Philippine Stock Exchange index (PSEi) 6,734.99 ▼ 45.79 PTS. ▼ 0.67%

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PSEi MEMBER STOCKS

AC	Ayala Corp.	P715.00	+P19.00	+2.73%
ACEN	ACEN Corp.	P7.45	+P0.34	+4.78%
AEV	Aboitiz Equity Ventures, Inc.	P57.50	-P2.50	-4.17%
AGI	Alliance Global Group, Inc.	P9.95	+P0.18	+1.84%
ALI	Ayala Land, Inc.	P29.60	-P1.90	-6.03%
AP	Aboitiz Power Corp.	P34.00	-P0.40	-1.16%
BDO	BDO Unibank, Inc.	P130.00	-P0.10	-0.08%
BPI	Bank of the Philippine Islands	P104.00	-P1.90	-1.79%
CNVRG	Converge ICT Solutions, Inc.	P16.00	+P0.54	+3.49%
EMI	Emperador, Inc.	P20.25	+P0.15	+0.75%
GLO	Globe Telecom, Inc.	P2,350.00	+P50.00	+2.17%
GTCAP	GT Capital Holdings, Inc.	P450.00	+P11.00	+2.51%
ICT	International Container Terminal Services, Inc.	P196.80	-P8.20	-4.00%
JFC	Jollibee Foods Corp.	P240.60	-P4.40	-1.80%
JGS	JG Summit Holdings, Inc.	P46.90	-P2.20	-4.48%
LTG	LT Group, Inc.	P8.90	-P0.50	-5.32%
MBT	Metropolitan Bank & Trust Co.	P56.70	-P0.60	-1.05%
MEG	Megaworld Corp.	P2.24	——	
MER	Manila Electric Co.	P287.20	+P7.20	+2.57%
MONDE	Monde Nissin Corp.	P12.70	+P0.06	+0.47%
MPI	Metro Pacific Investments Corp.	P3.58	+P0.12	+3.47%
PGOLD	Puregold Price Club, Inc.	P33.00	-P2.50	-7.04%
RLC	Robinsons Land Corp.	P16.22	+P0.16	+1.00%
SCC	Semirara Mining and Power Corp.	P34.30	+P0.65	+1.93%
SM	SM Investments Corp.	P980.00	+P41.00	+4.37%
SMC	San Miguel Corp.	P96.10	-P0.90	-0.93%
SMPH	SM Prime Holdings, Inc.	P35.20	-P1.20	-3.30%
TEL	PLDT, Inc.	P1,699.00	-P53.00	-3.03%
URC	Universal Robina Corp.	P135.20	+P2.20	+1.65%
WLCON	Wilcon Depot, Inc.	P30.20	-P1.95	-6.07%

SEC warns public about three unlicensed investment-takers

IN separate advisories, the Securities and Exchange Commission (SEC) has warned the public not to invest in CashBaka, Hero Mining International Group, and BitBank-Ups.com as the three entities have not secured the license to solicit investments.

According to the regulator, the three are neither registered as a corporation nor a partnership with the SEC. It also found them to have been soliciting investments without securing the necessary license as prescribed under the Securities and Regulation Code.

CashBaka has been promising the public a 150% to 200% interest within 30 days and a return of capital within 15 days. Investors who put in P500 are promised to get a P25 income per day, while those who put in P10,500 are told to expect a P2,170 income per day.

Meanwhile, Hero Mining offers seven investment options to its investors, starting from $10 up to $789, depending on the chosen scheme. Investors are promised to earn from P1,000 up to P144,905 with a 60% bonus from the profit of every successful recruit.

BitBank has been enticing the public to invest in its virtual currency called BBT.

According to the SEC, the entity has been promising a guaranteed profit through commissions with an initial capital of $100 to $5,000 in the form of a US dollar-pegged cryptocurrency like Tether.

Investors of BitBank were also promised referral bonuses each time they successfully recruited an individual to invest.

In a separate advisory, the commission also warned the public to not engage in advance-fee loan scams wherein victims are asked to pay a certain amount in exchange for the release of a loan.

"An advance-fee scam is a form of fraud and one of the most common types of confidence trick," the SEC.

