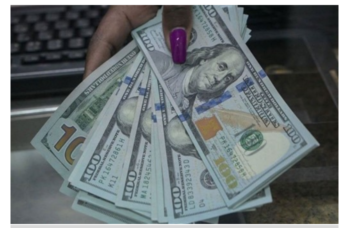
필리핀한인상공회의소뉴스
KOREAN CHAMBER OF COMMERCE PHILIPPINES NEWSLETTER

June 2024 Issue | Vol. 43

SPECIAL POINTS OF INTEREST

FDI inflows soar to $2.97 billion in Q1

June 11, 2024| Keisha Ta-Asan | The Philippine Star



A teller displays US dollars at a money exchange market in Nairobi on November 20, 2023.
Simon Maina / AFP

MANILA, Philippines — The inflow of foreign direct investments (FDI) went up by 23.1 percent to $686 million in March, bringing the total in the first three months to $2.97 billion or 42.1 percent higher than in the comparable period a year ago, data from the Bangko Sentral ng Pilipinas (BSP) showed.

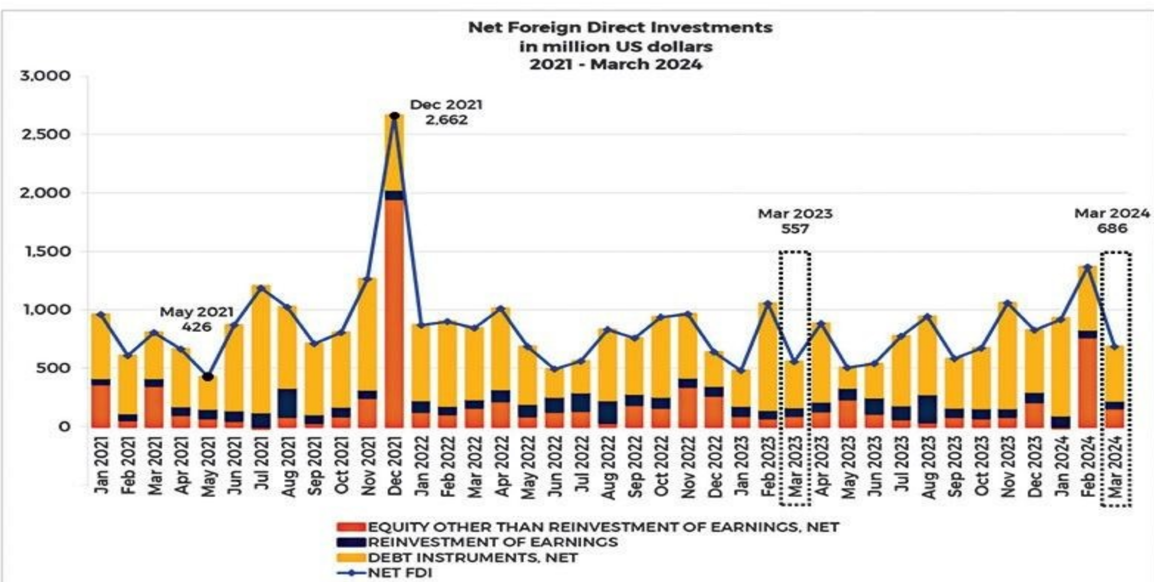
"FDI increased during the quarter on the back of the country's strong growth prospects and moderating inflation," the central bank said in a statement yesterday.

The Philippine economy grew by 5.7 percent in the first quarter, falling short of the government's six to seven percent target, but faster than the 5.5 percent expansion in the fourth quarter of 2023.

Meanwhile, inflation averaged 3.3 percent in the first quarter, still within the central bank's two to four percent target.

On a monthly basis, FDI inflows plunged by 49.8 percent in March from $1.37 billion in February. This marked the lowest FDI level in five months or since $670 million in October 2023.

Based on BSP data, investments in debt instruments – consisting mainly of inter-company borrowing between foreign direct investors and their subsidiaries or affiliates in the Philippines – climbed by 19 percent to $465 million in March.



	Mar 2023	Mar 2024	Y-o-Y Growth Rates (in %)
Net FDI	557	686	23.1
Equity other than reinvestment of earnings, net	94	157	67.1
Reinvestment of earnings	72	64	-11.3
Debt instruments, net	391	465	19.0

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FDI inflows soar to $2.97 billion in Q1

[Cont. from page 1]

Equity capital other than reinvestment of earnings also skyrocketed by 67.1 percent to $157 million in March from $94 million in the same period last year.

