P25 IN METRO MANILA, PHILIPPINES

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STOCK MARKET

PSEi — 30 DAYS TO JUNE 27, 2023

OPEN:	6,519.79
HIGH:	6,547.33
LOW:	6,491.81
CLOSE:	6,502.85
VOL.:	0.563 B
VAL(P):	4.157 B

▼ 20.24 PTS. 0.31%

ASIAN MARKETS

JUNE 28, 2023

	CLOSE		NET	%
Japan (Nikkei 225)	33,193.99	▲	655.66	2.02
Hong Kong (Hang Seng)	19,172.05	▲	23.92	0.12
Taiwan (Weighted)	16,935.63	▲	47.73	0.28
Thailand (SET Index)	1,466.37	▼	-11.73	-0.79
S.Korea (Kse Composite)	2,564.19	▼	-17.20	-0.67
Singapore (Straits Times)	3,208.96	▲	3.61	0.11
Sydney (All Ordinaries)	7,196.50	▲	78.30	1.10
Malaysia (Klse Composite)	1,388.37	▲	1.63	0.12

WORLD MARKETS

JUNE 27, 2023

	CLOSE		NET
Dow Jones	33,926.740	▲	212.030
NASDAQ	13,555.673	▲	219.895
S&P 500	4,378.410	▲	49.590
FTSE 100	7,461.460	▲	7.880
Euro Stoxx50	3,938.860	▲	0.520

PESO-DOLLAR RATES

FX — 30 DAYS TO JUNE 27, 2023

OPEN	P55.670
HIGH	P55.300
LOW	P55.700
CLOSE	P55.320
W.AVE.	P55.510
VOL.	$1,028.80 M

▲ 38.00 CTVS

SOURCE : BAP

ASIAN MONIES-US$ RATE

JUNE 28, 2023

	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	143.940	▼	143.880
Hong Kong (HK dollar)	7.832	▼	7.831
Taiwan (NT dollar)	31.114	▼	31.054
Thailand (baht)	35.560	▼	35.280
S. Korea (won)	1,308.420	▼	1,303.370
Singapore (dollar)	1.351	▼	1.350
Indonesia (rupiah)	14,990	—	14,990
Malaysia (ringgit)	4.667	▼	4.662

WORLD CURRENCIES

JUNE 28, 2023

	CLOSE		PREVIOUS
US$/UK pound	1.2704	▼	1.2716
US$/Euro	1.0950	▲	1.0935
US$/Aust dollar	0.6638	▼	0.6689
Canada dollar/US$	1.3218	▲	1.3144
Swiss Franc/US$	0.8949	▼	0.8950

DUBAI CRUDE OIL

FUTURES PRICE ON NEAREST MONTH OF DELIVERY

$75.49/BBL

▲ $0.99

30 DAYS TO JUNE 27, 2023

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

		Value			
ICT	P209.000	P599,300,962	P3.000	▲	1.456%
SM	P919.000	P329,580,910	-P10.000	▼	-1.076%
BDO	P137.000	P307,914,868	-P3.000	▼	-2.143%
MPI	P4.790	P201,798,830	P0.040	▲	0.842%
JFC	P238.600	P199,722,936	-P3.200	▼	-1.323%
URC	P138.000	P190,825,289	P0.000	—	0.000%
ALI	P25.100	P187,391,080	P0.400	▲	1.619%
AC	P630.000	P162,154,475	-P5.000	▼	-0.787%
BPI	P109.100	P159,458,863	P1.200	▲	1.112%
BLOOM	P10.960	P147,881,638	P0.160	▲	1.481%

BSP unwinds relief measure for banks

BIG BANKS would no longer be allowed to use loans to micro, small and medium enterprises (MSMEs) and large companies as alternative compliance with the reserve requirements (RR) starting July 1, the Bangko Sentral ng Pilipinas (BSP) said on Wednesday.

However, the BSP extended the relief measure for smaller banks, but only until the loans are fully paid but not later than end-December 2025.

In a statement, the BSP said it would start unwinding the temporary regulatory relief measure that allows lenders to use loans to MSMEs and large enterprises as an alternative mode of compliance with the reserve requirements.

The relief measure has been extended three times since it was implemented in April 2020.

"The unwinding of the relief measure is set to coincide with the reduction in the reserve requirement ratios by June 30, 2023 to facilitate the transition, supporting the banks' continued compliance with the RR and managing friction costs related to the policy adjustment," the central bank said.

The BSP is set to cut the reserve requirement ratio (RRR) for universal and commercial banks and nonbank financial institutions with quasi-banking functions by 250 basis points (bps) to 9.5% by June 30.

