

STOCK MARKET	ASIAN MARKETS	WORLD MARKETS	PESO-DOLLAR RATES	ASIAN MONIES-US\$ RATE	WORLD CURRENCIES	DUBAI CRUDE OIL
STOCK MARKET PSEI 6650 6530 6410 6290 6170 6050 30 DAYS TO JANUARY 11, 2024 67.62 pts. 1.03% VOL.: 0.347 B VAL(P): 5.266 B	ASIAN MARKETS JANUARY 11, 2024 CLOSURE NET % JAPAN (NIKKEI 225) 35,049.86 ▲ 608.14 1.77 HONG KONG (HANG SENG) 16,302.04 ▲ 204.76 1.27 TAIWAN (WEIGHTED) 17,545.32 ▲ 79.69 0.46 THAILAND (SET INDEX) 1,407.44 ▼ -6.08 -0.43 S.KOREA (KSE COMPOSITE) 2,540.27 ▼ -1.71 -0.07 SINGAPORE (STRAITS TIMES) 3,197.71 ▲ 17.75 0.56 SYDNEY (ALL ORDINARIES) 7,506.00 ▲ 37.50 0.50 MALAYSIA (KLSX COMPOSITE) 1,483.00 ▼ -3.86 -0.26	WORLD MARKETS JANUARY 10, 2024 CLOSURE NET Dow Jones 37,695.730 ▲ 170.570 NASDAQ 14,969.650 ▲ 111.941 S&P 500 4,783.450 ▲ 26.950 FTSE 100 7,651.760 ▼ -32.200 Euro Stoxx50 4,094.5300 ▼ -2.690	PESO-DOLLAR RATES FX 05.20 05.40 05.60 05.70 05.80 05.90 06.00 32.50 CTVS 30 DAYS TO JANUARY 11, 2024 SOURCE: BAP OPEN P56.200 HIGH P55.930 LOW P56.220 CLOSE P55.950 W.AVE. P56.116 VOL. \$1,910.33 M	ASIAN MONIES-US\$ RATE JANUARY 11, 2024 LATEST BID (0900GMT) PREVIOUS JAPAN (YEN) 145.550 ▼ 144.940 HONG KONG (HK DOLLAR) 7.818 ▲ 7.820 TAIWAN (NT DOLLAR) 31.051 ▲ 31.099 THAILAND (BAHT) 35.010 ▼ 34.940 S. KOREA (WON) 1,315.780 ▲ 1,317.120 SINGAPORE (DOLLAR) 1.330 ▲ 1.331 INDONESIA (RUPIAH) 15,545 ▲ 15,565 MALAYSIA (RINGGIT) 4.641 ▼ 4.640	WORLD CURRENCIES JANUARY 11, 2024 CLOSURE PREVIOUS US\$/UK POUND 1.2750 ▲ 1.2724 US\$/EURO 1.0966 ▲ 1.0947 US\$/AUSTRALIAN DOLLAR 0.6710 ▲ 0.6708 CANADA DOLLAR/US\$ 1.3371 ▲ 1.3369 SWISS FRANC/US\$ 0.8500 ▼ 0.8516	DUBAI CRUDE OIL FUTURES PRICE ON NEAREST MONTH OF DELIVERY \$78.00/BBL 00.00 05.00 10.00 15.00 20.00 25.00 30.00 35.00 40.00 45.00 50.00 55.00 60.00 65.00 70.00 75.00 80.00 85.00 90.00 95.00 100.00 30 DAYS TO JANUARY 10, 2024 \$1.20

PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • JANUARY 11, 2024 (PSEI snapshot on S1/2; article on S2/2)

Value	Change	Value	Change	Value	Change	Value	Change	Value	Change	Value	Change	Value	Change	Value	Change	Value	Change		
BDO P139.800	▲ 3.479%	AC P674.000	▲ 1.353%	MBT P56.000	▲ 0.901%	SMPH P33.500	▲ 1.056%	ICT P238.400	▼ -1.079%	JFC P259.800	▲ 3.920%	ALI P34.250	▼ -0.581%	URC P121.500	▲ 1.419%	BPI P108.800	▲ 3.817%	RFM P3.000	▲ 0.334%
Value P725,913,989		Value P492,277,790		Value P332,199,457		Value P299,007,835		Value P296,722,986		Value P290,440,468		Value P281,698,160		Value P272,119,573		Value P173,362,616		Value P165,143,950	
P4.700		P9.000		P0.500		P0.350		P2.600		P9.800		P0.200		P1.700		P4.000		P0.010	

