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IMF still sees PHL as one of region's strongest economies this year

October 11, 2023 | Keisha B. Ta-asan | BusinessWorld

A man arranges Christmas lanterns for sale in Las Piñas City. The International Monetary Fund projects 5.3% gross domestic product growth for the Philippines this year. — PHILIPPINE STAR/ EDD GUMBAN

THE INTERNATIONAL Monetary Fund (IMF) expects the Philippine economy to remain one of the strongest performers in the region this year, despite its outlook of slower global economic growth

In its latest World Economic Outlook (WEO), the IMF expects the Philippines' gross domestic product (GDP) to grow by 5.3% this year, below the 6-7% target of the government. This is also slower than the 7.6% GDP expansion in 2022.

The multilateral lender's 2023 growth outlook for the Philippines is the second fastest among emerging and developing Asia, just behind India (6.3%).

It is ahead of China and Indonesia (both at 5%), Vietnam (4.7%), Malaysia (4%), and Thailand (2.7%).

Emerging and developing Asia's growth is expected to average 5.2% this year from 5.3% previously. The region's growth is seen to slow to 4.8% in 2024 from 5% previously.

The IMF said that growth prospects for emerging markets and developing economies will remain weak this year.

"Global activity bottomed out at the end of last year while inflation — both headline and underlying (core) — is gradually being brought under control," the IMF said.

"But a full recovery toward pre-pandemic trends appears increasingly out of reach, especially in emerging markets and developing economies," it added.

The IMF's 5.3% forecast for the Philippines this year also makes it the fastest among five Association of Southeast Asian Nations (ASEAN) member countries.

The ASEAN-5 region is projected to grow by 4.2% this year and 4.5% next year.

Based on the WEO, the IMF projects 5.9% GDP growth for the Philippines in 2024, although this was already revised to 6% last week after the conclusion of the Article IV consultation mission to Manila.

This would still make the Philippines the second-fastest growing economy in emerging and developing Asia, after India (6.3%). The Philippines is also seen to be the fastest in ASEAN-5 next year, followed by Indonesia (5%) and Malaysia (4.3%).

IMF Representative to the Philippines Ragnar Gudmundsson said the multilateral lender's latest projections for the Philippines were finalized during the Article IV mission, as the forecasts in the WEO update were done before the consultations.

"Our views on monetary policy are still in line with those shared last week," he said in an e-mail. "Essentially, we made small adjustments to our projections based on our discussions and the latest data we received in the context of the mission."

IMF Mission Chief to the Philippines Shanaka Jayanath Peiris earlier said the main downside risk to the IMF's growth outlook for the Philippines is persistent inflation, which could prompt the central bank to resume monetary tightening.

The IMF expects Philippine inflation to rise to about 6% this year before declining to 3.5% in 2024. The BSP sees inflation averaging 5.8% this year and 3.5% in 2024

The BSP has kept the key interest rate at a near 16-year high of 6.25% since March.

Mr. Peiris had said that a "higher-for-longer" policy rate path may be necessary until inflation falls within the target range.

The IMF projects Philippine inflation to return to the 2-4% target by the first quarter of next year. *[Cont. page 2]*

IMF still sees PHL as one of region's strongest economies this year

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Meanwhile, the IMF expects global growth to slow to 3% this year, as the global economy continues to recover "slowly" from the pandemic, Russia's invasion of Ukraine and the cost-of-living crisis. It also trimmed its 2024 outlook to 2.9%, from 3% previously *(Related story: https://www.bworldonline.com/world/2023/10/10/550792/imf-says-global-economy-limping-along-cuts-growth-forecast-for-china/)*.

