P25 IN METRO MANILA, PHILIPPINES

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STOCK MARKET

PSEi

OPEN:	6,122.39
HIGH:	6,128.07
LOW:	6,079.15
CLOSE:	6,110.88
VOL.:	0.362 B
VAL(P):	2.873 B

ASIAN MARKETS

NOVEMBER 14, 2023

	CLOSE		NET	%
Japan (Nikkei 225)	32,695.93	▲	110.82	0.34
Hong Kong (Hang Seng)	17,396.86	▼	-29.35	-0.17
Taiwan (Weighted)	16,915.71	▲	76.42	0.45
Thailand (SET Index)	1,385.50	▼	-1.63	-0.12
S.Korea (Kse Composite)	2,433.25	▲	29.49	1.23
Singapore (Straits Times)	3,104.66	▼	-2.02	-0.07
Sydney (All Ordinaries)	7,006.70	▲	57.90	0.83
Malaysia (Klse Composite)	1,451.72	▲	6.54	0.45

WORLD MARKETS

NOVEMBER 13, 2023

	CLOSE		NET
Dow Jones	34,337.870	▲	54.770
NASDAQ	13,767.743	▼	-30.365
S&P 500	4,411.550	▼	-3.690
FTSE 100	7,425.830	▲	65.280
Euro Stoxx50	3,894.040	▲	26.610

PESO-DOLLAR RATES

FX

OPEN	P56.040
HIGH	P56.020
LOW	P56.140
CLOSE	P56.060
W.AVE.	P56.085
VOL.	$1,429.40 M

SOURCE : BAP

ASIAN MONIES-US$ RATE

NOVEMBER 14, 2023

	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	151.640	▲	151.680
Hong Kong (HK dollar)	7.807	▲	7.810
Taiwan (NT dollar)	32.358	▼	32.322
Thailand (baht)	36.040	▼	35.980
S. Korea (won)	1,327.950	▼	1,322.020
Singapore (dollar)	1.361	▼	1.359
Indonesia (rupiah)	15,690	▲	15,695
Malaysia (ringgit)	4.719	▼	4.706

WORLD CURRENCIES

NOVEMBER 14, 2023

	CLOSE		PREVIOUS
US$/UK pound	1.2288	▲	1.2248
US$/Euro	1.0706	▲	1.0699
US$/Aust dollar	0.6368	▼	0.6380
Canada dollar/US$	1.3821	▲	1.3794
Swiss Franc/US$	0.9013	▲	0.9008

DUBAI CRUDE OIL

FUTURES PRICE ON NEAREST MONTH OF DELIVERY

$81.61/BBL

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PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • NOVEMBER 14, 2023 (PSEi snapshot on *S1/4*; article on *S2/2*)

		Value			
ALI	P29.300	P306,686,070	P0.450	▲	1.560%
BPI	P104.000	P282,357,040	P1.000	▲	0.971%
BDO	P129.500	P253,106,103	-P3.300	▼	-2.485%
ICT	P203.400	P141,359,984	-P1.600	▼	-0.780%
URC	P111.200	P100,759,608	-P1.700	▼	-1.506%
AC	P620.000	P93,040,190	P0.000	—	0.000%
GTCAP	P548.000	P75,399,740	P8.000	▲	1.481%
TEL	P1,239.000	P72,105,175	-P1.000	▼	-0.081%
BLOOM	P9.300	P69,313,049	-P0.280	▼	-2.923%
SCC	P28.800	P62,461,550	-P0.250	▼	-0.861%

Foreign investment pledges surge in Q3

FOREIGN INVESTMENT pledges approved by investment promotion agencies (IPAs) more than doubled in the third quarter from the same period a year ago, the Philippine Statistics Authority (PSA) reported on Tuesday.

Total foreign investment commitments surged by 109% to P27.3 billion in the July-to-September period from the P13.05-billion haul a year ago.

The growth in foreign investment pledges was the fastest in two quarters or since the 4,455.6% surge in the first quarter of 2023.

Quarter on quarter, foreign investment commitments slumped by 54% from P59.09 billion in the second quarter.

Singapore was the biggest source of approved investment commitments, contributing nearly half at P13.04 billion. This was followed by Taiwan and the United Kingdom with pledges amounting to P3.63 billion (13.3% share) and P3.06 billion (11.2% share), respectively.

Analysts said the annual increase in pledges in the third quarter reflected the government's efforts to attract more foreign investors.

"This may have come from the push of the government to continue to attract foreign capital into the country. The plan is for more foreign pledges to come in and the hope is for this to come into full fruition," Union Bank of the Philippines, Inc. Chief Economist Ruben Carlo O. Asuncion said in a Viber message.

China Banking Corp. Chief Economist Domini S. Velasquez said recent economic reforms and trade deals may have helped boost the country's attractiveness to foreign businesses.

