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SPECIAL POINTS OF INTEREST

Nov. inflation likely eased to 4.4%

December 04, 2023 | Keisha B. Ta-asan | BusinessWorld

HEADLINE INFLATION likely eased further in November amid lower pump prices, a slower rise in food costs and high base effects, analysts said.

Inflation likely eased further in November, a BusinessWorld poll showed. — PHILIPPINE STAR/ MIGUEL DE GUZMAN

A *BusinessWorld* poll of 15 analysts yielded a median estimate of 4.4% for November inflation, which is also the midpoint of the 4% to 4.8% estimate given by the Bangko Sentral ng Pilipinas (BSP) last week.

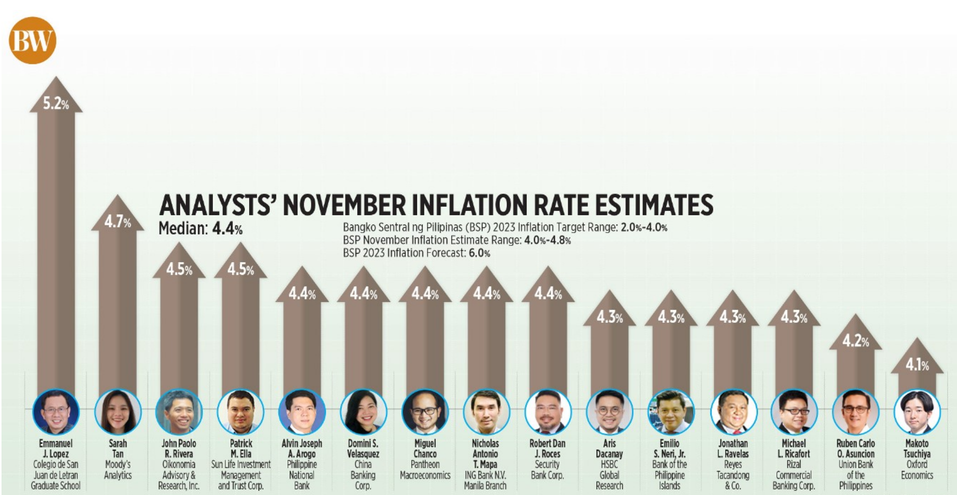
If realized, last month's consumer price index (CPI) would be slower than 4.9% in October and 8% logged a year earlier. However, it would mark the 20th straight month of inflation breaching the BSP's 2-4% target range.

The Philippine Statistics Authority will release the November inflation report on Tuesday (Dec. 5).

Analysts said high base effects may have significantly helped in bringing down the November figure.

"On a year-on-year basis, the reading will be flattered by a high base effect," Moody's Analytics economist Sarah Tan said in an e-mail.

She said Typhoon Karding (international name: Noru) damaged farms and disrupted supply chains in Luzon last year, which pushed food prices up in the fourth quarter of 2022.



"Lower food and oil prices would be the two main reasons for the disinflation narrative to continue," Union Bank of the Philippines, Inc. Chief Economist Ruben Carlo O. Asuncion said in a Viber message.

He said better weather conditions this month led to easing food supply constraints, while the decline in global oil prices likely prompted fuel retailers to roll back prices this month.

In November alone, pump price adjustments stood at a net decrease of P1.90 a liter for gasoline, P4.45 a liter for diesel, and P3.3 a liter for kerosene.

"We also estimate November core inflation to settle at 4.9% from 5.3% the previous period. This means more for the longer-term expectation for headline inflation," Mr. Asuncion said.

Core inflation excludes volatile prices of food and fuel items. For the first 10 months of the year, core inflation stood at 7%.

However, inflation remains above target in November as prices of some food items and electricity rates went up, Ms. Tan said. *[Cont. page 2]*

Nov. inflation likely eased to 4.4%

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"According to the Department of Agriculture's price monitoring tracker, the prices of major agri-fishery commodities in Metro Manila such as rice, fish, livestock and poultry produce were higher in November than October," she said.

Data from the Agriculture department showed that regular-milled rice prices ranged from P33 to P52 a kilo as of Nov. 30, wider than the P41 to P44 band on Oct. 31. Retail prices of fish and meat products also went up.

"Further, households and businesses bore the brunt of a hike in electricity rate by Manila Electric Co. (Meralco) — one of the country's main utilities providers — due to higher transmission charges," Ms. Tan said.

Meralco earlier said the power rates for typical households increased by P0.2347 per kilowatt-hour (kWh) to P12.0545/kWh in November.

