P25 IN METRO MANILA, PHILIPPINES

BusinessWorld

STOCK MARKET

PSEi

OPEN:	6,274.16
HIGH:	6,310.97
LOW:	6,274.16
CLOSE:	6,309.57
VOL.:	0.383 B
VAL(P):	5.341 B

▲ 40.07 PTS. 0.63%

30 DAYS TO NOVEMBER 28, 2023

ASIAN MARKETS

NOVEMBER 28, 2023

	CLOSE		NET	%
Japan (Nikkei 225)	33,408.39	▼	-39.28	-0.12
Hong Kong (Hang Seng)	17,354.14	▼	-170.92	-0.98
Taiwan (Weighted)	17,341.25	▲	203.83	1.19
Thailand (SET Index)	1,402.34	▲	8.92	0.64
S.Korea (Kse Composite)	2,521.76	▲	26.10	1.05
Singapore (Straits Times)	3,067.87	▼	-18.55	-0.60
Sydney (All Ordinaries)	7,015.20	▲	27.60	0.39
Malaysia (Klse Composite)	1,448.02	▼	-0.13	-0.01

WORLD MARKETS

NOVEMBER 27, 2023

	CLOSE		NET
Dow Jones	35,333.470	▼	-56.680
NASDAQ	14,241.022	▼	-9.833
S&P 500	4,550.430	▼	-8.910
FTSE 100	7,460.700	▼	-27.500
Euro Stoxx50	3,961.800	▼	-19.950

PESO-DOLLAR RATES

FX

OPEN	P55.435
HIGH	P55.400
LOW	P55.520
CLOSE	P55.400
W.AVE.	P55.459
VOL.	$1,243.15 M

▼ 2.00 CTVS

30 DAYS TO NOVEMBER 28, 2023

SOURCE : BAP

ASIAN MONIES-US$ RATE

NOVEMBER 28, 2023

	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	148.580	▲	149.080
Hong Kong (HK dollar)	7.795	▼	7.791
Taiwan (NT dollar)	31.459	▲	31.579
Thailand (baht)	34.940	▲	35.100
S. Korea (won)	1,295.250	▲	1,303.580
Singapore (dollar)	1.336	▲	1.337
Indonesia (rupiah)	15,430	▲	15,490
Malaysia (ringgit)	4.670	▲	4.679

WORLD CURRENCIES

NOVEMBER 28, 2023

	CLOSE		PREVIOUS
US$/UK pound	1.2631	▲	1.2607
US$/Euro	1.0952	▲	1.0945
US$/Aust dollar	0.6615	▲	0.6591
Canada dollar/US$	1.3594	▼	1.3645
Swiss Franc/US$	0.8802	▼	0.8811

DUBAI CRUDE OIL

FUTURES PRICE ON NEAREST MONTH OF DELIVERY

$81.50/BBL

▼ $1.55

30 DAYS TO NOVEMBER 27, 2023

VOL. XXXVII • ISSUE 90

WEDNESDAY • NOVEMBER 29, 2023 • www.bworldonline.com

S1/1-10 • 2 SECTIONS, 16 PAGES

PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • NOVEMBER 28, 2023 (PSEi snapshot on *S1/2*; article on *S2/2*)

Stock	Price	Value	Change		% Change
ALI	P31.000	P923,874,470	P1.100	▲	3.679%
SMPH	P33.950	P721,872,010	P1.450	▲	4.462%
ICT	P220.000	P672,222,386	P1.600	▲	0.733%
BDO	P131.500	P450,718,220	-P0.600	▼	-0.454%
JFC	P234.800	P324,169,408	-P3.600	▼	-1.510%
SM	P845.000	P225,331,805	P11.000	▲	1.319%
GLO	P1,719.000	P163,991,965	-P21.000	▼	-1.207%
AC	P657.000	P163,782,335	P5.000	▲	0.767%
URC	P117.000	P162,947,378	-P4.100	▼	-3.386%
AREIT	P29.100	P144,002,840	-P0.100	▼	-0.342%

Senate OK's P5.77-T nat'l budget

THE PHILIPPINE SENATE on Tuesday approved on final reading its version of the bill on the proposed P5.768-trillion national budget, as senators focused on boosting the budgets of defense agencies to ensure national security.

In a 21-0-1 vote, senators approved the appropriation measure, which was certified as urgent, on second and third reading on the same day.