"The year-on-year increase in approved foreign investments likely reflected the government's liberalization reforms and trade agreements which have opened up the country to more foreign participation," she said in a Viber message.

On the other hand, Ms. Velasquez attributed the 54% quarter-on-quarter drop in pledges to the "challenging macroeconomic conditions" here and abroad.

"The weaker-than-expected second-quarter gross domestic product (GDP) performance may have also had a negative impact on investor sentiment," she said.

Investment, S1/9

Banking industry's net income climbs by 10% as of end-September

By Keisha B. Ta-asan
Reporter

THE PHILIPPINE BANKING industry's profits climbed by 10.4% as of end-September, driven by higher interest income and lower losses on financial assets, according to central bank data.

Preliminary data from the Bangko Sentral ng Pilipinas (BSP) showed banks' cumulative net income rose to P270.352 billion in the January-to-September period from P244.876 billion last year.

As of end-September, banks' net interest income jumped by 20.4% to P663.240 billion from P550.666 billion last year.

The Philippine banking industry wrote off P457.88 million worth of bad debts in the nine-month period, plunging by 80.1% from P2.3 billion a year ago.

Meanwhile, non-interest income declined by 21.3% to P165.406 billion as of end-September from P210.21 billion in the same period in 2022.

"The banking sector has shown remarkable resilience in the face of a high interest rate environment, supported by the strong demand from businesses and consumers," China Banking Corp. Chief Economist Domini S. Velasquez said in a Viber message.

The Monetary Board has kept the benchmark interest rate at a near 16-year high of 6.25% from March until October this year. It raised the policy rate by 25 basis points to 6.5% in an off-cycle move on Oct. 26.

The banking industry's continued double-digit income growth can also be attributed to the pickup in economic activities, which supported loan demand, higher interest income, and better asset quality, Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said.

The BSP earlier said that outstanding loans by big banks grew by 6.5% year on year to P11.17 trillion in September. However, this was slower than the 7.2% growth logged in August.

The pace in September was the slowest in 21 months or since the 4.8% expansion recorded in December 2021. September also marked the sixth straight month of easing loan growth.

On the other hand, the banking industry's nonperforming loan (NPL) ratio eased for the fourth straight month in September. The NPL ratio stood at a six-month low of 3.4%, easing from 3.42% seen in both August 2023 and September 2022.

Banking, S1/9

High interest rates pose risk to PHL growth in 2024

THE PHILIPPINES may find it challenging to achieve the government's growth target of 6.5-8% next year, as tighter-for-longer policy rates may continue to dampen investment activity.

BMI Country Risk & Industry Research, a unit of Fitch Solutions, said the Bangko Sentral ng Pilipinas (BSP) may deliver one more rate hike this year before it starts cutting borrowing costs in the second half of 2024.

"Our current expectation is for the benchmark policy rate to be raised by an additional 25 basis points (bps) in the upcoming November meeting due to concerns over price stability," BMI said.

The research firm said the robust third-quarter growth provided room for the BSP to continue tightening.

The Philippines grew by 5.9% in the third quarter from 4.3% in the second quarter. However, this was slower than 7.7% a year earlier. For the first nine months, economic growth averaged 5.5%, still below the government's 6-7% full-year target.

After the better-than-expected third-quarter print, BMI raised its Philippine growth forecast to 5.7% this year from 5.3% previously. It sees the Philippines expanding by 6.2% in 2024, which is below the government's 6.5-8% target.

"Subsequently, we think that the BSP will only cut rates in the second half of 2024, in line with our expectations for the US Federal Reserve," BMI said, adding that the monetary cycles of the BSP and the US Fed have been closely linked since 2001.

The US central bank kept borrowing costs unchanged at 5.25-5.5% for the second straight meeting earlier this month. This was after it hiked policy rates by 525 bps from March 2022 to July 2023.

"A quick return to loosening before the Fed could not only de-anchor inflation expectations but exacerbate weakness in the peso. This means that restrictive financial conditions will continue to weigh on domestic activity for at least the first half of the year," BMI said. — **Keisha B. Ta-asan**

FULL STORY

Read the full story by scanning the QR code with your smartphone or by typing the link <tinyurl.com/ymzd4n4d>