It will also cut the ratio for digital banks by 200 bps to 6%. Meanwhile, it will reduce the ratio by 100 bps for thrift banks, and rural and cooperative banks to 2% and 1%, respectively.

The reduction in RRR was intended to coincide with the expiration of the regulatory relief measure, ensuring stable domestic liquidity and credit conditions in the financial system.

Banks, S1/9

Gov't urged to extend pandemic-era tax cuts by another two years

By Luisa Maria Jacinta C. Jocson *Reporter*

THE MARCOS administration is being urged to extend by another two years the pandemic-era tax cuts for businesses, which are set to expire on Friday.

"In view of the fact that we encountered more than two years of COVID-19, they should extend (the tax reductions)," Philippine Chamber of Commerce and Industry (PCCI) President George T. Barcelon said in a phone call. "They can extend it for another two years, because we are just getting adjusted."

He said businesses "are not ready" for the reversion to the higher, pre-pandemic tax rates.

"Give them a breather. We know very well that we are just coming back. It hasn't been normal yet. The exchange rate has been high, the peso has been weakening," he said.

The government granted tax relief under the Corporate Recovery and Tax Incentives for Enterprises (CREATE) to help businesses cope with the pandemic in 2020. Some of the lower tax rates, including percentage tax and minimum corporate income tax, will expire on June 30 and revert to their original tax rate on July 1.

The percentage tax will revert to 3% from 1% under CREATE. This applies to corporations, self-employed individuals and professionals whose gross sales or gross receipts do not exceed P3 million.

The minimum corporate income tax will also revert to the original 2% rate based on gross income of corporations from 1%.

Starting July 1, nonprofit proprietary educational institutions and hospitals will return to the 10% income tax rate from 1%.

Mr. Barcelon said the government could also consider extending the lower tax rates for the rest of the year or even until 2024.

"For any businessmen that will factor in (the higher tax rates), it will affect their bottom-line and at the same time if they need to recover, they may have to adjust their prices," he said.

Higher tax rates might also discourage companies from making new investments, Mr. Barcelon said.

Tax cuts, S1/9

Higher-than-expected wage hike, El Niño pose upside risks to inflation

By Keisha B. Ta-asan *Reporter*

A HIGHER-THAN-EXPECTED minimum wage adjustment and the El Niño weather phenomenon could fan inflation, according to analysts.

ING Bank N.V. Manila Senior Economist Nicholas Antonio T. Mapa said possible wage hikes would boost consumers' purchasing power, which may fuel inflation.

"A significant increase in wages would also likely force firms to pass on higher wage costs or expenses to end-consumers by raising prices of the products or services they are providing," he said in an e-mail.

The BSP sees full-year inflation at 5.4% for this year, 2.9% for 2024 and 3.2% for 2025.

At its June 22 monetary policy meeting, the Bangko Sentral ng Pilipinas (BSP) said risks to the inflation outlook include wage hikes, transport fare increases, persistent food supply constraints and El Niño.

"In our baseline, we have assumed that wage adjustments will be at historical levels, so about 4.2%. If the actual adjustment in minimum wages is higher than that, then that could feed into inflation," BSP Deputy Governor Francisco G. Dakila, Jr. said at the policy briefing last week.

China Banking Corp. Chief Economist Domini S. Velasquez said a modest increase in wages to combat higher cost of living would have a minimal effect on inflation.

She said the 4.2% quoted by the BSP is a reasonable amount, citing a study titled "Do Higher Wages Cause Inflation?" by Faith Christian Q. Cacnio, a bank officer from the BSP's Department of Economic Research.

The study showed that a 1% increase in regional wage affects regional inflation by 0.1 percentage point. Hence, small minimum wage adjustments are acceptable, Ms. Velasquez said.

Wage hike, S1/9

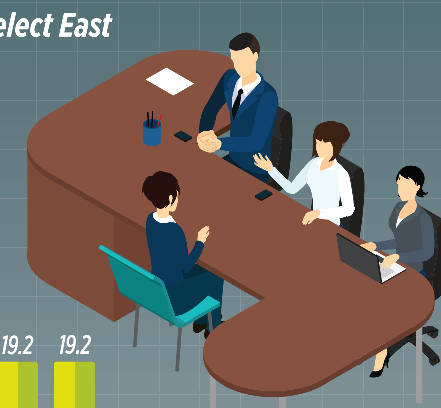
PHILIPPINES LEADS EAST AND SOUTHEAST ASIA IN WOMEN REPRESENTATION IN GOVERNMENT

The Philippines ranks 66th among 193 United Nations member states in the 2023 edition of think tank Council on Foreign Relations' Women's Power Index. In a score ranging from 0 to 100 (where a score of 100 represents women having at least 50% representation in all levels of government), the Philippines garnered a score of 32.7. This placed the Philippines in the lead in the region.

