P25 IN METRO MANILA, PHILIPPINES

BusinessWorld

STOCK MARKET			
PSEi			
OPEN:	6,567.92	VOL.:	1.914 B
HIGH:	6,567.92	VAL(P):	3.137 B
LOW:	6,536.67		
CLOSE:	6,541.03		
▼ 35.91 PTS. 0.54%			

30 DAYS TO DECEMBER 23, 2022

ASIAN MARKETS — DECEMBER 23, 2022

	CLOSE		NET	%
Japan (Nikkei 225)	26,235.25	▼	-272.62	-1.03
Hong Kong (Hang Seng)	19,593.06	▼	-86.16	-0.44
Taiwan (Weighted)	14,271.63	▼	-171.31	-1.19
Thailand (SET Index)	1,617.55	▲	0.88	0.05
S.Korea (Kse Composite)	2,313.69	▼	-43.04	-1.83
Singapore (Straits Times)	3,257.70	▼	-11.83	-0.36
Sydney (All Ordinaries)	7,107.70	▼	-44.80	-0.63
Malaysia (Klse Composite)	1,474.68	▲	6.33	0.43

WORLD MARKETS — DECEMBER 23, 2022

	CLOSE		NET
Dow Jones	33,203.930	▲	176.440
NASDAQ	10,497.863	▲	21.744
S&P 500	3,844.820	▲	22.430
FTSE 100	7,473.010	▲	3.730
Euro Stoxx50	3,677.500	▼	-5.260

PESO-DOLLAR RATES — FX

OPEN	P55.250
HIGH	P55.150
LOW	P55.350
CLOSE	P55.150
W.AVE.	P55.271
VOL.	$1,020.04 M

▼ 6.00 CTVS

30 DAYS TO DECEMBER 23, 2022 SOURCE : BAP

ASIAN MONIES-US$ RATE — DECEMBER 23, 2022

	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	132.790	▼	131.960
Hong Kong (HK dollar)	7.804	▼	7.794
Taiwan (NT dollar)	30.745	▼	30.659
Thailand (baht)	34.760	▼	34.610
S. Korea (won)	1,279.550	▼	1,277.680
Singapore (dollar)	1.352	▼	1.347
Indonesia (rupiah)	15,590	▼	15,580
Malaysia (ringgit)	4.422	—	4.422

WORLD CURRENCIES — DECEMBER 23, 2022

	CLOSE		PREVIOUS
US$/UK pound	1.2058	▼	1.2099
US$/Euro	1.0614	▼	1.0642
$/Aust dollar	0.6717	▼	0.6751
Canada dollar/US$	1.3598	▲	1.3579
Swiss Franc/US$	0.9333	▲	0.9236

DUBAI CRUDE OIL

FUTURES PRICE ON NEAREST MONTH OF DELIVERY $78.20/BBL

▼ $0.65

30 DAYS TO DECEMBER 23, 2022

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PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • DECEMBER 23, 2022 (PSEi snapshot on *S1/4*; article on *S2/2*)

Stock	Price	Value	Change		%
TEL	P1,230.000	P466,049,220	-P19.000	▼	-1.521%
SM	P914.000	P283,898,935	-P12.000	▼	-1.296%
BDO	P106.800	P151,871,133	-P1.200	▼	-1.111%
MONDE	P11.700	P151,015,092	P0.400	▲	3.540%
ICT	P204.000	P150,438,330	P6.000	▲	3.030%
JFC	P230.000	P143,249,126	-P0.200	▼	-0.087%
ACEN	P7.560	P129,676,252	P0.010	▲	0.132%
URC	P137.600	P94,140,099	P0.200	▲	0.146%
DMC	P11.480	P90,495,948	P0.500	▲	4.554%
GTCAP	P434.000	P87,897,496	P4.000	▲	0.930%

Philippines tops full-year revenue goal

THE PHILIPPINE government has surpassed the collection target for its main revenue collection agencies this year, the Presidential Palace said on Sunday.

Emerging collections from the Bureau of Internal Revenue (BIR) and Bureau of Customs (BoC) had reached P3.2 trillion, 2.2% over the full-year goal, Acting Press Secretary Cheloy Velicaria-Garafil said in a statement, citing the Finance department's year-end report.

Latest data from the BIR showed collections as of end-October had reached P1.919 trillion, up by 12.6% from a year earlier. The agency must collect about 70% of government revenues.

As of end-November, the Customs bureau had exceeded its full-year collection goal by 9.5% to P790.3 billion, based on preliminary data.

