P25 IN METRO MANILA, PHILIPPINES

BusinessWorld

STOCK MARKET

PSEi — 30 DAYS TO JANUARY 4, 2023

OPEN:	6,601.50
HIGH:	6,755.27
LOW:	6,601.50
CLOSE:	6,718.50
VOL.:	1.381 B
VAL(P):	6.698 B

▲ 132.49 PTS. 2.01%

ASIAN MARKETS — JANUARY 4, 2023

	CLOSE		NET	%
Japan (Nikkei 225)	25,716.86	▼	-377.64	-1.45
Hong Kong (Hang Seng)	20,793.11	▲	647.82	3.22
Taiwan (Weighted)	14,199.13	▼	-24.99	-0.18
Thailand (SET Index)	1,674.64	▼	-4.33	-0.26
S.Korea (Kse Composite)	2,255.98	▲	37.30	1.68
Singapore (Straits Times)	3,244.87	▼	-0.93	-0.03
Sydney (All Ordinaries)	7,059.20	▲	113.00	1.63
Malaysia (Klse Composite)	1,473.67	▼	-0.32	-0.02

WORLD MARKETS — JANUARY 3, 2023

	CLOSE		NET
Dow Jones	33,136.370	▼	-10.880
NASDAQ	10,386.985	▼	-79.497
S&P 500	3,824.140	▼	-15.360
FTSE 100	7,554.090	▲	102.350
Euro Stoxx50	3,730.950	▲	45.290

PESO-DOLLAR RATES

FX — 30 DAYS TO JANUARY 4, 2023

OPEN	P55.950
HIGH	P55.895
LOW	P56.145
CLOSE	P55.910
W.AVE.	P56.014
VOL.	$1,273.10 M

▼ 12.00 CTVS

SOURCE : BAP

ASIAN MONIES-US$ RATE — JANUARY 4, 2023

	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	130.370	▲	130.400
Hong Kong (HK dollar)	7.818	▼	7.815
Taiwan (NT dollar)	30.632	▲	30.695
Thailand (baht)	34.020	▲	34.430
S. Korea (won)	1,270.470	▲	1,277.010
Singapore (dollar)	1.339	▲	1.345
Indonesia (rupiah)	15,585	▲	15,595
Malaysia (ringgit)	4.399	▲	4.402

WORLD CURRENCIES — JANUARY 4, 2023

	CLOSE		PREVIOUS
US$/UK pound	1.2066	▲	1.1925
US$/Euro	1.0626	▲	1.0547
$/Aust dollar	0.6881	▲	0.6711
Canada dollar/US$	1.3553	▼	1.3616
Swiss Franc/US$	0.9265	▼	0.9369

DUBAI CRUDE OIL

FUTURES PRICE ON NEAREST MONTH OF DELIVERY $82.06/BBL

▲ $3.30

30 DAYS TO JANUARY 3, 2023

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PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • JANUARY 4, 2023 *(PSEi snapshot on S1/2; article on S2/2)*

		Value		
TEL	P1,448.000	P617,407,760	P93.000 ▲	6.863%
ALI	P31.250	P474,926,935	P0.850 ▲	2.796%
ACEN	P8.370	P360,871,833	P0.380 ▲	4.756%
BDO	P111.500	P324,829,288	P3.600 ▲	3.336%
SM	P921.000	P297,127,735	P21.000 ▲	2.333%
SMPH	P36.750	P278,876,895	P1.700 ▲	4.850%
CNVRG	P16.800	P275,349,160	P1.340 ▲	8.668%
DMC	P11.800	P252,725,558	P0.160 ▲	1.375%
BLOOM	P8.490	P226,937,192	P0.440 ▲	5.466%
ICT	P197.500	P201,040,784	-P0.500 ▼	-0.253%

November bank lending growth slows

BANK LENDING GROWTH slowed in November amid higher borrowing costs, preliminary data from the Bangko Sentral ng Pilipinas (BSP) showed.

Outstanding loans extended by universal and commercial banks climbed by 13.7% year on year to P10.64 trillion, slightly slower than the 13.9% expansion in October.

Big banks' outstanding loans — lending net of reverse repurchase (RRP) placements with the BSP — inched up by 0.3% from a month earlier.

Including RRPs, bank lending rose by 13.4% in November, unchanged from the previous month.

BSP data showed outstanding loans to residents net of RRPs grew by 13.4% to P10.31 trillion from 13.3% in October.