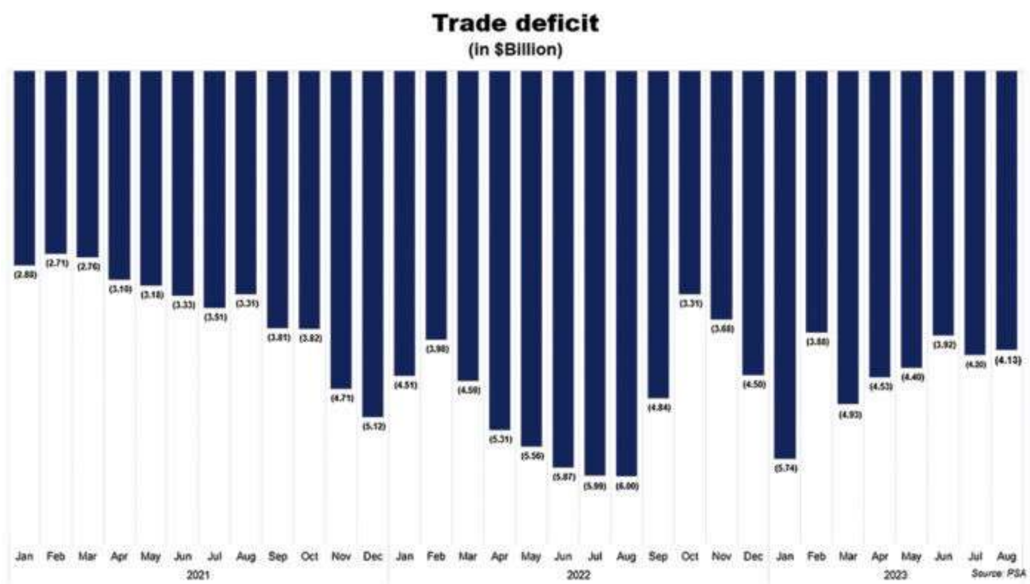
"Yet growth remains slow and uneven, with growing global divergences. The global economy is limping along, not sprinting," the IMF said.

The IMF expects global inflation to rise to 6.9% this year, but ease to 5.8% in 2024. Inflation is not expected to return to target until 2025 in most economies around the world.

Source: https://www.bworldonline.com/top-stories/2023/10/11/550880/imf-still-sees-phl-as-one-of-regions-strongest-economies-this-year/

Trade deficit narrows in Aug

October 11, 2023 | Angela Celis | Malaya Business Insight



The country' trade deficit narrowed in August as imports continued to post a double digit decline.

According to the Philippine Statistics Authority, the trade deficit stood at $4.13 billion in August, 31.5 percent down from the previous year's level of $6.03 billion.

In July 2023, the trade deficit recorded an annual decline of 30 percent, while a year-on-year growth of 82.1 percent was posted in August 2022.

The total imported goods in August 2023 amounted to $10.83 billion, indicating a decrease of 13.1 percent from the $12.46 billion in the same month of the previous year.

The commodity group with the highest annual decline in the value of imported goods was electronic products at $643.72 million.

This was followed by iron and steel, which declined by $258.84 million; and mineral fuels, lubricants and related materials with an annual drop of $135.13 million.

Meanwhile, the country's total export sales in August 2023 amounted to $6.7 billion, posting an increase of 4.2 percent from the $6.43 billion total exports in the same month of the previous year.

The highest annual increase in the value of exports in August 2023 was seen in electronic products with $221.73 million.

This was followed by cathodes and sections of cathodes, of refined copper with an annual increase of $127.92 million and gold with an annual increase of $78.24 million.

The country's total external trade in goods thus amounted to $17.53 billion in August, down 7.2 percent from the $18.89 billion total external trade in the same period of the previous year.

Source: https://malaya.com.ph/news_business/trade-deficit-narrows-in-aug/

BSP: January—July FDI dips 14.7 % on slow growth

October 11, 2023 | Cai U. Ordinario | BusinessMirror

FEARS that global economic growth will slow spooked foreign investors this year, causing the country's Foreign Direct Investments (FDIs) to contract 14.7 percent between January and July 2023 despite the growth in FDIs in July, the Bangko Sentral ng Pilipinas (BSP) said.

Data showed FDIs settled at $4.7 billion, slower than the $5.5 billion in the same period last year.

"FDI declined amid concerns over slowing global growth," BSP said in a statement released on Tuesday.

In July, FDIs reached $753 million, higher by 35.7 percent than the $555 million recorded net inflows in the same month last year.

BSP traced the growth in FDI to the 108.4-percent increase in nonresidents' net investments in debt instruments to $575 million in July 2023 from $276 million in July 2022.

This, the central bank said, more than offset the decrease in nonresidents' net investments in equity capital other than reinvestment of earnings by 52.6 percent to $65 million from $137 million; and their reinvestment of earnings by 20.1 percent to $114 million from $142 million.

"By country of source, equity capital placements during the month came mostly from Japan, the United States and Singapore. Said investments were channeled primarily to the manufacturing; real estate; and financial and insurance industries," BSP said.

The BSP explained that statistics on FDI are compiled based on the Balance of Payments and International Investment Position Manual, 6th Edition (BPM6).

