

**Philequity Corner (January 20, 2014)**  
**By Valentino Sy**

**Holiday Overload**

In last week's article (There's More in the Philippines!, 13 January 2014), we wrote that 2014 has the longest Christmas holiday in recent memory. Based on the latest Presidential proclamation, this year's Christmas vacation from December 24, 2014 to January 4, 2015 will be interrupted by only 2 working days.

Listed below are the other official holidays for 2014, including those in the 2-week period described above.

<b>Date</b>	<b>Day</b>	<b>Holiday</b>
January 1, 2014	Wednesday	New Year's Day
January 31	Friday	Chinese New Year
April 9	Wednesday	Araw ng Kagitingan
April 17	Thursday	Maundy Thursday
April 18	Friday	Good Friday
May 1	Thursday	Labor Day
June 12	Thursday	Independence Day
August 21	Thursday	Ninoy Aquino Day
August 25	Monday	National Heroes Day
December 24	Wednesday	Christmas Eve
December 25	Thursday	Christmas Day
December 26	Friday	Day after Christmas
December 30	Tuesday	Rizal Day
December 31	Wednesday	New Year's Eve
January 1, 2015	Thursday	New Year's Day

\* List does not include Eid'l Fitr and Eidul Adha which have yet to be given an exact date

As you can see from the table above, from December 24 up to January 4, the only working days will be December 29 and January 2, thereby giving workers in the financial sector 10 days of vacation.

**Holiday Economics**

If you look at the list above, some holidays have been moved from their original dates, such as National Heroes Day, while December 26 has been declared as a non-working day. This was purposely done in line with the principle of "holiday economics", a policy former President Gloria Macapagal-Arroyo introduced in 2001. In implementing this policy, holidays were moved to the nearest Friday or Monday in order to encourage domestic tourism and give employees long weekends to enjoy.

### **Too much of a good thing**

While holidays economics is a good thing, too much of a good thing is a bad thing. Long weekends give us time to rest and spend quality time with our families, but it comes at a cost. The sheer number of non-working holidays will have an impact on worker productivity and, as a result, GDP as well. The government should seriously consider the economic impact of declaring too many holidays moving forward. There will be higher costs for businesses, especially those that are labor-intensive. Business disruptions will also have a significant impact on the manufacturing sector which relies on continuous operations.

### **All play and no work makes Jack a lazy boy**

Long holidays tend to encourage absenteeism. Faced with the prospect of a 12-day long vacation, it is very tempting for employees not to go to work on December 29 and January 2. A popular proverb goes this way - "All work and no play makes Jack a dull boy." On the other hand, we believe that "all play and no work makes Jack a lazy boy."

### **Skipping the best part**

It is not just businesses that are affected by holidays, but the stock market as well. Trading at yearend and at the start of the year are the most active in terms of volume and price action. The last 2 weeks of December are very important because of squaring of books, portfolio realignment of fund managers, realization of gains and losses, and window dressing. The beginning of the year also sees some continuation of asset allocation and deployment of new funds. Given all these, it is imperative that markets remain open to take advantage of these important activities. Unfortunately, our stock market will only have 2 trading days in this crucial period.

### **Trading on declared holidays**

Some countries allow stock trading during declared holidays. **For instance, Columbus Day and Veterans' Day are legal holidays in the US and yet trading continues in the exchanges.** While trading is allowed on bank holidays, clearing and settlement is fixed on the next working day instead.

December 24, 26, 30 and 31 will also see unabated trading in the US, unlike here. While our long vacation at the end of 2014 has only 2 working days, the same period in the US features only 2 holidays, a stark contrast.

### **Holiday trading – a policy matter**

Trading during declared holidays is a policy that stockbrokers and the PSE Board of Directors, headed by Chairman Jose Pardo, President Hans Sicat and Dragon Lady Vivian Yuchengco should seriously study. As a first step, they should consider allowing trading on December 26 and 30. A 10-day holiday during this important period is a dampener for stock market momentum. Following the US experience, the PSE should seriously consider opening the stock exchange for trading even if there is no clearing and let settlement follow on the next working day. Afternoon trading has shown that longer trading hours work towards the benefit of the market and its participants. More trading days should be no different.

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## Champion Caregiver Singer

In last week's article, we highlighted that our country has more beauty queens and musicians. Filipinos are known for their strong inclination towards singing and dancing, happy disposition and good service orientation. In response to this, some of our readers asked us what the relation of beauty queens and musicians are to their investments.

It is precisely our extraordinary abilities and cheerfulness that has led to the success of Filipinos abroad across a diverse range of fields. This is the reason that OFWs are welcomed all over the world. As a result, we see how OFW remittances continue to grow, regardless of the weakness in global growth. These remittances fuel domestic consumption, which accounts for 75% of GDP. This leads to robust corporate earnings growth which directly translates to stronger stock prices.

These traits were exemplified by Rose Fontanes, a very ordinary caregiver who won the inaugural season of X-Factor in Israel. A plain OFW, she is now being compared to Susan Boyle, the winner of Britain's Got Talent in 2009. Again, this is a testament to the many talents and versatility of our countrymen. Congratulations, Rose Fontanes!

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