According to the regulator, the scam promises the victim a large sum of money, in return for a required small up-front payment.

"If a victim makes the payment, the fraudster either invents a series of further fees for the victim or simply disappears," the SEC explained.

The commission said that people who are engaged in these scams are liable for the violation of Article 315 on swindling under the Revised Penal Code of the Philippines. — **Justine Irish D. Tabile**

NLEX Corp. keen on 1.2-km interconnection link

NLEX Corp. is willing to build the 1.2-kilometer (km) link that is under the concession agreement between the government and San Miguel Corp. for the Metro Manila Skyway System.

NLEX Corp. is the toll road operator and builder of the North Luzon Expressway (NLEX) and Subic–Clark–Tarlac Expressway (SCTEX). It is a subsidiary of Metro Pacific Tollways Corp. (MPTC).

In a briefing on the NLEX Connector's update, MPTC Chief Financial Officer Christopher Daniel C. Lizo expressed the group's interest to build the interconnection structure.

"The Toll Regulatory Board can always amend their concession. The government can award to us the 1.2-km interconnection link," he said.

According to NLEX Corp., the link is a vital part of the 8-km NLEX Connector project for it to be connected to the Skyway.

If awarded, MPTC expects the additional 1.2-km road to cost P2 billion, which will increase the total cost of the entire 9.2-km road to around P19 billion.

Edward F. Castro, NLEX Corp. head engineer for the NLEX Connector project, said that the interconnection link and the connector road should have already been finished.

"*Lahat naman kami sumobra sa* timeframe because of the pandemic, *kasi lahat ng usapan* prior to pandemic, (All of us exceeded the timeframe because of the pandemic because all of the talks happened prior to the pandemic)," Mr. Castro said.

"*Sana kapag natapos itong* connector road, *matapos din sila* to interconnect the two projects, (We hope that when we complete the connector road, they will also finish so that we can interconnect the two projects)," he added.

NLEX Corp. is targeting to open the first section of the connector road by December. The section will span from Caloocan to España. The company has already acquired 97% of the right-of-way needed for the first section and 86% for the second section.

The second section — Magsaysay Blvd. to Sta. Mesa — is expected to be fully opened by mid-February of 2023. The entire project is seen to be completed by mid-April of 2023.

The connector project aims to decongest the major thoroughfares in Manila such as España Blvd., Abad Santos Ave., Rizal Ave., and Lacson Ave. It is also expected to reduce travel time from NLEX to South Luzon Expressway from two hours to 20 minutes. — **Justine Irish D. Tabile**

Factory,
from S1/1

Sales were also affected by sluggish export conditions.

"Weak foreign client demand weighed on total new order growth across the sector which was primarily driven by domestic demand. Nonetheless, the downturn in export sales softened from October's recent low," S&P said.

Firms ramped up their purchases of inputs for a third month in a row, as they anticipated more orders in the next few months.

"The rate of expansion quickened from October to the fastest in six months, and signaled a solid increase overall. Growth in output and buying activity resulted in stocks of inputs increasing during November. Businesses increased their holdings in anticipation of greater demand," S&P said.

Meanwhile, supply-chain disruptions were persistent during the month due to port congestion and material shortages, but the incidence of delays was at a three-month low.

Rising inflation pushed firms' expenses higher.

"The rate of input price inflation gathered pace for the second month running, as higher energy costs were primarily blamed for the latest uptick in expenses. Similarly, output prices increased at a quicker rate during November as firms chose to pass costs on to clients," S&P said.

The Bangko Sentral ng Pilipinas (BSP) expects inflation to range from 7.4% to 8.2% in November.

"While the manufacturing sector has shown strong gains during 2022, elevated price pressures pose an ongoing threat. Coupled with supply-chain issues, the peso weakening against the dollar adds further fragility," Ms. Baluch said.

Ms. Baluch said rising interest rates and further monetary tightening may affect customer spending.

The BSP has raised rates by 300 basis points (bps) since May, bringing the benchmark rate to a 14-year high of 5%. It is widely expected to deliver another 50-bp rate increase at its December policy meeting.

Factory activity was impacted by "less upbeat" labor trends, as the decline in the seasonally adjusted labor index curbed potential growth, ING Bank N.V. Manila Senior Economist Nicholas Antonio T. Mapa said in a Viber message.