The proposed 2024 national budget is 9.5% higher than this year's budget, and is equivalent to 21.7% of the country's gross domestic product.

Senator Juan Edgardo M. Angara, who chairs the Senate Finance Committee, said the Senate's version would significantly increase the allocations for the Department of National Defense, the Armed Forces of the Philippines, and the Philippine Coast Guard to bolster national security, amid worsening tensions with China. He did not provide details.

"More funds were included in the budgets of the Philippine Army, Air Force, Navy and the General Headquarters to purchase much-needed equipment, set up the needed infrastructure, and conduct the necessary capability enhancements and trainings and the Philippine Coast Guard," he said.

Senators increased the Department of Science and Technology's budget by P1 billion and gave the Department of Education (DepEd) an additional P50 million to boost local mental health programs in schools, Mr. Angara said.

Budget, S1/5

PHILIPPINES DROPS IN 2023 BRIBERY RISK RANKINGS

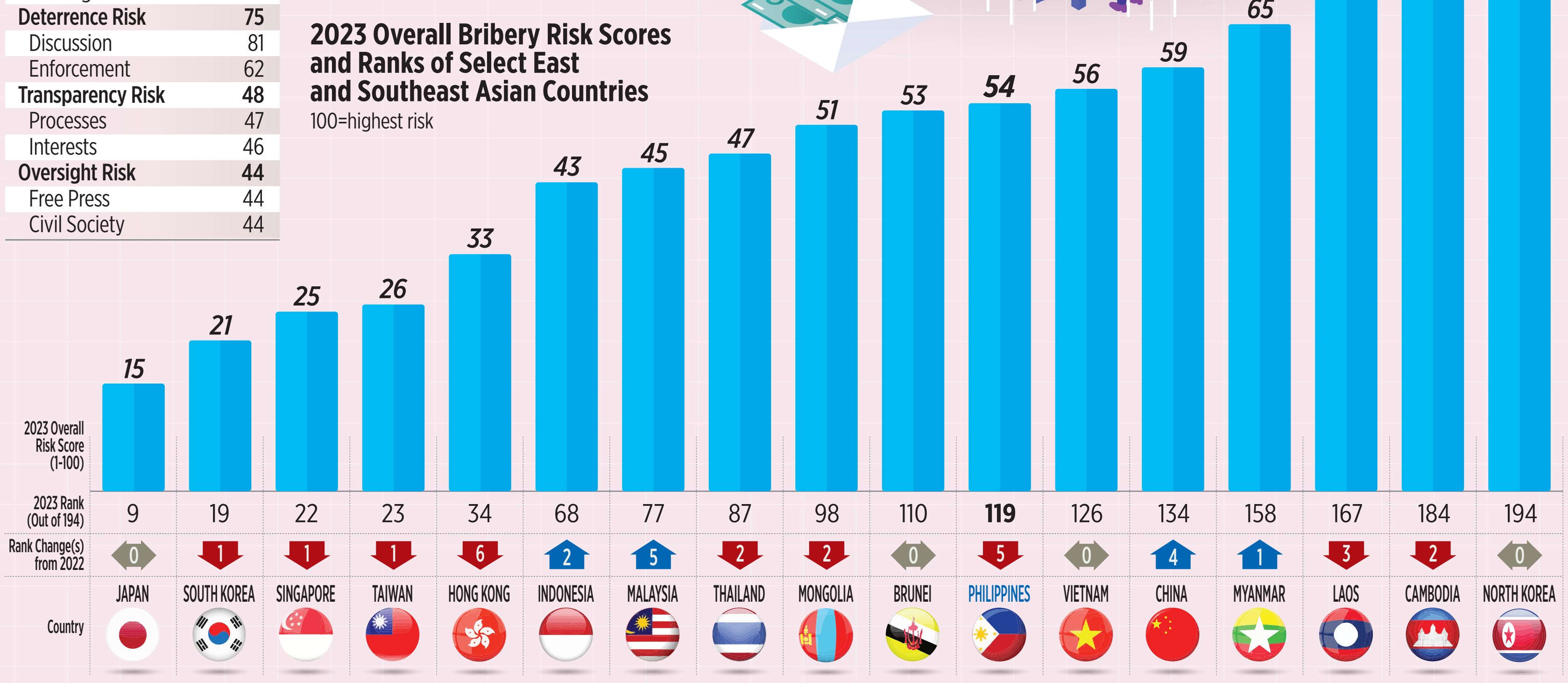
Philippines' 2023 Profile

Rank (Out of 194)	**119**
Total Risk Score (1-100)	**54**
Opportunity Risk	**56**
Interaction	29
Expectation	63
Leverage	75
Deterrence Risk	**75**
Discussion	81
Enforcement	62
Transparency Risk	**48**
Processes	47
Interests	46
Oversight Risk	**44**
Free Press	44
Civil Society	44