FDI includes investments by a nonresident direct investor in a resident enterprise, whose equity capital in the latter is at least 10 percent, and investments made by a nonresident subsidiary/associate in its resident direct investor. FDI can be in the form of equity capital, reinvestment of earnings, and borrowings.

Israel-Hamas

In an economic note, Rizal Commercial Banking Corp. (RCBC) Chief Economist Michael L. Ricafort said

the Israel-Hamas war "partly weighed on global market sentiment amid geopolitical risks that could involve Iran, which is a major global oil producer and finances/supports Hamas."

Ricafort said if Iran will become involved in the conflict, it could block the Strait of Hormuz, an important passage for international oil tankers.

Thus far, Ricafort said, the Israel-Hamas war led to some flight to the safest havens/investments such as US Treasuries and other safe sovereign bonds. This is consistent when there are geopolitical uncertainties and will hold until the situation stabilizes.

However, Ricafort sad there would be minimal adverse effects on the economy, provided there are no evacuations or repatriation of OFWs back to the country, as seen in recent years.

"The effects of the Israel-Hamas conflict on the financial markets and economy remain manageable, as long as the conflict does not escalate and spread to other areas/countries in the Middle East, especially in major oil producers that are also host countries for many OFWs," Ricafort said.

On Sunday, the President announced all concerned government agencies have been mobilized to ensure the safety of Filipinos in Israel after it suffered surprise attacks from militant Hamas forces during the weekend.

There are around 450 Filipinos in south Israel and Gaza Strip where intense fighting is happening between the renewed war between Israeli forces and the Hamas group.

Image credits: Michael Edwards | Dreamstime.com

Source: https://businessmirror.com.ph/2023/10/11/bsp-january-july-fdi-dips-14-7-on-slow-growth/

PH strengthens regional customs cooperation

October 11, 2023 | Gabriell Christel Galang | Manila Bulletin

MANILA BULLETIN

AT A GLANCE

- The Bureau of Customs (BOC) has strengthened ties with Southeast Asian counterparts through the exchange of best practices.
- The ASEAN Customs Enforcement and Compliance Working Group (CECWG) facilitated knowledge exchange among customs administrations within the ASEAN community.
- The discussions focused on enhancing enforcement and compliance measures for the protection of the ASEAN region.
- Collaborative initiatives were encouraged as the ASEAN Integration in 2025 approaches.
- The BOC emphasized the importance of efficient customs enforcement systems and robust compliance frameworks.
- The meeting covered various topics related to customs enforcement and compliance.

The Bureau of Customs (BOC) has enhanced its relationships with Southeast Asian counterparts by exchanging best practices.

During the ASEAN Customs Enforcement and Compliance Working Group (CECWG), the BOC facilitated the exchange of knowledge among customs administrations from various countries, with a particular those within the ASEAN community.

"The discussions facilitated the exchange of best practices, with emphasis on initiatives to enhance enforcement and compliance measures for the protection of the ASEAN region," the bureau said in a statement.

The meeting also covered other topics that aim to encourage collaborative initiatives as the ASEAN Integration in 2025 draws near.

"Upholding efficient customs enforcement systems and robust compliance frameworks are essential to ensure the smooth movement of goods, preventing illicit trade, protecting intellectual property rights, and facilitating legitimate business activities within the region," BOC said.

Hosted by the BOC the three-day CECWG event held in Davao City served as a pivotal platform for the Philippines to strengthen its relationships with other countries,

This year's CECWG was held from Oct. 3 to 5.

"The BOC remains steadfast in advancing regional cooperation, and this engagement reflects its commitment in the development and implementation of effective customs enforcement and compliance strategies within the ASEAN community," the agency said.

Source: https://mb.com.ph/2023/10/10/ph-strengthens-regional-customs-cooperation

BSP monitoring possible impact of Israel-Hamas war on PH inflation

October 11, 2023 | Lisbet Esmael | CNN Philippines

A man arranges Christmas lanterns for sale in Las Piñas City. The International Monetary Fund projects 5.3% gross domestic product growth for the Philippines this year. — PHILIPPINE STAR/ EDD GUMBAN

Metro Manila (CNN Philippines, October 11) — The country's central bank on Wednesday said it is closely watching the developments of the military conflict in the Middle East for potential effects on local inflation.

During a briefing, Bangko Sentral ng Pilipinas (BSP) Governor Eli Remolona said the ongoing war between Israel and Palestinian militant group Hamas may have "spillover effects on global growth."