China Banking Corp. Chief Economist Domini S. Velasquez said the significant increases in electricity rates and cooking gas prices may have offset the decline in fuel costs.

"While areas serviced by Meralco experienced only a slight increase in electricity rates, other regions in Luzon and Visayas saw substantial increases in electricity rates. These factors will have an impact on the overall inflation rate for November," she said.

Liquefied petroleum gas (LPG) prices went up by P0.45 a kilogram in November, its fourth straight month of increase. The cost of a regular 11-kg LPG tank rose by P4.95 to P5.50.

Security Bank Corp. Chief Economist Robert Dan J. Roces said restaurants and accommodation costs usually go up due to holiday demand.

"While the base effect from last year's inflation should pull down the headline, the central bank will likely remain vigilant on the upside risks," he said.

INFLATION DOWNTREND?

According to Ms. Tan, inflation may continue to ease in December, but the outlook remains uncertain for 2024.

"Come 2024, the path to lower inflation will be a bumpy one due to speed humps in the form of the food supply constraints, higher transport fares and wage adjustments, and the strengthening of the El Niño weather pattern that will hamper crops and lift food prices," she said.

"Over the next few months, we expect inflation to hover around the BSP's upper-end target of 4% before firmly returning within the 2-4% target range in mid-2024," she added.

BSP Governor Eli M. Remolona, Jr. earlier said inflation may hit the 2-4% target briefly in the first quarter before it picks up again to above target from March to July.

China Bank's Ms. Velasquez said December inflation may still be above the 2-4% target.

"But in the first quarter of 2024, we will likely see inflation nearer the 3% level, before moving above 4% again from April to August. This trend is largely driven by base effects," she said.

Inflation peaked at 8.7% in January, before easing until July this year. Inflation picked up in August and September, before it started slowing again in October.

"We expect inflation rate to stay at around the same level in December, before settling within the 2%-4% target in January, largely helped by base effects," Makoto Tsuchiya, an economist at Oxford Economics, said in an e-mail.

"Although risks are tilted to the upside given high uncertainty over supply-chain disruptions and climate-related issues, CPI should average 3.6% in 2024, higher than BSP's target midpoint but within the target range," he added.

In November, the BSP raised its baseline inflation forecast to 6% in 2023 (from 5.8% in September) and to 3.7% in 2024 (from 3.5%) but cut its 2025 inflation estimate to 3.2% (from 3.4%).

The BSP also gave a risk-adjusted inflation forecast at 6.1% for 2023, 4.4% for 2024 and 3.4% for 2025.

There is also a "decent chance" inflation returning to the 2-4% target by the end of the year, Pantheon Chief Emerging Asia Economist Miguel Chanco said.

"At the moment, we're expecting a substantial slowdown in the average rate of inflation to 2.8% next year, from 6% this year, giving the BSP more than enough room to consider normalizing monetary policy," he said.

At its Nov. 16 policy meeting, the BSP kept its target reverse repurchase rate at a 16-year high of 6.5%. The BSP has raised borrowing costs by a total of 450 basis points (bps) from May 2022 to October 2023 to tame inflation.

"Our forecast for now is for 100 bps worth of rate cuts in 2024," Mr. Chanco added.

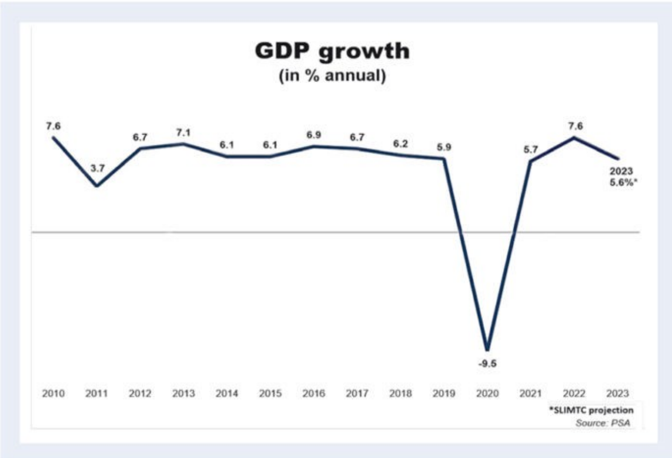
Mr. Remolona has said policy easing is still not on the table for the Monetary Board, and the current policy settings may continue to remain tighter for longer until inflation firmly falls within the 2-4% target.

The Monetary Board will have its final policy-setting meeting on Dec. 14.

