P25 IN METRO MANILA, PHILIPPINES

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**STOCK MARKET**

PSEi — 30 DAYS TO SEPTEMBER 1, 2022

| | |
|---|---|
| OPEN: | 6,594.67 |
| HIGH: | 6,606.21 |
| LOW: | 6,569.17 |
| CLOSE: | 6,588.28 |
| VOL.: | 0.636 B |
| VAL(P): | 5.000 B |

▲ 4.63 PTS. 0.07%

**ASIAN MARKETS**

SEPTEMBER 1, 2022

| | CLOSE | NET | % |
|---|---|---|---|
| Japan (Nikkei 225) | 27,661.47 | ▼ -430.06 | -1.53 |
| Hong Kong (Hang Seng) | 19,597.31 | ▼ -357.08 | -1.79 |
| Taiwan (Weighted) | 14,801.86 | ▼ -293.58 | -1.94 |
| Thailand (SET Index) | 1,624.21 | ▼ -14.72 | -0.90 |
| S.Korea (Kse Composite) | 2,415.61 | ▼ -56.44 | -2.28 |
| Singapore (Straits Times) | 3,227.92 | ▲ 6.25 | 0.19 |
| Sydney (All Ordinaries) | 6,845.60 | ▼ -141.20 | -2.02 |
| Malaysia (Klse Composite) | 1,491.95 | ▼ -20.10 | -1.33 |

**WORLD MARKETS**

AUGUST 31, 2022

| | CLOSE | NET |
|---|---|---|
| Dow Jones | 31,510.430 | ▼ -280.440 |
| NASDAQ | 11,816.203 | ▼ -66.933 |
| S&P 500 | 3,955.000 | ▼ -31.160 |
| FTSE 100 | 7,284.150 | ▼ -77.480 |
| Euro Stoxx50 | 3,501.610 | ▼ -49.120 |

**PESO-DOLLAR RATES**

FX — 30 DAYS TO SEPTEMBER 1, 2022

| | |
|---|---|
| OPEN | P56.250 |
| HIGH | P56.250 |
| LOW | P56.450 |
| CLOSE | P56.420 |
| W.AVE. | P56.362 |
| VOL. | $1,087.40 M |

▼ 27.50 CTVS

SOURCE : BAP

**ASIAN MONIES-US$ RATE**

SEPTEMBER 1, 2022

| | LATEST BID (0900GMT) | | PREVIOUS |
|---|---|---|---|
| Japan (yen) | 139.170 | ▼ | 138.700 |
| Hong Kong (HK dollar) | 7.848 | — | 7.848 |
| Taiwan (NT dollar) | 30.525 | ▼ | 30.386 |
| Thailand (baht) | 36.670 | ▼ | 36.450 |
| S. Korea (won) | 1,353.160 | ▼ | 1,342.500 |
| Singapore (dollar) | 1.399 | ▼ | 1.398 |
| Indonesia (rupiah) | 14,880 | ▼ | 14,840 |
| Malaysia (ringgit) | 4.479 | ▼ | 4.474 |

**WORLD CURRENCIES**

SEPTEMBER 1, 2022

| | CLOSE | | PREVIOUS |
|---|---|---|---|
| US$/UK pound | 1.1597 | ▼ | 1.1630 |
| US$/Euro | 1.0026 | ▲ | 0.9990 |
| $/Aust dollar | 0.6828 | ▼ | 0.6857 |
| Canada dollar/US$ | 1.3175 | ▲ | 1.3115 |
| Swiss Franc/US$ | 0.9766 | ▼ | 0.9778 |

**DUBAI CRUDE OIL**

FUTURES PRICE ON NEAREST MONTH OF DELIVERY

$97.95/BBL

▼ $4.85

30 DAYS TO AUGUST 31, 2022

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**PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • SEPTEMBER 1, 2022** (PSEi snapshot on *S1/2*; article on *S1/6*)

| | | Value | | | |
|---|---|---|---|---|---|
| ICT | P182.900 | P346,526,644 | P1.700 | ▲ | 0.938% |
| SMPH | P36.450 | P331,650,495 | -P1.400 | ▼ | -3.699% |
| ALI | P28.650 | P320,501,770 | P0.000 | — | 0.000% |
| BPI | P96.150 | P255,158,555 | P1.200 | ▲ | 1.264% |
| BDO | P130.500 | P223,387,382 | P1.700 | ▲ | 1.320% |
| MONDE | P16.480 | P213,112,528 | -P0.020 | ▼ | -0.121% |
| URC | P123.000 | P203,475,263 | P1.000 | ▲ | 0.820% |
| SM | P840.000 | P188,507,020 | P9.000 | ▲ | 1.083% |
| ACEN | P7.520 | P164,935,560 | P0.020 | ▲ | 0.267% |
| AC | P733.000 | P162,132,655 | P31.000 | ▲ | 4.416% |

# BSP hikes rural banks' required capital

THE BANGKO SENTRAL ng Pilipinas (BSP) raised the minimum capital requirement for rural banks to at least P50 million, as it seeks to further strengthen the local banking industry.