Credit for production activities jumped by 12.4% to P9.302 trillion as more loans were extended for real estate activities (12.2%), manufacturing (15.6%), financial and insurance activities (13.1%), and information and communication (24.3%).

Consumer loans to residents increased by 24.1% to P1.01 trillion, faster than 22.6% in October. This was attributed to year-on-year rise in credit card loans (26.8%), motor vehicle loans (8.7%) and salary-based general purpose consumption loans (67.2%).

Meanwhile, outstanding loans to nonresidents net of RRPs expanded by 24.8% to P326.512 billion, slower than 33% growth in the previous month.

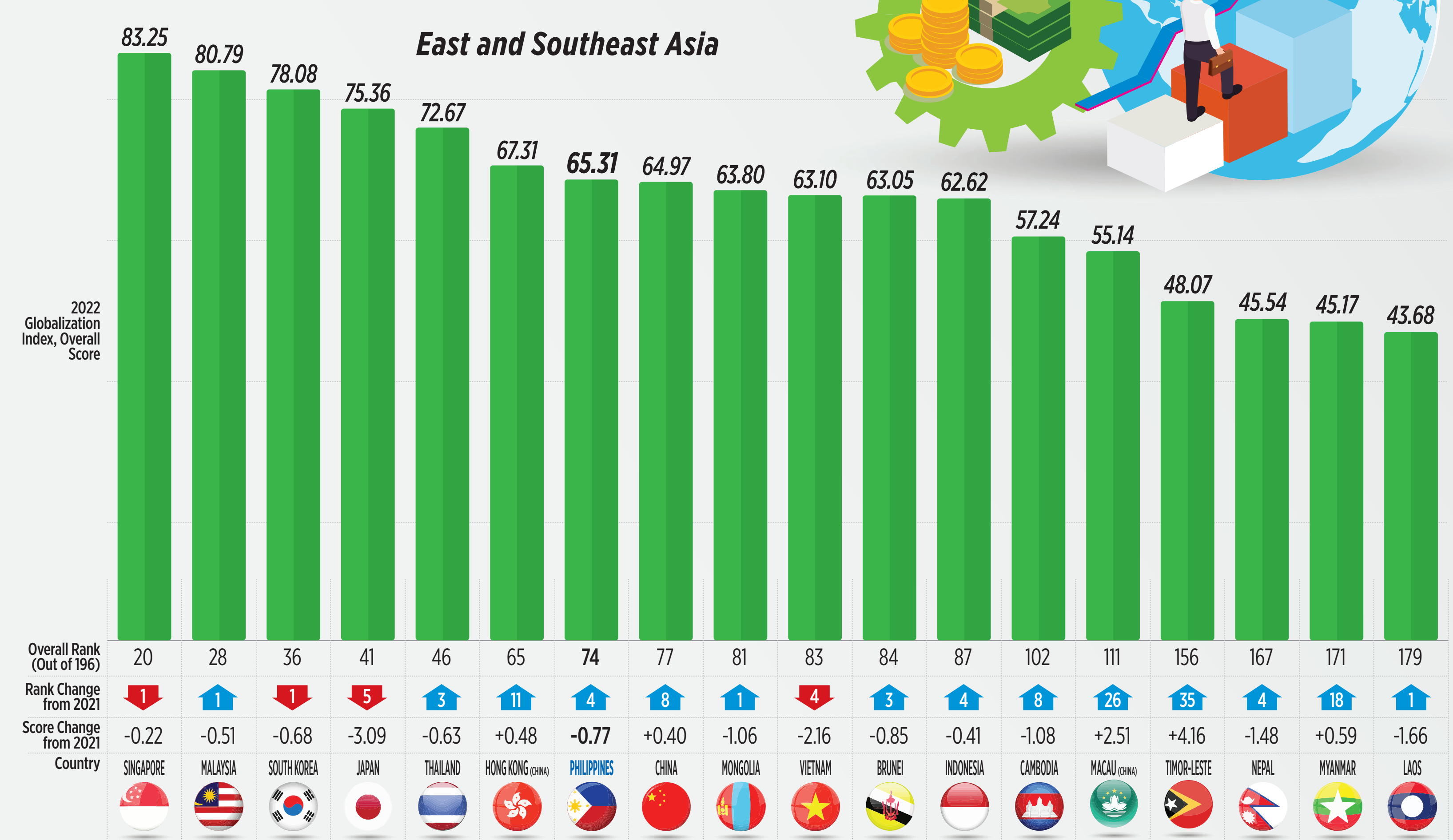
"Sustained growth in credit and domestic liquidity will continue to support economic activity and domestic demand," central bank Governor Felipe M. Medalla said in a statement.

