P25 IN METRO MANILA, PHILIPPINES

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STOCK MARKET

30 DAYS TO MARCH 27, 2023

PSEi	
OPEN:	6,598.73
HIGH:	6,598.73
LOW:	6,568.70
CLOSE:	6,595.03
VOL.:	0.390 B
VAL(P):	3.628 B

▼ 7.14 PTS. 0.1%

ASIAN MARKETS

MARCH 27, 2023

	CLOSE		NET	%
Japan (Nikkei 225)	27,476.87	▲	91.62	0.33
Hong Kong (Hang Seng)	19,567.69	▼	-347.99	-1.75
Taiwan (Weighted)	15,830.31	▼	-84.39	-0.53
Thailand (SET Index)	1,592.36	▲	0.51	0.03
S.Korea (Kse Composite)	2,409.22	▼	-5.74	-0.24
Singapore (Straits Times)	3,238.31	▲	25.67	0.80
Sydney (All Ordinaries)	6,962.00	▲	6.80	0.10
Malaysia (Klse Composite)	1,396.60	▼	-3.10	-0.22

WORLD MARKETS

MARCH 24, 2023

	CLOSE		NET
Dow Jones	32,237.530	▲	132.280
NASDAQ	11,823.960	▲	36.562
S&P 500	3,970.990	▲	22.270
FTSE 100	7,405.450	▼	-94.150
Euro Stoxx50	3,801.290	▼	-29.290

PESO-DOLLAR RATES

30 DAYS TO MARCH 27, 2023

FX	
OPEN	P54.330
HIGH	P54.260
LOW	P54.550
CLOSE	P54.290
W.AVE.	P54.439
VOL.	1,082.20 M

▲ 6.00 CTVS

SOURCE : BAP

ASIAN MONIES-US$ RATE

MARCH 27, 2023

	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	131.360	▼	130.690
Hong Kong (HK dollar)	7.850	▼	7.849
Taiwan (NT dollar)	30.337	▼	30.323
Thailand (baht)	34.410	▼	34.160
S. Korea (won)	1,300.990	▼	1,294.660
Singapore (dollar)	1.332	—	1.332
Indonesia (rupiah)	15,155	▼	15,150
Malaysia (ringgit)	4.420	▲	4.426

WORLD CURRENCIES

MARCH 27, 2023

	CLOSE		PREVIOUS
US$/UK pound	1.2257	▲	1.2230
US$/Euro	1.0762	▲	1.0759
$/Aust dollar	0.6649	▲	0.6645
Canada dollar/US$	1.3724	▼	1.3744
Swiss Franc/US$	0.9170	▼	0.9199

DUBAI CRUDE OIL

FUTURES PRICE ON NEAREST MONTH OF DELIVERY

$76.09/BBL

— $0.00

30 DAYS TO MARCH 24, 2023

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PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • MARCH 27, 2023 (PSEi snapshot on *S1/3*; article on *S2/2*)

		Value			
BPI	P102.000	P282,250,627	P0.500	▲	0.493%
ICT	P210.000	P263,323,326	-P3.200	▼	-1.501%
SMPH	P33.950	P227,052,225	-P0.050	▼	-0.147%
SM	P918.000	P221,589,975	P13.000	▲	1.436%
TEL	P1,331.000	P214,670,415	-P19.000	▼	-1.407%
BDO	P126.500	P154,914,280	-P0.500	▼	-0.394%
ACEN	P6.470	P142,505,981	P0.050	▲	0.779%
GLO	P1,821.000	P140,718,960	-P29.000	▼	-1.568%
AC	P665.000	P121,619,880	-P1.000	▼	-0.150%
URC	P146.600	P100,472,132	-P0.200	▼	-0.136%

NGCP warns of power interruptions

THE NATIONAL Grid Corp. of the Philippines (NGCP) has warned of possible power interruptions this summer after the Energy Regulatory Commission (ERC) junked its request to extend its monthly ancillary services (AS) agreements.

The grid operator said in a statement that many of its AS deals have already expired, forcing it to extend existing agreements on a month-on-month basis "to ensure the sufficiency of services while the procurement process is ongoing."

"With ERC's denial of this interim arrangement, our hands are tied. The Philippine transmission grid shall be vulnerable to power interruptions resulting from an artificial lack of AS. Without an existing AS procurement agreement (ASPA), NGCP cannot nominate power plants to provide the critical services," NGCP said.

The ERC's rejection came as the competitive selection process for ASPAs is now underway.

The NGCP said it has already accepted and opened bids for ancillary services for Luzon, Visayas, and Mindanao earlier this month. It is currently evaluating the bids and expects to formally award the contracts to the winning bidders by April 18.

