P25 IN METRO MANILA, PHILIPPINES

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**STOCK MARKET**

**PSEi**

| | |
|---|---|
| OPEN: | 6,081.44 |
| HIGH: | 6,131.32 |
| LOW: | 6,055.68 |
| CLOSE: | 6,131.32 |
| VOL.: | 0.240 B |
| VAL(P): | 2.993 B |

▲ 53.29 PTS. 0.87%

30 DAYS TO NOVEMBER 7, 2023

**ASIAN MARKETS**

NOVEMBER 7, 2023

| | CLOSE | | NET | % |
|---|---|---|---|---|
| Japan (Nikkei 225) | 32,271.82 | ▼ | -436.66 | -1.34 |
| Hong Kong (Hang Seng) | 17,670.16 | ▼ | -296.43 | -1.65 |
| Taiwan (Weighted) | 16,684.95 | ▲ | 35.59 | 0.21 |
| Thailand (SET Index) | 1,408.30 | ▼ | -8.91 | -0.63 |
| S.Korea (Kse Composite) | 2,443.96 | ▼ | -58.41 | -2.33 |
| Singapore (Straits Times) | 3,173.81 | ▼ | -6.72 | -0.21 |
| Sydney (All Ordinaries) | 6,977.10 | ▼ | -20.30 | -0.29 |
| Malaysia (Klse Composite) | 1,463.37 | ▼ | -1.30 | -0.09 |

**WORLD MARKETS**

NOVEMBER 6, 2023

| | CLOSE | | NET |
|---|---|---|---|
| Dow Jones | 34,095.860 | ▲ | 34.540 |
| NASDAQ | 13,518.779 | ▲ | 40.496 |
| S&P 500 | 4,365.980 | ▲ | 7.640 |
| FTSE 100 | 7,417.760 | ▲ | 0.030 |
| Euro Stoxx50 | 3,877.540 | ▲ | 3.980 |

**PESO-DOLLAR RATES**

**FX**

| | |
|---|---|
| OPEN | P56.000 |
| HIGH | P56.000 |
| LOW | P56.290 |
| CLOSE | P56.115 |
| W.AVE. | P56.138 |
| VOL. | $1,617.50 M |

▼ 20.50 CTVS

30 DAYS TO NOVEMBER 7, 2023

SOURCE : BAP

**ASIAN MONIES-US$ RATE**

NOVEMBER 7, 2023

| | LATEST BID (0900GMT) | | PREVIOUS |
|---|---|---|---|
| Japan (yen) | 150.360 | ▼ | 149.600 |
| Hong Kong (HK dollar) | 7.819 | ▲ | 7.821 |
| Taiwan (NT dollar) | 32.228 | ▼ | 32.115 |
| Thailand (baht) | 35.560 | ▼ | 35.460 |
| S. Korea (won) | 1,309.560 | ▼ | 1,294.940 |
| Singapore (dollar) | 1.354 | ▼ | 1.349 |
| Indonesia (rupiah) | 15,625 | ▼ | 15,535 |
| Malaysia (ringgit) | 4.668 | ▼ | 4.630 |

**WORLD CURRENCIES**

NOVEMBER 7, 2023

| | CLOSE | | PREVIOUS |
|---|---|---|---|
| US$/UK pound | 1.2305 | ▼ | 1.2408 |
| US$/Euro | 1.0688 | ▼ | 1.0744 |
| US$/Aust dollar | 0.6424 | ▼ | 0.6508 |
| Canada dollar/US$ | 1.3745 | ▲ | 1.3635 |
| Swiss Franc/US$ | 0.8997 | ▲ | 0.8964 |

**DUBAI CRUDE OIL**

FUTURES PRICE ON NEAREST MONTH OF DELIVERY

$86.90/BBL

▼ $1.34

30 DAYS TO NOVEMBER 6, 2023

VOL. XXXVII • ISSUE 75

WEDNESDAY • NOVEMBER 8, 2023 • www.bworldonline.com

S1/1-10 • 2 SECTIONS, 14 PAGES

**PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • NOVEMBER 7, 2023** (PSEi snapshot on *S1/2*; article on *S2/2*)

| | | Value | | | |
|---|---|---|---|---|---|
| BDO | P133.200 | P386,961,355 | P3.200 | ▲ | 2.462% |
| ALI | P28.000 | P214,659,660 | -P0.100 | ▼ | -0.356% |
| SMPH | P31.050 | P160,647,325 | P0.050 | ▲ | 0.161% |
| BPI | P104.000 | P153,490,224 | P4.000 | ▲ | 4.000% |
| MER | P364.400 | P140,291,988 | P12.400 | ▲ | 3.523% |
| SM | P829.000 | P135,407,965 | -P4.500 | ▼ | -0.540% |
| URC | P112.400 | P112,663,206 | P1.100 | ▲ | 0.988% |
| MBT | P52.700 | P111,577,861 | P0.350 | ▲ | 0.669% |
| GLO | P1,770.000 | P110,807,650 | P8.000 | ▲ | 0.454% |
| GTCAP | P545.000 | P109,121,350 | P10.000 | ▲ | 1.869% |

