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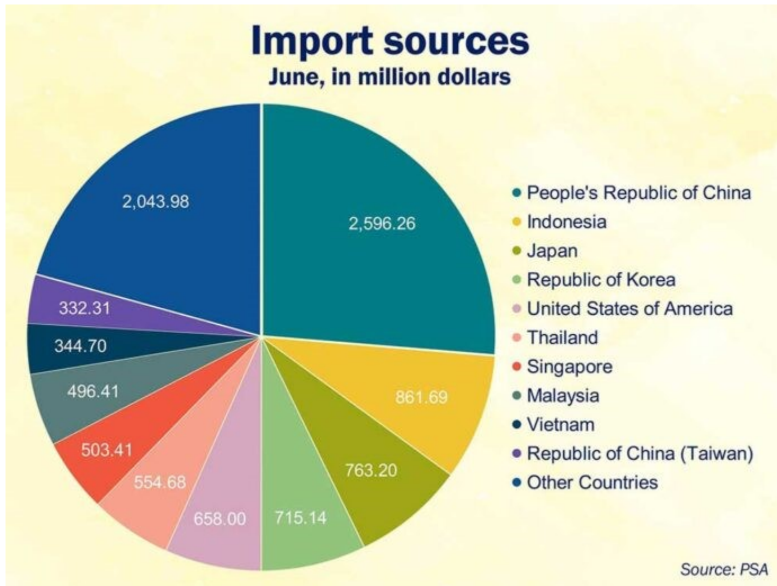
Trade gap widens in June

August 07, 2024| Angela Celis | Malaya Business Insight



The country's trade gap widened year-on-year in June as the sharp contraction in exports significantly outpaced that of imports.

The Philippine Statistics Authority (PSA) reported yesterday the balance of trade in goods in June amounted to -$4.3 billion, indicating a trade deficit with an annual increase of 9.3 percent from the -3.94 billion recorded in June 2023.

The country's total export sales in June amounted to $5.57 billion, down 17.3 percent from the $6.73 billion total exports sales in the same month of the previous year.

The commodity group with the highest annual drop in the value of exports in June 2024 was electronic products with $965.14 million.

This was followed by cathodes and sections of cathodes, of refined copper with an annual decrease of $97.13 million; and other manufactured goods with a year-on-year decline of $59.99 million.

The year-to-date annual total value of exports amounted to $36.41 billion.

This translated to an increase of three percent from the total export value of $35.34 billion in January to June 2023.

Total imported goods in June 2024 amounted to $9.87 billion, down 7.5 percent from the $10.67 billion import value in the same month of the previous year.

In June 2024, the commodity group with the highest annual decline in the value of imported goods was transport equipment with $445.67 million.

This was followed by metalliferous ores and metal scrap, which decreased by $338.47 million and telecommunication equipment and electrical machinery with an annual decline of $48.23 million.

The annual total import value from January to June 2024 totaled to $61.41 billion.

This represents a year-on-year decrease of 2.5 percent from the year-to-date import value of $62.96 billion in January to June 2023.

Source: https://malaya.com.ph/news_business/trade-gap-widens-in-june/

Inflation quickens to 9-month high

August 07, 2024| Luisa Maria Jacinta C. Jocson | BusinessWorld

Inflation quickened to 4.4% in July amid higher electricity rates and food costs. — PHILIPPINE STAR/ RYAN BALDEMOR

HEADLINE INFLATION accelerated to a nine-month high in July, mainly driven by a spike in electricity rates and food costs, data from the Philippine Statistics Authority (PSA) showed.

The consumer price index quickened to 4.4% year on year in July from 3.7% in June, falling within the Bangko Sentral ng Pilipinas' (BSP) 4%-4.8% forecast.

It was higher than the 4% median estimate in a *BusinessWorld* poll of 15 analysts conducted last week.

The July print was also the fastest in nine months or since the 4.9% clip in October 2023.

July also ended seven straight months of inflation settling within the central bank's 2-4% target band. Inflation had been within target from December 2023 to June 2024.

In the first seven months of the year, headline inflation averaged 3.7%, above the central bank's 3.3% full-year forecast.