However, the ERC's provisional approval of the new ASPAs under the competitive selection process may not be expected earlier than June.

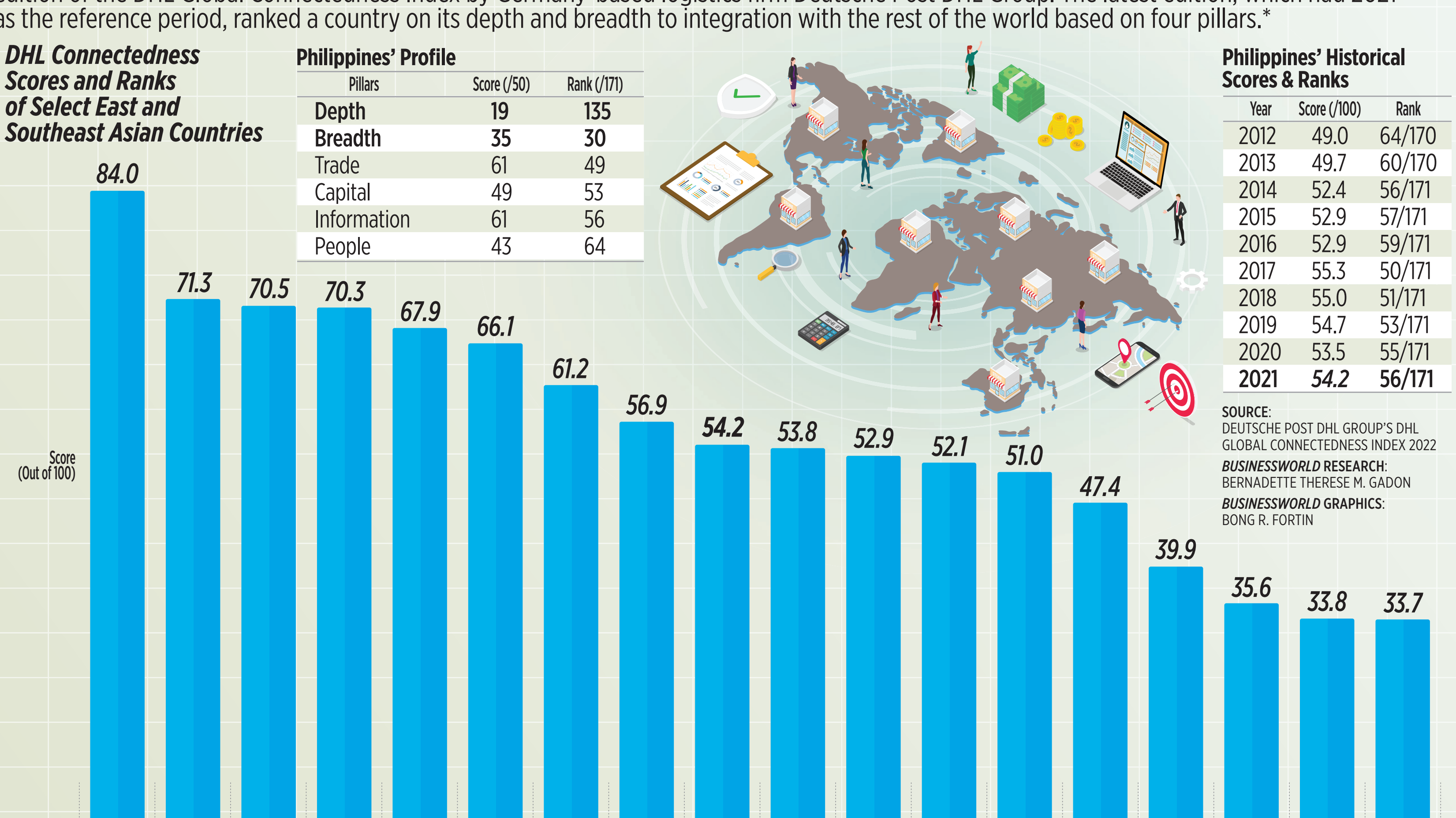
ERC Chairperson and Chief Executive Officer (CEO) Monalisa C. Dimalanta said it will revisit its ruling after the NGCP appeals the decision.

