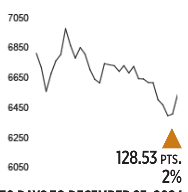
P25 IN METRO MANILA, PHILIPPINES

BusinessWorld

33rd EJAP-AYALA Business Journalism Awards

The 2023 Business News Source of the Year Award

STOCK MARKET	
PSEi	
OPEN:	6,422.74
HIGH:	6,534.91
LOW:	6,382.20
CLOSE:	6,534.91
VOL.:	0.713 B
VAL(P):	4.201 B



30 DAYS TO DECEMBER 23, 2024

ASIAN MARKETS — DECEMBER 25, 2024

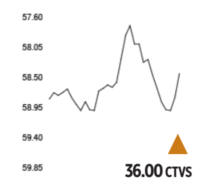
	CLOSE		NET	%
Japan (Nikkei 225)	39,130.43	▲	93.58	0.24
Hong Kong (Hang Seng)*	20,098.29	▲	215.16	1.08
Taiwan (Weighted)	23,220.13	▲	99.89	0.43
Thailand (SET Index)	1,401.37	▲	6.70	0.48
S.Korea (Kse Composite)*	2,440.52	▼	-1.49	-0.06
Singapore (Straits Times)*	3,769.55	▲	17.22	0.46
Sydney (All Ordinaries)*	8,220.90	▲	19.30	0.24
Malaysia (Klse Composite)*	1,602.99	▲	6.79	0.43

* CLOSING PRICES AS OF DEC. 24, 2024

WORLD MARKETS — DECEMBER 24, 2024

	CLOSE		NET
Dow Jones	43,297.030	▲	390.080
NASDAQ	20,031.126	▲	266.241
S&P 500	6,040.040	▲	65.970
FTSE 100	8,136.990	▲	34.270
Euro Stoxx50	4,274.150	▲	7.890

PESO-DOLLAR RATES



FX	
OPEN	P58.700
HIGH	P58.450
LOW	P58.700
CLOSE	P58.450
W.AVE.	P58.566
VOL.	$1,180.10 M

30 DAYS TO DECEMBER 23, 2024 SOURCE : BAP

ASIAN MONIES-US$ RATE — DECEMBER 25, 2024

	LATEST BID (0900GMT)		PREVIOUS
Japan (yen)	157.310	▼	156.550
Hong Kong (HK dollar)	7.767	▲	7.770
Taiwan (NT dollar)	32.705	▼	32.685
Thailand (baht)	34.160	▼	34.120
S. Korea (won)	1,455.940	▼	1,450.480
Singapore (dollar)	1.357	▼	1.355
Indonesia (rupiah)	16,185	▼	16,170
Malaysia (ringgit)	4.484	▲	4.486

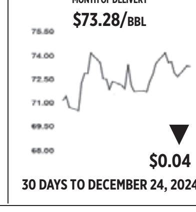
WORLD CURRENCIES — DECEMBER 25, 2024

	CLOSE		PREVIOUS
US$/UK pound	1.2547	▼	1.2581
US$/Euro	1.0410	▼	1.0419
US$/Aust dollar	0.6238	▼	0.6260
Canada dollar/US$	1.4363	▼	1.4374
Swiss Franc/US$	0.8996	▲	0.8948

DUBAI CRUDE OIL

FUTURES PRICE ON NEAREST MONTH OF DELIVERY

$73.28/BBL



30 DAYS TO DECEMBER 24, 2024

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

		Value		
ICT	P398.000	P606,931,622	P8.000	▲ 2.051%
BDO	P145.100	P396,524,910	P0.500	▲ 0.346%
ALI	P26.250	P312,049,885	P1.450	▲ 5.847%
SPNEC	P1.030	P295,402,220	P0.010	▲ 0.980%
BPI	P122.600	P236,375,837	P1.100	▲ 0.905%
SM	P900.000	P191,975,525	P17.000	▲ 1.925%
SMPH	P25.150	P172,492,035	P0.350	▲ 1.411%
URC	P75.000	P153,456,385	P0.100	▲ 0.134%
TEL	P1,255.000	P118,367,270	P3.000	▲ 0.240%
AC	P600.000	P110,125,880	P6.500	▲ 1.095%

PHL growth may fall below 6% in '25

By Luisa Maria Jacinta C. Jocson *Reporter*

PHILIPPINE ECONOMIC GROWTH could fall below 6% in 2025 amid a "gentle" recovery in domestic demand and expectations of a widening trade deficit, Bank of America (BofA) said.

BofA Securities economist for the Philippines Jojo Gonzales said they forecast Philippine gross domestic product (GDP) to grow by 5.9% in 2025.

This would narrowly miss the government's revised 6-8% growth target next year.

The economy expanded by a slower-than-expected 5.2% in the third quarter, its weakest growth in five quarters.

In the nine-month period, GDP growth averaged 5.8%, slower than the 6% print a year ago.

Earlier this month, the Development Budget Coordination Committee tweaked its economic growth targets to account for "evolving domestic and global uncertainties."

