P25 IN METRO MANILA, PHILIPPINES

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STOCK MARKET

PSEi — 30 DAYS TO MARCH 6, 2024: ▼ 26.92 PTS. 0.39%

OPEN:	6,882.43
HIGH:	6,894.48
LOW:	6,856.38
CLOSE:	6,878.54
VOL.:	0.504 B
VAL(P):	4.851 B

ASIAN MARKETS — MARCH 6, 2024

	CLOSE		NET	%
Japan (Nikkei 225)	40,090.78	▼	-6.85	-0.02
Hong Kong (Hang Seng)	16,438.09	▲	275.45	1.70
Taiwan (Weighted)	19,499.45	▲	112.53	0.58
Thailand (SET Index)	1,372.27	▲	13.01	0.96
S.Korea (Kse Composite)	2,641.49	▼	-7.91	-0.30
Singapore (Straits Times)	3,128.49	▲	21.39	0.69
Sydney (All Ordinaries)	7,733.50	▲	9.30	0.12
Malaysia (Klse Composite)	1,531.51	▼	-5.47	-0.36

WORLD MARKETS — MARCH 5, 2024

	CLOSE		NET
Dow Jones	38,585.190	▼	-404.640
NASDAQ	15,939.588	▼	-267.921
S&P 500	5,078.650	▼	-52.300
FTSE 100	7,646.160	▲	5.830
Euro Stoxx50	4,303.650	▼	-12.3100

PESO-DOLLAR RATES

FX — 30 DAYS TO MARCH 6, 2024: ▲ 8.00 CTVS

OPEN	P55.930
HIGH	P55.850
LOW	P55.930
CLOSE	P55.870
W.AVE.	P55.889
VOL.	$905.50 M

SOURCE : BAP

ASIAN MONIES-US$ RATE — MARCH 6, 2024

	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	149.850	▲	150.380
Hong Kong (HK dollar)	7.823	—	7.823
Taiwan (NT dollar)	31.569	▼	31.551
Thailand (baht)	35.720	▲	35.790
S. Korea (won)	1,333.960	▲	1,334.350
Singapore (dollar)	1.341	▲	1.344
Indonesia (rupiah)	15,695	▲	15,765
Malaysia (ringgit)	4.732	▼	4.729

WORLD CURRENCIES — MARCH 6, 2024

	CLOSE		PREVIOUS
US$/UK pound	1.2721	▲	1.2684
US$/Euro	1.0870	▲	1.0855
US$/Aust dollar	0.6516	▲	0.6488
Canada dollar/US$	1.3586	▲	1.3584
Swiss Franc/US$	0.8850	—	0.8850

DUBAI CRUDE OIL

FUTURES PRICE ON NEAREST MONTH OF DELIVERY: $81.79/BBL — 30 DAYS TO MARCH 5, 2024: ▼ $1.30

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PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • MARCH 6, 2024 (PSEi snapshot on *S1/3*; article on *S2/2*)

		Value			
BPI	P117.900	P544,809,260	P1.600	▲	1.376%
ALI	P33.300	P412,065,280	-P0.650	▼	-1.915%
BDO	P152.500	P408,937,396	P1.000	▲	0.660%
SM	P953.000	P372,842,520	-P10.000	▼	-1.038%
SMPH	P33.200	P287,607,100	P0.050	▲	0.151%
ICT	P292.000	P281,272,100	-P3.400	▼	-1.151%
MBT	P62.700	P213,792,001	P0.300	▲	0.481%
JFC	P253.000	P183,468,398	-P2.000	▼	-0.784%
AC	P683.500	P157,039,890	-P1.000	▼	-0.146%
MER	P367.000	P131,768,212	-P6.000	▼	-1.609%

'Too soon' to cut policy rate — BSP

By Beatriz Marie D. Cruz
Reporter

THE PHILIPPINE central bank governor on Wednesday said it is too early to cut benchmark interest rates absent an assurance that prices are really on a downtrend.

