P25 IN METRO MANILA, PHILIPPINES

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STOCK MARKET

PSEi

OPEN:	6,619.51
HIGH:	6,649.61
LOW:	6,578.26
CLOSE:	6,618.69
VOL.:	1.109 B
VAL(P):	19.428 B

▼ 9.51 PTS. 0.14%

30 DAYS TO MAY 17, 2024

ASIAN MARKETS

MAY 17, 2024

	CLOSE		NET	%
Japan (Nikkei 225)	38,787.38	▼	-132.88	-0.34
Hong Kong (Hang Seng)	19,553.61	▲	177.08	0.91
Taiwan (Weighted)	21,258.47	▼	-45.79	-0.21
Thailand (SET Index)	1,382.68	▲	4.96	0.36
S.Korea (Kse Composite)	2,724.62	▼	-28.38	-1.03
Singapore (Straits Times)	3,313.48	▲	8.49	0.26
Sydney (All Ordinaries)	7,814.40	▼	-66.90	-0.85
Malaysia (Klse Composite)	1,616.62	▲	5.51	0.34

WORLD MARKETS

MAY 17, 2024

	CLOSE		NET
Dow Jones	40,003.590	▲	134.210
NASDAQ	16,685.966	▼	-12.355
S&P 500	5,303.270	▲	6.170
FTSE 100	8,420.260	▼	-18.390
Euro Stoxx50	4,521.920	▲	0.500

PESO-DOLLAR RATES

FX

OPEN	P57.530
HIGH	P57.530
LOW	P57.750
CLOSE	P57.620
W.AVE.	P57.643
VOL.	$1,757.48 M

▼ 15.50 CTVS

30 DAYS TO MAY 17, 2024

SOURCE : BAP

ASIAN MONIES-US$ RATE

MAY 17, 2024

	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	155.650	▼	154.740
Hong Kong (HK dollar)	7.802	▲	7.805
Taiwan (NT dollar)	32.146	▼	32.084
Thailand (baht)	36.060	▲	36.140
S. Korea (won)	1,351.760	▼	1,345.850
Singapore (dollar)	1.345	—	1.345
Indonesia (rupiah)	15,950	▼	15,920
Malaysia (ringgit)	4.685	▼	4.682

WORLD CURRENCIES

MAY 17, 2024

	CLOSE		PREVIOUS
US$/UK pound	1.2699	▲	1.2666
US$/Euro	1.0870	▲	1.0869
US$/Aust dollar	0.6692	▲	0.6676
Canada dollar/US$	1.3609	▼	1.3625
Swiss Franc/US$	0.9089	▲	0.9019

DUBAI CRUDE OIL

FUTURES PRICE ON NEAREST MONTH OF DELIVERY

$84.65/BBL

▲ $0.87

30 DAYS TO MAY 17, 2024

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S1/1-12 • 3 SECTIONS, 28 PAGES

PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • MAY 17, 2024 (PSEi snapshot on *S1/8*; article on *S2/2*)

		Value			
BDO	P138.700	P719,546,146	P2.700	▲	1.985%
GLO	P2,000.000	P599,258,190	P60.000	▲	3.093%
ICT	P334.000	P518,322,706	-P11.800	▼	-3.412%
ALI	P29.400	P477,498,270	P0.050	▲	0.170%
SMPH	P29.200	P386,624,055	P0.750	▲	2.636%
SM	P875.000	P370,191,425	-P5.000	▼	-0.568%
JFC	P226.000	P338,533,576	P2.000	▲	0.893%
MBT	P70.000	P209,650,440	-P1.500	▼	-2.098%
AC	P620.000	P207,683,600	P8.000	▲	1.307%
BPI	P123.000	P198,892,983	-P2.600	▼	-2.070%

BSP has room to ease before Fed

By Luisa Maria Jacinta C. Jocson *Reporter*

THE BANGKO Sentral ng Pilipinas (BSP) still has room to cut rates before the US Federal Reserve, analysts said, but warned of such a move's impact on the peso.

Last week, BSP Governor Eli M. Remolona, Jr. signaled that the central bank could start rate cuts as early as August, even as he expects the US central bank to begin easing in September.