"This shows that the labor market recovery is still ways before we get back to pre-COVID levels," he said.

Mr. Mapa also said that domestic demand fueled growth as the bulk of manufacturing is related to food items consumed locally. However, flat foreign demand reflected the slowdown in global trade, he added.

S&P Global said manufacturing firms are "strongly optimistic" of output growth in the next 12 months.

"Moreover, the degree of confidence strengthened in the month. This was often linked to greater client activity, the economy opening up and more firms undertaking new projects," it added.

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said in an e-mail that increased production activities ahead of the holiday season would also boost manufacturing activity.

"Nevertheless, we are also sensing seasonal demand creeping into the main demand scene. I do expect the PMI to continue to be in expansion territory as we end the year," UnionBank of the Philippines, Inc. Chief Economist Ruben Carlo O. Asuncion said in a Viber message.

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%).

Remittances,
from S1/1

Remittances to East Asia are projected to have inched up 0.7% to $134 billion in 2022, reversing the decline in the last two years. Excluding China, remittances to the region likely went up 3.7%.

"Migrants help to ease tight labor markets in host countries while supporting their families through remittances. Inclusive social protection policies have helped workers weather the income and employment uncertainties created by the COVID-19 (coronavirus disease 2019) pandemic. Such policies have global impacts through remittances and must be continued," Michal Rutkowski, World Bank Global Director for Social Protection and Jobs, said in a statement.

SLOWER GROWTH

The World Bank said remittances may grow at a slower pace of 2% to $639 billion in 2023, as a global slowdown may slash migrants' wage gains in host countries.

"Downside risks, including a further deterioration in the war in Ukraine, volatile oil prices and currency exchange rates, and a deeper-than-expected downturn in major high-income countries, are substantial," it added.

The World Bank expects the growth of remittance inflows to the Philippines to ease to 2% to $39 billion in 2023.

An economic slowdown and a cost-of-living crisis in migrants' destination countries will likely affect remittance inflows to East Asia, including the Philippines.

"Real GDP growth in high-income countries is projected to halve from 2.4% to 1.1%, with inflation remaining high at 4.4%. This will curtail East Asian migrants' ability to remit, especially if job losses occur," it said.

The World Bank noted lower oil prices may dampen remittance growth from Middle East countries to East Asian nations. Slower demand for East Asia's manufactured exports "is expected to depress remittance flows to the lower-income East Asian countries," it added.

Higher-income East Asian countries like China, Malaysia and Thailand, which export manufactured goods, usually employ migrants from lower-income countries like the Philippines.

"When global demand for manufactured products slumps and migrants loses their jobs, remittance flows to the lower-income countries are adversely affected. The combined impact of these factors suggests that remittance growth in East Asia will be marginally negative (-1%) in 2023 with inflows totaling $133 billion," the World Bank said.

Excluding China, remittances to East Asia are expected to grow "sluggishly" or 0.8% to $84 billion from $82.9 billion in 2022, the World Bank said.

Investments,
from S1/1

Lars Wittig, European Chamber of Commerce of the Philippines (ECCP) president, said recent economic reforms would also attract more investments into the Philippines.

"It should also be mentioned that the game-changing reforms that we have seen within the last 18 months affecting big investment industries, and the most recent taking effect also this month, the IRR regarding sustainable energy, these will result in billion-dollar investments from Europe alone," Mr. Wittig said.

"We believe that a highly experienced and competent economic team is in place and we trust they will manage appropriate interventions to influence inflation, supply chain blockages, and similar major challenges and headwinds to economic growth," he added.

Bradley Norman, Australian-New Zealand Chamber of Commerce Philippines, Inc. (ANZCHAM) vice-president, said the JFC is optimistic of the economy's recovery.

"We are optimistic with respect to the performance of the Philippines and that optimism hasn't changed...We still see that the Philippine economy is going to grow very strongly," Mr. Norman said.

The Philippines' gross domestic product (GDP) rose to 7.6% year on year in the third quarter, bringing the nine-month GDP growth to 7.7%. Economic managers are confident GDP growth will exceed the 6.5-7.5% target for this year.

