P25 IN METRO MANILA, PHILIPPINES

BusinessWorld

STOCK MARKET	
PSEi	
OPEN:	6,572.96
HIGH:	6,572.96
LOW:	6,495.99
CLOSE:	6,501.34
VOL.:	0.583 B
VAL(P):	5.270 B

▼ 70.26 PTS. 1.06%

30 DAYS TO MAY 28, 2024

ASIAN MARKETS — MAY 28, 2024

	CLOSE		NET	%
Japan (Nikkei 225)	38,855.37	▼	-44.65	-0.11
Hong Kong (Hang Seng)	18,821.16	▼	-6.19	-0.03
Taiwan (Weighted)	21,858.41	▲	54.64	0.25
Thailand (SET Index)	1,363.02	▼	-3.35	-0.25
S.Korea (Kse Composite)	2,722.85	▼	-0.14	-0.01
Singapore (Straits Times)	3,329.49	▲	11.04	0.33
Sydney (All Ordinaries)	7,766.70	▼	-21.60	-0.28
Malaysia (Klse Composite)	1,615.82	▼	-2.45	-0.15

WORLD MARKETS — MAY 27, 2024

	CLOSE		NET
Dow Jones	39,069.590	▲	4.330
NASDAQ	16,920.794	▲	184.76
S&P 500	5,304.720	▲	36.880
FTSE 100	8,317.590	▼	-21.64
Euro Stoxx50	4,508.240	▲	11.58

PESO-DOLLAR RATES

FX	
OPEN	P58.070
HIGH	P57.900
LOW	P58.070
CLOSE	P57.970
W.AVE.	P57.959
VOL.	$1,244.38 M

▲ 14.00 CTVS

30 DAYS TO MAY 28, 2024

SOURCE : BAP

ASIAN MONIES-US$ RATE — MAY 28, 2024

	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	156.940	▼	156.900
Hong Kong (HK dollar)	7.810	▼	7.807
Taiwan (NT dollar)	32.194	▼	32.131
Thailand (baht)	36.620	▼	36.600
S. Korea (won)	1,359.640	▲	1,362.880
Singapore (dollar)	1.348	▲	1.349
Indonesia (rupiah)	16,085	▼	16,060
Malaysia (ringgit)	4.693	▲	4.698

WORLD CURRENCIES — MAY 28, 2024

	CLOSE		PREVIOUS
US$/UK pound	1.2764	▲	1.2748
US$/Euro	1.0869	▲	1.0853
US$/Aust dollar	0.6658	▲	0.6643
Canada dollar/US$	1.3624	▼	1.3656
Swiss Franc/US$	0.9117	▼	0.9139

DUBAI CRUDE OIL

FUTURES PRICE ON NEAREST MONTH OF DELIVERY

$83.30/BBL

▲ $0.81

30 DAYS TO MAY 27, 2024

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S1/1-12 • 2 SECTIONS, 16 PAGES

PHILIPPINE STOCK EXCHANGE'S 10 MOST ACTIVE STOCKS BY VALUE TURNOVER • MAY 28, 2024 (PSEi snapshot on *S1/4*; article on *S2/2*)

		Value			
ALI	P27.100	P660,175,300	-P1.350	▼	-4.745%
ICT	P338.600	P448,608,836	-P11.400	▼	-3.257%
BDO	P135.200	P420,668,818	P0.200	▲	0.148%
AEV	P36.000	P380,394,290	-P1.700	▼	-4.509%
SMPH	P27.050	P325,576,005	-P0.150	▼	-0.551%
JFC	P220.200	P284,061,270	-P9.600	▼	-4.178%
SM	P871.500	P249,018,110	-P8.500	▼	-0.966%
AC	P614.000	P192,797,655	-P6.000	▼	-0.968%
BPI	P123.000	P173,633,242	P1.900	▲	1.569%
MBT	P69.300	P172,488,374	P1.300	▲	1.912%

Recto backs lower tariffs on rice

By Luisa Maria Jacinta C. Jocson *Reporter*

FINANCE Secretary Ralph G. Recto said he is open to reducing tariffs on rice imports in order to help bring down prices of the food staple.