"It is a positive signal, indicating that the BSP believes the Philippine economy is well-positioned to handle a slight divergence from the Fed's monetary policy stance," Security Bank Corp. Chief Economist Robert Dan J. Roces said in a Viber message.

Last week, the Monetary Board (MB) maintained its target reverse repurchase (RRP) rate at a 17-year high of 6.5% for a fifth straight meeting. However, Mr. Remolona said the BSP may cut rates in August, possibly by 25 basis points (bps).

"Such a scenario is not impossible if domestic inflation remains under control, but it risks both higher imported inflation down the road and capital flight, especially in times of high geopolitical tensions," Makoto Tsuchiya, economist at Oxford Economics, said in a note.

Bank of the Philippine Islands Lead Economist Emilio S. Neri, Jr. said that the possibility of the BSP cutting ahead of the Fed cannot be ruled out.

"If local inflation dynamics improve so dramatically that it outweighs the exchange rate pass through impact of a series of reserve requirement ratio (RRR) and RRP cuts, the BSP MB may have room to cut ahead of the Federal Open Market Committee (FOMC)," Mr. Neri said in a Viber message.

BSP, S1/10

PHL needs at least 6.1% growth to meet target, say analysts

By Beatrice Marie D. Cruz *Reporter*

THE PHILIPPINE ECONOMY must grow by an average of 6.1% for the rest of the year to meet the lower end of the government's 6-7% target, the Department of Finance (DoF) said over the weekend.

"We need 6.1% [growth] for the rest of the year to actually reach the 6% target. I think that's very achievable," Finance Undersecretary and Chief Economist Domini S. Velasquez said during a forum organized by the Economic Journalists Association of the Philippines and San Miguel Corp.

The Philippine economy expanded by 5.7% in the first quarter, slightly faster than 5.5% in the previous quarter, but below the government's 6-7% target band.

For the coming months, the DoF expects higher spending and declining inflation to drive growth.

"We expect that consumption will increase as inflation continues to moderate," Ms. Velasquez said.

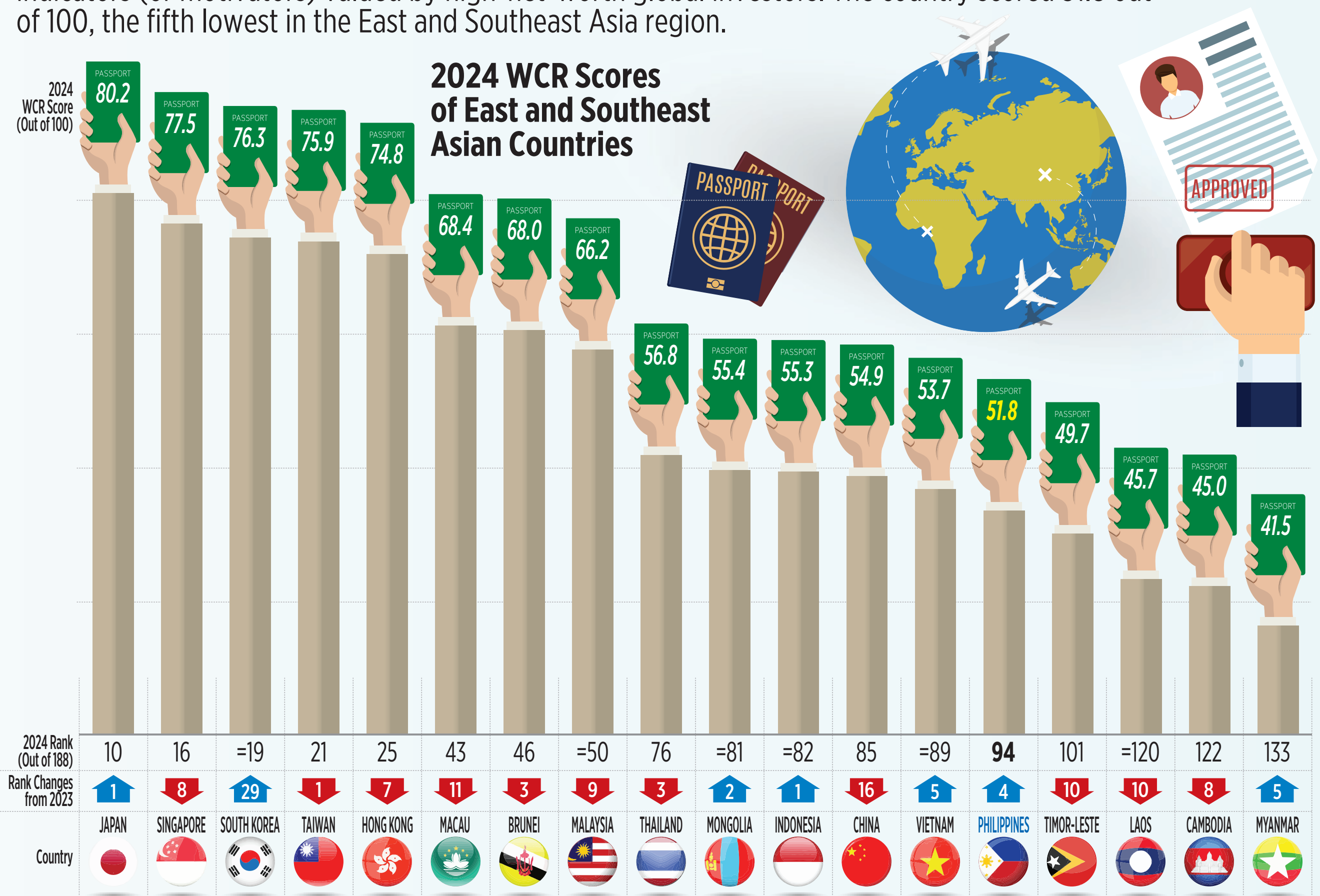
Household consumption, which accounts for about 80% of GDP, grew by 4.6% in the January-to-March period, the slowest since the coronavirus pandemic. It was also weaker than 5.3% in the fourth quarter and 6.4% in the same period last year.