Source: https://www.bworldonline.com/top-stories/2023/12/04/561219/nov-inflation-likely-eased-to-4-4/

Economy seen growing 5.6 % this year

December 04, 2023 | Angela Celis | Malaya Business Insight



The economy is seen to grow by 5.6 percent this year, according to Sun Life Investment Management and Trust Corp. (SLIMTC), with the economy's performance for 2023 highly dependent on government's spending.

The 5.6 percent forecast for the full year is already an upgrade from the previous projection of 4.8 percent, mainly due to the third quarter upswing of the economy after the government's implementation of its spending catch-up plans, SLIMTC president and chief investment officer Michael Enriquez told reporters on the sidelines of an event held in Taguig last week.

"It's really the government that is the one that can really boost GDP (gross domestic product). On the capital formation, the private side, we've been noticing slow take up of loans for obvious reasons, it's so expensive to borrow money," Enriquez said.

"The government needs to be the one to take up the slack, and I think they're doing it, but I think they should have done it earlier and they're playing catch up now," he added.

SLIMTC's forecast, however, still falls below the government's full-year projection of six to seven percent.

The average growth rate of the Philippine economy for the first nine months of the year is 5.5 percent, which falls below the administration's growth assumption for 2023.

To achieve the lower end of the target range of six percent, the economy needs to grow this quarter by at least 7.2 percent.

For 2024, Enriquez said the economy could grow faster at six percent, with next year's performance to be driven by consumption, accelerated spending by the government and higher exports.

Meanwhile, Enriquez sees inflation averaging six percent for the year, then easing to about 3.7 percent next year.

"As inflation continues to go down, I think we're with consensus that starting the second quarter, we may see rate cuts, and I think this is also aligned with how the Fed is poised to cut rates as well by second half of next year," Enriquez said.

Source: https://malaya.com.ph/news_business/economy-seen-growing-5-6-this-year/

DoE welcomes Ph ranking in power sector investments list

December 04, 2023 | Ed Paolo Salting | The Manila Times

THE Department of Energy (DoE) welcomes the BloombergNEF Climate 2023 report that designated the Philippines as among the top 5 most attractive emerging markets for investments in the power sector.

The report released on Nov. 29, 2023, said the Philippines moved up six places from 2022 to number 4 in 2023, with India, China and Chile in the first, second and third spots, respectively. This followed the country's significant progress in transitioning to renewable energy (RE) over the last two years.

"This ranking is indeed great as these various energy developments in the country were made possible through various synergies and a whole-of-government approach in the implementation of energy policies and programs that President Ferdinand Marcos Jr. has strongly pushed," Energy Assistant Secretary Mylene Capongcol said.

BloombergNEF said in its report that over the past two years, the Philippines had significant progress in transitioning to RE that in turn propelled the market into Climatescope's top five and to the number 4 spot.

"The market stands out as one of the few that have implemented auctions, feed-in tariffs, net-metering schemes, tax incentives, and a strong target for renewable energy," BloombergNEF said. *[Cont. page 4]*

DoE welcomes Ph ranking in power sector investments list
[Cont. from page 3]

"Moreover, the country's release of an offshore wind roadmap and having no foreign ownership restrictions has encouraged growth in offshore wind investment as well. In addition, the market's clean energy investment grew by 41 percent from 2021 to 2022 to reach $1.34 billion," it added.

The report also highlighted DoE's second green energy auction, where it awarded 3.4 gigawatts (GW) of renewable energy capacity and where 1.2 GW was earmarked for ground-mounted, rooftop, solar and onshore RE projects for 2024 to 2025, and 2.2 GW for 2026.

"As of 2022, the country's renewable energy comprises 29 percent of installed capacity and 22 percent of the gross power generation. Going forward, the DoE aims to target a RE share of 35 percent in the power generation mix by 2030 and 50 percent by 2040," the DoE said.

Meanwhile, in anticipation of the release of the updated Philippine Energy Plan, the DoE also said that it is embarking on initiatives that would propel investments in the energy sector in different technologies and required capacities in the power generation mix by 2030 to 2050.

It added that the roadmap will be composed of crucial elements such as energy efficiency and conservation measures, advancing alternative fuels and emerging energy technologies, adopting ICT through advanced smart grid technologies, and fortifying energy infrastructure to be resilient and climate-proof.

According to BloombergNEF, Climatescope is an online market assessment tool, report and index that evaluates individual markets' readiness to put energy transition investment to work.

BloombergNEF is a strategic research provider under Bloomberg covering global commodity markets and the disruptive technologies driving the transition to a low-carbon economy.