"It will encourage FDIs and of course they will as well for employment. Just how much employment and how that employment relates to the FDI figure is really something that you can't calculate. We're very positive that the Philippines is heading in the right direction," he added.

MAHARLIKA FUND

Meanwhile, several JFC members said that they are neutral about the lawmakers' proposal to create a sovereign wealth fund called the Maharlika Investments Fund (MIF).

Mr. Wittig said that the JFC is monitoring the developments on the fund, adding that they are waiting on further details regarding the proposal.

"(We are) neutral for now. We are monitoring it. We are learning more. We don't have many details yet. It's a big issue with a few details on the table," Mr. Wittig said.

Mr. Norman added that the ANZCHAM supports the proposed creation of the MIF if it would spur more opportunities for the mining industry.

"From our point of view, we are very supportive of mining and if a sovereign wealth fund being set up would create further mining opportunities, then it's something that we would look at," Mr. Norman said.

Mr. Hinchliffe added that he is still uncertain on the importance of the proposed sovereign wealth fund.

"I don't know how necessary it is in the Philippines or how it is going to work," Mr. Hinchliffe said.

On Tuesday, the House Committee on Banks approved "in principle" House Bill No. 6398 seeking to create the sovereign wealth fund.

Sovereign wealth funds are usually funded by proceeds sourced from commodity exports such as oil.

JFC members include the AmCham, ANZCHAM, ECCP, Canadian Chamber of Commerce of the Philippines, Japanese Chamber of Commerce of the Philippines, Korean Chamber of Commerce Philippines, and the Philippine Association of Multinational Companies Regional Headquarters, Inc.

Devolution,
from S1/1

The Supreme Court's Mandanas-Garcia ruling granted LGUs a larger share of the national taxes by expanding their 40% cut to also include revenues from Customs duties, and not just those collected by the Bureau of Internal Revenue.

Last year, President Rodrigo R. Duterte signed Executive Order (EO) 138 which transfers a number of basic services to LGUs by 2024.

With this, the government has shifted programs and projects, worth an estimated P234.4 billion, to LGUs.

During the report's event launch on Wednesday, Jerik Cruz, co-author of a study called "From Dependency to Autonomy," said there is a need to further boost LGUs' capacity amid the transition to full devolution.

"They're not able to adapt as well as we would like them to new and challenging circumstances. And partly related to this is what we found to be the surprising level of the lack of digitization of local governments," Mr. Cruz said.

"Their ability to harness new digital technologies has not yet been maximized. We find that there tends to be a very big inequality among local governments where already capable local governments are able to tap into them whereas those which are poorer and left behind, generally are unable to make the most of them," he added.

Mr. Cruz said in their surveys of LGU budget officers, the biggest constraint in relation to spending is the lack of investment funds and resources, followed by a lack of staff.

"So, we may see as a result of Mandanas ruling based on certain parts of the survey, that we may find greater inequality among local governments, where high performing local governments especially the highly urbanized cities, tend to pull away from the rest. Whereas those who are poorer and lower performing to begin with, especially municipalities, tend to fall behind further," Mr. Cruz said.

He emphasized that strengthening the LGUs' local fiscal autonomy is possibly "one of the most neglected pillars of strong good local governance."

"It's not a silver bullet. But for most of the concerns that have been raised about the Mandanas ruling such as possibly challenges with budget execution, challenges with capacity, accountability, strengthening their own fiscal autonomy will help address every single one of those objectives," he said.

"We do recommend that we consider a lengthening of the transition from three years to six years so as to coincide with the full presidential term. A gradual transition in this way will give local governments more time to augment their capacity," he added.

Meanwhile, Cielo D. Magno, author of the study titled "Breaking Down the LGU Fiscal Performance," said underspending among local governments is a main concern that needs to be addressed.

"The Mandanas-Garcia ruling is expected to increase the budget of local government units and if we're not able to address the constraints, we will expect LGUs to continue with the lower budget execution rates and lower budget execution rates mean underperformance or delay in service delivery," Ms. Magno said.

According to their study, LGUs have not been able to fully utilize their resources to combat the threat of COVID-19, climate related disasters, and other conflicts. — **Keisha B. Ta-asan**