Mr. Recto told reporters on Monday that tariffs on imported rice could be slashed to 17.5% from the current 35%.

"You have to strike a balance between the farmers and consumers. It's better to divide (the tariff rate) equally," he said in mixed Filipino and English.

However, the Finance chief said he would leave the issue for the secretary of Agriculture to decide.

In December, the government approved the extension of the reduced most favored nation tariff rates on several commodities, including rice, until end-2024.

Tariff rates for imports of rice were kept at 35% for shipments within the minimum access volume quota and for those exceeding the quota.

Mr. Recto said an executive order adjusting the tariff rate can be issued during Congress' recess.

"We want it lower. As much as possible, not only up to the end of the year. But possibly, the executive order will be only up to the end of the year... If we need to extend it, then we can extend it. What's important is to reduce the prices of rice," he said.

However, Mr. Recto did not agree with the proposal to bring down tariffs on rice imports to zero.

The Finance chief earlier said the retail price of rice could drop by as much as 20% by September due to reduced tariffs and increased production.

Latest data from the Philippine Statistics Authority showed that rice inflation, which contributed almost half to overall inflation, surged by 23.9% in April.

Agriculture department data showed that the average price of local well-milled rice ranged from P48-P55 per kilogram as of May 27, higher than the P39-P46 range a year ago.

Meanwhile, regular milled rice ranged from P45-P53 to P34-P46 per kilogram.

Some analysts welcomed the proposal to lower rice tariffs as this would give consumers some relief.

"I agree with the proposal. Paddy prices will eventually go down perhaps to 2023 levels if tariff cut is big enough. Consumers will also have some relief from high rice prices," Philippine Institute for Development Studies Senior Research Fellow Roehlano M. Briones said in a Viber message.

Tariffs, S1/3

GDP growth may fall below target in 2024, 2025 — BSP

PHILIPPINE economic growth may fall below the government's target this year and in 2025, as high interest rates dampen domestic demand, the Bangko Sentral ng Pilipinas (BSP) said.

"The outlook on domestic economic activity remains intact, even as the economy is projected to operate slightly below potential. Economic growth could settle below the DBCC's (Development Budget Coordination Committee) target of 6-7% for 2024 and 6.5-7.5% for 2025," the BSP said in its latest Monetary Policy Report.

The BSP did not provide a specific gross domestic product (GDP) growth estimate.

Latest data from the local statistics authority showed that GDP expanded by 5.7% in the first quarter, faster than 5.5% in the previous quarter but slower than 6.4% a year ago.

"The projected impact of the BSP's policy rate adjustments is likely to peak in the second half of 2024," the central bank said.

At its May meeting, the Monetary Board kept its benchmark rate steady at 6.5%, the highest in 17 years, for a fifth straight meeting.

