P25 IN METRO MANILA, PHILIPPINES

BusinessWorld

STOCK MARKET		
PSEi		
OPEN:	6,544.64	
HIGH:	6,550.02	
LOW:	6,433.32	
CLOSE:	6,437.42	▼ 111.35 PTS. 1.70%
VOL.:	0.661 B	
VAL(P):	4.981 B	

30 DAYS TO SEPTEMBER 19, 2022

ASIAN MARKETS — SEPTEMBER 19, 2022

	CLOSE		NET	%
Japan (Nikkei 225) *	27,567.65	▼	-308.26	-1.11
Hong Kong (Hang Seng)	18,565.97	▼	-195.72	-1.04
Taiwan (Weighted)	14,425.68	▼	-136.08	-0.93
Thailand (SET Index)	1,631.95	▲	1.55	0.10
S.Korea (Kse Composite)	2,355.66	▼	-27.12	-1.14
Singapore (Straits Times)	3,256.48	▼	-11.81	-0.36
Sydney (All Ordinaries)	6,719.90	▼	-19.20	-0.28
Malaysia (Klse Composite)	1,451.52	▼	-15.79	-1.08

* CLOSING PRICE AS OF SEPTEMBER 16, 2022

WORLD MARKETS — SEPTEMBER 16, 2022

	CLOSE		NET
Dow Jones	30,822.420	▼	-139.400
NASDAQ	11,448.404	▼	-103.953
S&P 500	3,873.330	▼	-28.020
FTSE 100	7,236.680	▼	-45.390
Euro Stoxx50	3,454.040	▼	-51.260

PESO-DOLLAR RATES — FX

OPEN	P57.340
HIGH	P57.325
LOW	P57.430
CLOSE	P57.400
W.AVE.	P57.363
VOL.	$508.40 M

▲ 3.00 ctvs — 30 DAYS TO SEPTEMBER 19, 2022 — SOURCE : BAP

ASIAN MONIES-US$ RATE — SEPTEMBER 19, 2022

	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	143.420	▼	142.910
Hong Kong (HK dollar)	7.849	—	7.849
Taiwan (NT dollar)	31.437	▼	31.289
Thailand (baht)	36.980	▼	36.810
S. Korea (won)	1,394.740	▼	1,384.770
Singapore (dollar)	1.410	▼	1.406
Indonesia (rupiah)	14,975	▼	14,950
Malaysia (ringgit)	4.548	▼	4.533

WORLD CURRENCIES — SEPTEMBER 19, 2022

	CLOSE		PREVIOUS
US$/UK pound	1.1369	▼	1.1412
US$/Euro	0.9973	▼	1.0015
$/Aust dollar	0.6676	▼	0.6720
Canada dollar/US$	1.3320	▲	1.3260
Swiss Franc/US$	0.9664	▲	0.9646

DUBAI CRUDE OIL

FUTURES PRICE ON NEAREST MONTH OF DELIVERY $91.05/bbl ▼ $2.55

30 DAYS TO SEPTEMBER 16, 2022

VOL. XXXVI • ISSUE 40 — TUESDAY • SEPTEMBER 20, 2022 • www.bworldonline.com — S1/1-12 • 1 SECTION, 12 PAGES

PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • SEPTEMBER 19, 2022 (PSEi snapshot on *S1/2*; article on *S1/6*)

		Value			
SM	P835.000	P326,266,595	-P36.000	▼	-4.133%
SMC	P98.450	P259,473,943	P3.450	▲	3.632%
SMPH	P35.200	P257,065,240	-P0.550	▼	-1.538%
BDO	P120.500	P246,366,878	P0.100	▲	0.083%
ALI	P28.000	P222,740,410	-P0.550	▼	-1.926%
URC	P119.300	P177,756,259	-P2.500	▼	-2.053%
ICT	P182.000	P177,224,721	P0.000	—	0.000%
SPNEC	P1.350	P173,339,210	-P0.100	▼	-6.897%
TEL	P1,660.000	P172,658,800	-P90.000	▼	-5.143%
AC	P703.000	P158,809,385	-P28.500	▼	-3.896%

August BoP deficit lowest since April

THE PHILIPPINES' balance of payments (BoP) position remained in a deficit for a fifth straight month in August, mainly due to the National Government's foreign debt payments, the central bank said on Monday.

Data released by the Bangko Sentral ng Pilipinas (BSP) on Monday showed the country's BoP deficit stood at $572 million in August, a turnaround from the $1-billion surplus recorded in the same month last year.

Still, this was the lowest deficit posted in four months or since the $415 million seen in April. The August BoP gap was also lower than the $1.819-billion deficit recorded in July.

The BoP measures the country's transactions with the rest of the world at a given time. A deficit means more funds fled the economy than what went in, while a surplus shows that more money entered the Philippines.

"The BoP deficit in August 2022 reflected outflows arising mainly from the National Government's foreign currency withdrawals from its deposits with the BSP to settle its foreign currency debt obligations and pay for its various expenditures," the central bank said in a statement.

For the first eight months of the year, the country's BoP deficit widened to $5.492 billion from the $253 million seen in the same period in 2021.

