P25
IN METRO MANILA, PHILIPPINES

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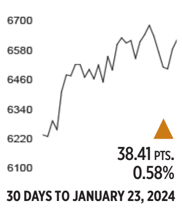
STOCK MARKET



PSEi

OPEN:	6,594.29
HIGH:	6,624.43
LOW:	6,593.07
CLOSE:	6,621.88
VOL.:	0.776 B
VAL(P):	4.760 B

ASIAN MARKETS

JANUARY 23, 2024

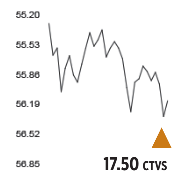
	CLOSE		NET	%
Japan (Nikkei 225)	36,517.57	▼	-29.38	-0.08
Hong Kong (Hang Seng)	15,353.98	▲	392.80	2.63
Taiwan (Weighted)	17,874.59	▲	59.49	0.33
Thailand (SET Index)	1,355.41	▼	-14.51	-1.06
S.Korea (Kse Composite)	2,478.61	▲	14.26	0.58
Singapore (Straits Times)	3,136.00	▼	-13.12	-0.42
Sydney (All Ordinaries)	7,514.90	▲	38.30	0.51
Malaysia (Klse Composite)	1,496.11	▲	4.92	0.33

WORLD MARKETS

JANUARY 22, 2024

	CLOSE		NET
Dow Jones	38,001.810	▲	138.010
NASDAQ	15,360.286	▲	49.318
S&P 500	4,850.430	▲	10.620
FTSE 100	7,487.710	▲	25.780
Euro Stoxx50	4,073.760	▲	22.100

PESO-DOLLAR RATES



FX

OPEN	P56.350
HIGH	P56.100
LOW	P56.435
CLOSE	P56.155
W.AVE.	P56.301
VOL.	$1,396.70 M

SOURCE : BAP

ASIAN MONIES-US$ RATE

JANUARY 23, 2024

	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	147.520	▲	148.070
Hong Kong (HK dollar)	7.824	▼	7.818
Taiwan (NT dollar)	31.361	▲	31.369
Thailand (baht)	35.650	▼	35.630
S. Korea (won)	1,335.980	▲	1,339.580
Singapore (dollar)	1.339	▲	1.341
Indonesia (rupiah)	15,625	▲	15,630
Malaysia (ringgit)	4.724	—	4.724

WORLD CURRENCIES

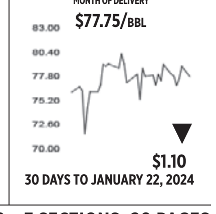
JANUARY 23, 2024

	CLOSE		PREVIOUS
US$/UK pound	1.2729	▲	1.2703
US$/Euro	1.0891	▼	1.0894
US$/Aust dollar	0.6589	▲	0.6588
Canada dollar/US$	1.3473	▲	1.3428
Swiss Franc/US$	0.8676	▲	0.8671

DUBAI CRUDE OIL

FUTURES PRICE ON NEAREST MONTH OF DELIVERY

$77.75/BBL



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S1/1-10 • 3 SECTIONS, 20 PAGES

PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • JANUARY 23, 2024 (PSEi snapshot on *S1/2*; article on *S2/2*)

BDO	P142.000	Value P516,480,484	P1.400 ▲ 0.996%
ICT	P243.400	Value P279,352,694	P2.400 ▲ 0.996%
GTCAP	P641.000	Value P262,636,755	-P1.000 ▼ -0.156%
ALI	P34.300	Value P220,857,440	P0.950 ▲ 2.849%
MBT	P58.000	Value P204,850,545	P1.100 ▲ 1.933%
SM	P890.000	Value P203,820,905	P7.000 ▲ 0.793%
SMPH	P33.050	Value P145,144,500	P0.050 ▲ 0.152%
URC	P112.400	Value P144,227,044	-P1.100 ▼ -0.969%
MONDE	P8.550	Value P133,544,208	P0.250 ▲ 3.012%
BPI	P107.600	Value P120,300,517	P1.100 ▲ 1.033%

Rates to stay sufficiently tight — BSP

By Keisha B. Ta-asan
Reporter

THE BANGKO SENTRAL ng Pilipinas (BSP) is unlikely to cut borrowing costs at its meeting next month, as rates need to be sufficiently tight amid evolving risks to inflation, its governor said late Monday.