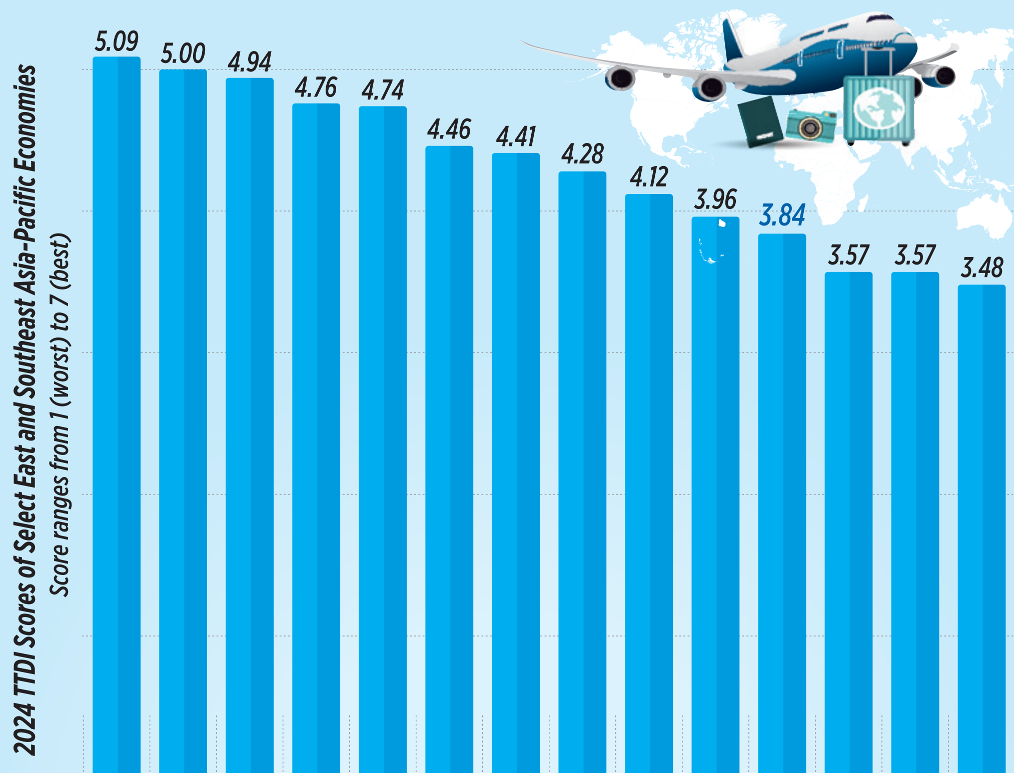
The Monetary Board has raised borrowing costs by a cumulative 450 basis points (bps) from May 2022 to October 2023 in order to tame inflation.

"Higher global crude oil prices and positive real interest rates could also temper domestic demand," the BSP said. "However, stronger net exports amid an improving global growth outlook could support GDP growth."

Citing estimates from the Policy Analysis Model for the Philippines, the BSP said the "output gap may turn slightly negative in 2024 but will likely close in the latter part of 2025."

GDP, S1/3

PHILIPPINES PLACES 69TH IN WEF'S TRAVEL AND TOURISM INDEX



Economy	JAPAN	AUSTRALIA	CHINA	SINGAPORE	SOUTH KOREA	INDONESIA	NEW ZEALAND	MALAYSIA	THAILAND	VIETNAM	PHILIPPINES	MONGOLIA	CAMBODIA	LAOS
2024 Rank (Out of 119)	3	5	8	13	14	22	25	35	47	59	69	85	86	91
Rank Change(s) from 2021	▼1	▲1	▼1	▼4	▼2	0	▼2	▼2	▼12	▼3	▲1	▼5	▼1	0

The Philippines inched up a spot to 69th out of 119 economies in the 2024 edition of Travel & Tourism Development Index (TTDI) by the World Economic Forum (WEF). The TTDI measures the set of factors and policies that enable the sustainable and resilient development of the travel and tourism (T&T) sector, which in turn contributes to the development of a country. With an overall TTDI score of 3.84 (7 is best), the Philippines was one of the laggards in the region.

Top 5

2024 Rank (Out of 119)	Economy	2024 Score (Out of 7)
1	United States	5.24
2	Spain	5.18
3	Japan	5.09
4	France	5.07
5	Australia	5.00

Bottom 5

2024 Rank (Out of 119)	Economy	2024 Score (Out of 7)
119	Mali	2.78
118	Sierra Leone	2.89
117	Cameroon	2.99
116	Angola	3.05
115	Malawi	3.06

Philippines' 2024 Subindex Performance

Subindex	2024 Score (Out of 7)
Travel and Tourism Policy and Enabling Conditions	**4.77**
Price Competitiveness	5.59
Prioritization of T&T	4.72
Openness to T&T	4.01
Enabling Environment	**4.29**
Safety and Security	5.27
ICT Readiness	4.38
Business Environment	4.09
Human Resources and Labor Market	4.03
Health and Hygiene	3.66
Travel and Tourism Sustainability	**4.15**
Environmental Sustainability	4.52
T&T Demand Sustainability	4.52
T&T Socioeconomic Impact	3.42
Travel and Tourism Resources	**2.94**
Natural Resources	3.93
Non-Leisure Resources	2.89
Cultural Resources	2.01
Infrastructure and Services	**2.76**
Air Transport Infrastructure	3.62
Ground and Port Infrastructure	3.12
Tourist Services and Infrastructure	1.55

Note: TTDI 2024 results reflect the latest available data at the time of collection (end of 2023).