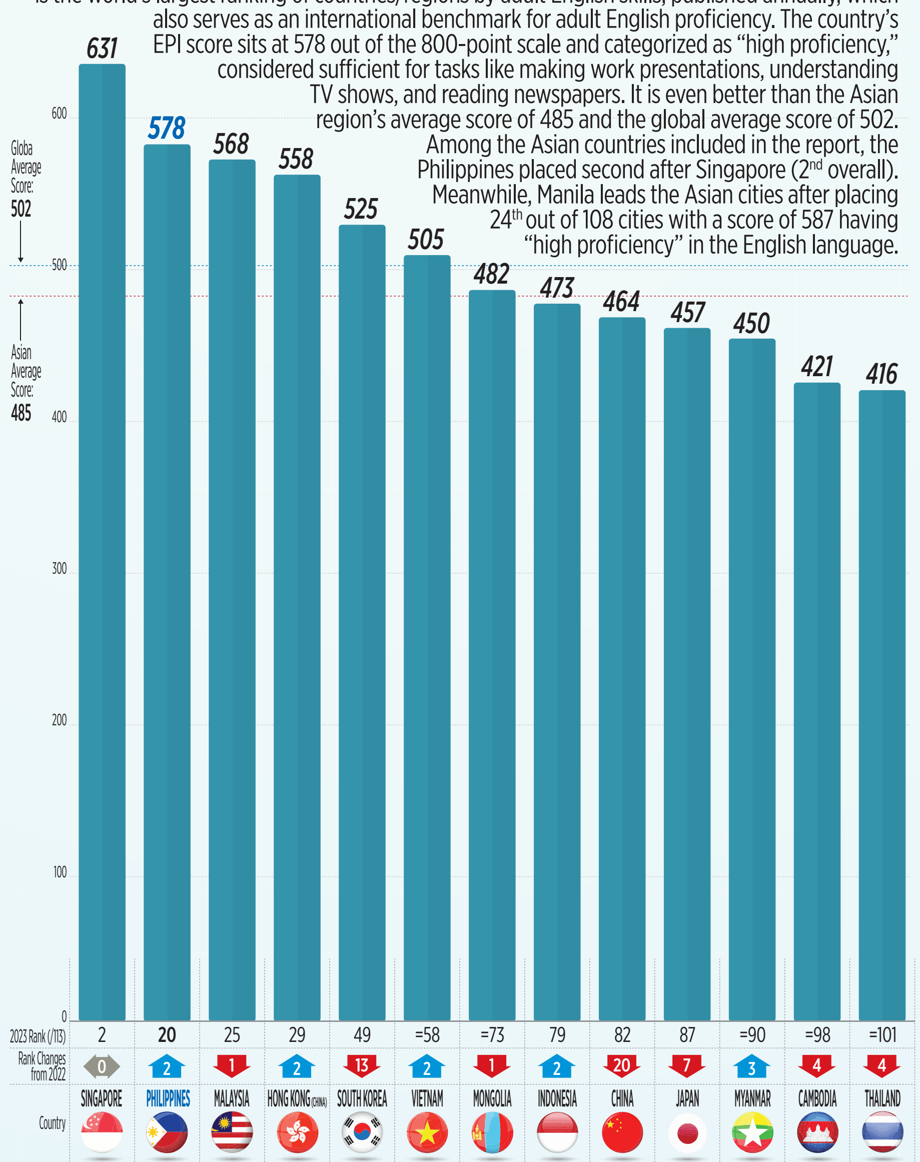
FILIPINOS REMAIN 'HIGHLY PROFICIENT' IN THE ENGLISH LANGUAGE

2023 EPI Scores and Ranks of Select East and Southeast Asian Countries

Philippines' Historical Rank and Proficiency

Year	Rank	Proficiency
2016	13 (out of 72)	High
2017	15 (out of 80)	High
2018	14 (out of 88)	High
2019	20 (out of 100)	High
2020	27 (out of 100)	High
2021	18 (out of 112)	High
2022	22 (out of 111)	High
2023	**20 (out of 113)**	**High**

The Philippines climbed two places to rank 20th out of 113 countries in the 2023 edition of the English Proficiency Index (EPI) by international education company Education First (EF). The index is the world's largest ranking of countries/regions by adult English skills, published annually, which also serves as an international benchmark for adult English proficiency. The country's EPI score sits at 578 out of the 800-point scale and categorized as "high proficiency," considered sufficient for tasks like making work presentations, understanding TV shows, and reading newspapers. It is even better than the Asian region's average score of 485 and the global average score of 502. Among the Asian countries included in the report, the Philippines placed second after Singapore (2nd overall). Meanwhile, Manila leads the Asian cities after placing 24th out of 108 cities with a score of 587 having "high proficiency" in the English language.