"While we expect a gentle recovery in private consumption and investments over the next year, the growth in government spending is likely to be muted, and a wider net trade deficit is anticipated," Mr. Gonzales told *BusinessWorld* in an e-mail.

In the third quarter, growth in government spending slowed to 5% from 11.9% in the previous quarter.

Latest data from the Philippine Statistics Authority (PSA) showed that the country's trade deficit ballooned to $5.8 billion in October, the widest gap in over two years.

Meanwhile, BofA said it expects inflation to average 3% next year, well within the central bank's 2-4% target.

The Bangko Sentral ng Pilipinas (BSP) expects inflation to average 3.3% in 2025. The central bank said that risks to the inflation outlook for next year remain tilted to the upside.

Headline inflation averaged 3.2% in the 11-month period, according to latest data from the PSA.

"A weaker peso remains a risk to this forecast, though softer oil prices will likely provide a cushion to negate the impact of the weaker currency," Mr. Gonzales said.

BofA expects the dollar strength to persist next year, with the peso potentially breaching the P61 mark.

"The US dollar will remain stronger in 2025, and our end-2025 forecast is P61," Mr. Gonzales said.

So far this year, the peso has hit a record-low P59-per-dollar level thrice.

BSP Governor Eli M. Remolona, Jr. earlier said they are watching the peso closely and have been a bit more active in the markets than usual.

The BSP had to intervene in small amounts in the past few months amid the stronger dollar after Donald J. Trump won as US President.

Meanwhile, BofA estimates that the central bank will deliver up to 75 basis points (bps) worth of rate cuts next year.

"This will bring down the policy rate to 5% (by end-2025)," Mr. Gonzales said.

Last week, the Monetary Board reduced borrowing costs by 25 bps at its final policy review of the year, bringing the key rate to 5.75%.

Growth, S1/7

PHILIPPINES DROPS IN GOOD COUNTRY INDEX

The Philippines fell seven places to 94th out of 174 countries in the latest version of the Good Country Index (GCI), published by the government advisory firm Anholt & Co. The index measures how much each country contributes to the planet and the global population relative to its size, which is measured by gross domestic product (GDP).

	Rank (Out of 174)	Rank Change(s)
SINGAPORE	28	▼ 3
JAPAN	34	0
SOUTH KOREA	39	▼ 2
MALAYSIA	47	▲ 1
THAILAND	58	▼ 2
INDONESIA	70	▲ 13
CHINA	71	▼ 2
MONGOLIA	76	▲ 30
PHILIPPINES	94	▼ 7
BRUNEI	110	▲ 1
TIMOR-LESTE	112	▼ 9
CAMBODIA	136	▼ 1
VIETNAM	143	▼ 23
LAOS	159	▼ 1
MYANMAR	163	▼ 26

Philippines' 2024 Profile

Category	Rank (Out of 174)
Prosperity & Equality	75
Health & Wellbeing	78
International Peace & Security	88
World Order	89
Culture	98
Science & Technology	120
Planet & Climate	130

Philippines' Historical Performance

Version	Rank
1.1	74/163
1.2	51/163
1.3	69/153
1.4	84/149
1.5	87/169
1.6	**94/174**

Note: The Good Country Index uses data from two to three years prior due to data collection and processing delays. As a result, the index is referred to by version numbers (e.g., '1.6') rather than calendar years.

Top 10

Rank (Out of 174)	Country	Rank Change(s)
1	Finland	▲ 4
2	Sweden	▼ 1
3	Germany	0
4	Denmark	▼ 2
5	France	▲ 4
6	United Kingdom	▲ 8
7	Canada	▼ 1
8	Slovenia	▲ 9
9	Estonia	▲ 13
10	Belgium	▼ 3

Bottom 10

Rank (Out of 174)	Country	Rank Change(s)
174	Sudan	▼ 9
173	Iraq	▼ 9
172	Afghanistan	▼ 10
171	Yemen	▼ 10
170	Venezuela	▼ 28
169	Syria	0
168	Libya	▼ 2
167	Mauritania	▲ 1
166	Gabon	▼ 19
165	Equitorial Guinea	—

Source: Anholt & Co.'s the Good Country Index *(https://index.goodcountry.org/)*
***BusinessWorld* Research**: Pierce Oel A. Montalvo ***BusinessWorld* Graphics**: Bong R. Fortin

Bill on 99-year land lease for foreigners seen to boost PHL investments

By John Victor D. Ordoñez
Reporter

A MEASURE seeking to extend the maximum term for land leases entered by foreigners to 99 years is likely to help the Philippines attract more investments, analysts said.

"Investors may be more inclined to commit to projects in the Philippines when they see the availability of longer-term leases as an assurance of stability," Philippine Institute for Development Studies Senior Research Fellow John Paolo R. Rivera said in a Viber message.

He said industrial parks, economic zones and tourism-related projects are expected to benefit as foreign firms are more likely to invest if they can be assured of longer land leases.