# Inflation slows to 4.9% in October

## Trade gap shrinks to $3.5B in September

THE COUNTRY'S trade-in-goods deficit in September narrowed to its lowest level in nearly a year after a decline in exports and imports, preliminary data from the Philippine Statistics Authority showed.

The trade gap shrank by 27% year on year to $3.51 billion in September from the $4.83-billion deficit recorded in the same month last year. It was also smaller than the revised $4.13-billion deficit in August.

This was the slimmest trade-in-goods gap in 11 months or since the $3.31-billion gap in October last year.

The country's balance of trade in goods — the difference between exports and imports — has been in the red for over eight years or since the $64.95-million surplus in May 2015.

Merchandise exports contracted by 6.3% to $6.73 billion in September, a reversal from the 7.2% growth in the same month last year and the revised 4.2% in August.

Despite the decline, September's export value was at the highest level in 10 months or since $7.1 billion in November 2022.

Meanwhile, imports fell by 14.7% annually to $10.24 billion in September, reversing the 14.4% growth in the same month a year ago and worsening from the 13% contraction in August.

September marked the eighth straight month of a decline in imports.

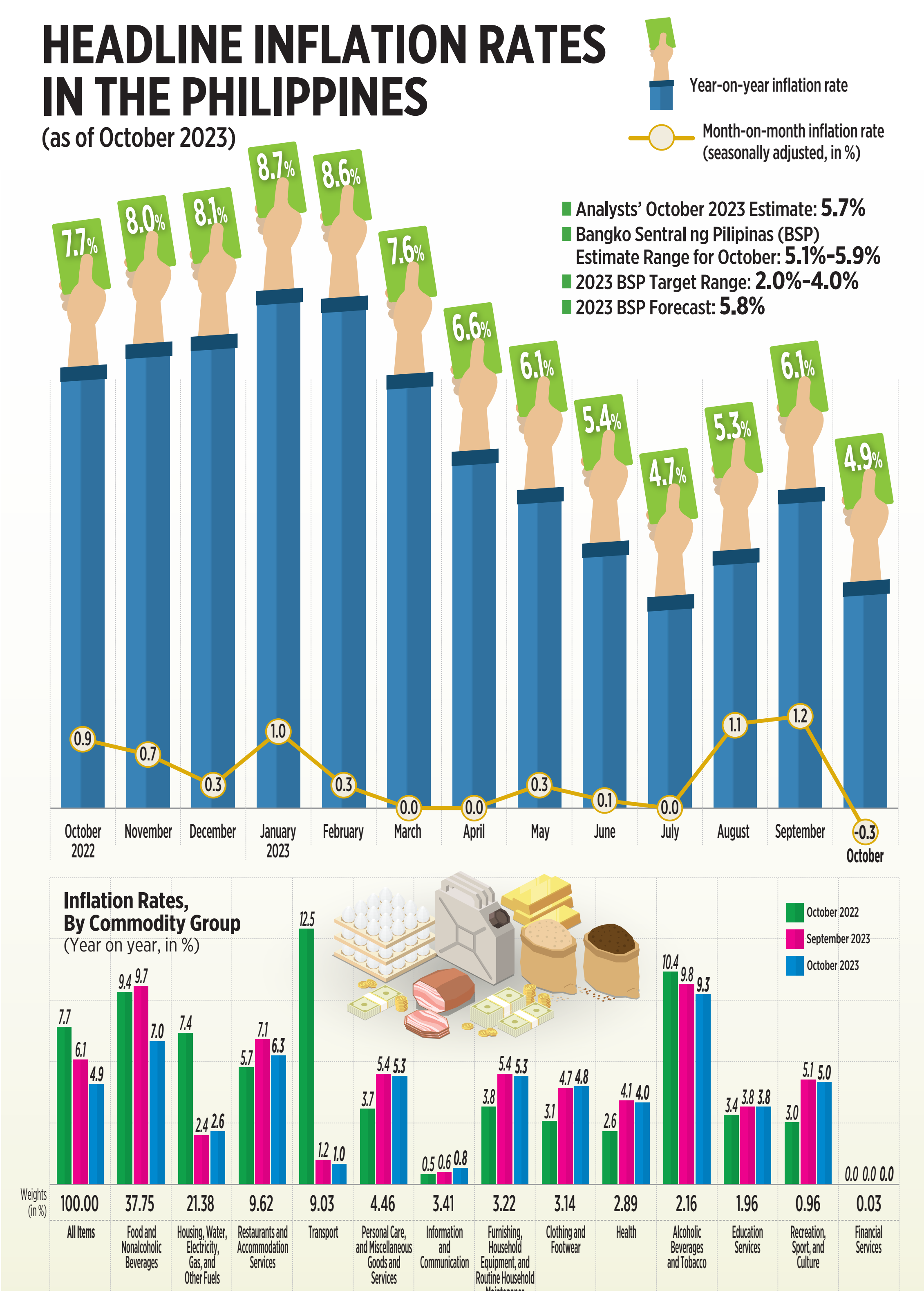
China Banking Corp. Chief Economist Domini S. Velasquez said in a Viber message that "the back-and-forth swings between positive and negative growth for exports underscore the uncertain path of recovery, given current macroeconomic conditions."