Top 5

2023 Rank (/113)	Rank Changes from 2022	Country	2023 Score (800-Point Scale)
1	0	Netherlands	647
2	0	Singapore	631
3	0	Austria	616
4	▲1	Denmark	615
5	▼1	Norway	614

Bottom 5

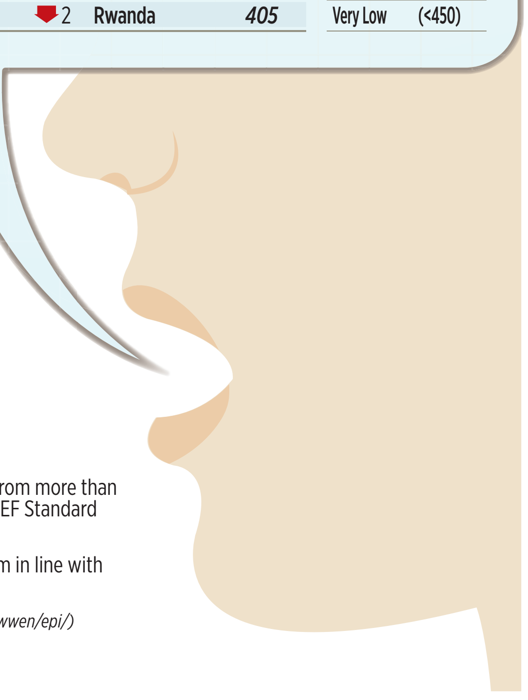
2023 Rank (/113)	Rank Changes from 2022	Country	2023 Score (800-Point Scale)
113	▼3	Dem. Rep. of the Congo	385
112	▼6	Tajikistan	388
=110	▼1	Yemen	392
=110	▼2	Libya	392
109	▼2	Rwanda	405

Proficiency Band (Scores)

Very High	(600+)
High	(550-599)
Moderate	(500-549)
Low	(450-499)
Very Low	(<450)

Top 11 Asian Cities

2023 Rank (/108)	City	2023 Score (800-Point Scale)
24	Manila	587
29	Kuala Lumpur	564
31	Seoul	559
48	Hanoi	538
54	Jakarta	531
65	Beijing	514
69	Shanghai	512
74	Tokyo	503
84	Guangzhou	475
89	Bangkok	457
102	Phnom Penh	422



NOTES:
- The 2023 edition of the index is based on test data from more than 2.2 million test takers around the world who took the EF Standard English Test in 2022.
- The index is based on 800-point scale scoring system in line with the Common European Framework of Reference.

Source: EF English Proficiency Index 2023 *(https://www.ef.com/wwen/epi/)*
***BusinessWorld* Research**: Mariedel Irish U. Catilogo
***BusinessWorld* Graphics**: Bong R. Fortin

ADB approves $400-M loan to improve PHL tax system

THE ASIAN Development Bank (ADB) has approved a $400-million loan for the Philippines to reform tax policies and ramp up revenue collection.

In a statement on Tuesday, the ADB said the loan will "help the Philippines achieve its medium-term fiscal strategy and finance its post-pandemic economic recovery through a stronger focus on revenue mobilization, including modernizing tax administration, systems, and processes."

The Domestic Resource Mobilization (DRM) Program Subprogram 1 is the ADB's first policy-based loan focused on revenue mobilization reform.

This reform would address the discrepancies in Philippine tax policy frameworks to improve tax compliance, reduce tax avoidance, and raise additional revenues from activities and products that impact the environment or contribute to climate change.

"The program recognizes that DRM reforms necessitate not only raising revenue, but also designing a revenue system that fosters inclusiveness, encourages good governance, promotes investments and job creation, reduces inequality, and tackles climate change," ADB Senior Economist for Public Finance Aekapol Chongvilaivan was quoted as saying in a statement.

Mr. Chongvilaivan added that this reform program will also support the government's effort to achieve a higher tax-to-gross domestic product (GDP) ratio.

Under the Philippine Development Plan, the government aims to bring its tax-to-GDP ratio to 15.4% by 2025, 15.9% by 2026 and up to 17.1% by 2028.

The government's revenue program is set to increase to 16.6% of GDP by 2026. Of this, tax revenues will account for 16.1% of GDP.

The loan will support initiatives such as digitalization efforts of the Bureau of Internal Revenue (BIR).

"The project aims to modernize key taxpayers' services, including online tax registration, return filing, and payment. This can potentially increase the ratio of actual tax revenues to tax potential, from 75% in 2020 to at least 85% by 2026," the ADB said.

The multilateral lender said that it has been working with the Philippines to enhance domestic revenue mobilization, noting its support for the Real Property Valuation and Assessment Reform and Comprehensive Tax Reform Program packages.

It also noted the country's recent membership in the Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base-Erosion and Profit Shifting (BEPS).

The ADB said the Philippines' membership in this framework will "make (it) more conducive to private sector development and foreign investment."

The BEPS initiative seeks to deter multinational companies from recognizing an outsized share of profit in low-tax countries, depriving high-tax jurisdictions of a fair share of revenue.

The lender is earmarking up to $4 billion worth of loan financing for the Philippines this year, focused on eight projects and programs. — **Luisa Maria Jacinta C. Jocson**