Recto set to take over Finance dep't

By Kyle Aristophere T. Atienza
Reporter

FORMER Senator Ralph G. Recto, who pushed higher value-added taxes (VAT) in the Senate in the early 2000s, has been appointed Finance secretary, according to Senate President Juan Miguel F. Zubiri.

Mr. Recto, who was elected Batangas congressman in 2022 and served three six-year terms as a senator, is set to take his oath at the Presidential Palace on Friday, according to news reports quoting his wife, former Batangas lawmaker and actress Vilma Santos-Recto.

He will replace Benjamin E. Diokno, who served as central

bank governor under the Duterte administration.

"In the Senate, we always regarded him as the resident numbers genius," Mr. Zubiri said in a statement as he welcomed the appointment of Mr. Recto.

"This was not just for his mathematical ability, but more importantly for his ability to

immediately see the big picture implications of these numbers."

There was no confirmation of Mr. Recto's appointment from the Palace. Mr. Recto and Mr. Diokno did not reply to requests for comment.

In an interview with Bloomberg TV on Monday, Mr. Diokno refused to comment on reports that he will be replaced.

"My relationship with the President is confidential and before making any announcement, I have to clear that with the President," he said.

Mr. Recto was elected representative of the 6th district of Batangas in 1992 and served three terms. He was first elected to the Senate in 2001 at the age of 37, the youngest among

his colleagues in the upper chamber at that time. There, he chaired the committees on Ways and Means and on Trade and Industry.

However, the grandson of the late Filipino statesman Claro M. Recto lost his Senate reelection bid in 2007 after pushing to raise the VAT by 2 points to 12%.

Recto, S1/5

PHL projected to grow 6% this year

THE PHILIPPINES' gross domestic product (GDP) is projected to grow faster this year as easing inflation will help boost "revenge spending," analysts said.

First Metro Investment Corp. (FMIC) and the University of Asia and the Pacific (UA&P) said they expect GDP growth at 6% this year, still below the government's 6.5-7.6% target.

"I think they will not be able to make the 6.5% unless foreign investments come in. And so far, if we look at 2023, foreign investments were actually down significantly... but we have to see how things pan out in the coming months," Victor A. Abola, an economist at UA&P, said at a briefing in Makati City on Thursday.

FMIC and UA&P projected full-year GDP to average 5.5% in 2023, still below the government's 6-7%. The economy grew by 5.5% in the nine-month period.

The Philippine Statistics Authority (PSA) is set to release full-year 2023 GDP data on Jan. 31.

"Growth will accelerate from 5.5% (in 2023) to 6% (in 2024), driven by the services sector, particularly, transport, accommodations, and food services, which are experiencing revenge spending," Mr. Abola said.

Filipino consumers are expected to continue to splurge this year, which will help drive growth.

"We're just seeing the beginning of (revenge spending) because high inflation has sort of toned down that expansion. So, I think that we'll see faster GDP growth in 2024," Mr. Abola said.

Improved employment will also boost the economy this year, Mr. Abola said, citing the record low jobless rate seen in November.

The country's unemployment rate fell to 3.6% in November from 4.2% in the previous month and a year ago, marking an 18-year low. In November, the number of employed people also rose to 49.64 million from 47.8 million in October and 49.7 million in November 2022.

FMIC Executive Vice-President Daniel D. Camacho said the BSP will likely keep rates steady for the first half.