Even as February inflation stayed within the 2-4% target, the risk-adjusted forecast of the Bangko Sentral ng Pilipinas (BSP) is still at 3.9%, BSP Governor Eli M. Remolona, Jr. said.

"It's on the edge, so I can't say that we're going to ease soon," he told a news briefing. "It's unlikely that we will tighten some more. But we'll see what the data say."

The BSP faces a delicate balancing act to maintain price stability and support economic growth. Central banks all over the world have tightened monetary policy since 2022 to quell inflation.

Inflation accelerated to 3.4% in February from 2.8% in January, due to higher food and transport costs. However, it slowed from the 8.6% print a year ago.

This was the first time in five months that inflation quickened but marked the third straight month it settled within the BSP's 2-4% target.

Mr. Remolona said the February data showed it is still "too soon to declare victory" over inflation.

"We seem to be on our way, but there's not enough data to assure us that we will settle comfortably within our target range of 2-4%," he said.

The BSP has kept its benchmark rate steady at a near 17-year high of 6.5% in February for a third straight meeting. The central bank has raised borrowing costs by 450 basis points (bps) from May 2022 to October 2023 to tame inflation.

Mr. Remolona noted that elevated rice prices and higher-than-expected minimum wages are still upside risks to the inflation outlook.

"People tend to notice rice prices more than other prices. It has an outsized effect on expectations, so we're struggling with this. For now, we seem to be able to manage expectations, but rice is a big factor in that," he said.

Rice was a major contributor to overall inflation and inflation of the bottom 30% income households in February, the statistics agency said on Tuesday.

Rice inflation quickened to 23.7% in February from 22.6% in January and 2.2% in the same month a year ago. It also marked the fastest print for rice inflation since the 24.6% recorded in February 2009.

Mr. Remolona said the Monetary Board will also keep a close eye on the proposed legislated wage hike at its next policy meeting on April 4.

Policy rate, S1/10

Japan credit rater affirms PHL rating

THE JAPAN Credit Rating Agency (JCR) affirmed on Wednesday the Philippines' credit rating at "A-" with a "stable" outlook, as it expects the government to maintain its fiscal soundness.

"The ratings mainly reflect the country's high and sustained economic growth supported by solid domestic demand, a low-level external debt, its resilience to external shocks supported by accumulated foreign exchange reserves, and its solid fiscal base," the credit rater said.

However, the Philippines needs to lower income disparity through rural and infrastructure development, JCR said.

"The fiscal consolidation being promoted by the Marcos administration, which took office in June 2022, based on the Medium-Term Fiscal Framework is producing good results. Hence, JCR believes that the government will maintain its fiscal soundness," it said.

The credit watcher expects the country's gross domestic product (GDP) to grow by 6% this year, slightly faster than the 5.6% GDP expansion in 2023 but below the government's 6.5-7.5% target.

"JCR believes that the real GDP growth rate in 2024 will be around 6%, supported by a recovery of external demand and tourism demand, and solid private consumption underpinned by a subdued rise in prices and stable flow of remittances from overseas Filipinos," it said.

It noted that the economy's growth in 2023 was driven by strong private consumption, improved jobs market, strong remittances and infrastructure investments.