Placements grew by 50.3 percent to $173 million while withdrawals fell by 23.9 percent to $16 million.

Equity infusions were primarily from Japan, Singapore and the United States. The inflows were channeled into manufacturing, financial and insurance as well as real estate.

On the other hand, total reinvestment of earnings dipped by 11.3 percent to $64 million in March from $72 million in the same month last year.

Michael Ricafort, chief economist at Rizal Commercial Banking Corp., attributed the five-month-low FDI inflow in March to still elevated inflation and high borrowing costs for global and local investors.

But the year-on-year improvement in FDI "may have to do with improved economic and financial markets performance in recent months, such as headline inflation trending toward central bank targets that could support Fed and local policy rate cuts later in 2024," he said.

Meanwhile, investment in debt instruments rose by 14.2 percent to $1.83 billion from January to March, while reinvestment of earnings dropped by 11.3 percent to $229 million.

On the other hand, equity inflows from the Netherlands and Japan almost tripled to $1.13 billion from $377 million, while outflow surged by 90 percent to $219 million from $115 million.

This brought equity other than reinvestment of earnings at $910 million in the first quarter, more than three times higher than the $261 million in the comparable period in 2023.

"For the coming months, possible cuts in the global and local policy rates later in 2024 and in 2025, especially if inflation remains well anchored within the inflation target of the central bank, could lead to further improvement in FDI eventually," Ricafort said.

The BSP expects FDI net inflows at $9 billion this year.

Source: https://www.philstar.com/business/2024/06/11/2361857/fdi-inflows-soar-297-billion-q1

Fitch retains PH outlook, investment grade rating

June 10, 2024| Mariedel Irish U. Catilogo | Philippine Daily Inquirer

AFP FILE PHOTO

Debt watcher Fitch Ratings has kept the country's investment grade status with a "stable" outlook, citing the country's strong medium-term growth prospects.

Fitch Ratings expects the economy to expand by 5.8 percent in 2024, up from 5.5 percent last year, but adverse effects of the El Niño and La Niña climate phenomena may dampen economic growth.

Prospects should be better in the medium term, however.

"We forecast real GDP (gross domestic product) growth of above 6 percent over the medium term, considerably stronger than the 'BBB' median of 3 percent, supported by large investments in infrastructure and reforms to foster trade and investment, including public-private partnerships," Fitch Ratings said in its statement issued on Friday.

In the first quarter, the country's GDP grew by 5.7 percent, outperforming most of its peers in Southeast Asia despite slowing consumption and government spending.

But at the same time, Fitch noted the risk of a wider budget deficit following the Marcos administration's commitment to higher public spending to accelerate growth. *[Cont. page 3]*

Fitch retains PH outlook, investment grade rating

[Cont. from page 2]

"We believe there is some risk of further fiscal slippage, given the government's continued focus on economic growth and the approach of mid-term elections in May 2025," Fitch Ratings said.

The government already raised its budget deficit projection for 2024 to P1.5 trillion or 5.6 percent of GDP, from the previous forecast of P1.4 trillion (5.1 percent of GDP) with the less upbeat outlook on economic growth due in part to high inflation plus high interest rates.

Despite this, Fitch Ratings kept the coveted triple-B rating of the Philippines, which implies lenders' continued belief in the Philippines' ability to pay its obligations and its growth outlook.

BSP welcomes rating

The "stable" outlook, meanwhile, means that there is a low likelihood of a change in the credit rating in the next one to two years.

Bangko Sentral ng Pilipinas (BSP) Governor Eli Remolona Jr. on Saturday welcomed the debt watcher's rating as it recognizes the "central bank's efforts to keep inflation within target and highlighted the BSP's data-driven approach to setting monetary policy."

Fitch Ratings expects the headline inflation to remain at the upper half of the government's 2 to 4 percent target range for the year despite the possibility of rate cuts toward the end of the year.

Inflation in April accelerated to a six-month high of 3.9 percent year-on-year, driven by higher costs of utilities and transportation.

For the first five months, inflation averaged 3.5 percent, matching the BSP's full-year forecast.

The Monetary Board last month retained its benchmark policy rate at a 17-year high of 6.5 percent. The central bank raised borrowing costs by 450 basis points from May 2022 to October 2023.

The BSP will also consider the latest inflation data in its next policy review on June 27.

Budget Secretary Amenah Pangandaman likewise welcomed Fitch Ratings' affirmation of the country's investment grade rating.

"It bears noting that Fitch cited the Philippines' strong medium-term growth as one of the reasons for our rating," she said, "We hope to sustain our momentum for growth and keep our lead as one of the fastest growing economies in Southeast Asia."