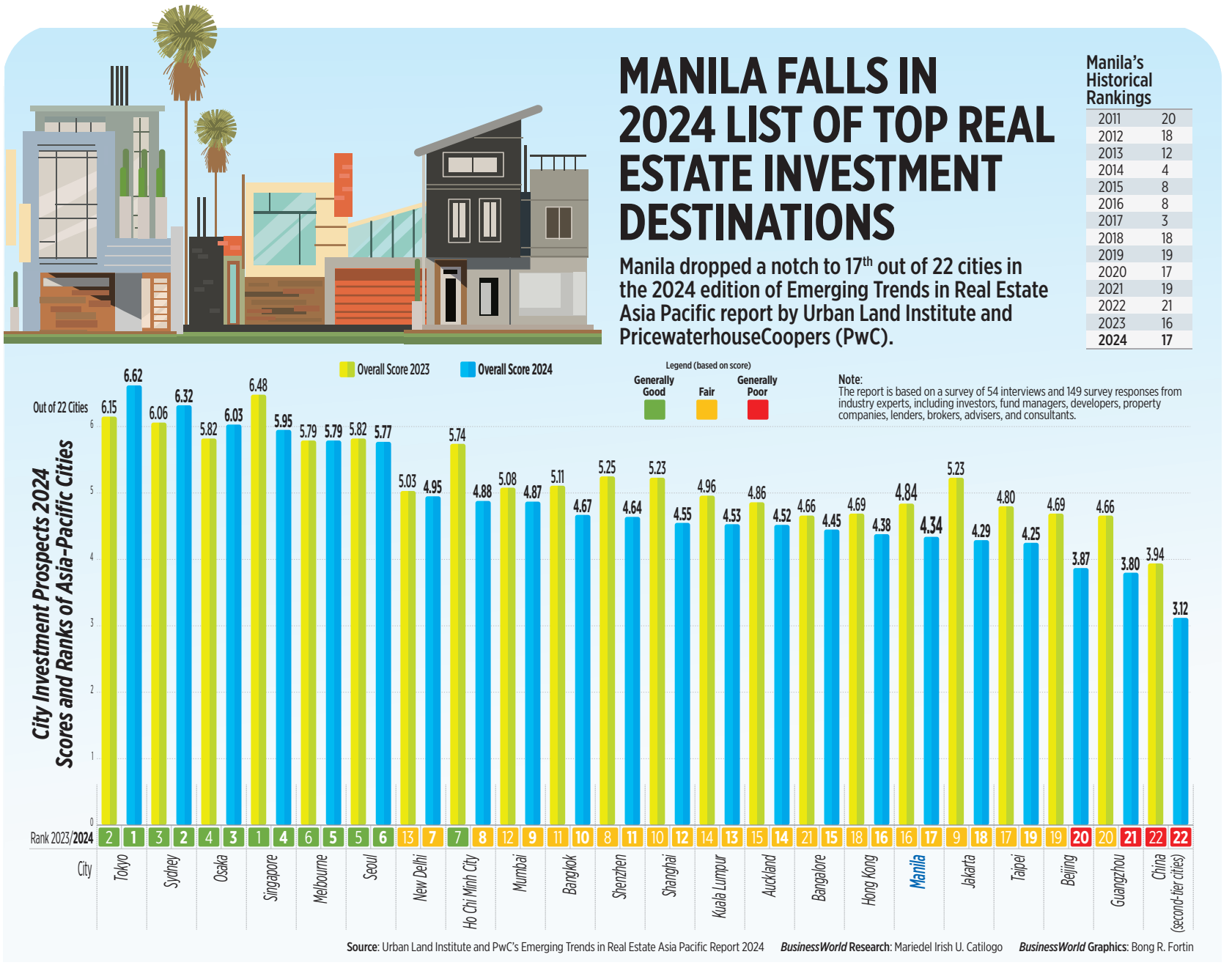
"Our fearless forecast for yearend is a reduction of 75 bps to 125 bps across the curve," Mr. Camacho said. "We do not foresee a cut in BSP rates in the first half but possibly one or two in the second half of the year which will further push rates downwards."

The benchmark rate is currently at 6.5%, the highest in 16 years. From May 2022 to October last year, the BSP raised borrowing costs by a total of 450 bps.

"I think the BSP will be quite slow in cutting rates, the first one is 25 bps likely in June and depending on the Fed moves, it will probably mimic the rate cuts in the second half," Mr. Abola added.

The Monetary Board is set to have its next policy review on Feb. 15.