"Looking ahead, the BSP will ensure that liquidity and lending dynamics remain consistent with its primary mandate of promoting price and financial stability," he added.

Lending, S1/11

PHILIPPINES IMPROVES IN GLOBALIZATION INDEX

The Philippines rose four spots to 74th out of 196 countries in the Globalization Index by KOF Swiss Economic Institute. In a scale of 1 (least globalized) to 100 (most globalized), the country scored 65.31. The index gauges a country's economic, social, and political dimensions of globalization.



SOURCE: KOF SWISS ECONOMIC INSTITUTE'S KOF GLOBALIZATION INDEX 2022 *BUSINESSWORLD* RESEARCH: ANA OLIVIA A. TIRONA *BUSINESSWORLD* GRAPHICS: BONG R. FORTIN

Philippines' Profile

	2022	2021
Overall Rank	74th (Out of 196)	78th (Out of 208)
Overall Score	65.31	66.08
Three Dimensions:		
Economic Rank	110th (Out of 192)	113th (Out of 202)
Economic Score	53.54	55.71
Social Rank	121st (Out of 201)	131st (Out of 213)
Social Score	60.66	61.13
Political Rank	49th (Out of 201)	53rd (Out of 203)
Political Score	81.58	81.23

Top 10

2022 Rank (/196)	Rank Change from 2021	Country	2022 Globalization Index, Overall Score	Score Change from 2021
1	▲1	Switzerland	90.61	+0.16
2	▼1	Netherlands	90.48	-0.43
3	0	Belgium	90.09	-0.24
4	0	Sweden	89.20	-0.24
5	0	United Kingdom	88.58	-0.73
6	0	Germany	88.44	-0.29
7	0	Austria	88.36	-0.25
8	0	Denmark	87.86	+0.06
9	0	Finland	87.22	-0.46
10	0	France	86.94	-0.69

Bottom 10

2022 Rank (/196)	Rank Change from 2021	Country	2022 Globalization Index, Overall Score	Score Change from 2021
196	▲11	Eritrea	30.97	+0.09
195	▲13	Somalia	31.14	+0.65
194	▲11	Afghanistan	37.61	-0.78
193	▲11	West Bank and Gaza	38.45	-1.09
192	–	Central African Rep.	38.88	–
191	▲10	Comoros	39.18	-1.37
190	▲8	Solomon Islands	39.50	-2.22
189	▲14	Burundi	40.29	+0.74
188	▲9	Chad	40.38	-1.42
187	▲13	Bhutan	40.87	-0.15

NOTE:
-The KOF Globalization Index is calculated on a yearly basis from 1970 to 2020. However, not all data are available for all countries and all years. Missing values within a series are imputed using linear interpolation. Missing values at the beginning or the end of a series are substituted by the closest observation available. Specifically, this implies that we carry the last value backward in the case of missing data at the beginning of a series and forward in the case of missing data at the end of a series.

OUTLOOK 2023

Improved spending, tax administration to support gov't fiscal consolidation efforts

By Luisa Maria Jacinta C. Jocson *Reporter*

MORE EFFICIENT spending and improved tax administration are key to achieving the government's fiscal consolidation goals and bringing down debt levels, analysts said.

"The strategy to achieve fiscal consolidation and bring down the debt-to-gross domestic product (GDP) ratio below 60% hinges on faster economic growth to outstrip the increase in debt and improved revenue collections," ING Bank N.V. Manila Senior Economist Nicholas Antonio T. Mapa said in an e-mail.

"The Department of Finance (DoF) believes that improved tax collections will be enough to substantially improve the fiscal balances, however, lessons from the past could help us understand the magnitude of the challenges faced by this episode of fiscal consolidation," he said.

Finance Secretary Benjamin E. Diokno has said improved tax administration, rather than new taxes or tax hikes, is the government's preferred way of raising more revenues.