In the first nine months of the year, exports dropped by an annual 6.6% to $54.54 billion while imports also declined by 10.2% to $94.36 billion.

This is still well below the Development Budget Coordination Committee's revised growth targets of 1% and 2% for exports and imports, respectively, for this year.

Year to date, the trade gap narrowed by 14.7% to $39.82 billion from the $46.69-billion gap a year ago.

*Trade gap, S1/9*




**Source:** Philippine Statistics Authority (Preliminary data as of Nov. 7, 2023)
***BusinessWorld* Research:** Lourdes O. Pilar ***BusinessWorld* Graphics:** Bong R. Fortin

**By Keisha B. Ta-asan**
*Reporter*

ANNUAL INFLATION sharply slowed in October after two straight months of acceleration, reflecting easing prices of key food items, the Philippine Statistics Authority (PSA) said on Tuesday.

Preliminary data from the PSA showed headline inflation eased to 4.9% in October from 6.1% in September and 7.7% in October 2022.

This was significantly slower than the 5.7% median estimate in a *BusinessWorld* poll last week. The figure was also below the 5.1-5.9% forecast of the Bangko Sentral ng Pilipinas (BSP) for the month.

The latest inflation print was the slowest pace in three months or since the 4.7% in July. However, October marked the 19th straight month that inflation breached the central bank's 2-4% target band.

Stripping out the seasonality effects on prices, the consumer price index (CPI) declined by 0.2% month on month.

For the 10-month period, inflation averaged 6.4%. This is still above the BSP's 5.8% full-year forecast.

"If we don't see any shocks, supply shocks, our view is that inflation rate will go down," National Statistician Claire Dennis S. Mapa said at a briefing on Tuesday.

Core inflation, which excludes food and fuel volatile prices, further slowed to 5.3% in October from 5.9% in September. Year to date, core inflation stood at 7%.

Mr. Mapa said that the sharp slowdown in October inflation reflected easing food prices.

The heavily weighted index for food and non-alcoholic beverages eased to 7% year on year in October from 9.7% in September.

The food-alone index likewise slowed to 7.1% in October from 10% in the previous month. The deceleration in food inflation was mainly due to lower prices of vegetables and rice.

The annual growth of vegetables, tubers, plantains, cooking bananas and pulses slowed to 11.9% from 29.6% in September.

Rice inflation also eased to 13.2% in October from the 14-year high of 17.9% in September.

Mr. Mapa said the average price of regular milled rice last month went down to P45.40 per kilogram from P47.50 in September. The average price of well-milled rice also slid to P51 per kilo in October from an average of P52.70 a month earlier.

However, rice prices remained higher than last year when prices of regular and well-milled rice stood at P39.70 per kilo and P44 per kilo, respectively.

"Rice inflation slowed down following the onset of peak harvest and import arrivals. The stable supply of vegetables as harvest season comes likewise resulted in a slower inflation rate of the commodity," National Economic and Development Authority (NEDA) Secretary Arsenio M. Balisacan said in a statement.

Also, Mr. Mapa noted food inflation contributed 2.5 percentage points (ppts) to the overall CPI basket.

Inflation of the following commodities also decelerated: fish (5.6% from 6.1%), bread and other cereals (7.4% from 8.1%), sugar (4.9% from 9%), and meat (0.8% from 1.3%).