Source: https://business.inquirer.net/463166/fitch-retains-ph-outlook-investment-grade-rating

BSP wants inflation firmly settled near target midpoint, governor says

June 11, 2024| Mariedel Irish U. Catilogo | Philippine Daily Inquirer

MANILA – The Philippine central bank wants inflation firmly settled near the middle of its 2.0%-4.0% target range, its governor said on Tuesday.

BW FILE PHOTO

"We are hawkish, but less than before," Bangko Sentral ng Pilipinas (BSP) Governor Eli Remolona told the Reuters Global Markets Forum.

Mr. Remolona said the central bank is happy where inflation is going, adding policymakers were more concerned about inflation than growth.

Annual inflation quickened for a fourth straight month in May to 3.9% from 3.8% the previous month, bringing the five-month average to 3.5%.

The central bank, which kept its benchmark rate steady at its last five meetings, will meet on June 27 to review policy. **— Reuters**

Source: https://www.bworldonline.com/top-stories/2024/06/11/601035/bsp-wants-inflation-firmly-settled-near-target-midpoint-governor-says/

PH two-way trade showing signs of life, says Pantheon

June 13, 2024 | Ian Nicolas P. Cigaral | Philippine Daily Inquirer

INQUIRER.NET

MANILA, Philippines — Better days may be ahead for the Philippines' external trade as exports looked to break months of slow downtrend while imports finally showed signs of life, London-based Pantheon Macroeconomics said.

In a commentary sent to journalists, Miguel Chanco, chief Emerging Asia economist at Pantheon, said the big trade deficit recorded in April was a welcome development after figures showed a "solid bounce-back in two-way trade."

Data from the Philippine Statistics Authority (PSA) showed the country's balance of trade—or the difference between the value of exports and imports—tilted to a deficit of $4.76 billion, the largest in five months but was smaller by 1.5 percent compared with a year ago.

That the country continued to post a trade deficit means it spent more on imports than earned from export sales during the month. As it is, a large trade gap could put pressure on the peso, which had been trading at 19-month lows in recent weeks, although Pantheon's Chanco said it was OK to "swallow" the wide trade shortfall in April.

"We'll swallow the Philippines' big April deficit, as imports showed signs of life," Chanco said, adding that the big trade deficit during the month was "amplified" by "very favorable base effects."

Dissecting the PSA's report, exports grew by 26.4 percent year-on-year in April to $6.2 billion after sales of electronic products, the country's top export, went up by 33.3 percent to $3.6 billion.

Break from downtrend

Based on Pantheon's month-on-month adjustment, outbound shipments rebounded to a seven-month high of 2.3 percent and were "looking to break from the gradual downtrend that has been in place since September last year."

"Demand from Hong Kong is picking up rapidly, while shipments to the US continue to regain upward momentum steadily, offsetting the sluggishness in exports to China, which continued at the start of the second quarter," Chanco said.

Meanwhile, imports—a gauge of domestic demand conditions—grew at an annualized rate of 12.6 percent to $10.98 billion, the best expansion in 19 months. For Pantheon, such a development could signal a rebound in economic activity, adding that inbound shipments of major goods would have to show a more convincing uptrend in the coming months.

"Nonetheless, the April [imports] rise was broad-based and fairly robust across the board. It will take more than a single month of good data, however, to stop imports of consumer goods from rolling over further," Chanco said.

"Fortunately, purchases of capital goods continue to find their feet, though they have a lot of catching up to do," he added.

Source: https://business.inquirer.net/463455/ph-two-way-trade-showing-signs-of-life-says-pantheon

WORLD BANK SAYS: PH to post fastest growth in Asean

June 13, 2024 | Angela Celis | Malaya Business Insight

The World Bank has kept its growth forecasts for the Philippines until 2026, and this is expected to outpace that of growth of most Asean neighbors this year.

The Washington-based agency's Global Economic Prospects report showed the Philippines is expected to grow by 5.8 percent for 2024 and 5.9 percent in the next two years.

These estimates fall below the government's growth assumptions of six to seven percent for 2024, 6.5 to 7.5 percent for next year and 6.5 to eight percent from 2026 until end of the administration's term.

However, based on the latest report, the Philippines will be one of the fastest-growing economies in the Asean region this year.