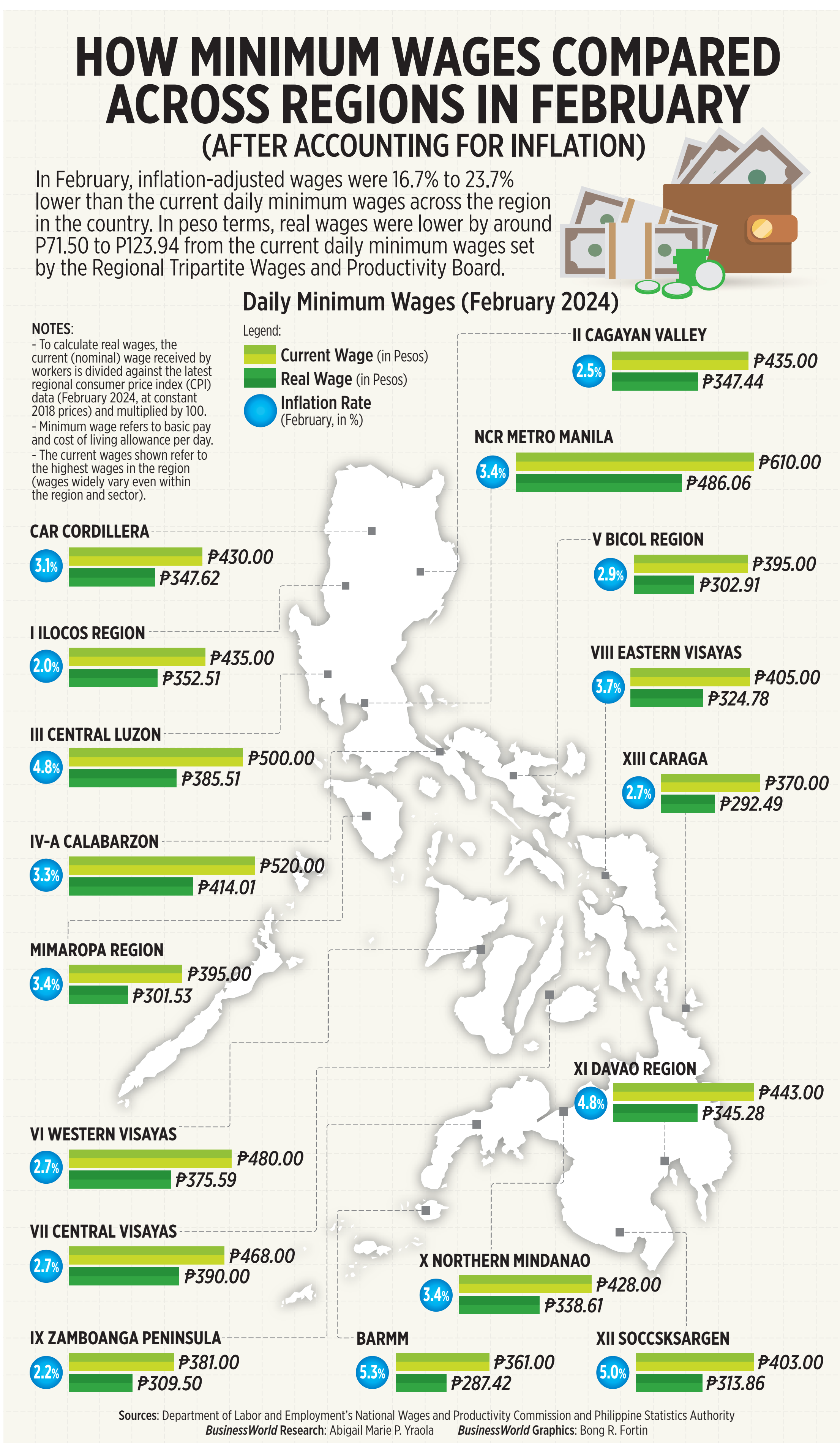
JCR also said economic growth will be driven by the Marcos administration's infrastructure push. Under the "Build Better More" program. the government aims to spend 5-6% of GDP annually on infrastructure projects.

"Infrastructure investment to GDP is estimated to have reached 5.8% in 2023," JCR said.

It also noted the first sovereign wealth fund, the Maharlika Investment Corp. (MIC), will support infrastructure investments in the country.

The JCR also said the Marcos administration has vowed to cut government debt to less than 60% of GDP by 2025, and the budget deficit to 3% of GDP by 2028 "through effective and efficient public spending."

Japan, S1/10



DoF proposes key changes to mining fiscal reform bill

By Aaron Michael C. Sy *Reporter*

THE FINANCE department is proposing a simplified fiscal regime for the Philippine mining industry that is seen to generate as much as P10 billion in additional revenues every year.