BSP Circular No. 1151 amends the minimum capitalization of rural banks as part of the Rural Bank Strengthening Program (RBSP).

"The RBSP was developed to enhance the operations, capacity, and competitiveness of rural banks. It is anchored on the principle that a safe and sound bank is well-capitalized," BSP Governor Felipe M. Medalla said in the circular, which was signed on Aug. 24.

The circular, which amends Section 121 of the Manual of Regulations for Banks (MORB), sets the minimum capitalization at P50 million for rural banks with a head office and up to five branches, regardless of location.

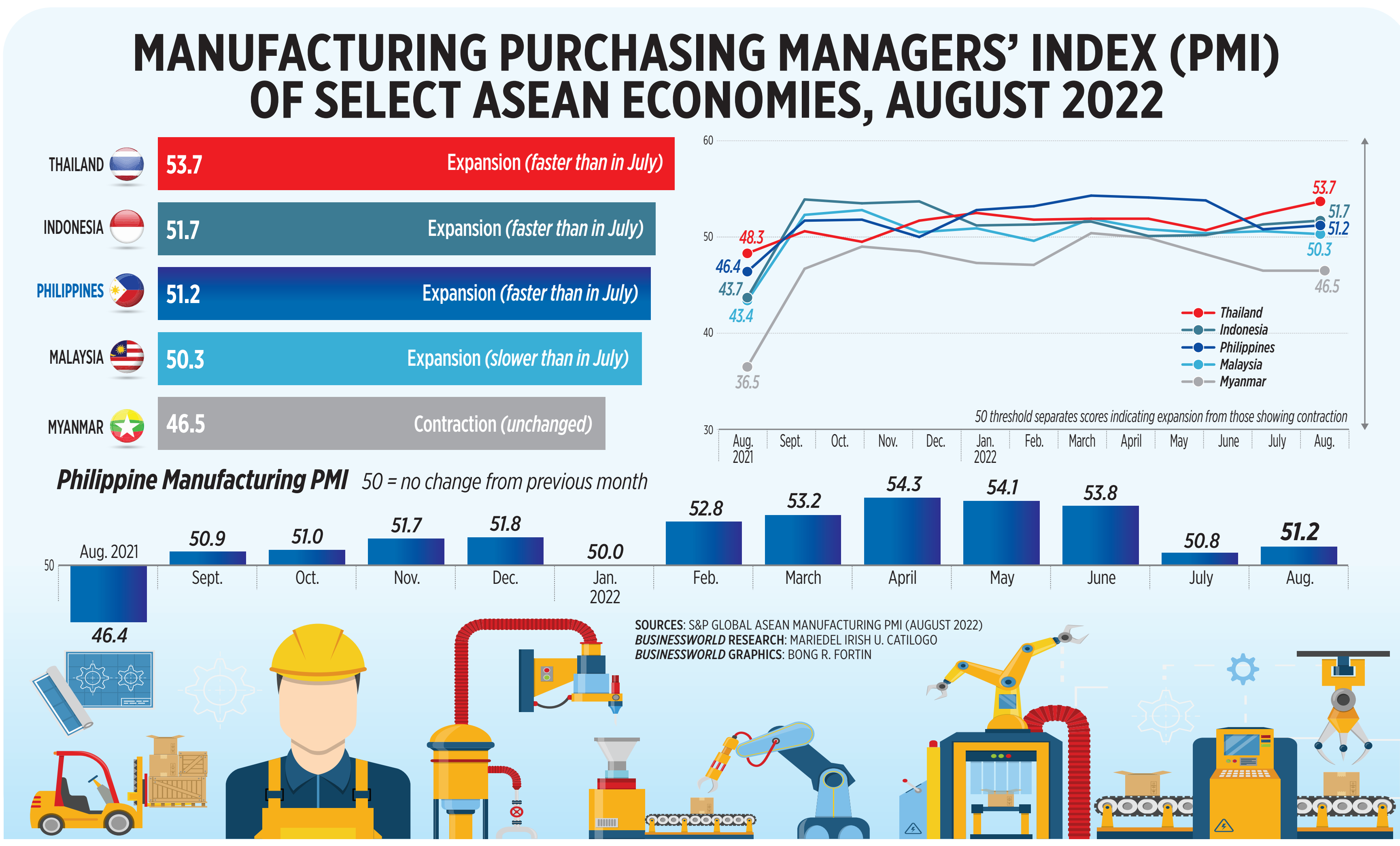
Rural banks with six to 10 branches will be required to have a minimum capital of P120 million, while those with more than 10 branches should have capital of at least P200 million.