To compare, for 2024, Cambodia is seen to grow as fast as the Philippines at 5.8 percent. *[Cont. page 5]*

WORLD BANK SAYS: PH to post fastest growth in Asean
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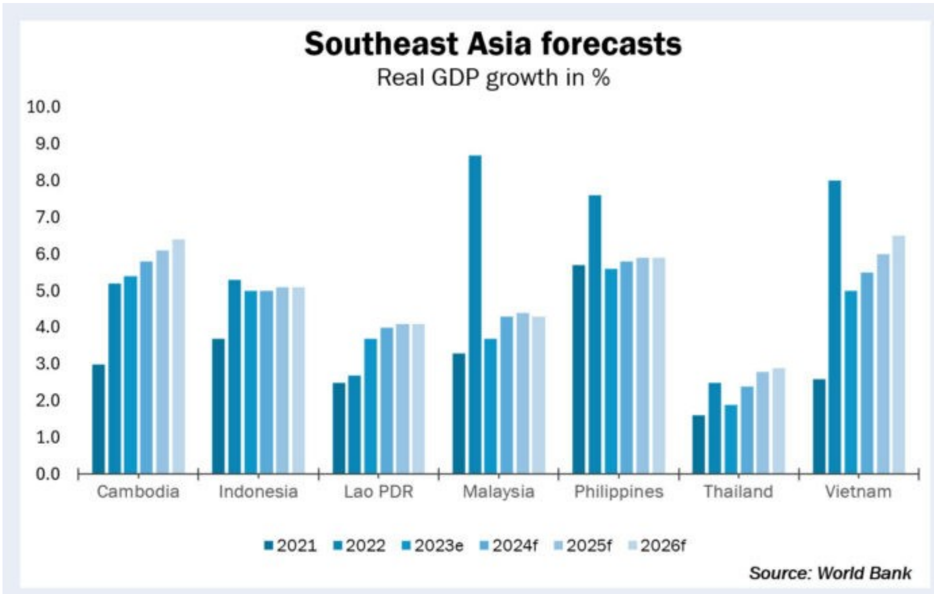

Forecasts for neighboring economies for this year are 5.5 percent for Vietnam; five percent for Indonesia; 4.3 percent for Malaysia; four percent for Lao PDR; 2.4 percent for Thailand and for Myanmar, one percent.

For next year, Cambodia and Vietnam are seen to grow at a slightly faster pace than the Philippines at 6.1 percent and six percent, respectively.

Meanwhile, estimates for other Asean economies are 5.1 percent for Indonesia; 4.4 percent for Malaysia; 4.1 percent for Lao PDR and 2.8 percent for Thailand. No estimate was given for Myanmar for the next two years.

In 2026, Vietnam and Cambodia will continue to surpass the growth of the Philippines based on the World Bank's computations, with projected expansions of 6.5 percent and 6.4 percent, respectively.

Indonesia is seen to post growth of 5.1 percent; Malaysia, 4.3 percent; Lao PDR, 4.1 percent and Thailand, 2.9 percent.

"Over the forecast horizon, GDP (gross domestic product) growth in most East Asia and Pacific economies except China—including Indonesia, Malaysia and the Philippines—will be anchored by solid growth of private consumption supported by low inflation, declining borrowing costs, and firm labor market conditions," the report said.

"However, both private and public investment are projected to remain subdued. Heightened uncertainty, related in some cases to recent political transitions and conflict, and including about global trade policies, is expected to dampen private investment," it added.

In its Philippine Economic Update report released just last week, The multilateral agency said growth is expected to be driven by strong household consumption, sustained strength in the services sector and improved trade stemming from a rebound in global demand for goods and the continued recovery of services exports such as tourism.

The projection is based on the expectation that inflation will ease, the World Bank said, thus strengthening household purchasing power.

However, risks to the growth outlook include higher than expected inflation, extreme weather and climate change, global geopolitical tensions, tighter than expected financial conditions and the possibility of a sharper slowdown in China.

A prolonged El Niño event, and possibly a La Niña, could strain the domestic food supply and trigger an increase in inflation, the Washington-based agency said.

Source: https://malaya.com.ph/news_business/world-bank-says-ph-to-post-fastest-growth-in-asean/

DTI, Philexport vow to enhance PH export sector

June 13, 2024 | Othel V. Campos | Manila Standard

The Department of Trade and Industry (DTI) and the Philippine Exporters Confederation Inc. (PhilExport) signed a memorandum of understanding (MOU) to strengthen the country's export sector and integrate it further into global value chains.

The strategic partnership leverages the Philippines' free trade agreements (FTAs) including the Regional Comprehensive Economic Partnership (RCEP) to unlock new opportunities for Filipino exporters.