"Once we have a bit of stable inflation, we do think that this will increase and it will prop up growth because these are the heavy lifters of growth," Ms. Velasquez said.

PHL, S1/12

PHILIPPINES IMPROVES IN WORLD CITIZENSHIP LIST

The Philippines rose four spots to 94th out of 188 countries in the 2024 edition of CS Global Partners' World Citizenship Report (WCR). The report assesses a country's citizenship based on five indicators (or motivators) valued by high-net-worth global investors. The country scored 51.8 out of 100, the fifth lowest in the East and Southeast Asia region.



Philippines' 2024 Profile

	Rank (Out of 188)	Score (Out of 100)
Overall	**94**	**51.8**
Motivators (Weight)		
Quality of Life (25%)	111	59.7
Safety & Security (25%)	=118	50.4
Economic Opportunity (20%)	=27	65.4
Financial Freedom (15%)	=92	46.5
Global Mobility (15%)	=91	28.5

Top 5

2024 Rank (Out of 188)	Country	Rank Changes from 2023	2024 WCR Score (Out of 100)
1	Ireland	▲10	86.6
2	Switzerland	0	86.0
3	Denmark	▼2	84.6
4	Australia	▲9	83.0
=5	Iceland	▲3	82.7
=5	Germany	▲4	82.7

Bottom 5

2024 Rank (Out of 188)	Country	Rank Changes from 2023	2024 WCR Score (Out of 100)
157	Yemen	▼6	27.0
156	Syria	▼9	29.0
155	Sudan	▼6	29.3
154	Afghanistan	▼5	29.6
153	Central African Rep.	▼7	30.8

Source: CS Global Partners' 2024 World Citizenship Report (*https://csglobalpartners.com/world-citizenship-report-2024*)
***BusinessWorld* Research**: Andrea C. Abestano
***BusinessWorld* Graphics**: Bong R. Fortin

Finance department says no plan to further raise sin tax rates

THE DEPARTMENT of Finance (DoF) is not planning to raise taxes on "sin" products but is closely looking into the mounting tax losses due to illegal importation of cigarettes.

"We will not impose any hike except for the existing [rates,]" Finance Undersecretary and Chief Economist Domini S. Velasquez said at a forum hosted by the Economic Journalists Association of the Philippines and San Miguel Corp. at the weekend.