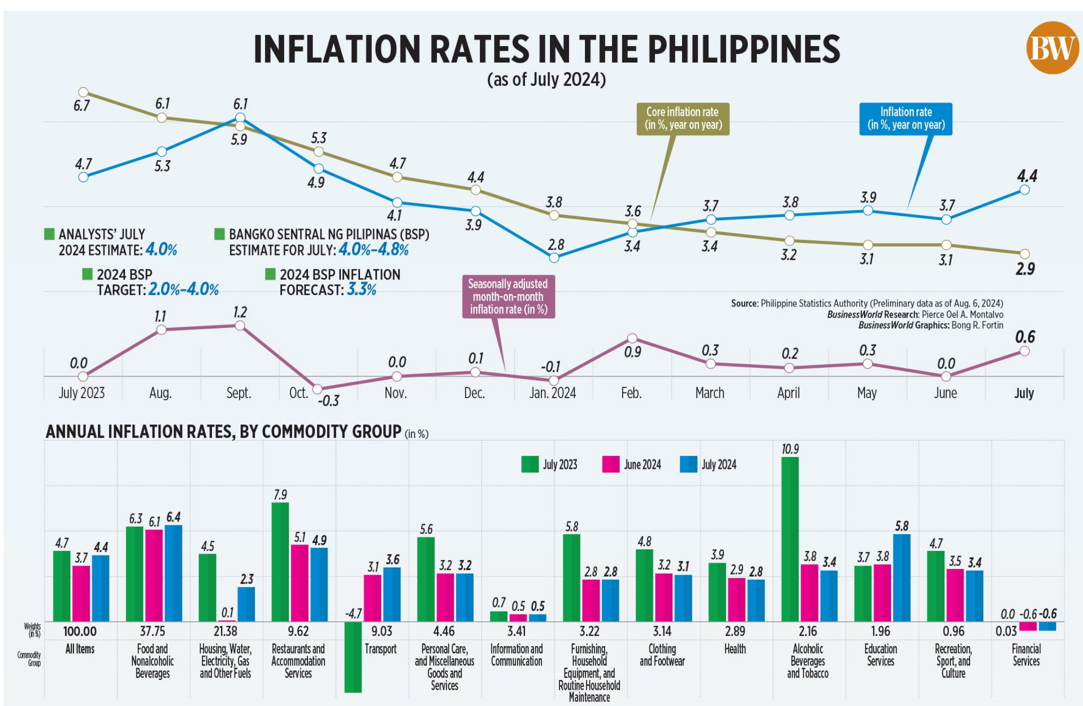
Core inflation, which excludes volatile prices of food and fuel, sharply eased to 2.9% in July from 6.7% a year ago. Core inflation averaged 3.3% in the first seven months.

"The latest inflation outturn is consistent with the BSP's latest assessment that inflation will temporarily settle above the target range in July 2024 due mainly to higher electricity rates and positive base effects but will likely follow a general downtrend beginning in August 2024," the central bank said in a statement.

National Statistician Claire Dennis S. Mapa said that the main source of faster inflation in July was the housing, water, electricity, gas and other fuels index which rose to 2.3% in July from 0.1% in June.

"For power, we really expected that, because Meralco (Manila Electric Co.) adjusted rates in July. That's where we saw a significant contribution to inflation," Mr. Mapa said in mixed English and Filipino.

In July, Meralco raised rates by P2.1496 per kilowatt-hour (kWh) to bring the overall rate for a typical household to P11.6012 per kWh.



Inflation of liquefied petroleum gas (LPG) surged to 20.2% in July from 14.7% in the previous month, as LPG prices rose by P0.55 per kilogram.

Mr. Mapa also noted the heavily weighted food and non-alcoholic beverages index, which increased to 6.4% in July from 6.1% a month earlier and 6.3% a year ago.