The Philippines fell five notches to 119th out of 194 countries in the 2023 edition of the Bribery Risk Matrix, developed by the nonprofit business association TRACE. With the combined and weighted score of four domains,* the Philippines scored 54 out of 100, with a "moderate" risk level.

2023 Overall Bribery Risk Scores and Ranks of Select East and Southeast Asian Countries

100=highest risk



Country	2023 Overall Risk Score (1-100)	2023 Rank (Out of 194)	Rank Change(s) from 2022
JAPAN	15	9	0
SOUTH KOREA	21	19	▼1
SINGAPORE	25	22	▼1
TAIWAN	26	23	▼1
HONG KONG	33	34	▼6
INDONESIA	43	68	▲2
MALAYSIA	45	77	▲5
THAILAND	47	87	▼2
MONGOLIA	51	98	▼2
BRUNEI	53	110	0
PHILIPPINES	54	**119**	▼5
VIETNAM	56	126	0
CHINA	59	134	▲4
MYANMAR	65	158	▲1
LAOS	69	167	▼3
CAMBODIA	76	184	▼2
NORTH KOREA	92	194	0

Top 5

2023 Rank (Out of 194)	Country	Rank Change(s) from 2022	2023 Overall Risk Score (1-100)
1	Norway	0	5
2	New Zealand	0	10
3	Switzerland	▲1	10
4	Sweden	▼1	10
5	Denmark	0	12

Bottom 5

2023 Rank (Out of 194)	Country	Rank Change(s) from 2022	2023 Overall Risk Score (1-100)
194	North Korea	0	92
193	Turkmenistan	0	89
192	Syria	▼1	88
191	Equatorial Guinea	▲1	87
190	Yemen	▼1	83

NOTES:

* The TRACE Bribery Risk Matrix both conveys and captures the multidimensional nature of bribery by using four separate risk domains, each comprising either two or three subdomains:

1. Opportunity (Business Interactions with Government, 40% weight) - concerns the immediate relation between a company (or its agents) and public officials, considering the frequency of interaction, the societal expectations surrounding bribery, and the rent-seeking leverage a public official may wield.
2. Deterrence (Anti-Bribery Deterrence and Enforcement, 15%) - considers both formal enforcement mechanisms and the less formal ways in which bribery is discouraged.
3. Transparency (Government and Civil Service Transparency, 22.5%) - addresses the accessibility of information about the public sector.
4. Oversight (Capacity for Civil Society Oversight, 22.5%) - examines the freedom and strength of nongovernmental institutions that can act as checks on public corruption.

Source: TRACE's Bribery Risk Matrix 2023 *(https://matrixbrowser.traceinternational.org/)*
***BusinessWorld* Research**: Lourdes O. Pilar
***BusinessWorld* Graphics**: Bong R. Fortin

Growth seen to slow in Q4

THE PHILIPPINES is unlikely to hit its growth target of 6-7% this year as economic activity may slow in the fourth quarter.

The Bank of America (BofA) Global Research raised its Philippine gross domestic product (GDP) growth forecast to 5.4% this year from 4.8% previously.

"We place 2023 GDP growth at 5.4%, up from 4.8% previously, and still implies slightly slower growth in the fourth quarter of 2023," the bank said in a report dated Nov. 9.

If realized, this would be slower than the 7.6% growth recorded in 2022.

"We think the surge in government spending seen in the third quarter may not extend into the fourth quarter given the constraint posed by the budget and the fiscal deficit," it added.

The Philippine economy grew by 5.9% in the third quarter from the 4.3% in the second quarter. For the first nine months, economic growth averaged 5.5%.

The economy will need to grow by 7.2% year on year in the fourth quarter to reach the low end of the government's 6-7% target.

At the same time, the BofA Global Research raised its Philippine GDP forecast for 2024 to 5.4% from 5% previously. This is also below the government's 6.5-8% target.