The government imposes so-called "sin" taxes or excise taxes on certain goods such as alcoholic beverages and tobacco products in order to discourage consumption.

Ms. Velasquez said the DoF is not keen on increasing tax rates that may stoke inflation. Instead, she said the department is "really zeroing in on how to improve administrative efficiency."

Signed into law in January 2020, Republic Act No. 11467 increased the excise tax on electronic cigarettes and alcoholic products to fund the Universal Health Care (UHC) law.

For instance, the ad valorem tax was increased to 22% of the net retail price of distilled spirits. The specific tax was raised to P42 per proof liter in 2020, to P47 per proof liter in 2021, to P52 in 2022, to P59 in 2023, and to P66 in 2024.

Under the law, the tax rate for tobacco products would be increased by 5% yearly starting Jan. 1, 2024.

"Higher sin taxes could lead to some increase in inflation but the weight in the inflation/CPI (consumer price index) basket is relatively smaller," Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said in a Facebook Messenger chat.

Excise tax collection contributes around 12% to the Bureau of Internal Revenue's overall collection. Aside from alcohol and tobacco, excise taxes are imposed on petroleum and minerals, among others.

Data from the DoF showed the sin tax collection reached P65.3 billion in 2022, 23% higher than the previous year.

DoF's Ms. Velasquez said the department is looking into the rampant smuggling of cigarettes into the country, which has resulted in millions in revenue losses for the government.

"One of the things being looked at is possibly illicit cigarette trade. This could possibly be one of the gaps in terms of tax collections," Ms. Velasquez said in a Viber message.

Mr. Ricafort said the government should ensure "greater enforcement of the law also versus smuggling and other illegal activities that also reduce the government's tax revenue collections."

He said the government should strengthen measures against tax evasion, run after tax cheats, and encourage tax payment compliance.

Earlier this month, the BIR seized 227,351 packs of illicit cigarettes during a raid of warehouses in Brooke's Point, Palawan. The BIR estimated the illegal importers of these cigarettes were responsible for P150.7 million in tax liabilities. — **B.M.D.Cruz**

Philippines implements single electronic invoicing system for imports

THE PHILIPPINE government has enforced a single electronic invoicing system for all imported commodities, as it explores non-monetary measures to address rising food prices.

Under Administrative Order (AO) No. 13 signed by President Ferdinand R. Marcos, Jr. on May 13, the country will implement digital and integrated pre-border technical verification and cross-border electronic invoicing for all imported commodities entering the country.

A single electronic invoicing system is necessary to "effectively monitor international trade transactions of all imported goods," according to the order.

It would also "strengthen national security, safeguard consumers' rights, and protect the environment against substandard and dangerous imported goods," the order read.

The new system, which the Bureau of Customs (BoC) shall implement within two years, will be enforced gradually. The first phase covers agricultural goods including fresh and frozen meat, fish and other aquatic resources, cereals, fruits, vegetables, and feeds.

The second phase covers non-agricultural goods with health and safety issues, while the last phase will cover other goods with misdeclaration to avoid duties and taxes.

The AO also created a Committee for Pre-border Technical Verification and Cross-border Electronic Invoicing, which will be chaired by the Finance secretary.

The committee's members include the secretaries of the departments of Agriculture, Trade, energy, Health, Environment and Natural Resources, and Information Communications Technology.

Committee members also include the BoC commissioner, director-general of Philippine Drug Enforcement Agency, and two non-voting representatives from duly recognized industry associations to be appointed by the chairperson upon the committee's recommendation.

Funding for the order's implementation would be charged against the available appropriations of the BoC and other members of the committee, according to the order.

The new system followed the issuance of an AO mandating the Agriculture department as well as the Trade and Finance agencies to further ease procedures for agricultural imports and remove non-tariff barriers.

Non-tariff barriers are policy measures that restrict trade such as quotas, import licensing systems, regulations and red tape, among others, according to AO 20.

Inflation accelerated for a third straight month to 3.8% in April from 3.7% in March. It also marked the fifth straight month that inflation settled within the BSP's 2-4% target range.

Food inflation rose to 6.3% in April from 5.7% in March.

Inflation averaged 3.4% in the January-April period, below the central bank's 3.8% full-year forecast. — **Kyle Aristophere T. Atienza**

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