NGCP, S1/9

PHILIPPINES SLIPS A NOTCH IN GLOBAL CONNECTEDNESS INDEX

The Philippines inched down a notch to 56th out of 171 countries despite a slight improvement in its overall score to 54.2 (out of 100) in the 2022 edition of the DHL Global Connectedness Index by Germany-based logistics firm Deutsche Post DHL Group. The latest edition, which had 2021 as the reference period, ranked a country on its depth and breadth to integration with the rest of the world based on four pillars.*

DHL Connectedness Scores and Ranks of Select East and Southeast Asian Countries



Country	2021 Rank (Out of 171)	Rank Change(s) from 2020	Score Change(s) from 2020
Singapore	2	▼1	-0.1
Malaysia	14	▲2	+1.3
S. Korea	16	▲4	+1.9
Taiwan	17	▲1	+1.1
Thailand	24	▲5	+2.4
Hong Kong (China)	31	▼4	+0.0
Japan	40	◄►	+1.5
Brunei	50	▼3	-0.4
Philippines	**56**	▼1	**+0.7**
Macau (China)	58	◄►	+0.4
Vietnam	61	▼7	-0.7
China	65	▼4	-0.2
Mongolia	70	▲5	+2.5
Cambodia	77	▼4	-1.5
Indonesia	111	▼1	+1.3
Laos	127	▲4	+1.4
Myanmar	140	▲1	+0.5
Timor-Leste	141	▲12	+4.1

Philippines' Profile

Pillars	Score (/50)	Rank (/171)
Depth	**19**	**135**
Breadth	**35**	**30**
Trade	61	49
Capital	49	53
Information	61	56
People	43	64

Philippines' Historical Scores & Ranks

Year	Score (/100)	Rank
2012	49.0	64/170
2013	49.7	60/170
2014	52.4	56/171
2015	52.9	57/171
2016	52.9	59/171
2017	55.3	50/171
2018	55.0	51/171
2019	54.7	53/171
2020	53.5	55/171
2021	***54.2***	**56/171**

SOURCE: DEUTSCHE POST DHL GROUP'S DHL GLOBAL CONNECTEDNESS INDEX 2022

BUSINESSWORLD RESEARCH: BERNADETTE THERESE M. GADON

BUSINESSWORLD GRAPHICS: BONG R. FORTIN

Top 10

2021 Rank (Out of 171)	Country	Score (Out of 100)
1	Netherlands	84.6
2	Singapore	84.0
3	Belgium	81.3
4	Switzerland	78.5
5	Ireland	77.5
6	United Arab Emirates	77.1
7	United Kingdom	76.4
8	Sweden	75.5
9	Germany	75.3
10	Denmark	74.9

Bottom 10

2021 Rank (Out of 171)	Country	Score (Out of 100)
171	Guinea-Bissau	20.5
170	Burundi	21.5
169	Malawi	21.8
168	Yemen	22.8
167	Niger	24.0
166	Dem. Rep. of the Congo	24.0
165	Rwanda	25.1
164	Sudan	25.5
163	United Rep. of Tanzania	26.8
162	Mali	27.5

NOTES:

-**Depth** compares each cross-border flow to relevant domestic activities (e.g., exports to GDP).

-**Breadth** refers to the extent to which international flows are "distributed broadly around the globe rather than concentrated between specific origins and destinations."

*The pillars include the following components (with their corresponding weights):

Trade (35% weight of total): Merchandise trade, services trade.

Capital (35%): Foreign direct investment (FDI) stocks, FDI flows, portfolio equity stocks, portfolio equity flows.

Information (15%): International internet bandwidth, international telephone call minutes, scientific research collaboration, trade in printed publications (HS code 49).

People (15%): Tourists (departures and arrivals of overnight tourists), international university students, migrants (foreign-born population).

S&P hikes PHL growth forecast

By Keisha B. Ta-asan
Reporter

THE PHILIPPINE economy is likely to expand by 5.8% this year, although elevated inflation and higher borrowing costs may dampen growth, S&P Global Ratings said.

"The momentum of domestic demand has stayed stronger for longer than we had expected, causing us to raise our 2023 forecast to 5.8%," S&P Senior Economist Vincent Conti said in an e-mail.

The debt watcher's latest Philippine gross domestic product (GDP) growth estimate is faster than the 5.2% forecast it gave in November.

However, it's slower than the government's 6-7% growth target this year.

In a note on Monday, S&P said Philippine growth held up better last year as it benefited from the impact of the economic reopening.

The Philippine economy expanded by 7.6% in 2022, surpassing the government's 6.5-7.5% growth target last year. It also marked the highest economic growth since 1976.