The BSP expects the country's BoP position to end the year at an $8.4-billion deficit equivalent to -2% of gross domestic product amid weaker global demand. In 2021, the Philippines posted a BoP surplus of $1.345 billion.

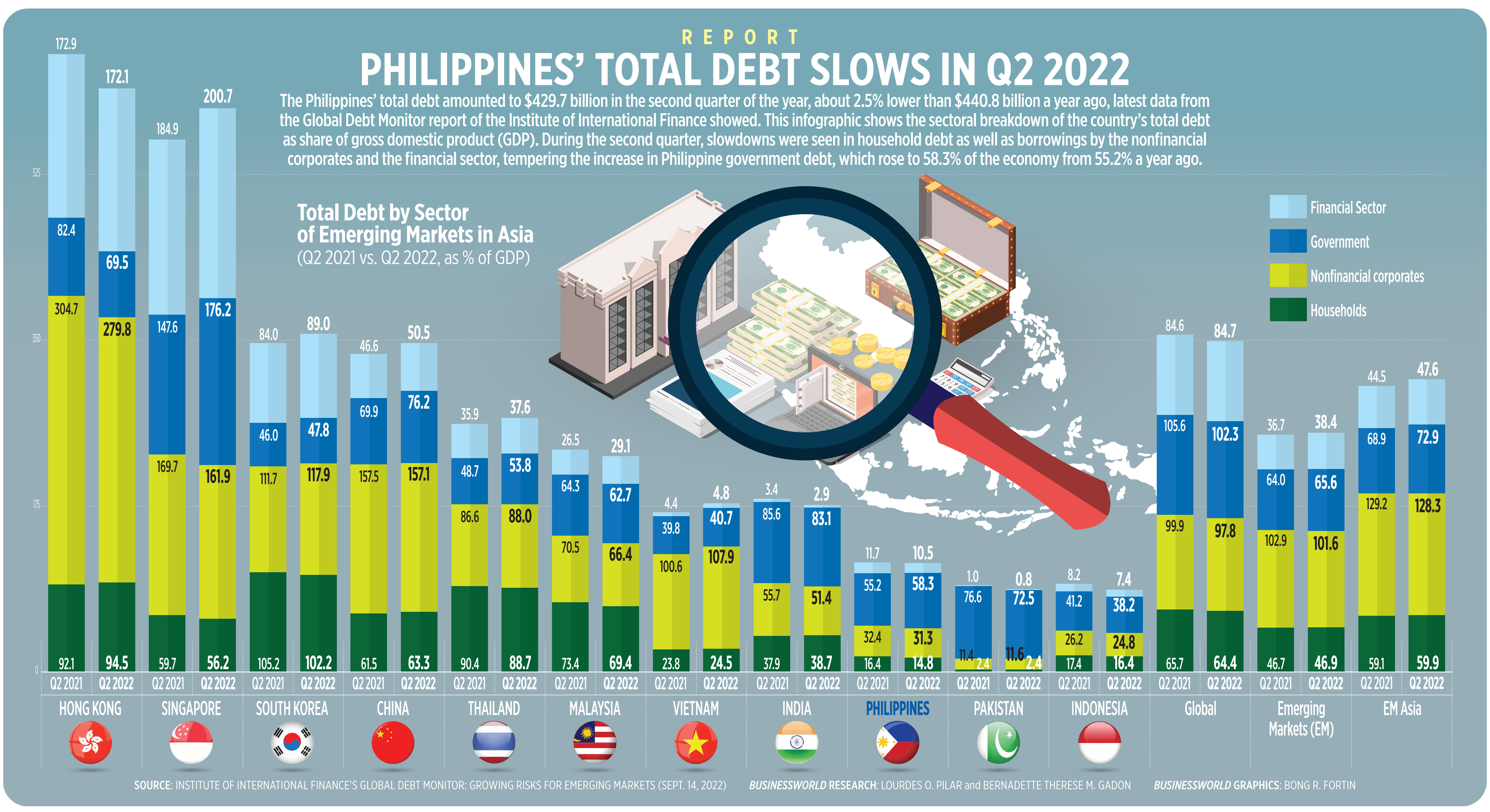
"Based on preliminary data, this cumulative BoP deficit reflected the widening trade in goods deficit," the BSP said.

The Philippines' merchandise trade deficit hit a record $5.843 billion in June amid rising imports, bringing the first-half trade balance to a $29.793-billion gap, ballooning from the $17.953 billion seen in the comparable year-ago period.

The central bank said the eight-month BoP position reflects the final gross international reserves level of $97.4 billion at end-August, decreasing by 2.4% from $99.8 billion as of July.

"The narrower BoP deficit in recent months may have to do with some recovery in the local financial markets, especially the stock and bond markets, from their lows in June 2022, as well as the sharp decline in global oil and other global commodities that could help reduce the country's trade deficit," Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said in a Viber message.

BoP deficit, S1/10



FIRB decision on WFH to create employment, boost IT-BPM sector

By Revin Mikhael D. Ochave
Reporter

THE RECENT DECISION of the interagency Fiscal Incentives Review Board (FIRB) to allow work-from-home (WFH) arrangements for information technology and business process management (IT-BPM) firms will help the industry grow and create more jobs, the IT and Business Process Association of the Philippines (IBPAP) said on Monday.