In a gathering with newspaper editors, BSP Governor Eli M. Remolona, Jr. said a rate cut is unlikely on Feb. 15, the Monetary Board's first policy review this year, noting the risk-adjusted inflation forecast in 2024 is still above the 2-4% target.

"At this point, a rate cut is not likely (on) Feb. 15," Mr. Remolona said in mixed English and Filipino, adding that the "numbers we are seeing" show the need to keep policy settings sufficiently tight for some time.

The Monetary Board hiked borrowing costs by 450 basis points (bps) from May 2022 to October 2023, bringing the key interest rate to a 16-year high of 6.5% to tame inflation.

At the December meeting, the BSP's risk-adjusted inflation forecast stood at 4.2% this year and 3.4% for 2025.

Meanwhile, the BSP's average inflation baseline forecast is 3.7% for 2024 and 3.2% for next year.

Rising tensions in the Red Sea and a prolonged El Niño weather episode are upside risks that are included in the risk-adjusted forecast, BSP Deputy Governor Francisco G. Dakila, Jr. said.

Houthi militants have continued to attack commercial shipping vessels traveling through the lower Red Sea since November last year.

Mr. Dakila noted El Niño is now expected to continue through the second quarter, instead of the first quarter as expected.

The state weather agency expects El Niño to persist until May this year. Earlier estimates by the BSP also showed that the dry weather event could raise inflation by 0.02 percentage point.

Mr. Remolona said inflation is projected to slow in January from 3.9% in December due to base effects, which could also drive inflation down in February or March.

Inflation peaked at 8.7% in January last year as food prices soared. It has since come down to a 22-month low in December.

Rates, S1/2

Poverty incidence expected to further decline this year

THE NATIONAL Economic and Development Authority (NEDA) said it expects the poverty incidence to continue to decline if economic growth remains robust and inclusive and if vulnerable sectors such as agriculture are further supported.

"We expect the poverty incidence to go down even further during the second semester, and therefore the full year will be even better," NEDA Undersecretary Rosemarie G. Edillon said on the sidelines of a briefing last week.

Latest data from the Philippine Statistics Authority (PSA) showed that the Philippines' poverty incidence, or the proportion of poor Filipinos whose per capita income is not sufficient to meet their basic food and nonfood needs, decreased to 22.4% in the first half of 2023 from 23.7% two years earlier.

This was equivalent to 25.24 million poor Filipinos, lower than 26.137 million two years earlier.

PSA data also showed that poverty incidence across the country fell in 14 of 17 regions in the first half of 2023.

Meanwhile, the subsistence incidence, or the proportion of Filipinos whose income is not enough to buy even basic food, slipped to 8.7% from 9.9% in 2021. This was equivalent to 9.795 million Filipinos, lower than 10.945 million in 2021 and 9.031 million in 2018, respectively.

Ms. Edillon said the poverty rate is historically lower during the second semester of the year due to seasonal factors.

"That's always been the case for the Philippines, mainly because we get more income during the second half. We have our bonuses... and that means for those who are on the entrepreneurship side, then there's higher demand for their products during the second half," she added.

Under the Philippine Development Plan, the government is targeting to reduce the poverty incidence rate to 12.9-13.2% by 2025 and to single-digit levels by 2028.

It also aims to have a "prosperous, predominantly middle-class society where no one is poor" by 2040.

Poverty, S1/2

Global downturn unlikely to hurt remittance growth

By Luisa Maria Jacinta C. Jocson *Reporter*

REMITTANCES will likely remain resilient this year despite an expected slowdown in the global economy, particularly in the United States, analysts said.

Oxford Economics economist Makoto Tsuchiya said he expects Philippine remittances to grow by 3% this year, slightly faster than the estimated 2.7% in 2023.

"We believe remittances are counter-cyclical in nature, so the global slowdown that we expect, particularly in the US, should not bar overseas Filipino workers (OFW) from remitting money back home," he said in an e-mail.

The BSP expects remittance growth of 3% in 2023 and 2024.

For January to November, cash remittances coursed through banks rose by 2.8% to $30.211 billion from $29.38 billion a year ago, latest data from the Bangko Sentral ng Pilipinas (BSP) showed.

The World Bank in its latest Migration and Development brief projected remittance flows to expand by 5% to $42 billion this year.

Remittances to the Philippines alone account for about 48% of the total remittances to East Asia and the Pacific Islands, excluding China, it said.

Remittances also account for 10% of the Philippines' gross domestic product (GDP), the World Bank said.