The bank trimmed its Philippine inflation forecasts following the lower-than-expected inflation print in October.

It now sees inflation averaging 6% this year (from 6.1% previously) and at 3.3% in 2024 (from 3.5%).

Growth, S1/5

WHAT'S INSIDE

Rising prices, slow LGU spending seen as threats to PHL growth outlook

RISING FOOD PRICES, a stronger-than-expected El Niño, sluggish local government spending and high interest rates are among the domestic threats to the Philippines' growth target for next year, the Finance department said on Tuesday.

At a Palace briefing, Finance Secretary Benjamin E. Diokno said possible "elevated prices due to inadequate food supply" is a major domestic risk to the government's 6.5%-8% gross domestic product (GDP) growth target for 2024.

He noted that a "stronger-than-expected El Niño, which may last until June 2024, and the spread of highly infectious animal diseases could tighten food supply.

The "limited" absorptive capacity of local government units (LGU) and some government corporations is also a threat to the growth goal, he added.

Mr. Diokno also cited cooling pent-up demand and the impact of interest rate hikes as risks to the economic outlook.

The Bangko Sentral ng Pilipinas (BSP) has hiked borrowing costs by 450 basis points since May 2022 to tame inflation.

Headline inflation eased to a three-month low of 4.9% in October but exceeded the BSP's 2-4% target for the 19th straight month. Year to date, inflation averaged 6.4%.

Mr. Diokno said the BSP expects inflation to ease to the 2-4% target range by the first quarter of 2024.

"It might increase again but it will end up at the midpoint between the 2-4% target range by 2024 and 2025," he said. "That means inflation is going to be managed well. It will be within the target range for the next two years."

Earlier this month, the BSP raised its baseline inflation forecast to 6% in 2023 (from 5.8% in September) and to 3.7% in 2024 (from 3.5%) but cut its 2025 inflation estimate to 3.2% (from 3.4%).

Despite the risks to the outlook, Mr. Diokno said the government is confident its 6.5%-8% growth target for 2024 to 2028 is achievable.

"What are we doing to do [to achieve] that? Number one, we should continue our anti-inflation drive because lower inflation means more purchasing power for consumers," he said.

Outlook, S1/9

Right incentive system should be balanced with revenue mobilization — IMF

By Keisha B. Ta-asan
Reporter

THE PHILIPPINES should create the right tax incentive system and properly mobilize tax revenues to achieve a more sustainable growth, the International Monetary Fund (IMF) said.

"Creating an environment that is conducive to attract more investments would be good eventually for growth prospects in the medium to the long run, but at the same time, we need to ensure that the Philippines and the government has adequate resources to finance its other priority expenditures," IMF Representative to the Philippines Ragnar Gudmundsson told *BusinessWorld* on Nov. 22.

Last week, a House of Representatives committee approved the amendments to the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, which seeks to address conflicting provisions on tax incentives.

The CREATE MORE (CREATE to Maximize Opportunities for Reinvigorating the Economy) bill would allow companies inside economic zones and freeports to enjoy duty-free privileges and value-added tax (VAT) exemptions on imports and local purchases.

The bill would also empower the President to modify, craft and grant incentive packages, without the recommendation of the Fiscal Incentives Review Board (FIRB).

Jonathan L. Ravelas, senior adviser at Reyes Tacandong & Co., said the amendments to the CREATE law and improving the overall business environment could help attract more foreign investments into the Philippines.

"Providing the right tax incentives for companies in the specific sectors we want in economic zones and freeports is crucial to encourage their growth and contribute to the country's economic development," Mr. Ravelas said.

The CREATE MORE bill seeks to introduce a "simplified and streamlined" tax refund system for registered business enterprises.

Under the bill, domestic and export companies, even those inside ecozones and freeports, would continue to enjoy duty exemptions, VAT exemption on importation, and the VAT zero-rating of local purchases as provided in their respective investment promotion agency registrations.

The measure also seeks to reduce the corporate income tax to 20% for those under the enhanced deduction regime from 20-25%.

Mr. Ravelas said President Ferdinand R. Marcos, Jr. should be careful in modifying incentive packages without the recommendation from the FIRB.

"While it may expedite decision making, careful oversight is necessary to prevent potential misuse of power. Striking the right balance is key for effective and transparent governance," he said.

He also said the government should focus on sectors such as manufacturing, which can employ a lot of people and improve their skills.

Incentive, S1/5