Philippines' 2023 Profile

Indicators	Women Representation	Rank (Out of 193)
Number of Female Heads of State since 1946	2	
Cabinet	26.32%	65
National Legislature	27.46%	=80
National Legislature Candidates	18.75%	63
Local Legislatures	29.00%	61

2023 Political Parity Scores of Select East and Southeast Asian Countries



(Out of 100)

Country	Score	2023 Rank (Out of 193)
PHILIPPINES	32.7	=66
LAOS	25.0	=88
SOUTH KOREA	24.8	=92
VIETNAM	24.2	97
SINGAPORE	22.7	=102
TIMOR-LESTE	22.4	107
MONGOLIA	21.1	114
NORTH KOREA	20.5	=118
INDONESIA	19.2	=127
CHINA	19.2	=127
THAILAND	16.1	142
JAPAN	14.8	150
CAMBODIA	14.2	154
MALAYSIA	12.4	160
BRUNEI	7.4	179
MYANMAR	2.1	190

Top 10

2023 Rank (Out of 193)	Country	2023 Political Parity Score (Out of 100)
1	Iceland	75.4
2	Costa Rica	71.8
=3	Finland	70.2
=3	Norway	70.2
=3	Andorra	70.2
6	Nicaragua	69.9
7	New Zealand	67.4
8	Rwanda	67.3
9	Mexico	65.8
10	Sweden	64.4

Bottom 10

2023 Rank (Out of 193)	Country	2023 Political Parity Score (Out of 100)
193	Afghanistan	0.0
192	Yemen	0.1
191	Papua New Guinea	0.6
190	Myanmar	2.1
189	Vanuatu	3.3
188	Kiribati	4.9
187	Iran	5.4
186	Tuvalu	5.5
185	Fiji	5.9
184	Lebanon	6.1

NOTE: The political parity score (ranges between 0 and 100) is an aggregate of women's representation across five indicators of political participation: heads of state or government, national cabinets, national legislatures, national legislature candidates, and local legislatures. The index measures women's representation, which refers to the numerical presence of women rather than women's impact or policy preferences.

SOURCE: COUNCIL ON FOREIGN RELATIONS' WOMEN'S POWER INDEX 2023 *(HTTPS://WWW.CFR.ORG/ARTICLE/WOMENS-POWER-INDEX)*
***BUSINESSWORLD* RESEARCH**: THOMAS CHRISTIAN S. MIGRIÑO ***BUSINESSWORLD* GRAPHICS**: BONG R. FORTIN

Gov't to hike revenue goal for this year

THE GOVERNMENT is planning to raise its revenue target for this year amid an improvement in collection in the first five months of the year, Finance (DoF) Secretary Benjamin E. Diokno said.

"Our robust fiscal performance suggests that we are on track to achieving our targets under the medium-term fiscal framework. We are planning to revise our revenue collection targets further upward to take into consideration the implementation of tax measures that we are prioritizing in the medium term," he said during the Kapihan sa Manila Bay forum on Wednesday.

The Development Budget Coordination Committee set a P3.729-trillion revenue target, equivalent to 15.2% of the gross domestic product (GDP), for this year.

"Because we have exceeded our collection, we are revising upward. We will do that on a quarterly basis," Mr. Diokno said.

The National Government's budget deficit shrank by 28.86% to P326.3 billion in January-May, as revenue collection rose by 10.83% to P1.59 trillion.

The Finance chief said pending tax reforms would help boost revenues, citing the Real Property Valuation and Assessment Reform, Passive Income and Financial Intermediaries Taxation Act.

He also cited the value-added tax (VAT) on digital services, tax on single-use plastics, motor vehicle user's charge, the rationalization of the mining regime and the recently proposed junk food tax and increase on the excise tax on sweetened beverages.

Mr. Diokno said the government is working on improving its VAT system to make collections more "effective, efficient and responsive to the country's economic activity."

This may include a review of existing VAT exemptions and zero rating, he added.

"Under the existing policy structure for VAT or taking into account the existing VAT exemptions and zero rating, the administrative gap computed for 2018 is P546 billion, or equivalent to 3% of GDP. This is 41.6% of potential revenue under the existing policy structure," he said.

"This revenue loss would be higher if we introduce more exemptions to the VAT system. The government cannot afford to lose additional revenues on VAT."

Mr. Diokno said the Department of Finance "does not support any legislative or nonlegislative proposals that would further erode the VAT revenue base."

However, he cited "worthwhile exemptions," such as schools and hospitals.

Mr. Diokno said the DoF is working on the initial list of VAT exemptions up for review.

Revenue, S1/9