"However, we expect a number of factors to weigh on growth later this year, and also in 2024. First, we think that pent-up demand from the pandemic will lose some

S&P, S1/9

FUEL PRICE TRACKER

(week-on-week change)

GASOLINE		
March 14	▲	P1.00
March 21	▼	P1.20
March 28	▼	P0.85
DIESEL		
March 14	▼	P0.10
March 21	▼	P1.80
March 28	▼	P1.30
KEROSENE		
March 14	▼	P0.60
March 21	▼	P2.00
March 28	▼	P1.90

- ***March 28, 12:01 a.m.*** — Caltex Philippines
- ***March 28, 6 a.m.*** — Petron Corp.; Phoenix Petroleum; Pilipinas Shell Petroleum Corp.; PTT Philippines Corp.; Seaoil Philippines, Inc.
- ***March 28 8:01 a.m.*** — Cleanfuel (Shaw Autogas, Inc.)

FIRB moves to resolve VAT issue

By Luisa Maria Jacinta C. Jocson *Reporter*

THE FISCAL Incentives Review Board (FIRB) said it is fast-tracking the resolution of the issue on value-added tax (VAT) zero-rating for local purchases made by exporters.

This as exporters warned the failure to resolve the VAT zero-rating issue may force them to consider imports instead of local purchases, and even move their operations overseas.

In a statement sent to *BusinessWorld*, the FIRB said it formed a technical working group (TWG) on VAT "to evaluate the VAT zero-rating issues from an operational and legal standpoint."

The TWG is composed of representatives from the departments of Finance and Trade, and the Bureau of Internal Revenue (BIR).

"The FIRB-TWG is working on its recommendation to resolve the issue, subject to the consideration or approval of the Secretary of Finance. The export industry groups can rest assured that the TWG is fast-tracking its recommended action points to resolve their concerns relevant to VAT zero-rating," it said.

Last week, the IT and Business Process Association of the Philippines, Inc. (IBPAP), Semiconductor and Electronics Industries in the Philippines Foundation, Inc. (SEIPI), and Confederation of Wearables Exporters of the Philippines (CONWEP) urged the government to address the conflicting provisions of the VAT zero-rating guidelines.

"The inability to address this serious and pressing matter by the end of March will have detrimental effects to these three sectors particularly in sustaining their growth potential," they said in a statement.

The issue stemmed from the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, which took effect on April 11, 2021.

Under the CREATE Act, the VAT zero-rating on local purchases applies only to "goods and services directly and exclusively used in the registered projects or activity by a registered business enterprise." This covered "raw materials, inventories, supplies, equipment, goods, packaging materials, services, including provision of basic infrastructure, utilities, and maintenance, repair and overhaul of equipment."

The law required registered business enterprises to prove local purchases of goods and services directly and exclusively used in their registered activities before it can get a VAT zero-rating. Otherwise, the purchase of such goods would be subject to 12% VAT.

FIRB, S1/8

Philippines may tout benchmark retail dollar bond offer in April

THE PHILIPPINES is planning a benchmark-sized retail dollar bond offer with the schedule likely to be announced next month, Finance Secretary Benjamin E. Diokno said, as the government boosts infrastructure spending.

The announcement will be made in Washington and the target size determined later, Mr. Diokno said in a mobile-phone message on Monday. Mr. Diokno will be part of the Philippine economic team slated to have a briefing in Washington in April to discuss the government's spending priorities, fiscal and infrastructure programs among other issues.

A benchmark-sized offering is often understood to mean one for at least $500 million. In this case, the exact size remains to be determined. Mr. Diokno said in an October interview that the government was aiming to capture around 10% of remittances or at least $3 billion for the dollar bond sale that's typically issued onshore.

Bond, S1/8

Central bank seen to raise rates by 25 bps in May

THE PHILIPPINE central bank is expected to raise benchmark rates by 25 basis points (bps) in May, which could mark the end of its monetary tightening cycle, Fitch Solutions Country Risk & Industry Research said.

"We anticipate that the Bangko Sentral ng Pilipinas (BSP) will deliver one final 25-bp hike at the next meeting in May, before keeping the policy rate on hold at 6.5% thereafter," it said in a note on Monday.

The Monetary Board last week raised its benchmark rate by 25 bps to 6.25%, the highest key rate in nearly 16 years or since 7.5% in May 2007.

Since May 2022, the BSP has increased rates by 425 bps, making it one of the most aggressive in Asia.

The Monetary Board's next policy meeting is on May 18.

"Beyond the next meeting in May, signs of economic weakness will become increasingly evident in the data, which will then set the stage for the policy rate to be kept on hold," Fitch Solutions said.

Fitch Solutions said the Philippine economy will grow by 5.9% this year, slowing from 7.6% in 2022 due to lackluster global demand and the lagged impact of monetary tightening.

The gross domestic product (GDP) growth forecast is also a tad lower than the government's 6-7% target for the year.

Fitch Solutions said the 5.9% growth projection will still be below the economy's potential before the pandemic, when it was growing by an average rate of 6.6% annually from 2015-2019.

Rates, S1/8