictions as he emphasized that the focus should now be on preserving the health of the economy. "The situation has changed. Stagflation can become a reality at this point," he said. The Russia-Ukraine crisis has sent fuel prices skyrocketing, causing a cascade of increases in the prices of commodities and consequently, basic goods. This latest crisis is threatening to cripple businesses, particularly MSMEs, which are now only starting to recover from the pandemic. "The conflict in Europe will cause everyone so much pain – the manufacturers, retailers, consumers. It will become worse if it drags on. We could have food shortages," he said.

"This is why we can't increase our alert levels. Our domestic production, specially in the agri sector, should be strengthened to help the consumers," he added.

"We need to change our mindset," said Concepcion. "We can't go into panic or be paralyzed again when we see infection rates going up. This is not the way we are going to learn to live with Covid."

Remittances,
from S1/1

The peso fell to an over three-year low on Monday after it closed at P53.30 against the dollar.

This was the peso's weakest close in over three years or since its finish of P53.59 against the greenback on Oct. 30, 2018.

For the first four months of the year, cash remittances increased by 2.7% year on year to $10.167 billion.

The expansion in cash remittances during the January to April period was driven mainly by inflows from the United States, Saudi Arabia, Japan, Taiwan, and Singapore.

Nearly half or 41% of the overall remittances came from workers in the United States, followed by Singapore, Saudi Arabia, Japan, the United Kingdom, the United Arab Emirates, Canada, Qatar, South Korea, and Taiwan.

Remittances from the top 10 countries accounted for 79% of the total during the four-month period.

Meanwhile, personal remittances, which include inflows in kind, went up by 3.8% year on year to $2.671 billion in April.

This brought personal remittances 2.6% higher to $11.317 billion in the first four months of the year.

"We continue to expect remittance inflows growth in the coming months even amidst the backdrop of protracted geopolitical risks and threat of a global economic slowdown," Mr. Asuncion said.

The BSP expects remittances to grow by 4% this year.

Marcos,
from S1/1

An official Presidential Palace website that stores historical records of Mr. Marcos' Martial Law regime remained inaccessible as of June 12, or almost a month after the incident was first flagged on May 16. Books sanitizing the late dictator's martial rule are also now being sold on Facebook.

"Our minds were poisoned for a long time by textbooks about the history of the Marcoses," Jayar Castillo Dinglasan, one of the book's sellers, said in a Facebook post. "Let's not let this happen for the next generation."

"While many Filipinos may have succumbed to this authoritarian nostalgia, there are many others who are pushing back," said Jayeel S. Cornelio, director of the Development Studies Program at the Ateneo de Manila University.

"They are in the academe, media, religious sector, urban poor communities, we can go on and on," he said in a Messenger chat. "Marcos Jr.'s victory will not erase our collective memory. Our history has shown us time and again that Filipinos have ingenious ways of subverting oppression."

More than 1,000 Filipino scholars recently signed a manifesto expressing their commitment to fight what they see as efforts to distort history and sanitize the Marcos narrative, and oppose censorship of Martial Law truths.

This came after authorities tagged as communist a children's book publishing house that sells five titles about Martial Law under a bundle called "#NeverAgain!" — the battle cry of thousands of Filipinos who joined a popular uprising that sent the Marcos into self-exile.

Carlos Quijon, Jr., an art historian and critic, expects more artists to join their cause to educate people about Martial Law and preserve memories of the dictatorship. He added that a number of collective endeavors against martial law disinformation were being planned.

"The strength of these collective endeavors is that these are composed of not just artists but also curators, writers and historians," he said in a Messenger chat.

"The hope is for the histories surrounding Marcos' dictatorship and Martial Law not only to be used as themes in artworks but also as material for more engaging public programs and historical research writing."

"We must not forget that the task of rehabilitating the Marcos brand entailed the mobilization of a huge amount of capital to fund social media propaganda," said Michael D. Pante, who teaches history at De La Salle University.

"It needed funding to pay multinational consultancy firms and hire an array of influencers to carry out a complex public relations project that stretched for years," he said in a Messenger chat.

'MESSIAH'

The analysts noted that among the things being used by some quarters to rebrand the former first family and discredit serious allegations against them is the government's failure to collect their unpaid estate tax that has ballooned to more than P200 billion due to interests and other penalties.

"The Marcos camp has used precisely that failure to cast doubt on their accountability," Mr. Cornelio said. "Marcos Jr. has mastered the art of evading his family's accountability by simply questioning these claims and leaving it to the lawyers."

"His supporters are then convinced that this is just another attempt to malign and discredit him," he added.

Nestor T. Castro, who teaches anthropology at the University of the Philippines, said there's a popular mindset among Filipinos that if someone's not arrested or jailed for any wrongdoing, "then probably he or she is not guilty after all."

"The same is true when someone gets imprisoned while on trial. "People believe that the person must be guilty," he said in a Messenger chat.

Mr. Castro, 62, was among the thousands of activists and ordinary people imprisoned during Martial Law.

"I was imprisoned by Marcos in 1983 but a year later, the court cleared me," he said. "I shared my experience on TikTok but many pro-Marcos apologists, or probably trolls, still judged me as guilty."

Mr. Castro said the country's weak justice system had allowed attempts to sanitize the Marcos family's records.

"Many Filipinos will be influenced by the government's actions and take it as what is legally accepted," he said. "This is because many Filipinos are unfamiliar with the laws of the land."

Mr. Cornelio, who has extensively published on religion in the Philippines, said the messianic theme in local politics and culture had allowed the return of the Marcoses to power.

"Marcos Jr. has always been presented as a messiah," he said. "The discourses about him being the Tiger of the North and the one who will reclaim our greatness are all messianic."

He said ordinary people might have likened Mr. Marcos' election victory to the resurrection of Jesus Christ, who conquered death after being persecuted by the Jews.

"The Marcoses died, metaphorically speaking, and now they are coming back to life and many Filipinos are pinning their hopes on the son," he said.

Mr. Cornelio noted that under a Marcos presidency, the future of Philippine politics and history would heavily depend on civil society.

"It all boils down to how brave and creative we can be," he said. "My only hope is that we will learn to navigate the next six years to raise a new generation of Filipinos who will not only honor our history but also demand accountability."

Liza L. Maza, a Martial Law survivor, said the fight against historical revisionism heavily relies on the young generation.

"The youth should be at the forefront of the struggle against historical revisionism," she said in a Messenger chat. "They have much energy and mobility, as well as skills in information technology to fight disinformation."

The fight for the truth continues, she said. "It's not enough that we change the leaders. We should change the system."

Mr. Tobias, the building worker, said he would share his Martial Law book with others. "Just to prevent the distortion of history and other disinformation attempts, I am willing to lend my book for free."