For 2023, the BIR and BoC must collect a combined P3.436 trillion in taxes and duties. This will make up 99.19% of the projected P3.464-trillion total tax revenues next year, according to the Budget of Expenditures and Sources of Financing report.

The Internal Revenue bureau is expected to collect P2.67 trillion in revenues next year, 11.6% higher than its P2.39-trillion collection goal this year. Collections will include taxes on net income and profits (P1.295 trillion), taxes on domestic goods and services (P1.073 trillion) and taxes on property (P15.218 billion).

The Customs bureau is expected to generate P765.59 billion in revenue next year, up by 6.11% from its P721.52-billion target this year. This includes P485.67 billion in value-added taxes (VAT) on imports, P196.6 billion in excise taxes, P63.67 billion in import duties and taxes and P19.64 billion in other fees.

The Corporate Recovery and Tax Incentives for Enterprises Act, Tax Reform for Acceleration and Inclusion Act and Financial Institutions Strategic Transfer law are also expected to bring in P67.07 billion for the BIR and Customs bureau next year.

"Tax administration reforms will be implemented to enhance tax efforts, maximize the government's revenue potential, simplify taxpayer compliance and automate the BIR and BoC processes," according to the Palace statement.

Meanwhile, grants and technical assistance this year reached about $85.5 million.

"For next year, the Department of Finance's major activities include right-sizing (its) bureaucracy, as it works toward streamlining its organization and processes to maximize efficiency and use of public funds," Ms. Garafil said.

The government is expected next year to get about $19.1 billion worth of official development assistance, $9.2 billion worth of loans from multilateral development partners and $9.8 billion in loans from bilateral lenders.

"Other DoF accomplishments for this year include the resolution on tax incentives for business activities outside zone limits, commitment to Extractive Industries Transparency Initiatives and the revision of the implementing rules and regulations for the Build-Operate-Transfer Law," the Palace said.

The Finance department has also been pushing key tax measures, such as the excise tax on single-use plastics and the value-added tax on digital service providers, among other measures.

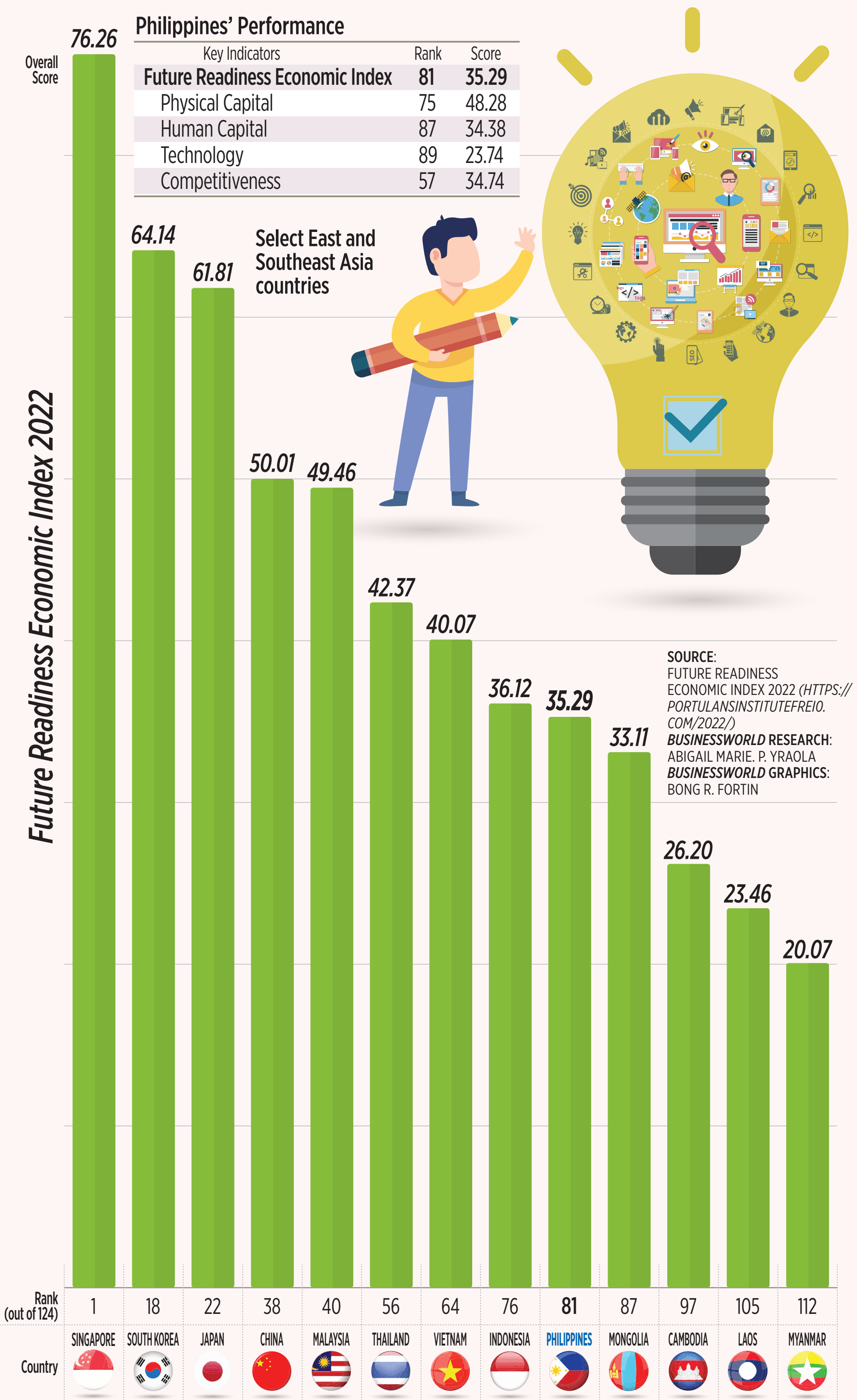
The agency will also target private sector fund mobilization through public-private partnership projects and will launch pioneering projects with Project Management Office-led assets. **— Luisa Maria Jacinta C. Jocson**

