

Philippine Stock Exchange index (PSEi)

5,973.78 ▲ 11.79 PTS. ▲ 0.19%

TUESDAY, OCTOBER 31, 2023

BusinessWorld

PSEi MEMBER STOCKS

AC Ayala Corp. P605.50 +P2.50 +0.41%	ACEN ACEN Corp. P5.30 +P0.05 +0.95%	AEV Aboltiz Equity Ventures, Inc. P45.80 -P0.60 -1.29%	AGI Alliance Global Group, Inc. P10.60 +P0.46 +4.54%	ALI Ayala Land, Inc. P27.85 +P1.05 +3.92%	BDO BDO Unibank, Inc. P127.50 -P1.00 -0.78%	BLOOM Blossom Resorts Corp. P9.11 +P0.01 +0.11%	BPI Bank of the Philippine Islands P100.50 +P1.60 +1.62%	CNPF Century Pacific Food, Inc. P28.00 -P0.20 -0.71%	CNVRG Converge ICT Solutions, Inc. P8.37 -P0.01 -0.12%
DMC DMCI Holdings, Inc. P9.17 -P0.28 -2.96%	EMI Emperador, Inc. P20.80 ---	GLO Globe Telecom, Inc. P1,760.00 -P9.00 -0.51%	GTCAP GT Capital Holdings, Inc. P549.00 -P3.00 -0.54%	ICT International Container Terminal Services, Inc. P201.20 +P1.70 +0.85%	JFC Jollibee Foods Corp. P205.00 -P4.20 -2.01%	JGS JG Summit Holdings, Inc. P36.75 +P0.85 +2.37%	LTG LT Group, Inc. P8.85 +P0.35 +4.12%	MBT Metropolitan Bank & Trust Co. P52.30 +P0.30 +0.58%	MER Manila Electric Co. P355.00 +P2.80 +0.8%
MONDE Monde Nissin Corp. P8.20 -P0.31 -3.64%	NIKL Nickel Asia Corp. P5.45 +P0.10 +1.87%	PGOLD Puregold Price Club, Inc. P27.10 +P0.20 +0.74%	SCC Semirara Mining and Power Corp. P29.00 -P1.05 -3.49%	SM SM Investments Corp. P801.00 -P4.50 -0.56%	SMC San Miguel Corp. P105.10 +P1.70 +1.64%	SMPH SM Prime Holdings, Inc. P30.00 ---	TEL PLDT Inc. P1,210.00 -P17.00 -1.39%	URC Universal Robina Corp. P109.30 -P0.70 -0.64%	WLCON Wilcon Depot, Inc. P19.80 ---

Jet fuel prices likely to fall through yearend — DoE

By Ashley Erika O. Jose
Reporter

JET FUEL prices are expected to decline further until the end of the year as production scales up, the Department of Energy (DoE) said. "Jet fuel is kerosene-based, and we have the same projection; we are seeing the insufficiency gap narrow until the end of December, [so] oil prices will likely be lower by December," Rino E. Abad, director of the Oil Industry Management Bureau at the DoE, told *BusinessWorld* by phone on Tuesday.

For November, the Civil Aeronautics Board (CAB) has increased the fuel surcharge to Level 7 from Level 6 in October. Fuel surcharge is an added fee collected by airlines, based on the movements in jet fuel prices. It is evaluated based on a one-month average of MOPS (Mean of Platts Singapore) prices. Under Level 7 of the CAB matrix, airlines are allowed to collect a fuel surcharge ranging from P219 to P739 for domestic flights, and from P722.71 to P5,373.69 for international flights. In September, the CAB raised the passenger and cargo fuel

surcharge rate to Level 6 after keeping it at Level 4 in the three months to August. In October alone, pump price adjustments stood a net decrease of P3.1 for gasoline, P2.95 for diesel and P2.5 for kerosene. This week, fuel retailers implemented a mixed adjustment of petroleum products. Gasoline increased by P0.45 per liter; while prices of diesel and kerosene fell by P1.25 and P1.20 per liter, respectively. These price adjustments resulted in a year-to-date net increase of P14.20 per liter for gasoline, P10.45 per liter for diesel and P5.04 per liter for kerosene.