"I think the World Bank's 5% (remittance growth) forecast for 2024 is a fair assessment, partly because the momentum in remittances month on month improved materially in the second half of 2023, heading into this year," Pantheon Macroeconomics Chief Emerging Asia Economist Miguel Chanco said in an e-mail.

"Fundamentally, 2023 also saw a significant jump in overseas manpower placements, based on official statistics," he added.

However, Mr. Chanco said the main risk to remittance growth this year is a slowdown in the US economy.

"We expect US economic growth to soften this year, which could, in turn, have a detrimental impact on its labor market and, by extension, cash transfers from overseas Pinoys in that country," he said.

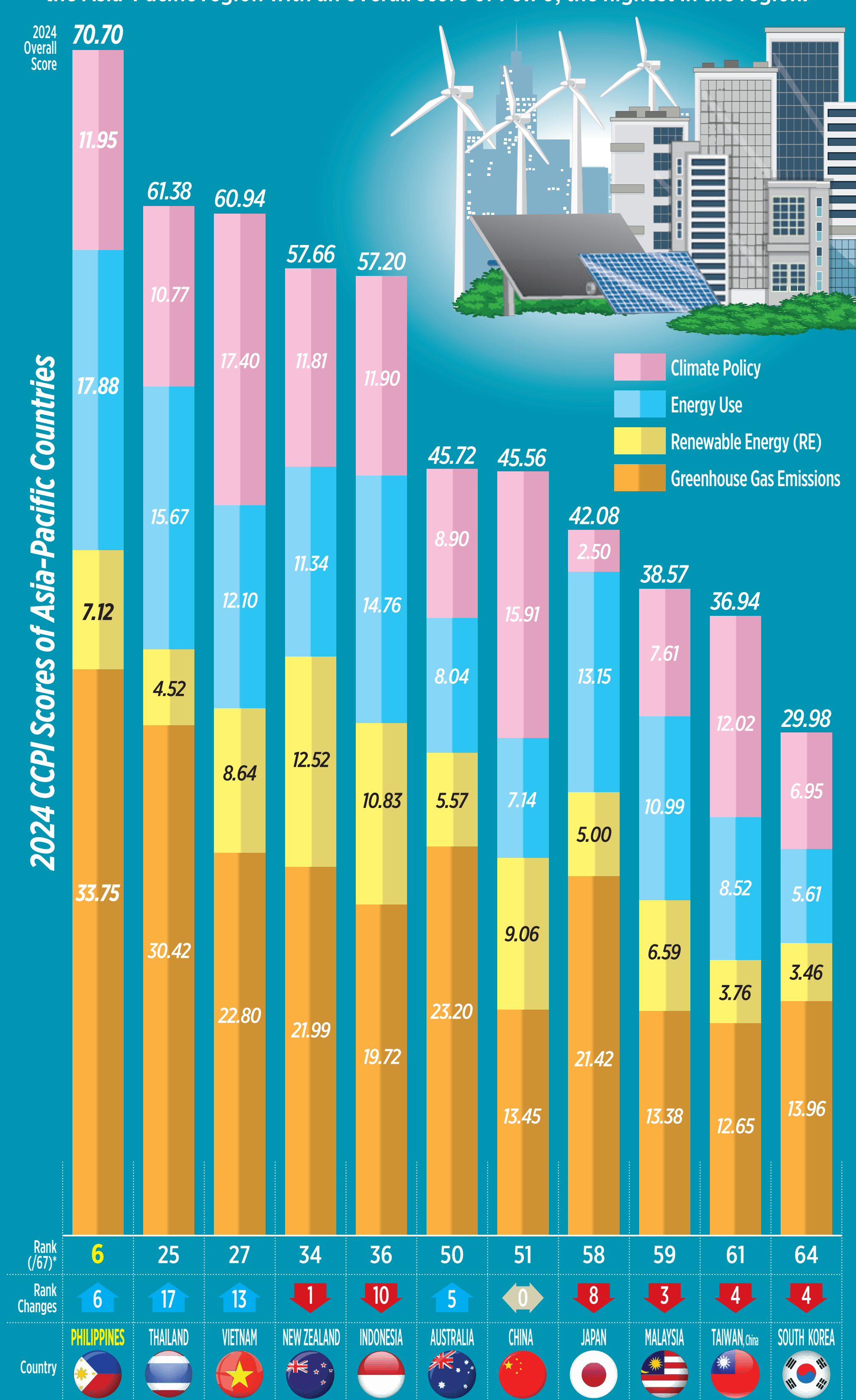
Latest data from the BSP showed that the United States was the top remittance source with a 41.2% share in January to November.