Source: https://www.manilatimes.net/2023/12/04/business/corporate-news/doe-welcomes-ph-ranking-in-power-sector-investments-list/1922706

More foreign chambers oppose PPA's proposal to hike storage fees
December 04, 2023 | Justine Irish D. Tabile | The Manila Times


COURTESY OF ICTSI

MORE FOREIGN CHAMBERS are opposing the Philippine Ports Authority's (PPA) proposal to increase storage fees, saying this is ill-timed.

British Chamber of Commerce Philippines Executive Director Chris Nelson said the PPA's proposal to hike port storage fees should be reviewed since it may affect inflation.

"The key at the moment is to actually keep bringing inflation down… When you put on storage fees, then of course there's going to be a pass on to the importers or whoever's distributing it," he told reporters on Thursday.

Inflation eased to 4.9% in October from 6.1% in September. This was the slowest pace in three months but October marked the 19th straight month that inflation breached the central bank's 2-4% target band.

"At this particular moment, you do not want prices going up, we want prices to be lower. So, I think it would be very good if we did look at that," Mr. Nelson said.

At a public consultation in October, the PPA proposed a 32% increase in the storage charges for import, export, and transshipment containers, according to the Philippine Exporters Confederation, Inc. (Philexport). The PPA also plans to impose a 150% surcharge on the corresponding storage rates with an increase for reefer containers.

The PPA has said the increase in storage charges will ensure optimal use of the yards and encourage immediate withdrawal of containers to prevent congestion.

German-Philippine Chamber of Commerce and Industry President Stefan Schmitz said that the increase in storage fees might not be the "right signal" amid the high inflation environment. *[Cont. page 5]*

More foreign chambers oppose PPA’s proposal to hike storage fees
[Cont. from page 4]

“I think we see it even internationally that everybody’s trying to adjust pricing one way or the other. Inflation presses us all so I’m not sure whether [the increase] is the right signal right now, right when everybody is trying to do things more efficiently than trying to charge more,” he said.

Instead of raising storage fees, Mr. Schmitz said the PPA should look into why containers are being delayed.

“I think you need to have a look at the reasons why things are delayed. Is it because of inefficiencies during clearances or is it the importers mistake? I can understand that the PPA doesn’t make a distinction there, but I don’t think [that the increase] is the right message, personally,” he added.

In its position letter submitted to the port regulator on Nov. 6, Philexport said the PPA’s proposal should go through a regulatory impact assessment as a standard operating procedure under the Ease of Doing Business law.

Philexport said that the increase is “too onerous” if the PPA will be imposing fees on the overstaying containers due to reasons beyond the shipper’s control such as during the arming and disarming of E-TRACC devices on containers, and downtime of the PPA’s information technology systems, among others.

Meanwhile, the Anti-Red Tape Authority (ARTA) said that it is waiting for any formal request regarding the proposed hike in port storage fees.

“What we always say is that if there is a proposed increase by way of a regulation, it should undergo the regulatory impact assessment,” ARTA Secretary Ernesto V. Perez told reporters last week.

“It is the mandate of ARTA to require the PPA to subject any proposed regulation to increase fees to conduct regulatory impact assessment,” he added.

Last month, the European Chamber of Commerce of the Philippines opposed the increase in storage charges, saying it will make the country less competitive for trade.

Last week, American Chamber of Commerce of the Philippines, Inc. Executive Director Ebb Hinchliffe said that the chamber is not in favor of any kind of increase in storage fees as businesses are still recovering from the pandemic.

According to Mr. Hinchliffe, the Joint Foreign Chambers will soon release a statement regarding the issue.

Sought for comment, the PPA is yet to respond as of press time.

Source: https://www.bworldonline.com/top-stories/2023/12/04/561217/more-foreign-chambers-oppose-ppas-proposal-to-hike-storage-fees/

Taxpayers can now avail of digital TIN ID
November 30, 2023 | Anna Leah Gonzales | Philippine News Agency

MANILA – The Bureau of Internal Revenue (BIR) said taxpayers will no longer need to line up in Revenue District Offices to get their Tax Identification Number (TIN) ID.

In a statement on Thursday, BIR Commissioner Romeo Lumagui Jr. said Memorandum Circular 120-123 issued on Nov. 29, mandates the availability, use, and acceptance of the digital TIN ID as an additional feature of its Online Registration and Update System (ORUS).

"The Digital TIN ID system shows our commitment to providing Excellent Taxpayer Service.

With this new system, we can eliminate the practice of fixers and scammers selling TIN online while giving taxpayers a convenient alternative in getting a TIN, instead of lining up at our Revenue District Offices,” Lumagui said.