A key aspect of the MOU is the launch of a comprehensive trade education and advocacy campaign to equip exporters with the knowledge and tools they need to navigate FTAs and capitalize on the benefits they offer.

This includes information on preferential tariffs, rules of origin and other trade facilitation measures.

The DTI and PhilExport hope to create significant job opportunities and propel the Philippine economy towards sustainable growth by empowering exporters.

The MOU will also establish regular dialogues and consultations to ensure exporters understand the intricacies of FTAs and how to utilize them effectively and connect businesses and industry associations with opportunities to participate in global value chains through FTAs

The DTI and PhilExport will collaborate on programs to enhance the skills of exporters and PhilExport staff, allowing them to better navigate the international trade landscape.

Both parties agreed to share resources and information to support the initiatives outlined in the MOU, while adhering to data privacy regulations.

Source: https://manilastandard.net/business/economy-trade/314459248/dti-philexport-vow-to-enhance-ph-export-sector.html

KCCP ACTIVITY HIGHLIGHTS

KCCP BOD Meeting and Awarding of Certificate of Appreciation to KCCP Vice President Mr. Hee Seok Jeong

June 11, 2024 | Elks Club, Corinthian Plaza Building

On June 11, 2024, KCCP held its third Board Members Meeting of the year in the Lodge Room of Manila Elks Club. The meeting tackled the recent KCCP activities and other main agenda of the organization. In the latter part of the meeting, KCCP President Mr. Um Awarded a Certificate and Token of Appreciation to the outgoing Industrial Bank of Korea Manila Branch General Manager and KCCP Vice President Mr. Hee Seok Jeong for his outstanding contribution and unwavering support to the chamber during his term, this was followed by a commemorative picture with all the attending officers. KCCP wishes more success to Mr. Jeong on all his future endeavors.

KCCP New Members Welcome Dinner

June 13, 2024 | Choi Garden, Annapolis, San Juan City

First this year, KCCP held a welcome dinner for its new members from January - June 2024 yesterday, June 13, 2024 in the evening at Choi Garden, Annapolis San Juan City. KCCP President Mr. Hyunchong Um, KCCP Vice President Mr. Dalhun Lee and KCCP Director Mr. Sanggoo Chun were present to formally welcome representatives of each new member company and present them with the KCCP Certificate of Membership.

New members present during the event were: ASAP Automan Service and Parts, Inc., Exanet Telecommunications, Inc., Shinhan Bank - Manila Branch, Infinivan, Inc., JLT Pharma, Inc., Bank of the Philippine Islands (BPI), Hyundai Motor Philippines Inc., Loadmaster Lift and Park Services, Inc. and Sunlight Airways.

KCCP looks forward to holding more events this year and to continuing to adhere to its mandate.

KCCP President Um briefing about KCCP and Introduction of New Members

With KCCP President Mr. Hyunchong Um, KCCP Vice President Mr. Dal Hun Lee, KCCP Director Mr. Sang Goo Chun and KCCP New Members

Loadmaster Lift and Park Services, Inc.
Representative: Mr. Ji Hyuk Jang
(New Member)

Infinivan, Inc.
Representative: Shumpei Komatsu
(New Member)

Bank of the Philippine Islands
Representative: Ms. Ivy Rose F. Herrera
(New Member)

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KCCP New Members Welcome Dinner

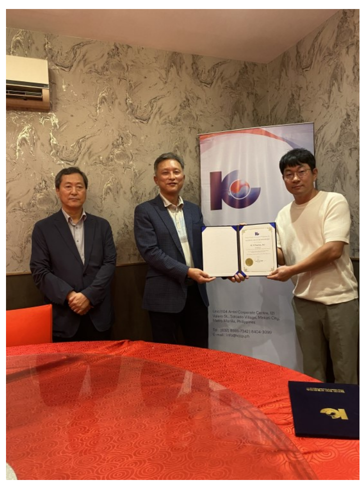
June 13, 2024 | Choi Garden, Annapolis. Greenhills

Hyundai Motor Philippines, Inc.
Representative: Mr. Dong Wook Lee
(New Member)

Sunlight Express Airways
Representative: Mr. John Martirez
(New Member)

Exanet Telecommunications, Inc.
Representative: Mr. Sejin Han
(New Member)

Shinhan Bank –Manila Branch
Representative: Mr.Rodin Salvosa
(New Member)



JLT Pharma, Inc.
Representative: Mr. Sang Jae Lee
(New Member)

ASAP Automan Service and Parts Inc.
Representative: Robin Liu
(New Member)

Contact Us

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