But the BSP official said the increasing tension in the region has yet to trigger oil prices to soar and for the peso to further depreciate.

"So far so good, but we're watching developments. It's a global phenomenon. It's not specific to us," he said.

The Department of Agriculture on Tuesday also said that the conflict would only have "minimal" impact on the country's food production.

The war, which began over the weekend, has yet to cool down with hundreds of people reportedly killed during the attacks. On Wednesday, Foreign Affairs Secretary Enrique Manalo confirmed that two Filipinos perished due to the war.

About 70 Filipinos have already requested repatriation.

Source: https://www.cnnphilippines.com/business/2023/10/11/bsp-inflation-israel-hamas-war.html

SEC defends proposed fee increase

October 12, 2023 | Gabriell Christel Galang | Manila Bulletin


SEC.GOV.PH

THE SECURITIES and Exchange Commission (SEC) defended a plan to increase its fees and charges amid opposition from some of the country's top business groups, saying the rates have not been adjusted since 2017.

This comes after business groups, led by the Philippine Chamber of Commerce and Industry (PCCI), sent a letter to the SEC objecting to the proposed hike in fees and charges which they described as "obscene" and "unconscionable."

In a five-page statement on Wednesday, the SEC said it will meet with the business groups today (Oct. 12) to address their concerns and clarify certain statements in their letter, "including the use of non-comparable values, and generalization of Supreme Court rulings."

"The meeting will seek to unite the viewpoints of the Commission and its stakeholders toward ensuring that the new schedule of fees continues to advance the Marcos administration's thrust of promoting business and capital formation in the country," it said.

The corporate regulator said the proposed increase in its fees and charges was the result of "a thorough and careful study."

"The schedule of fees and charges was last updated in 2017, based on a proposal from 2014. This means that the current rates are based on operational and administrative costs prevailing almost 10 years ago," the SEC said.

To sustain the development of IT-related systems and the delivery of its services, the SEC said that "fees and charges must sufficiently cover the cost of maintaining and upgrading them continuously for the benefit of the transacting public."

The SEC released the proposed schedule of new fees and charges for stakeholders' comments on Aug. 2. No fees have been increased.

"The SEC assures stakeholders that any adjustments in the fees and charges collected from the transacting public are carefully studied to ensure that they are commensurate with the cost of regulating the corporate sector and capital market, and reasonable such that no unnecessary burden shall be passed onto the transacting public," it said.

In an Oct. 2 letter to the SEC, the business groups urged the regulator to review, "if not totally scrap" the proposal which it described as "anti-business."

They opposed the SEC's proposal to charge corporate issuers one-fourth of 1% of total indebtedness when creating bonded indebtedness.

They also objected to the proposed fee on the total transactions cleared and settled in the previous year by the Securities Clearing Corp. of the Philippines and the Philippine Depository Trust Corp. at 0.1 basis point (bp) and 0.05 bp, respectively.

"Consistent with the ease of doing business law, we then strongly recommend that SEC submit this proposed policy to the Anti-Red Tape Authority (ARTA) for a regulatory impact assessment to check against harmful impacts to business and the economy," they said.

The business groups also argued that the SEC's proposal could discourage the entry of new investments, as well as hinder the growth of small and medium enterprises.

Aside from the PCCI, the letter was also signed by the Management Association of the Philippines, Philippine Retailers Association, Philippine Franchise Association, Chamber of Thrift Banks, Philippine Exporters Confederation, Inc., Federation of Filipino Chinese Chambers of Commerce and Industry, Inc., and Employers Confederation of the Philippines. — **RMDO**

Source: https://www.bworldonline.com/top-stories/2023/10/12/551115/sec-defends-proposed-fee-increase/

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The Joint Foreign Chambers of the Philippines will be holding the **12th Arangkada Philippines Forum** on **October 25, 2023** at the **Marriott Grand Ballroom** in Pasay City.

The 12th Arangkada Philippines Forum brings together experts and industry leaders in exploring various perspectives to facilitate and further integrate the principles of sustainability in accelerating inclusive growth and development. As in previous years, high-level government officials and members of the business community will be invited to deliver keynote speeches and participate in the panels.

For more information, visit www.arangkadaphilippines.com/forum2023 or contact **Ms. Chi or Ms. Sang** at +632-8885-7342 or through email at info@kccp.ph.

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