PHILIPPINES RANKS 81ST IN FUTURE READINESS RANKINGS

The Philippines ranked 81st out of 124 countries with a score of 35.29 in the Future Readiness Economic Index (FREI) by Washington-based nonprofit, nonpartisan research, and educational institute Portulans Institute. The index was built on Google's initiative of Digital Sprinters which facilitates digital transformation in emerging markets and assists them in becoming digital sprinters. With the Digital Sprinters framework as its foundation, the index is based on four pillars: Physical Capital, Human Capital, Technology, and Competitiveness. The Philippines ranked the highest in Competitiveness, placing 57th with a score of 34.74, in Physical Capital (75th and 48.28) Human Capital (87th and 34.38) and in Technology (89th and 23.74). FREI has been developed to support countries in assessing the state of their future readiness and their efforts to stimulate greater sustainable, inclusive growth with digital transformation as an integral factor.

Philippines' Performance

Key Indicators	Rank	Score
Future Readiness Economic Index	**81**	**35.29**
Physical Capital	75	48.28
Human Capital	87	34.38
Technology	89	23.74
Competitiveness	57	34.74



SOURCE: FUTURE READINESS ECONOMIC INDEX 2022 *(HTTPS://PORTULANSINSTITUTEFREI0.COM/2022/)*
***BUSINESSWORLD* RESEARCH**: ABIGAIL MARIE. P. YRAOLA
***BUSINESSWORLD* GRAPHICS**: BONG R. FORTIN

Top 10

Rank (out of 124)	Country	Overall Score
1	Singapore	76.26
2	Denmark	75.89
3	Switzerland	75.71
4	Sweden	74.72
5	Norway	74.07
6	United States	73.55
7	Netherlands	71.67
8	Finland	71.49
9	United Kingdom	69.37
10	Canada	69.24

Bottom 10

Rank (out of 124)	Country	Overall Score
124	Niger	10.06
123	Ethiopia	13.81
122	Mozambique	15.73
121	Madagascar	16.83
120	Malawi	17.75
119	Zimbabwe	18.11
118	Guinea	18.24
117	Togo	18.48
116	Mali	19.54
115	Angola	19.65

NOTES:

- Computation of future readiness score is based on successive aggregations of scores, from the indicator level to the overall future readiness score.
- The inclusion of countries and indicators is based on double threshold approach. In terms of country coverage, countries with data available for at least 70% of all indicators are included and at least 40% of a sub-pillar level data availability. For indicator coverage, only indicators with data available for at least 50% of all countries in the index are included in the computation. Missing values are not considered in the computation of scores.
- Based on the report, Google launched an initiative called Digital Sprinters in November 2020. In it, the company proposed a novel framework that can facilitate digital transformation in emerging markets and assist them in becoming digital sprinters.

Four pillars:

Physical Capital pillar measures the performances of countries across three types of infrastructure: digital infrastructure, transport infrastructure, and energy infrastructure.

Human Capital pillar is concerned with countries' abilities to attract, grow, and retain talent, and puts a particular emphasis on digital skills.

