

Lower sales tax passes Lower House

Philippine equity investors will benefit from the latest reform package aimed at improving local capital markets, which includes reducing Southeast Asia's highest stock trading tax. The Capital Market Efficiency Promotion Act, which has passed the third reading in the Lower House, could make the stock market more competitive against its peers that are attracting a larger share of global investors. A key feature of the bill, now before the Senate, is the reduction of the stock trading tax from 0.6% to 0.1%, aligning the local equities with its counterparts. Except for Singapore, which does not impose such a levy, other ASEAN members charge a 0.1% tax on stock transactions. The bill's principal author Rep. Joey Salceda said that the current 0.6% tax is one of the main deterrents for investors. Congress raised the trading tax to 0.6% from 0.5% in 2018 as part of the TRAIN Law aimed at raising additional government revenue. While this measure helped fund the government's infrastructure projects and contributed to improving the country's debt rating, Salceda noted that it weighed down on Philippine equities. According to Salceda, who was a stock market analyst before entering politics, the elevated dividend tax on non-residents has also been a significant deterrent for investors. Despite this, Philippine stocks remain some of the most affordable globally, and the country's companies are recognized as among the strongest in terms of their balance sheets and management.

PHL shares opened this week on positive territory, extending the increase for the 2nd day to 7,343.24 (up 0.4%) on value turnover of P4.13bn. Investors anticipate more earnings results to come out this week, which hopefully will exceed expectations to boost sentiment. Net foreign activity ended with a selling bias of P48mn. BDO (P160, +0.2%) posted 9M24 net income of P60.6bn, which is below the P63.4bn AEI target. Part of the reason on the lower result could be due to the higher provisions made in the 3Q. More details will be disclosed in the bank's briefing today. RRHI's (39.60, +0.5%) core income increased 8% to P4.1bn for the 9M24 on the back of better operating efficiencies. The core result excludes the one-time gain of P4.7bn from the sale of its stake in Robinsons Bank. Sales grew by 3% to P142.4bn paced by the less-cyclical food and drugstore business. SMC (88.70, +1.8%) subsidiary Sual Power Inc. has taken over the 1,200-MW coal-fired Sual power facility in Pangasinan after the government's contract with TeaM Energy (JV of Tokyo Electric and Marubeni) had expired. Meantime, on the negative side, SCC led the decrease as it fell by 4.5% to P32.15 as today is the ex-date for its P2.50/share cash dividend. AEV (35.10, -2%) 9M24 net income missed target as it posted P18.9bn (9% below target). The disappointment stemmed from the sub-par 3Q result of P7.3bn. SGP (9.52, -0.83%) unit NGCP announced that it had completed all restoration works involving their facilities that were affected by Typhoon Kristine.

Daily Advances & Declines

Day	Mon	Tue	Wed	Thu	Fri
PSEi	7,343.24				
Change in PSEi	+29.01				
Cumulative change	+29.01				
Value turnover (Pm)	4,130.6				
Issues traded	244				
Advances	90				
Declines	99				
Unchanged	55				
Net advances	-9				
Cumulative net advances	-9				
Net Foreign Buying/ (Selling) (Pm)	(47.8)				

Top Ten Actives	Close	% Change	Value (PhPmn)
BPI	147.40	+0.96	751.85
BDO	160.00	+0.19	298.57
ICT	413.80	+0.24	252.26
GTCAP	728.00	+1.89	153.38
SM	964.00	+0.10	141.98
SCC	32.15	-4.46	132.78
SMPH	30.90	+0.98	118.27
ALI	34.60	-0.57	109.92
AC	720.00	0.00	107.52
URC	101.00	+1.51	95.22

Asian Markets			Asian Currencies		
	Last	% Change	Last	% Change	
Japan	38641.36	+1.92	Yen	153.66	+0.89
Hongkong	20612.23	+0.11	HK\$	7.80	0.00
Singapore	3593.09	-0.01	Sing\$	1.3246	+0.25
Philippines	7343.24	+0.40	Peso	58.36	+0.03
Malaysia	1618.15	-0.01	Ringgit	4.3608	+0.42
Thailand	1455.31	-0.55	Baht	33.78	+0.29
Indonesia	7610.190	-1.10	Rupiah	15738	+0.58
Korea	2611.00	+1.07	Won	1385.36	-0.52
Australia	8221.50	+0.12	Euro	1.0784	-0.11

Peso/Dollar Update			
PDS Weighted Ave.	58.390	High	58.43
Change	+0.03 %	Low	58.30
Volume	1.01B	Last	58.36

As of 3pm

Overnight Foreign Quote	Close	Change
Dow Jones	42114.40	-259.96
NASDAQ	18518.61	+103.12
S&P 500	5808.12	-1.74
PHI (PLDT-US)	US\$24.93 (P1455.91)	-\$0.24
Manulife (MFC-US)	US\$29.79 (P1739.74)	-\$0.19
Sun Life (SLC-US)	US\$56.40 (P3293.76)	-\$0.32
NY Gold Spot	US\$2734.00	-\$13.60
NY Copper	US\$434.40	-\$2.70
LME Nickel	\$16170	-\$130
LME Nickel WH Level	135522	-0.74%
Nymex	\$68.46	-\$3.32
Crude (Dubai)	\$74.06	-\$1.42