PHL, S1/5



BSP likely to deliver 150 bps in rate cuts through Q1 2025

THE BANGKO SENTRAL ng Pilipinas (BSP) will likely cut borrowing costs by 150 basis points (bps) starting the third quarter of this year until the first quarter of 2025, according to Nomura Global Markets Research.

In a report dated Jan. 5, Nomura said the BSP will likely remain cautious of upside risks to inflation despite the slowdown in December and maintain tight policy settings.

"We therefore reiterate our forecast for BSP to start cutting only in August

and deliver a total of 150 bps in rate cuts to 5% through the first quarter of 2025," the report, authored by research analysts Euben Paracuelles, Charnon Boonnuch, and Nabila Amani, said.

The BSP has emerged as the most aggressive central bank in the region after raising key policy rates by 450 bps from May 2022 to October 2023 to quell inflation and anchor inflation expectations.

In 2023 alone, the Philippine central bank hiked policy rates

by 100 bps, including a 25-bp off-cycle hike on Oct. 26, 2023. This brought the key rate to 6.5%, the highest since the 7.5% seen in May 2007.

"Despite recent declines, headline inflation, by our forecast, is unlikely to return to within the target before July 2024, supporting BSP's higher-for-longer signals," Nomura said.

Headline inflation slowed further to 3.9% in December from 4.1% in

November, returning back to within the BSP's 2-4% target for the first time since March 2022.

However, inflation averaged 6% for 2023, slightly higher than 5.8% in 2022. This marked the second straight year that inflation breached the BSP's 2-4% target band. The 6% full-year print was the highest in 14 years or since the 8.2% average in 2008, at the height of the global financial crisis.

BSP, S1/9

Withholding tax on online sellers seen to address revenue leakages

By Luisa Maria Jacinta C. Jacson
Reporter

THE GOVERNMENT should ensure that it will be able to properly implement and monitor the collection of withholding tax on online sellers.

The Bureau of Internal Revenue (BIR) recently issued Revenue Regulations (RR) No. 16, which imposes a withholding tax on the gross remittances made by electronic marketplace operators and digital financial service providers to merchants.

Analysts said that the implementation of the withholding tax on online sellers will allow the BIR to better track transactions in the digital economy.

"The implementation of a 1% withholding tax on online sellers is intended to expand the tax base by addressing potential revenue leakages in the growing online retail industry," China Banking Corp. Chief Economist Domini S. Velasquez said in a Viber message.

"Ideally, the withholding tax system should streamline the tax payment process for online sellers and should have no substantial impact on prices under

the assumption that retailers are paying correct taxes," she added.

Eleanor L. Roque, tax principal of P&A Grant Thornton, said that the measure provides the BIR an additional mechanism to "ensure that taxes are paid by the business owners since their income will also be reported by their withholding agents."

Ms. Velasquez noted that the imposition of the withholding tax may also mitigate some instances of non-compliance by online sellers.

"This measure is expected to increase government revenues and promote transparency among companies engaged in online retail trade," she added.

Ms. Roque said that the tax will be an "additional administrative burden" on electronic marketplaces.

"These entities will have to put controls in place to identify remittances to online sellers that are subject to withholding taxes," she said in a Viber message.

Under BIR regulation, a withholding tax of 1% will be imposed on one-half of the gross remittances by e-marketplace operators and digital financial service providers to the sellers or merchants for the goods and services paid or sold through their platforms or facilities.

However, the tax is not imposed if the annual total gross remittances to an online seller for the past taxable year has not exceeded P500,000; if the cumulative gross remittances to an online seller in a taxable year has not yet exceeded P500,000 or if the seller is duly exempt from or subject to a lower income tax rate pursuant to any existing law or treaty.

The regulation covers marketplaces for online shopping, food delivery platforms, platforms to book lodging accommodations, and other similar online service or product marketplaces.

"NOT NEW TAX" Ms. Roque noted the withholding tax is not a new or added tax on online sellers but simply allows for an advance payment of income tax.

"Withholding taxes are just a manner of collecting taxes at source. It does not impose an additional income tax," she said. "Withholding tax is a mechanism that ensures advance collection of taxes. It also allows the BIR to cross check the amount of income declared by the online seller versus the amount declared by the withholding agent."

Online sellers, S1/9