Branch-lite units of rural banks are not included in the number of branches.

Under previous regulations, rural banks and cooperatives must have a minimum capital of P10 million to P200 million, depending on the location and number of branches.

According to the new BSP circular, rural banks that comply with the new capital levels need to submit to the central bank a certification within 10 banking days from the date of effectivity of the circular.

*BSP, S1/10*




# ABS-CBN, TV5 terminate landmark partnership deal

**By Arjay L. Balinbin**
*Senior Reporter*

ABS-CBN CORP. and TV5 Network, Inc. of the Pangilinan group's MediaQuest Holdings, Inc. on Thursday said they have "mutually agreed" to terminate their landmark investment deal, after some lawmakers raised questions over its legality.

The two media companies signed a memorandum of agreement on Aug. 31 to scrap the investment deal they signed on Aug. 10, ABS-CBN told the stock exchange on Thursday.

"The parties confirmed that they have not implemented any of the transactions covered by the investment agreement," ABS-CBN said, without giving a reason for the termination.

Under the deal, ABS-CBN was supposed to acquire 34.99% of TV5 for P2.16 billion. The former expected that its investment in TV5 would "open significant opportunities for revenue enhancement, cost efficiencies, and various synergies."

At the same time, the Lopez-led network and MediaQuest terminated the deal between their subsidiaries, in which Cignal Cable Corp. would acquire a minority 38.88% stake in Sky Cable Corp. for P2.86 billion.

Last week, the two companies said they paused the closing preparations for their partnership to address concerns regarding the deal.

They were referring to the issues raised by some lawmakers and the National Telecommunications Commission (NTC).

Three resolutions were filed at the House of Representatives seeking an investigation into the ABS-CBN-TV5 deal.

Among the issues raised was the ownership of TV5. Sagip party-list Rep. Rodante D. Marcoleta has claimed that it is owned by a foreign national.

According to the PLDT group's statement in 2013, "all of the trustees, as well as beneficiaries, of the PLDT Beneficial Trust Fund are Filipino citizens."

NTC Commissioner Gamaliel A. Cordoba said during a House briefing on ABS-CBN's investment agreement with TV5 on Aug. 24 that the two media companies should first obtain clearances from the regulator.

"The commercial agreements together with such clearances should be submitted by the franchise grantee to the NTC prior to consummation," he said.

## 'CASUALTY OF POLITICS'

Lawyer and political analyst Michael Henry Ll. Yusingco said the investment agreement between ABS-CBN and TV5 "was not defective."

"None of the creditors or debtors of the parties have raised any concern or complaint about it. Hence, it's hard not to see the cancellation of the agreement as the casualty of power politics," he said in an e-mailed reply to questions.

"Whatever positive outcomes they could have hoped for, such as more jobs for Filipinos, better quality shows, and wider media reach, would not compensate for the hassle and stress political intervention brings," he added.

For her part, Maria Ela L. Atienza, a political science professor at the University of the Philippines-Diliman, said in a Facebook Messenger chat, that the decision to terminate the transactions was "surprising."

*ABS-CBN, S1/10*

# Manufacturing activity improves in August

**By Diego Gabriel C. Robles**

THE PHILIPPINES' manufacturing sector continued to expand for a seventh straight month in August, as production stabilized with a softer contraction in new orders, S&P Global said on Thursday.

The S&P Global Philippines Manufacturing Purchasing Managers' Index (PMI) reading stood at 51.2 in August, improving from the six-month low of 50.8 in July.

"August PMI data signaled an improvement in operating conditions across the Philippines manufacturing sector," Maryam Baluch, economist at S&P Global Market Intelligence, said in a statement.

A PMI reading above 50 denotes improvement in operating conditions compared with the preceding month, while a reading below 50 signals deterioration.

The headline PMI measures manufacturing conditions through the weighted average of five indices: new orders (30%), output (25%), employment (20%), suppliers' delivery times (15%) and stocks of purchases (10%).

Among its Southeast Asian neighbors, the Philippines' PMI reading was in the middle of the pack, lagging Thailand (53.7) and Indonesia (51.7) but better than Malaysia (50.3) and Myanmar (46.5).