In a statement, the Department of Finance (DoF) said it is pushing for the Rationalization of the Mining Fiscal Regime, "which aims to simplify the tax system, ensure the government's fair share in mining revenues, and establish good governance in the mining industry."

The DoF said its proposal is simpler than House Bill (HB) No. 8937 as it adopts fewer tiers and rates for easier compliance and implementation. The House of Representatives approved HB 8937 on third and final reading in September 2023.

Under the DoF's new proposal, large-scale metallic mining operations inside mineral reservations will still pay the government 5% of their gross output. This is higher than the 4% under the House bill.

Margin-based royalties on income from metallic operations will be imposed on those outside mineral reservation areas.

The DoF is proposing a margin-based royalty rate of 1.5-5% with only four tiers, unlike the House version that proposes 1-5% with eight tiers. For instance, miners with margins of 1% but not over 20% would be subject to a 1.5% rate.

"Compared to the eight-tier structure from HB 8937, four-tier makes it simpler for investors and the Bureau of Internal Revenue (BIR) to compute the corresponding tax rates. Furthermore, the simplified DoF version will lessen incentives for the private sector to pursue aggressive accounting to avoid taxes," the DoF said.

The DoF is also proposing to simplify the windfall profit tax to just four tiers, from 10 tiers under the House bill.

For example, miners with margins of 26% but not more than 45% will be subject to 1.5%, while those with margins of more than 75% will be imposed a 10% rate.

"Similarly, a four-tier, compared to the 10-tier structure in HB 8937, margin-based windfall profits tax rate ranging from 1.5% to 10% on income from mining operations is proposed in light of the sudden increases in the world prices of metal," the DoF said.

Based on its new proposal, the DoF expects the "compromise" mining fiscal regime to generate an average of P10.23 billion a year from 2025 to 2028.

Broken down, the government expects to generate an annual average of P5.55 billion from royalty tax on miners inside mineral reservations, P1.31 billion from royalty tax on miners outside mineral reservations, and P3.37 billion from the windfall profit tax.

Mining, S1/10

Industry group says inconsistent LGU rules driving away IT-BPM investors

INCONSISTENCY in local government rules may drive away investors in the information technology and business process management (IT-BPM) sector, an industry group said.

IT and Business Process Association of the Philippines (IBPAP) President Jack Madrid said investors are still facing constraints, particularly at the local government unit (LGU) level, when setting up shop in the country.

"What is damaging is when these rules, which are mostly well written, are interpreted in different ways by different cities. And this is where it gets challenging because I think we have perfectly fine laws and regulations, and where the problems come from is in differing and inconsistent interpretations," he told reporters at the IBPAP's Industry Rebrand Launch on Tuesday night.

Mr. Madrid said investors in the IT-BPM industry are "very compliant corporate citizens."

"They want everything in writing. And when they did their due diligence in deciding to invest, they accepted the rules as written and will comply with them," he said.

However, Mr. Madrid said LGUs sometimes have different processes for the renewal of local business permits, with some even connected to the health certificates of employees.

Due to the different interpretation of the rules, he noted some IT-BPM companies are even meted penalties for failing to comply. He said these incidents are reported back to the companies' head offices, which in turn affects the image of the country.

"It's really quite complicated, but it's unfortunate that we have to deal with this. The good news is that it doesn't happen in many, many, many cities; it only happens in one or two," Mr. Madrid added.

The National Government finds it hard to address this issue, as it cannot do much at the LGU level, he said.

"So, you know, we will not stop trying to intervene. We will not stop talking to our senators and congressmen who are willing to listen," Mr. Madrid said.

The IBPAP on Tuesday unveiled the IT-BPM industry's rebranding strategy, as it seeks to change public perception about IT-BPM jobs and to show that the industry offers viable careers.

Mr. Madrid said the rebranding stems from the industry's need to address existing issues such as the lack of talent.

Investors, S1/9