Technology pillar focuses on the integration of digital technologies — traditional and emerging — in societies and economies along three categories: digital usage, digital content creation, and Industry 4.0.

Competitiveness pillar highlights the ecosystem that is necessary to achieve future readiness. Digital policies (including regulatory conditions) are emphasized, along with the innovation capacities of countries, by considering their digital policies, market environment, research & development (R&D), and innovation capabilities and performance.

Local telecommunications, renewable energy are hot sectors for M&A — PwC

THE PHILIPPINES can expect higher investor confidence in emerging industries next year particularly in telecommunications, renewable energy, insurance, logistics and agriculture, according to PwC Philippines.

"The government and businesses are having a positive outlook for the upcoming year," the accounting firm said in its year-end report on mergers and acquisitions (M&A). "With the current changes in regulations, deals with foreign investors are expected to increase."

"More businesses will be leaning towards sustainability practices as more consumers are now aware of the importance and benefits of being sustainable," it said. "As the situation in the Philippines slowly goes back to normal, businesses will continue to normalize their operations and pursue their expansion plans."

Major companies will continue commercializing their assets to fund network expansion plans especially with expanding 5G connectivity.

The Philippines is estimated to require as many as 4,000 new telecommunication towers yearly, while renewable energy companies are expected to increase their investments in alternative energy because of the moratorium on coal plants and declining sources of coal.

Foreign investors are also expected to keep an eye on the insurance industry amid recent discussions between the Philippine Insurers and Reinsurers Association and companies representing capital firms in South Korea, Thailand and Japan.

The incoming increase in the minimum capital requirement to P1.3 billion from P900 million would make M&A a major option for some insurers that will be unable to comply.

As the government expands the country's logistics capacity, the market for the logistics sector is expected to reach P1 trillion by 2024, PwC Philippines said in its report.

M&A, S1/10

YEARENDER:

Farm imports likely to stay amid spiraling prices

THE PHILIPPINES under President Ferdinand R. Marcos, Jr. is likely to rely on conventional ways of dealing with food security, including the bias for imports, amid spiraling global prices, political analysts said.

"It will be a huge challenge to reverse our food import dependence given the decades-old neglect of the agriculture sector and continued conversion of agricultural lands," Joseph M. Purugganan, program coordinator at policy think tank Focus on the Global South, said in Facebook Messenger chat.

He also cited land grabbing, incomplete agrarian reform implementation and attacks against land rights defenders.

"The economic policies that are being put in place, the managers tasked to lead the implementation and the bias for private sector partnerships underscore the reliance on conventional ways to address agriculture problems," he added.

Mr. Marcos at the start of his six-year presidency in June took the helm of the Agriculture department, vowing to fix decades-old problems that constrain farm output growth. He vowed to boost food security efforts, which experts said should be prioritized amid Russia's invasion of Ukraine that worsened supply chain disruptions and pushed inflation higher.

The president had promised to boost his government's food self-sufficiency campaign after the war pushed the prices of some farm inputs such as oil and fertilizer to record high.

"Those bearing no blame for provoking it, [yet they] face the biggest risk of starvation," Mr. Marcos said in his inaugural address. "If financial aid is poured into them, though it never is, there is nothing to buy," he said of the poor, adding that the agriculture sector "cries for the urgent attention that its neglect and misdirection now demands."

Observers initially described Mr. Marcos' agriculture policy as protectionist after he vowed to limit imports "as much as possible." He had shown willingness to veer away from the food policy of former Philippine presidents, including his predecessor Rodrigo R. Duterte, who extended until the end of 2022 an executive order that slashed the most favored nation tariff rates on pork, corn, rice and coal.

But Mr. Marcos' promise to cut if not minimize food imports has yet to materialize amid record inflation and tight supply.

"Unlimited importation across agriculture commodities and smuggling have remained unabated," Jayson H. Cainglet, executive director of the Samahang Industriya ng Agrikultura, said via Viber. "It might worsen."

"Equally regrettable is the continuing mindset of the economic team of this government to rely on imports as the only measure to fight inflation," he said. "These actors, together with the importers, are the main drivers to further lower the tariffs on rice, corn, pork and mechanically deboned chicken."

Mr. Cainglet, whose group has been lobbying against plans to import more, said local agriculture players seem to have lost the battle to "groups that try to maintain the status quo."

The Philippines imports much of its food and farm inputs, making the Southeast Asian nation vulnerable to imported inflation. The government expects inflation to somehow start easing in 2023.

Farm imports, S1/8

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BANKING & FINANCE Peso seen to move sideways on holiday spending *S2/1*

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