This was followed by Singapore (6.9%), Saudi Arabia (6%), Japan (5%), the United Kingdom (4.7%), United Arab Emirates (4.3%), Canada (3.6%), Qatar (2.8%), Taiwan (2.7%) and South Korea (2.5%).

Remittance, S1/9

PHILIPPINES IMPROVES IN CLIMATE CHANGE PERFORMANCE

The Philippines jumped six spots to 6th out of 67 countries in the Climate Change Performance Index (CCPI) 2024 report by the Germanwatch, the NewClimate Institute, and the Climate Action Network. The country outperformed its peers in the Asia-Pacific region with an overall score of 70.70, the highest in the region.



Top Performing Countries

Rank (/67)*	Rank Changes	Country	2024 Overall Score
4	0	Denmark	75.59
5	▲4	Estonia	72.07
6	▲6	Philippines	70.70
7	▲1	India	70.25
8	▲5	Netherlands	69.98

Least Performing Countries

Rank (/67)*	Rank Changes	Country	2024 Overall Score
67	▼5	Saudi Arabia	19.33
66	▼3	Iran	23.53
65	New	United Arab Emirates	24.55
64	▼4	South Korea	29.98
63	▼4	Russia	31.00

Philippines' Performance in Index Categories

Index (Weights)	Rank (/67)*	Score	Overall Rating
Greenhouse Gas Emissions (40%)	4	33.75	High
Renewable Energy (20%)	30	7.12	Medium
Energy Use (20%)	4	17.88	High
Climate Policy (20%)	25	11.95	Low

Source: Germanwatch, NewClimate Institute, and Climate Action Network's Climate Change Performance Index 2024 (*https://ccpi.org/*)
***BusinessWorld* Research**: Abigail Marie P. Yraola
***BusinessWorld* Graphics**: Bong R. Fortin

Notes:
- The index is an independent monitoring tool for tracking countries' efforts to combat climate crises. It aims to enhance transparency in international climate politics and enables comparison of individual countries' climate protection efforts and progress.

* Based on the report, none of the countries achieved positions one to three. No country is doing enough to prevent dangerous climate change.

House panel greenlights changes to CREATE law

By Beatriz Marie D. Cruz *Reporter*

A HOUSE of Representatives panel on Tuesday restored the local tax on both local and foreign companies under proposed changes to the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, as requested by Philippine President Ferdinand R. Marcos, Jr., according to the Ways and Means Committee chairman.

Under the report approved by the committee on Tuesday, corporations will now have to pay 2% local tax — from the original 1.5% proposal — on top of a 20% income tax.

Albay Rep. Jose Ma. Clemente S. Salceda, who heads the ways and means committee chairman, told a hearing the President had asked them to restore the local tax "in lieu of all local taxes to be collected by investment promotion agencies for concerned local government units."

House Bill (HB) No. 9794, also known as CREATE MORE (CREATE to Maximize Opportunities for Reinvigorating the Economy), seeks to amend Republic Act (RA) No. 11534 or the CREATE law. The measure will be sent to the plenary soon for debates.

Eleanor L. Roque, tax principal at P&A Grant Thornton, said lawmakers should ensure that the local business tax rate for companies with incentives should be lower than the regular rate for companies without incentives.

"If you look at the local business tax rate based on the Local Government Code, the rate varies from 0.375% to 2%, so lawmakers should compare the rates to arrive at a logical incentive rate," she said in a Viber message.

The Ways and Means Committee also introduced several changes to the committee report, such as value-added tax (VAT) exemptions for enterprises whose total sales are solely for export, and including a list of local tax exemptions following the imposition of a registered business enterprises' local tax.

Another amendment is to turn the Fiscal Incentives Review Board (FIRB) into a review and monitoring body for investment promotion agencies (IPA).

The bill seeks to limit the FIRB's power to approve or deny incentives, and to reinstate the power to grant tax incentives to IPAs.

Lawmakers also agreed to incorporate the Organization for Economic Co-Operation and Development's (OECD) Base Erosion Profit Shifting (BEPS) framework for multinational enterprises in the CREATE MORE bill.

"Under the current OECD, the US, Japan, Korea, China and Singapore are major investors... They're already implementing the 15% global minimum tax so if they are given an income tax holiday and they don't pay anything, when they return to their home country, they will

CREATE, S1/9