

# The Daily Dispatch

May 22, 2020

## TODAY'S TOP NEWS

### DOF to Senate: Pass new Citira to aid business

Through the urgent passage of the “calibrated” Corporate Income Tax and Incentives Rationalization Act (Citira), DOF's Dominguez, said Congress can help stimulate the economy amid the Covid-19 pandemic given that the measure would free up almost P42 billion in business capital for 2020 alone and P625 billion over the succeeding five

### Costlier food cuts deep into wallets of the poor

MORE expensive food items caused the poorest Filipinos to see higher inflation in April, the highest in 10 months, according to the Philippine Statistics Authority (PSA). April was right in the middle of the Covid-induced lockdowns that paralyzed small businesses and displaced millions of daily wage and informal workers/

### Backlog in Covid-19 tests still hounding DOH

THE Department of Health (DOH) on Thursday admitted that the country was experiencing 12-day backlogs in the outcome of samples from Covid-19 tests. During the hearing of the House Committee on Health, Dr. Alethea de Guzman from DOH-Epidemiology Bureau said the results reported now were taken about 12 days ago.

### SMIC feels virus pinch as Q1 income dips 16%

Conglomerate SM Investments Corp. (SMIC) said the coronavirus disease 2019 (Covid-19) pandemic weighed on its performance in the first quarter as its net income during the period fell 16 percent to P9 billion, from last year's P10.69 billion. Consolidated revenues rose 2 percent to P111.2 billion from P109 billion last year.

### PayMaya unveils app for MSMEs

Interested merchants only need to sign up through the app using their mobile number, upload one valid government ID as well as a video selfie for liveness check, and wait 24 to 48 hours for their application to be reviewed and approved so they can start accepting digital payments right away

## Philippine Stock Market Update



Previous Close:

5,604.49

Open:

5,600.96

52-Week Range:

4,039.15-8,419.59

1 Yr Return:

-27.69%

YTD Return:

-28.93%

Source:

Bloomberg

## Foreign Exchange

As of May 21, 2020

| US Dollar | Philippine Peso |
|-----------|-----------------|
| 1         | 50.62           |

## BVAL

As of May 21, 2020

| Tenor | Rate   |
|-------|--------|
| 1Y    | 2.6350 |
| 3Y    | 2.8450 |
| 5Y    | 2.9590 |
| 7Y    | 3.1100 |
| 10Y   | 3.3070 |
| 20Y   | 4.3540 |

## Daily Quote

“Rough diamonds may sometimes  
be mistaken for worthless pebbles  
—Thomas Browne

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## MORE LOCAL NEWS

### BoI-approved investments plunge

The Board of Investments (BoI) saw pledges sink by 71% in the first four months of 2020 as the coronavirus disrupted economic activity. The BoI, which accounts for the bulk of planned projects registered with investment promotion agencies, approved P84.1 billion ytd. in April, well below the P286.7 billion in the same period last year.

### Taxing digital economy could raise up to P17bn

Taxing the digital economy could yield up to P17 billion in fresh value-added tax (VAT) revenue in the first year of implementation, the Department of Finance (DoF) said. The DoF and Bureau of Internal Revenue (BIR) are currently studying how to collect taxes from transactions online to plug potential VAT leakages.

### Power demand seen to remain flat this year

The Philippine power demand is projected to remain flat this year, with only the residential sector as the main driver for growth amid the coronavirus disease 2019 or COVID-19 pandemic. The Department of Energy (DOE) is revising its supply-demand forecast this year and next year as the new normal kicks in.

### Investment pledges plunge 71% to P84 billion

Projects registered with the Board of Investments (BOI) plunged 71 percent from January to April amid disruptions caused by the COVID-19 pandemic. Despite the slump in registered investments, the Philippines is still a preferred destination of some investors with big-ticket projects in the BOI pipeline, trade officials said.

### Consumer complaints vs banks rising — BSP

Consumer complaints about failure to avail of banking services, accrued interest as well as questions on suspension of loan payments, rose during the Luzon-wide enhanced community quarantine, according to the Bangko Sentral ng Pilipinas.