S&P Global noted that Philippine manufacturing firms showed growth for the seventh month in a row in August, although the uptick was lower than the average.

Last month's data "suggested some relief as the seasonally adjusted output index stabilized after contracting for the first time in six months during July," it added.

The pace of contraction in new orders eased in August, with companies posting a slight drop in overall client demand.

S&P Global said overall sales were dragged by the sharp decline in new export orders, "as foreign customer demand fell at the steepest rate since January."

This prompted manufacturers to slash purchasing activities, marking the first cut in input buying since January.

Manufacturing firms also ramped up hiring in August, with the pace of job creation the quickest since June 2017.

"Strong gains in workforce numbers helped boost the latest headline PMI figure during August. Firms hired additional staff for the fourth consecutive month as firms hoped for expansion in production in the coming months," S&P Global said.

Stocks of raw materials and semi-finished items expanded at their softest pace since October 2021, and easing for the fourth month in a row.

"However, growing downside risks to growth challenge the sector. Already we have seen output failing to expand during the latest survey period, and factory orders falling for the second consecutive month. Furthermore, price pressures remained persistently high," Ms. Baluch said.

She said there are concerns that persistent inflation, supply chain disruption, the peso depreciation and rising rates "will squeeze demand as clients' disposable income will take a hit."

S&P Global also noted there were more supply chain disruptions in August, due to shipment delays and port congestion.

"While the Filipino economy showed strong growth post-COVID, the following months will challenge momentum, with the PMI data already recording softer output expectations for the year ahead," Ms. Baluch said.

*Manufacturing, S1/10*

# FIRB says extension of WFH scheme lacks legal basis

THE PHILIPPINE Economic Zone Authority's (PEZA) decision to extend the work-from-home (WFH) arrangement for Information Technology and Business Processing Management (IT-BPM) firms does not have any legal basis, according to the Fiscal Incentives Review Board (FIRB).

"To date, the current and effective resolution issued by the FIRB states that the WFH arrangement for the IT-BPM companies within the ecozones is only until Sept. 12, 2022," Finance Assistant Secretary and FIRB Secretariat Head Juvy C. Danofrata said in a statement released by the Department of Finance (DoF).

In a position paper submitted to Finance Secretary Benjamin E. Diokno, the FIRB Secretariat said PEZA's decision "lacks legal basis.

Ms. Danofrata said the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, as well as existing FIRB resolutions, do not give investment promotion agencies (IPAs) such as the PEZA the power to unilaterally approve WFH arrangements.

Under FIRB Resolution No. 017-22, registered IT-BPO firms are allowed to have a 70% on-site and 30% WFH arrangement, while still enjoying fiscal incentives guaranteed by the CREATE Act for ecozones, but only until Sept. 12.

Ms. Danofrata said that any extension requires the approval of the FIRB, which will issue a resolution.

The resolution should comply with CREATE's implementing rules, which require the extension of the state of calamity or a declaration by the President of an exceptional circumstance such as the coronavirus disease 2019 (COVID-19) pandemic.

Ms. Danofrata said that the FIRB is working with the Board of Investments (BoI) to come up with options to allow a WFH setup for IT-BPM firms in economic zones.

The issue will be discussed at the FIRB's next meeting in mid-September, she added.

Last week, PEZA Officer-in-Charge and Deputy Director-General for Policy and Planning Tereso O. Panga said the WFH extension for IT-BPM enterprises until March 2023 has been "approved in principle" but pending "further clarification" from the DoF and the Board of Investments (BoI).

IT-BPO industry stakeholders such as the IT and Business Process Association of the Philippines have been pushing for the WFH arrangement while keeping their tax incentives, citing benefits to employees and productivity.

Meanwhile, the FIRB recently adopted a new set of guidelines for the submission of reports by IPAs, and approved the rationalization of guidelines on fees collected by IPAs.

The FIRB reduced the number of reports to be submitted by IPAs to eight, from the current 10.

"This initiative of the FIRB to harmonize the fees set by the IPAs relating to the business enterprises' application and availment of tax incentives ensures uniformity and promotes equity, which in turn serves the best interest of our stakeholders and potential investors," Mr. Diokno said.

The FIRB will consult with the IPAs in the fourth quarter, with guidelines such as the final rates set to be released before yearend.

The FIRB is chaired by the DoF, along with the Department of Trade and Industry, and also includes the Office of the President-Executive Secretary, the Department of Budget and Management, and the National Economic and Development Authority. — **D.G.C.Robles**