"Tax administration should be the focus of the government in terms of fiscal consolidation. It is important to identify spending pressures and to reduce them. In the Philippines, education, health, and public infrastructure are sources of spending pressures. Hence, improving the efficiency of spending for these public goods can go a long way towards fiscal consolidation," University of Asia and the Pacific Senior Economist Cid L. Terosa said in an e-mail.

The Finance department has pushed a number of priority tax measures under its Comprehensive Tax Reform Program, which is composed of multiple packages to be implemented through the years.

The Tax Reform for Acceleration and Inclusion (TRAIN) law is part of the program's first package. Signed into law in 2017, it aims to make the tax system fairer and more efficient.

It adjusted oil and automobile excise taxes and introduced an excise tax on sweetened beverages, among other measures.

Since 2018, the TRAIN law has raised P476.1 billion in additional revenues for funding the government's infrastructure, social, and healthcare programs, according to the DoF.

This year, income tax adjustments under the TRAIN law will be implemented.

Taxpayers earning more than P250,000 but not over P8 million a year will see lower tax rates ranging from 15-30%, while the top individual taxpayers whose annual taxable income exceeds P8 million will face a higher tax rate of 35% from the current 32%.

Meanwhile, people earning P250,000 or less are exempted from paying personal income tax.

This measure could yield an annual average of P97.7 billion in revenues from 2023 to 2025, according to the DoF.

"(This year), the implementation of the TRAIN law will grant a lower income tax for some income brackets, which will erode revenue streams. Although we could see increased revenue from sales taxes borne about by the increased tax home pay of individuals, we believe that if fiscal authorities would want to bring down these debt-to-GDP ratio to more palatable levels at the soonest, they may need to consider fresh taxes to do so," Mr. Mapa said.

NEW TAXES

Meanwhile, under the second package of the program, "sin" taxes, which refer to taxes on tobacco, alcohol and e-cigarette products, were increased to mitigate consumption and fund universal healthcare programs.

The measure implements incremental increases in products through the years.

Starting this year, fermented liquors will be taxed P41 a liter; distilled spirits and alcopops at P59 a liter; and wine products, both sparkling and still, at P59.55 a liter. Heated tobacco products will be taxed P32.5 a pack; freebase vapor products at P60 a pack; and salt nicotine vapor products at P52 a pack.

From 2020 to 2021, the increased excise taxes on sin products raised a total of P85 billion in incremental revenues, according to the DoF.

Other packages under the tax reform program include the Real Property Valuation and Assessment Reform (RPVAR) and the Passive Income and Financial Intermediary Taxation Act (PIFITA).

The RPVAR was passed on final reading at the House of Representatives and is pending approval at the Senate Committee on Ways and Means. It aims to broaden the tax base used for property and property-related taxes of the national and local governments, improving tax collections without increasing existing tax rates or imposing new taxes.

Spending, S1/8

Marcos orders extension of tariff cuts until yearend

By Kyle Aristophere T. Atienza *and* **Ashley Erika O. Jose** *Reporters*

SOME agricultural stakeholders expressed dismay over President Ferdinand R. Marcos, Jr.'s executive order extending lower tariffs on pork, rice, corn and coal, saying the previous order failed to lower prices.

Signed by Mr. Marcos on Dec. 29 and released on Wednesday, EO No. 10 kept the lower tariff rates for pork at 15% (in-quota) and 25% (out-quota), corn at 5% (in-quota) and 15% (out-quota), and rice at 35% (in-quota and out-quota) until Dec. 31.

Coal will remain at zero duty beyond Dec. 31, but will be reviewed semestrally.

There's a need to extend the lower tariff rates to "maintain affordable prices for the purpose of ensuring food security, help augment the supply of basic agricultural commodities in the country, reduce the cost of electricity, and diversify the country's market sources," Mr. Marcos said in the order.

Raul Q. Montemayor, chairman of the Federation of Free Farmers, said only traders and importers would benefit from the latest order since the previous EO had failed to lower rice prices.

"The retail prices of both regular and well-milled rice in the National Capital Region actually increased since the tariff reduction originally took effect in June 2021," he said in a Viber message.

Despite lower tariffs, Mr. Montemayor noted the Philippines had failed to diversify its sources of rice, as it continued to rely on Southeast Asian countries, particularly Vietnam.

"The previous EO failed to bring down food prices. It has only affected our farmers and reduced the income of our government," Jayson H. Cainglet, executive director of the Samahang Industriya ng Agrikultura, said in a Viber message.

Tariff cuts, S1/8