Fuel prices remain volatile, Mr. Abad said, citing the recent forecast of S&P Global Platts, where fuel production insufficiency is expected to be trimmed further by year end. However, oil input costs may still be affected by geopolitical conflicts, he added. "As far as our analysis is concerned, our expectation is until December, we are seeing an insufficiency gap to narrow further brought by oil cut which means that production is increasing," Mr. Abad said. The Organization of the Petroleum Exporting Countries and their allies including Russia

(OPEC+) in May announced further output cuts of around 1.16 million barrels per day from May through the rest of the year. Low-cost carrier AirAsia Philippines said that it will continue to offer sales to offset rising fuel costs. "AirAsia guests can also seek further relief from the anticipated adjustments in ticket prices brought about by the volatility of global fuel prices by advance booking, especially for future travels as travel and vacation time peak in the remaining months of Q4 for many Filipinos," Steve F. Dailisan, head for

communications and public affairs at AirAsia Philippines, said in a Viber message. Meanwhile, Cebu Pacific will continue to seek measures to ensure accessible air fares as fuel accounts for 40-50% of its total operations' cost. "We encourage our customers to book their flights ahead to avail of more affordable fares. Cebu Pacific will stay true to its purpose of making air travel more accessible," Alexander G. Lao, president and chief commercial officer of Cebu Pacific, said. Flag carrier Philippine Airlines was also asked to comment.

Colliers sees continued rise in office sector transactions in 2024

TRANSACTION activity in the local office sector is expected to continue improving next year, driven by potentially sustained demand, real estate consulting firm Colliers said. "Transactions have been increasing by about 10-15% quarter on quarter. We think this will continue until next year," Colliers Associate Director for Office Services Kevin Jara said in an interview on the sidelines of a briefing last week. "We don't see any regulatory headwinds, political headwinds," he added. Mr. Jara said, however, that there might be a slight slowdown in demand during the end of next year, attributed to the significant demand for outsourcing.

"During those months, there's a slight slowdown but usually recovers after the season," he noted. Office space transactions for the third quarter stood at 197,000 square meters (sq.m.), which is 17% higher than the 169,000 sq.m. in the same period last year, data from Colliers showed. About 167,000 sq.m. of vacant spaces were recorded during the period, higher than the 137,000 sq.m. seen in the previous year, mainly driven by the completion of new office buildings. Occupied office spaces, on the other hand, reached approximately 11.3 million sq.m. Mr. Jara said that office demand next year is likely to be driven by the business process outsourcing (BPO) sector, especially as companies seek to grow their headcount.

"The BPO industry has a roadmap to double their headcount until 2028. So, it's just a matter of if those additional head count will translate into office space," he said. "But regardless, it's still going up."

In the third quarter, traditional offices comprised the majority of office space deals at 98,000 sq.m., including government agencies, telcos, insurance firms, and flexible workspace operators, the property consultancy firm said. The figure has risen from 69,000 sq.m. previously. The information technology and business process management sector recorded 70,000 sq.m. of transacted spaces, lower than the 93,000 sq.m. a year earlier. Philippine offshore gaming operators reportedly transacted about 29,000 sq.m., an increase from the 7,000 sq.m. last year, but still lower than the 55,000 sq.m. transacted in the second quarter. During the third quarter, the demand rose by 10.78% to 185,000 sq.m. of office spaces from 167,000 sq.m. in the third quarter last year and 170,000 sq.m. in the second quarter of 2023. "We're also expecting more and more companies, not just BPOs, to do a flight-to-quality relocation. Take advantage of the market because you have potentially cost-effective rental costs in a new building versus your current lease which may have pre-pandemic rents pa which are higher," Mr. Jara said.

In the first nine months, Colliers reported that about 155,000 sq.m. of office space relocations were recorded, of which 69% were flights to quality, while 31% were flights to cost. Flight-to-quality relocations refer to moves to newer, higher-grade buildings, which are mostly in primary submarkets, while flight-to-cost relocations involve moves to older, lower-grade buildings with lower rents, typically in secondary submarkets. — **Sheldeen Joy Talavera**

SEC says fee hike to have 'very minimal' impact on MSMEs

By Revin Mikhael D. Ochave
Reporter

THE Securities and Exchange Commission (SEC) said its proposed increase in fees will have a "very minimal" impact on micro-, small-, and medium-sized enterprises (MSMEs). "It (the proposed hike in fees) is not exorbitant. We have to factor in inflation. The last time we increased [the fees] was many years ago..." SEC Commissioner Javey Paul D. Francisco told *BusinessWorld* on the sidelines of the recent 49th Philippine Business Conference and Expo (PBC&E), organized by the Philippine Chamber of Commerce and Industry (PCCI).