Last week, the House of Representatives and the Senate approved separate bills allowing foreigners to lease land up to 99 years from 75 years. Both bills allow foreign investors to sublet properties, unless barred by a contract.

Under both versions, foreign private land leases related to tourism will be allowed if the investments are not less than $5 million. Of this amount, 70% must be infused in the project within three years after a contract is signed.

The bill is one of President Ferdinand R. Marcos, Jr.'s priority measures, that the administration aims to approve before June 2025.

Lawmakers have yet to come up with a reconciled version of the measure through a bicameral conference committee.

However, Mr. Rivera said the government must come up with clear guidelines for the measure and ensure safeguards for local stakeholders.

"There may be concerns that longer lease terms could encourage speculative investments, where land is tied up for extended periods without being used productively," he said.

"Extending lease terms could also lead to potential disputes with local communities over land use and allocation, especially in areas where indigenous peoples' rights and agricultural interests are at stake."

The 1987 Constitution bars foreigners from owning land in the country, but the 31-year-old Investors' Lease Act allows foreign investors to lease private land for 50 years, renewable only once after 25 years.

"The 99-year lease bill, if passed into law, will contribute to a more favorable investment climate for foreign investors," Foundation for Economic Freedom President Calixto V. Chikiamco said in a Viber message.

He cited a provision in a Senate bill that requires a lease to be registered with the Land Registration Authority (LRA), which he said would improve the "security and bankability" of leases.

Both bills allow foreign investors to lease land for agriculture, agroforestry and ecological conservation purposes.

They will also be allowed to enjoy longer leases to build industrial estates, factories, assembly or processing plants and tourism sites.

Sublease contracts must be registered with the registry of deeds under the LRA, according to copies of both the House and Senate bills.

The proposed measures also impose a fine of P1 million to P10 million on people who enter into illegal lease agreements.

Only the Senate version imposes jail time of up to six years for lease agreement violators. Congressmen removed the imprisonment penalty.

The upper chamber's version also provides that in cases of corporations, associations or partnerships violating lease deals, the president, manager, director, trustees or other officers will be held criminally liable.

Both versions also mandate that only the Board of Investments or relevant investment promotion agencies may review and approve long-term lease agreements.

Lease contracts will also be subject to termination if an investment project is not initiated within three years.

Leonardo A. Lanzona, an economics teacher at the Ateneo de Manila University, said the government is better off coming up with a comprehensive plan that would ease the entry and exit of foreign companies in local markets.

Land lease, S1/7

VAT refund limit for tourists 'just right,' to benefit MSMEs — analysts

By Aubrey Rose A. Inosante
Reporter

THE P3,000 ($51) minimum purchase requirement for non-resident tourists to qualify for a value-added tax (VAT) refund is "just right" to ensure small businesses benefit, analysts said.

President Ferdinand R. Marcos, Jr. recently signed into law Republic Act (RA) No. 12079, which allows tourists to claim VAT refunds on purchases worth at least P3,000 from government-accredited stores, in an effort to boost tourism receipts.

"The P3,000 is just right to benefit micro, small and medium enterprise (MSME) retailers and local products," Philippine Retailers Association (PRA) President Roberto S. Claudio said.

He said the purchase cap is kept to a minimum to benefit locally made products.

"I think it's a good entry and good starting point. Some countries are still higher than P3,000 as well. I think we're above the middle, so I think that's a good place to be," Tourism Congress of the Philippines President James M. Montenegro said via phone call.

Under RA 12079, the value of the locally bought goods from accredited stores must reach at least P3,000 per transaction, provided these goods are taken out of the country within 60 days of purchase.

"This law is primarily designed to boost tourist arrivals and expenditure. Hopefully, it will also increase the sales revenue of retailers," Mr. Claudio said.

Mr. Montenegro said the minimum purchase amount could be adjusted in the future.

The threshold is subject to review and adjustment every three years by the Finance secretary, upon recommendation of the Commissioner of Internal Revenue, considering the inflation data from the statistics agency.

"I think the minimum rate is at par with our ASEAN [Association of Southeast Asian Nations] neighbors. If you look at the minimum amounts in other countries, it is almost the same," Eleanor L. Roque, a tax principal at P&A Grant Thornton, told *BusinessWorld*.

The Philippines has joined other ASEAN countries with a tax refund program for non-resident tourists. The scheme has increased retail activity, particularly in sectors such as fashion, electronics and souvenirs.

In Thailand, tourists are eligible for a VAT refund if they buy goods worth at least 2,000 baht ($58) from each store per day.

In Malaysia, the minimum purchase is 300 ringgit ($67). Singapore allows tourists to spend at least S$100 ($74), while in Indonesia, it starts at 500,000 rupiah ($31).

"It is good to have a minimum amount as it limits the refund claim to valuable expenses. De minimis spendings are normally not considered for VAT refund as it is not administratively practical. In some cases, the cost will be more expensive than the amount being refunded," Ms. Roque said.

VAT, S1/7