The inflation rate of restaurants and accommodation services slowed to 6.3% in October from 7.1% in September, which Mr. Mapa said was due to high base effects, lower prices of food items, and easing utility rates.

*Inflation, S1/3*

# DBP seeks return of P25-B contribution to Maharlika fund

**By Luisa Maria Jacinta C. Jocson**
*Reporter*

THE DEVELOPMENT BANK of the Philippines (DBP) is seeking the return of its P25-billion contribution to the Maharlika Investment Fund (MIF) until the suspension of the law's implementing rules and regulations (IRR) is officially lifted.

"We've formally requested that the funds could be returned. We just wrote a formal letter asking (for the return of the funds). It's only proper we have to do that. We don't know how long the suspension is," DBP President and Chief Executive Officer Michael O. de Jesus told *BusinessWorld* on the sidelines of an event on Monday.

Mr. De Jesus said that the request was filed with the Bureau of the Treasury (BTr).

President Ferdinand R. Marcos, Jr. in October ordered the suspension of the Maharlika Investment Fund Act's implementing rules to improve its organization structure and make it as close to "perfect and ideal as possible."

Under Republic Act No. 11954, the DBP and the Land Bank of the Philippines (LANDBANK) are mandated to contribute P25 billion and P50 billion, respectively, as the initial seed capital for the MIF. The two state lenders have remitted the funds to the BTr in September.

On Monday, Mr. Marcos said the review of the IRR has been finalized. No other details were provided.

National Economic and Development Authority (NEDA) Secretary Arsenio M. Balisacan said that the final version of the IRR will be released by the BTr.

"There's an IRR committee that has the Bureau of the Treasury assisted by (and) in consultation with other agencies. It's not the President who issues the IRR, it's the Treasury as stipulated by the law," he told reporters on the sidelines of a conference on Tuesday.

As soon as the suspension is lifted, DBP's Mr. De Jesus said the bank could remit its contribution again. However, he said it would be better if the bank's contribution could be provided only when it is needed.

"Ideally, it could have been given as an as-needed basis. That's how private equity works. When there's actually an investment, that's when you send the money. Even the corporation hasn't been set up, they still have to form the board. Even in that set up, they still have to look for investments," Mr. De Jesus said.

Mr. De Jesus suggested the state banks provide the funds for the MIF on a staggered basis instead of remitting the entire P25-billion amount immediately.

"That will help both the LANDBANK and DBP," he added.

*Maharlika, S1/9*

# Marcos directs House panel to remove FIRB's power to grant incentives — lawmaker

**By Beatriz Marie D. Cruz**
*Reporter*

PRESIDENT Ferdinand R. Marcos, Jr. wants the power to grant and approve tax incentives to be returned to investment promotion agencies (IPAs), according to the House Ways and Means Committee chairman.

Albay Rep. Jose Ma. Clemente S. Salceda said on Tuesday the Ways and Means Committee "wholeheartedly supports the President's direction to 'wind down' the power of the Fiscal Incentives Review Board (FIRB) to grant and approve fiscal incentives."

"The President wants to make the approval process more responsive. And we agree fully. So, the committee has reverted the power to grant and approve incentives to the investment promotion agencies," he said in a statement.

Presidential Communications Office chief Cheloy Velicaria-Garafil did not immediately reply to a Viber message seeking comment.

The House Ways and Means Committee will include this provision in the CREATE MORE bill, which seeks to fix conflicting provisions of the Republic Act (RA) No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act.

Signed into law in March 2021, the CREATE Act had expanded the powers of the FIRB, which included the authority to approve applications for tax incentives. IPAs, on the other hand, can greenlight tax incentives for registered projects or activities with investments of P1 billion and below.

Mr. Salceda, however, said the FIRB will maintain its role in policy formulation, standard-setting, and oversight, as well as grant off-menu incentives.

Finance Assistant Secretary Juvy C. Danofrata, who also heads the FIRB Secretariat, said the board's duty is to ensure "fiscal responsibility" when granting exemptions or tax incentives.

"Before CREATE, there's really no conscious effort on the part of anybody except I think the DoF (Department of Finance) to look into what is the cost and what is the benefit [of tax incentives and exemptions] to the economy," Ms. Danofrata said during the committee meeting.

"As government, we want to make sure that when we grant the tax incentives, we look at the deficit for instance, we look at how these incentives is going to help the country or the economy so that all of the revenue losses will still be compensated by some other returns to the society and economy," she added.

Adolfo Jose Montesa, researcher at the Action for Economic Reforms (AER), said the CREATE MORE bill, if approved, would have the effect of "decapitating, essentially beheading the FIRB."

*FIRB, S1/9*