S&P upgrades Meralco outlook to positive, affirms 'BBB-' rating

S&P GLOBAL Ratings has affirmed its "BBB-" long-term issuer credit rating on Manila Electric Co. (Meralco) with a positive outlook. "We revised the rating outlook on Meralco to positive from stable," the credit rating agency said in an e-mailed media release on Wednesday. A BBB- rating is considered lowest investment grade by market participants, according to S&P. S&P's positive outlook on Meralco represents its expectations that the distribution utility's improving operating performance and clarity on tariffs "could lead to stronger financial metrics over the next 12-24 months." "We forecast the company to maintain a healthy ratio of funds from operations (FFO) to debt of 33%-40% over the next two years, above our 30% upside trigger. We expect Meralco to generate steady cash flow from its distribution business, as well as a material earnings recovery in its unregulated power generation business," the rating firm said. It expects that the revised contracts of Meralco's subsidiary, Global Business Power Corp., with its off-takers — which now incorporate fuel pass-through — will mitigate its exposure to volatile prices. Strong dividends brought about by the utility's associate/joint-venture companies in the power generation business are also seen to support stronger cash flow over the next two years.

Under the proposal, Mr. Francisco said that MSMEs would be required to pay an additional P500, raising the registration fee for new stock corporations from the current P2,000. "The impact of the fees on MSMEs is very minimal; 51% of stock corporations that register with us only have a capitalization of P1 million. So if you have authorized capital stock of P1 million, at present, you're going to pay a P2,000 registration fee. With the proposed increase in fees, you will be paying P500 more, at P2,500," Mr. Francisco said. "We did not come up with this (proposal) arbitrarily, or just the top of our head. The proposal was made based on market studies and other research," he added. The SEC previously said the current rates have not been

tweaked since 2017 and were based on a 2014 proposal. Mr. Francisco added that the proposed fee hike would be beneficial for the SEC, as the commission does not receive government funding to boost its services and staff. "We don't get any support or any subsidy from the national government, and we have to upgrade our skills and staff as well, and even improve the quality and quantity of our personnel." "When you register, that is technically good for life. Unless you increase your capital stock or you do not submit reports," he added. Various business groups, led by the PCCI, recently sent a letter to the SEC, criticizing the corporate regulator's proposal to increase its fees and charges, and calling it "anti-business" and "unnecessary."

The business groups opposed the "unreasonable, if not obscene, fees and charges," such as the proposal to charge corporate issuers one-fourth of 1% of total indebtedness for creating bonded indebtedness. The business groups also disagreed with the proposal to charge a fee based on the total transactions cleared and settled in the previous year by the Securities Clearing Corp. of the Philippines and the Philippine Depository & Trust Corp., at rates of 0.1 basis point (bp) and 0.05 bp, respectively. Meanwhile, Mr. Francisco disclosed that the SEC is scheduled to meet with the concerned business groups in the second week of November to discuss the proposed fee increase.

AyalaLand Logistics done with land development for Laguindingan project

AYALALAND Logistics Holdings Corp. (ALLHC) has completed the land development works for the first phase of the company's Laguindingan Technopark industrial estate in Misamis Oriental, the listed company announced on Wednesday. Phase 1 of Laguindingan Technopark covers 62 hectares out of the industrial estate's total land area of 105 hectares, the company said in a statement. The technopark, catering to light and medium non-polluting industries, is located in Barangays Moog and Tubajon in Laguindingan. It forms part of Ayala Land's 526-hectare Habini Bay mixed-use development. The industrial estate is adjacent to the Laguindingan Airport, and is located about 36 kilometers from the Cagayan de Oro port. "Phase 1, covering 62 hectares, has been fully developed, including the access and road network, creating an ideal environment for businesses seeking a dynamic setting and a strategic location for their operations," ALLHC said. ALLHC President and Chief Executive Officer Robert S. Lao said: "The doors of Laguindingan Technopark are wide open for companies that are seeking a well-placed operational base." "We invite them to establish their footprints and flourish within the estate's dynamic environment and strategically advantageous location." For the first nine months, ALLHC said its net income fell 37% to P354 million from P565 million a year ago due to lower revenues. The company's consolidated revenues totaled P2.1 billion, down 25% from P2.8 billion last year. ALLHC shares were last traded on Oct. 31 at P1.69 apiece. — **Revin Mikhael D. Ochave**