Philippine Stock Exchange index (PSEi) 6,331.56 ▼ 61.45 PTS. ▼ 0.96%

FRIDAY, JUNE 17, 2022 BusinessWorld

PSEi MEMBER STOCKS

Ticker	Company	Price	Change	% Change
AC	Ayala Corp.	P640.00	+P1.50	+0.23%
ACEN	AC Energy Corp.	P7.30	-P0.14	-1.88%
AEV	Aboitiz Equity Ventures, Inc.	P48.65	-P1.35	-2.70%
AGI	Alliance Global Group, Inc.	P9.31	-P0.12	-1.27%
ALI	Ayala Land, Inc.	P27.80	-P0.60	-2.11%
AP	Aboitiz Power Corp.	P29.00	-P0.15	-0.51%
BDO	BDO Unibank, Inc.	P121.00	-P2.80	-2.26%
BPI	Bank of the Philippine Islands	P94.80	-P1.20	-1.25%
CNVRG	Converge ICT Solutions, Inc.	P20.15	-P0.85	-4.05%
EMP	Emperador, Inc.	P17.90	+P0.10	+0.56%
GLO	Globe Telecom, Inc.	P2,220.00	-P20.00	-0.89%
GTCAP	GT Capital Holdings, Inc.	P480.00	-P18.60	-3.73%
ICT	International Container Terminal Services, Inc.	P194.90	+P8.50	+4.56%
JFC	Jollibee Foods Corp.	P192.00	-P8.20	-4.10%
JGS	JG Summit Holdings, Inc.	P48.25	-P0.25	-0.52%
LTG	LT Group, Inc.	P8.10	-P0.13	-1.58%
MBT	Metropolitan Bank & Trust Co.	P50.55	+P0.15	+0.30%
MEG	Megaworld Corp.	P2.26	-P0.11	-4.64%
MER	Manila Electric Co.	P365.00	——	
MONDE	Monde Nissin Corp.	P13.36	-P0.64	-4.57%
MPI	Metro Pacific Investments Corp.	P3.63	+P0.02	+0.55%
PGOLD	Puregold Price Club, Inc.	P31.00	-P0.95	-2.97%
RLC	Robinsons Land Corp.	P17.10	-P0.40	-2.29%
SECB	Security Bank Corp.	P92.10	+P0.70	+0.77%
SM	SM Investments Corp.	P785.00	-P24.50	-3.03%
SMC	San Miguel Corp.	P101.90	-P2.80	-2.67%
SMPH	SM Prime Holdings, Inc.	P37.75	-P0.15	-0.40%
TEL	PLDT, Inc.	P1,864.00	+P104.00	+5.91%
URC	Universal Robina Corp.	P97.60	+P0.80	+0.83%
WLCON	Wilcon Depot, Inc.	P23.30	-P1.20	-4.90%

Supermarkets say commodity prices to further rise

By Revin Mikhael D. Ochave
Reporter

THE prices of commodities are expected to increase in the coming months amid the challenges faced by manufacturers, according to the Philippine Amalgamated Supermarkets Association, Inc. (Pagasa).

Pagasa President Steven T. Cua said in a mobile phone interview with *BusinessWorld* that prices are seen to go higher due to global and local events.

"Given the circumstances such as the Ukraine-Russia conflict, continuous lack of supply of imported raw materials, fuel, and grains, increasing peso-dollar exchange rate, slight surges in coronavirus disease 2019 (COVID-19) count both here in the Philippines and abroad, expected disarray or birth pains in a new administration, I would expect prices to be on the upside in the coming months," Mr. Cua said.

He made the projection after the Department of Trade and Industry (DTI) recently said that the prices of basic necessities and prime commodities (BNPCs) included in its suggested retail price (SRP) list are expected to be stable in the next two to three months.

"At least for those that are in our SRP list, we can assure the consumers that we see that these will be stable at least probably the next two, three months," Trade Assistant Secretary Ann Claire C. Cabochan said during a June 16 television interview in *The Chiefs* on One News Channel.

According to Mr. Cua, the industry group does not share the same view with the DTI in terms of expected price increases.

"Pagasa does not totally agree with the DTI's prognosis of stable prices for the next few months. By the middle of June, more than 30 manufacturers have increased prices on some of their commodities. This 'parade/march' of increases by suppliers has been ongoing since last year," Mr. Cua said.

"The good thing is, not all suppliers chose to increase all their products at the same time and some did it on a staggered basis," he added.

The DTI said earlier that it had received price increase requests from manufacturers of products such as bread and canned sardines due to rising production costs of wheat, fish, tin, and logistics. It added that it was studying the requests, which usually take four to six weeks to process.