### No Pogos can resume ops as none paid taxes in full

Three weeks after the government announced that Philippine offshore gaming operators (Pogos) or any of their service providers would be allowed to resume their activities, not one of them has fully paid their tax obligations as part of “stringent conditions” to restart online gambling during the COVID-19 lockdown, according to the Bureau of Internal

### \$300-M infusion saves PAL from bankruptcy for now

Taipan Lucio Tan has pumped into Philippine Airlines (PAL) some \$300 million (P15.2 billion) in capital, saving the airline from immediate bankruptcy while it waits for emergency loans that will help it survive the coronavirus pandemic.

### Construction lag pulls down FLI profit by 25%

Gotianun group-led Filinvest Land Inc. (FLI) saw a 25-percent year-on-year drop in first quarter net profit to P1.35 billion, citing the enhanced community quarantine (ECQ) that disrupted operations and delayed construction activities starting mid-March.

### SEA Diner buys into Del Monte PH

Campos family-led food conglomerate Del Monte Pacific Ltd. (DMPL) has consummated a deal to sell 12 percent of its Philippine business to SEA Diner Holdings Pte Ltd, a Singapore-based consumer-focused fund manager, for \$120 million.

### MGen, units donate P1.5m in relief goods

Meralco PowerGen Corp. and unit San Buenaventura Power Co. Ltd. donated 425 sacks of rice and more than 200 boxes of canned goods worth P1.5 million to aid the Quezon provincial government’s COVID-19 relief efforts amid the extended enhanced community quarantine.

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## TODAY'S TOP ASIAN NEWS

### SoftBank to sell US\$3.1b worth of Japan telco unit

SoftBank Group said it plans to sell 5 per cent of its domestic telco SoftBank Corp, currently worth US\$3.10 billion, as part of a programme to raise US\$41 billion through asset sales. The sale of 240 million shares for a yet to be determined price and set to close on May 26 will leave SoftBank Group with a 62.1 per cent stake.

### COVID-19 slashes SE Asia agri output by 3.11%

The COVID-19 pandemic is expected to have slashed agricultural production in Southeast Asia in the first quarter of 2020 with losses expected to amount to \$3.76 billion, or 1.4 percent of the region's gross domestic product, a regional think tank said.

### China imposes Wuhan-style lockdown in Jilin

In Shulan, a city in China's north-east, the streets are eerily quiet, devoid of taxis and buses. Apartment complexes have been sealed off, confining residents inside. Teams of government workers go door to door rounding up sick people as part of what they call a "wartime" campaign.

### Airlines in India surprised to resume local flights

India's decision to resume domestic flights from next Monday was a bolt out of the blue for most of the country's aviation companies. Top executives at three Indian airlines said they learnt about the move when the aviation minister tweeted it.

### China set to impose new Hong Kong security law

China is set to impose new national security legislation on Hong Kong after last year's pro-democracy unrest, a Chinese official said on Thursday, drawing a warning from President Donald Trump that Washington would react "very strongly" against the attempt to gain more control over the former British colony.

## TODAY'S TOP GLOBAL NEWS

### U.S. to pull out of Open Skies treaty

The United States said on Thursday it would withdraw from the 35-nation Open Skies treaty allowing unarmed surveillance flights over member countries, the Trump administration's latest move to pull the country out of a major global treaty. The administration said Russia had repeatedly violated the pact's terms.

### U.S. strikes at a Huawei chip division- HiSilicon

The latest U.S. government action against China's Huawei takes direct aim the company's HiSilicon chip division—a business that in a few short years has become central to China's ambitions in semiconductor technology but will now lose access to tools that are central to its success.

### Virus recovery plans hinge on renewable power — IEA

The International Energy Agency (IEA) on Wednesday called on governments to put clean energy at the heart of their coronavirus economic recovery plans as it forecast the first slowdown in new renewable power installations worldwide in two decades.

### HPE lays out \$1b savings plan, pay cuts

Hewlett Packard Enterprise (HPE.N) on Thursday unveiled a plan targeting gross savings of at least \$1 billion by 2022 and cut the base salaries of top executives by 25% as the software maker seeks to weather the coronavirus crisis.

### Apple, Google release tech for pandemic apps

Apple and Google released long-awaited smartphone technology to automatically notify people if they might have been exposed to the coronavirus disease 2019 (Covid-19). The companies said 22 countries and several US states are already planning to build voluntary phone apps using their software.