IBPAP President and Chief Executive Officer Jack Madrid said in a statement on Monday that the FIRB's decision to allow hybrid work arrangements if IT-BPMs transfer their registration will help the industry expand further.

"WFH/hybrid work is a game changer for the Philippines and the sustainability of the IT-BPM industry, and it will be a contributing factor to our ability to create 1.1 million new direct jobs for Filipinos, generate billions more in revenue, and significantly increase our countryside footprint by 2028," Mr. Madrid said.

"After two years of making a case for what the benefits of WFH/hybrid work are, it is great news that the FIRB will be facilitating a smooth paper transfer of the registration of IT-BPM enterprises from the Philippine Economic Zone Authority (PEZA) to the Board of Investments (BoI)," he added.

Last week, the FIRB announced that registered IT-BPM firms in economic zones can implement 100% WFH arrangements and still avail of fiscal incentives by transferring their registration from the PEZA to the BoI, ending a months-long impasse.

The FIRB said the 70% on-site work and 30% WFH arrangement ratio currently being implemented by IT-BPM firms has been extended until Dec. 31 this year to allow time for the transfer.

Republic Act No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises requires registered business enterprises, including IT-BPM firms, to conduct operations within an ecozone in order to enjoy fiscal incentives.

Mr. Madrid said during an interview in *BusinessWorld Live* on One News channel that several IT-BPMs have already signified their intent to transfer their registration to the BoI.

WFH, S1/10

FUEL PRICE TRACKER
(week-on-week change)

GASOLINE		
Sept. 6	▼	P2.60
Sept. 13	▼	P0.45
Sept. 20	—	P0.00
DIESEL		
Sept. 6	▼	P1.55
Sept. 13	▼	P0.45
Sept. 20	▼	P4.15
KEROSENE		
Sept. 6	▼	P1.60
Sept. 13	▼	P1.70
Sept. 20	▼	P4.45

- *Sept. 20, 12:01 a.m.* — Caltex Philippines
- *Sept. 20, 6 a.m.* — Petron Corp.; Phoenix Petroleum; Pilipinas Shell Petroleum Corp.; PTT Philippines Corp.; Seaoil Philippines, Inc.
- *Sept. 20, 8:01 a.m.* — Cleanfuel (Shaw Autogas, Inc.)

Private firms' debt-to-GDP ratios ease in Q2 as economy recovers

THE SHARE of the private sector's outstanding debt in Philippine gross domestic product (GDP) eased in the second quarter, data from the Institute of International Finance (IIF) showed, amid a rebound in business activity and improved economic conditions.

The IIF's global debt monitor released last week showed the debt-to-GDP ratios of Philippine households, nonfinancial corporations, and the financial sector went down year on year to 14.8%, 31.3%, and 10.5%, respectively, as of the second quarter from 16.4%, 32.4%, and 11.7%.

However, the Philippine government's debt-to-GDP ratio rose to 58.3% in the second quarter from 55.2% last year, IIF's report showed.

To compare, government data released last month showed the Philippines' debt-to-GDP ratio stood at 62.1% in the quarter, lower than 63.5% recorded at end-March but still above the 60% threshold considered manageable by multilateral lenders for developing economies.

"The ratio of household debt, non-corporate, and financial sector debt-to-GDP all fell because of much improved business and economic conditions in the second quarter. The rise in income and revenues enabled many sectors to pay off debts and finance their activities," University of Asia and the Pacific Senior Economist Cid L. Terosa said in an e-mail.

"Meanwhile, the ratio of government debt to GDP rose because of economic recovery programs and measures that had to be financed with debt. It is a necessary evil to borrow and spend more now to sustain economic resurrection," Mr. Terosa said.

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort attributed the improvement in economic conditions to the further reopening of the economy, which led to higher revenues for both the public and private sector.

"The further reopening towards greater normalcy, compared to some lockdowns a year ago, led to higher incomes and correspondingly reduced the need for these sectors to borrow," Mr. Ricafort said in a Viber message.

"Many businesses, industries, and individuals experienced reduced sales, livelihood, and employment, while government expenditures ballooned on *ayuda* (cash aid) and other financial assistance and various coronavirus disease 2019 (COVID-19) programs," he added.

The Philippine government implemented one of the longest and strictest lockdowns in the world to contain the COVID-19 pandemic in 2020, which caused GDP to contract by 9.6% that year.

Since March, Metro Manila and most provinces have been under the least strict quarantine measures, with the government earlier this month also allowing the voluntary wearing of face masks in outdoor areas where social distancing is possible.

Bank of the Philippine Islands Lead Economist Emilio S. Neri, Jr. said the private sector's debt ratios declined last quarter on the back of an expanding economy.

"GDP growth played a large role here as we grew 7.8% in the first half, with a much higher denominator lowering the entire equation," Mr. Neri said. "The economy's reopening also helped improve employment and incomes, which help households lower their debt. With better business and household incomes, government revenues also improved in the process, causing the equation to fall further."

Debt, S1/10