Source: World Economic Forum's Travel & Tourism Development Index 2024 *(https://www.weforum.org/publications/travel-tourism-development-index-2024/)*
***BusinessWorld* Research**: Lourdes O. Pilar
***BusinessWorld* Graphics**: Bong R. Fortin

AboitizPower, REPCO NEX team up for first smart power plants in PHL

ABOITIZ Power Corp. (AboitizPower) has partnered with Thailand-based company REPCO NEX Industrial Solutions to introduce the first smart power plants in the country through "Project Arkanghel." The two will develop digital twins for AboitizPower's 300-MW Therma South Plant in Davao City and 340-MW Therma Visayas Plant in Toledo City, Cebu. In photo: AboitizPower Chief Finance Officer Sandro Aboitiz (second from left) with representatives from AboitizPower and REPCO NEX during the ceremonial project signing in Bangkok, Thailand.

Illegal tobacco trade eating government revenues away — BIR

By Kenneth Christiane L. Basilio

THE Philippine government lost P25.5 billion in taxes from tobacco smuggling last year, according to the Bureau of Internal Revenue (BIR), as it sought to intensify its enforcement of tax compliance on the tobacco industry.

While the preferential shift of Filipinos to vape products increased "by a hundred percent," it is not enough to compensate excise tax revenue losses from illicit tobacco trade, the BIR said.

"[Illegal tobacco] trade has greatly affected our collection on excise taxes on tobacco products," Venus T. Gaticales, BIR Excise Large Taxpayers Field Operations Division chief, told reporters on the sidelines of a forum. "For last year, [the] collection [for] 2023, compared to 2022 collection, there is a decrease of about P25.5 billion or 15.91%."

"The contributions of the excise tax on vapor products, although it almost increased by 100%, it is not enough to compensate the decrease as far as the cigarette excise tax collection is concerned," she added.

The Philippines applies an excise tax rate of P60 per pack of 20 cigarettes while vape products are levied with a P54.60 per milliliter (mL) tax for salt nicotine and P63 per 10 mL tax for classic nicotine products, according to the excise tax rates prescribed by the Bureau of Customs for 2024.

Tobacco, S1/3

Semiconductors, renewables to drive PHL growth — Go

By Beatriz Marie D. Cruz *Reporter*

THE PHILIPPINE government is banking on the semiconductor and renewable energy (RE) sectors to drive economic growth, according to the Palace's chief investment adviser.

"[Some of our priority sectors are] semiconductors, electronics, simply because that is our largest export now in the country. So that's the sector that we really want to grow," Secretary Frederick D. Go, who heads the Office of the Special Assistant to the President for Investment and Economic Affairs, told reporters on the sidelines of the Philippine Economic Briefing late on Monday.

Mr. Go cited the potential growth of the electronics sector if the country increases capacity in the assembly, testing and packaging of semiconductors and other electronics.

He said the RE sector is also seen to be a major contributor to overall growth. This comes after the country allowed full foreign ownership of RE projects in 2023.

"Renewable energy now comprises of about a majority, maybe 70% of all the applicants in the green lane for strategic investments," Mr. Go said.

As of April 1, 51 RE projects worth P1.57 trillion have been approved to go through the "green lane" in all government agencies to fast-track its approval and registration.

"It really tells you that the interest of global foreign direct investors is in that field," Mr. Go said.

At present, renewables account for 22% of the country's energy mix. The Philippines is aiming to increase the share of RE to 35% by 2030 and 50% by 2040.

"The main binding constraints to expanded foreign investments in the country remain to be red tape and corruption," Terry L. Ridon, a public investment analyst and convenor of think tank InfraWatch PH, said in a Viber message.

Leonardo A. Lanzona, who teaches economics at the Ateneo de Manila University, said the semiconductor industry is profitable but still stuck in low value-added production.

Semiconductors, S1/3