In the latest SRP list issued on May 11, the DTI approved the price increases of 82 BNPCs while keeping unchanged the prices of 136 others.

The price increases vary from 2% to 10% for products such as bread, canned fish, potable water in bottles and containers, processed milk, locally manufactured instant noodles, coffee, salt, laundry soap, detergent, candles, flour, processed and canned pork, processed and canned beef, vinegar, fish sauce (*patis*), soy sauce, toilet soap, and batteries.

Common tower providers see no threat from satellite firms

By Arjay L. Balinbin *Senior Reporter*

SOME telecommunication tower companies operating in the Philippines said the entry of satellite firms into the local scene poses no threat to their business or to that of traditional telco providers, as the technology complements terrestrial connectivity, which does not reach many of the country's remote areas.

"If you look at the geographical situation in the Philippines, some areas will be best served by satellite technology," edotco Group Chief Executive Officer Adlan Tajudin told *BusinessWorld* in a recent interview.

"They complement us. We still need towers. It's just that instead of transmitting the signal through microwave or through fiber, they transmit through satellite. I think it really, really complements us," he added.

"Typically, that solution is for the rural areas. It helps in terms of accelerating rural coverage."

Rahul Singh, country manager of Singapore-based iSON Tower Ltd. Inc., which is set to build digital infrastructure in the Philippines, said in an e-mailed reply to questions: "Well, the Philippines as a country needs 50,000 towers, fiber connectivity, high-speed voice and internet, and all telecom ecosystem players together are addressing these needs."

"Typically, satellite connectivity companies coexist with traditional MNOs (mobile network operators)/tower companies, and are not considered to be a threat to traditional telecommunications operators as the service will serve roughly 3% to 4% of the customers that traditional providers find most difficult to reach," he added.

"From ISON Tower perspective, we are committed to working with mobile network operators enabling voice and high-speed broadband internet for Philippine consumers."

He noted that the company is rolling out tower sites in Mindanao and the Visayas to enable voice and high-speed internet along with telecom operators.

Alliance Towers Corp. President and Chief Operating Officer Alvin D. Tolentino said the entry of foreign satellite companies into the Philippines will be "good for the economy," as local telecommunications providers will be forced to keep up.

"It's a question of scale. If you are just serving one *barangay* on a remote island, it doesn't make sense for you to invest in a submarine cable... just to connect one barangay. In that sense, it's cheaper to do satellite," he said.

"But if you're looking at Cebu or places where you can get more users, I think the traditional (connectivity) is still more economical," he added.

The National Telecommunications Commission (NTC) recently approved the registration of Starlink Internet Services Philippines, Inc. as a value-added service provider (VAS). Starlink is a subsidiary of Elon Musk's Space Exploration Technologies Corp.

The agency expects more foreign satellite broadband providers to enter the Philippines because of the amended Public Service Act, which eases the restrictions on full foreign ownership of businesses in key sectors such as telecommunications, shipping, airlines, railways, and subways.

Starlink's registration as a VAS provider allows it to directly access satellite systems, as well as build and operate broadband facilities to offer internet services in the country. The company's certificate of registration is valid until April 14, 2023. It is expected to cover villages in urban and suburban areas and rural areas that remain unserved or underserved with internet access services.

"The service is expected to bring cost-effective internet access in these areas," the NTC said in a statement.

Tax court affirms trading firm's tax refund of around P13 million

THE Court of Tax Appeals (CTA) has affirmed a division ruling on PTT Philippines Trading Corp.'s refund of P13.35 million representing its erroneously paid advance value-added tax (VAT) on its importation of diesel fuel for the period covering Sept. 20, 2013, to Jan. 20, 2014.

In a decision on June 14 and made public on June 16, the CTA full court denied the appeal of the commissioner of internal revenue (CIR) to reverse the ruling, as it agreed with the Third Division granting the company's refund.

"The Court in Division is correct in granting the refund of the VAT collected by petitioner (CIR) from the respondent (PTT) on the imported fuel in the total amount of P13.3 million since it is an illegal or erroneous tax or one which was levied without statutory authority," according to the ruling written by CTA Associate Justice Marian Ivy F. Reyes-Fajardo.

PTT is a domestic corporation that engages in the distribution, marketing, and selling of petroleum and petroleum-related products within the Subic Bay Freeport Zone and other special economic and export processing zones in the Philippines.

It had previously imported diesel fuel from the Cayman Islands, British West Indies from Sept. 20, 2013 to Jan. 20, 2014, and paid VAT worth P13.35 to the Bureau of Customs.