Individual taxpayers with existing TIN can apply for the digital TIN ID through ORUS.

Taxpayers who would like to get their digital TIN ID are required to update their email address at the Revenue District Office where they are registered. *[Cont. from page 6]*

Taxpayers can now avail of digital TIN ID

[Cont. from page 5]

To do that, they may accomplish and submit Form S1905 – Registration Update Sheet (RUS) via email to the concerned RDO or through BIR's eServices - Taxpayer Registration Related Application (TRRA) Portal.

BIR reminded that taxpayers will need to submit a clear copy of their photo, adding that uploading unrelated photos, such as animals, artists, cartoons or other people's photos, shall be subject to penalty.

The digital TIN ID serves as a reference for the TIN of the taxpayer and as a valid government-issued identification document accepted in various government agencies, local government units, banks, employers, and other institutions.

Its authenticity can be verified online via the ORUS system using the QR Code provided.

Unlike physical TIN cards, the Digital TIN ID does not require a signature.

The Digital TIN ID is a permanent identification document. Both the physical TIN card and digital TIN ID remain valid, and holders need not secure a physical card if they already have a digital TIN ID.

The BIR assured the public that the digital TIN ID is free and not for sale.

It also warned that taxpayers availing of the services of online sellers of TIN ID assistance risk the possibility of getting invalid or fake TIN and wrong taxpayer type classification, which may impact on their future transactions with the BIR.

Source: https://www.pna.gov.ph/articles/1214592

Low single-digit growth expected for PHL exports next year

December 05, 2023 | Justine Irish D. Tabile | Philippine News Agency

REUTERS

PHILIPPINE GOODS and service exports are likely to grow by low single digits next year, according to an industry group.

Philippine Exporters Confederation, Inc. (Philexport) President Sergio R. Ortiz-Luis, Jr. said the outlook is better for next year, as the industry missed this year's export target under the Philippine Export Development Plan (PEDP).

"But one of the big parts of our exports are semiconductors and they don't expect to meet their original target, that is why it is services that will drive the growth," he told reporters on the sidelines of the National Exporters Week on Monday.

"Most of these will be in tourism and allied industries like transportation. The business process outsourcing (BPO) industry will also be a big part because as a matter of fact we are number one in voice BPO despite competing with India."

Last week, the Semiconductor and Electronics Industries in the Philippines Foundation, Inc. said the industry's exports would contract by 9-10% this year and will be flat next year.

For this year, Mr. Ortiz-Luis said the industry is still trying to reach at least $100 billion in export value.

Under the PEDP, merchandise and service exports were initially projected to hit $126.8 billion this year and $143.4 billion in 2024.

Asked about the export growth target for next year, Mr. Ortiz-Luis said: "Most probably, it will post a (low) single-digit growth. If we are able to register double-digit growth, we will be able to reach $126 billion [in export value] next year."

He noted the $126-billion target would most likely be reached by 2025 due to weak external demand amid rising geopolitical tensions and high inflation.

The Development Budget Coordination Committee (DBCC) projected the export of goods to grow by 6% starting next year until 2028. *[Cont. page 7]*

Low single-digit growth expected for PHL exports next year

[Cont. from page 6]

Meanwhile, Mr. Ortiz-Luis said the PEDP would be under constant recalibration because of changing geopolitical and economic conditions.

"But while we are recalibrating it, slowly but surely, we are seeing that our exports are growing," he added.

Bianca Pearl R. Sykimte, director of the Department of Trade and Industry Export Marketing Bureau, said there is a need to revisit the PEDP to take external developments into consideration.

"The international trading environment has been very volatile and the emphasis of the PEDP is really to develop agile exporters," she told reporters.

"We cannot really predict what will happen in the future but what is crucial is that our exporters are very competitive so they can easily adjust to opportunities and threats in the international economy," she added.

Ms. Sykimte said recalibrated targets would take into account economic growth and supply capability.

The DTI earlier projected exports of goods and services to grow by at least 5% this year or just a bit more favorable than the DBCC's projected export growth target of 1% for goods and 6% for services.

"Most likely, we will still meet the targets for service exports, but in terms of merchandise exports, that is where it will be difficult because 60% of what we export are electronic products," Ms. Sykimte said.

"On the agriculture front there has been a decline in the value of prices of coconut oil, which is a billion-dollar commodity export for us. These are the factors affecting our exports," she added.

Source: https://www.bworldonline.com/top-stories/2023/12/05/561535/low-single-digit-growth-expected-for-phl-exports-next-year/

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