Republic Act No. 7227, or the Bases Conversion and Development Act of 1992, grants locators in the former Subic and Clark military bases incentives such as tax and duty-free importation. PTT operates a fuel receiving terminal in the Subic Special Economic Zone.

The tax court noted that the company was duly registered with the Subic Bay Freeport Enterprise, which grants tax and duty-free importation of raw materials and fuel.

Under Republic Act No. 7916, or the Special Economic Zone Act of 1995, no taxes shall be imposed on business establishments within economic zones.

The Bureau of Internal Revenue's (BIR) Revenue Regulations No. 2-2012, which imposes taxes on Freeport and Economic Zone (FEZ) enterprises, had been declared by the Supreme Court as unconstitutional for illegally imposing taxes on these areas that should enjoy tax exemptions.

PTT had sold the imported diesel fuel to Clark Development Corp., which the CTA said is a tax-exempt entity.

"Adverting to our earlier discussion, the diesel fuel imported by the respondent (PTT) is exempt from VAT," it said.

The CTA noted the laws previously cited consider FEZs as foreign territories and when resources are brought to these areas, the goods remain in foreign territory and are not subject to Philippine customs and tax laws. — **John Victor D. Ordoñez**

TKC Metals widens net loss to nearly P50M

TKC Metals Corp. incurred P49.68 million in first-quarter net loss attributable to parent equity holders, wider by 41.8% compared with the P35.04 million recorded a year earlier.

The negative bottom line comes despite gross revenues improving by 66.4% to P195.23 million from P117.34 million, driven by higher nominal sales value generated by the operations of its subsidiary, Zhangzhou Stronghold Steel Works Co. Ltd. (ZZS).

TKC's two main subsidiaries are Treasure Steelworks Corp. (TSC) and ZZS. TSC manufactures steel billets used as raw materials for downstream steel products such as bars, wire rods, and sections. ZZS makes various types of steel pipes and distributes its products in China and other export markets.

"ZZS is still operating, however, the overall market conditions is still unfavorable coupled with a very volatile steel prices in China due to higher steel supply and the long-term effect of the COVID-19 pandemic," the firm said in a disclosure.

TKC said that ZZS is in talks for a partnership for the necessary working capital and machinery for the fabrication, coating, and galvanizing facilities that will add more value to its existing facilities. — **Luisa Maria Jacinta C. Jocson**

FULL STORY
Read the full story by scanning the QR code or by typing the link <https://bit.ly/3mYOTdk>

OUTLIER
Globe shares fall amid recession fears

By Abigail Marie P. Yraola
Researcher

AYALA-LED Globe Telecom, Inc.'s share price dipped last week due to a market sell-off prompted by global recession fears and rising interest rates to contain surging inflation.

Data from the Philippine Stock Exchange (PSE) showed 301,005 Globe shares worth P683.67 million changed hands from June 13 to 17, making the stock the 13th most actively traded in the local bourse during the week.

Globe shares finished at P2,220 apiece on Friday, down by 6.1% from a week ago. Year to date, the stock's price has declined by 32.3%.

"Much of GLO's movement [last] week was a reflection of the market as a whole rather than something specific to just the company itself," Regina Capital Development Corp. Equity Analyst Anna Corenne M. Agravio said in an e-mail interview, referring to Globe's ticker symbol.

"Investors are on edge because of global recession fears, continued spikes in commodity prices, as well as rising interest rates, so prices of heavyweights like GLO have been very volatile as of late."

I. B. Gimenez Securities, Inc. Research Head Joylin F. Telagen said in a separate e-mail the mixed trend seen in the telco company's movement stock price is due to financial markets' global sell-off this week.

She said the movement was "in anticipation and eventually, unexpected 'unusually large' Fed rate hikes by 75 basis points (bps) while expecting another 50 to 75 bps in the next meeting amid inflation concern, which the FOMC (Federal Open Market Committee) participants revised up their projections to 5.20%."

Last week, the Federal Reserve approved its largest interest rate increase since 1994, raising interest rates by 75 bps to temper soaring inflation in the US, Reuters reported.

In late February, Russia's invasion of Ukraine sent oil and commodity prices to multi-year highs amid supply concerns.

Last week, Globe announced that its new technology will be used to facilitate fourth-generation (4G) technology acceleration and fifth-generation (5G) technology evolution while boosting energy efficiency by up to 15%.

The telco unit of the Ayala group said it had completed the deployment of a new series of antennas that efficiently enables the acceleration of 4G and the evolution of 5G technology.

Ms. Telagen said this development from Globe would eventually lead to better appropriate the stock's market price.

FULL STORY
Read the full story by scanning the QR code or by typing the link <https://bit.ly/3b5mloB>