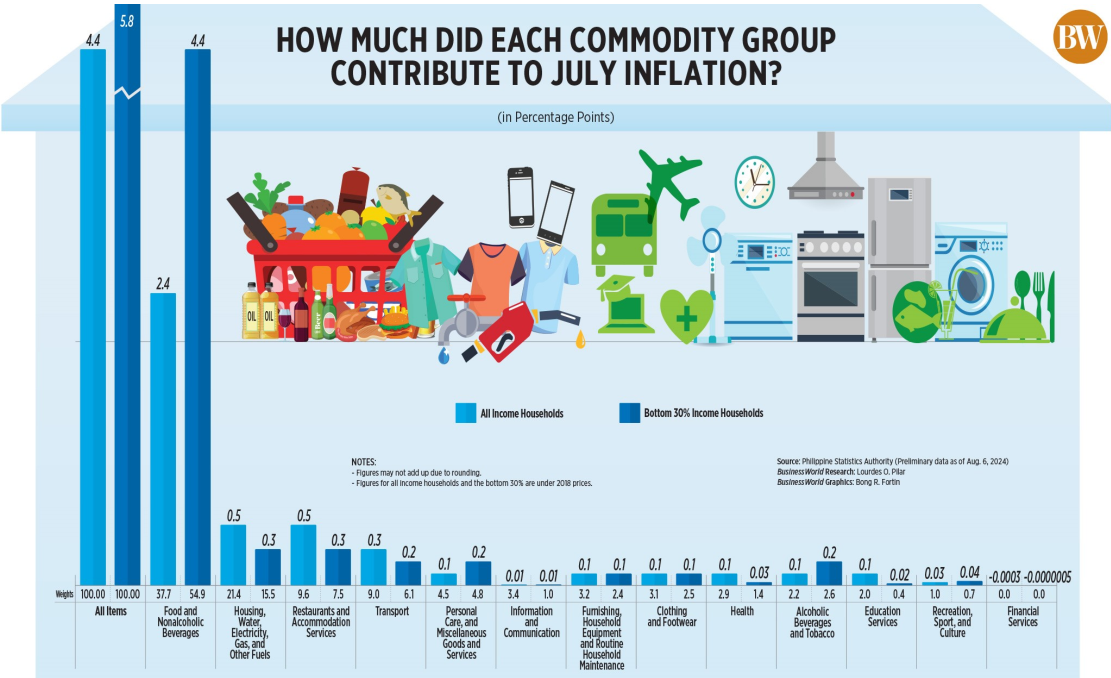
Food inflation accelerated to 6.7% from 6.5% in June. This was primarily driven by faster prices in meat and other parts of slaughtered land animals (4.8% in July from 3.1% in June) and fruits and nuts (8.4% from 5.6%).

Meanwhile, rice inflation further eased to 20.9% in July from 22.5% a month prior, marking the fourth straight month of slower rice inflation.

PSA data showed that the average price of regular milled rice fell to P50.90 per kilogram in July from P51.10 in June; while well-milled rice declined to P55.85 per kilo from P55.96 in June. *[Cont. page 3]*

Inflation quickens to 9-month high

[Cont. from page 2]



While it is possible that Typhoon Carina hurt food prices in July, Mr. Mapa said its impact will be most likely reflected in August inflation.

"It's possible that the impact of the storm has started, normally based on our historical data, prices of vegetables rise after a typhoon. That is the expectation we have, that this could rise in August."

Agricultural damage due to Typhoon Carina and the southwest monsoon, which hit Metro Manila and nearby provinces in late July, stood at P3.04 billion.

Transport inflation was also one of the main drivers to the uptick in July inflation, Mr. Mapa said.

In July, transport inflation picked up to 3.6% from 3.1% a month ago.

"This increase was driven by increasing global petroleum prices due to the unexpected large withdrawals of United States gasoline stocks, optimistic fuel demand forecasts, and the ongoing geopolitical tension in the Middle East," the National Economic and Development Authority said in a statement.

In July, pump price adjustments stood at a net increase of P1.30 a liter for gasoline. Diesel and kerosene had a net decrease of P0.90 and P1.70, respectively, per liter.

Meanwhile, the inflation rate for the bottom 30% of income households accelerated to 5.8% in July from 5.5% in June and 5.2% a year ago.

In the seven months to July, the inflation rate for the bottom 30% averaged 4.9%.

In the National Capital Region (NCR), inflation eased to 3.7% in July from 5.6% a year prior. Inflation in areas outside NCR averaged 4.6%, faster than 4.4% a year ago.

OUTLOOK

The BSP said that risks to the inflation outlook have shifted to the downside for this year and the next, primarily due to the tariff cut on rice imports.

President Ferdinand R. Marcos, Jr. in June signed an executive order which slashed tariffs on rice imports to 15% from 35% previously, until 2028.

"Nonetheless, higher prices of food items other than rice, as well as higher transport and electricity charges continue to pose upside risks to inflation," the central bank added.

Finance Secretary Ralph G. Recto said that the uptick in July inflation is only temporary.

"Inflation rate is expected to stabilize and fall within target for the rest of the year as the impact of government interventions, particularly the reduced rice tariffs, will be more pronounced starting this August," he said in a statement. *[Cont. page 4]*

Inflation quickens to 9-month high
[Cont. from page 3]

PSA's Mr. Mapa said that rice inflation could continue to ease in the coming months, which would support slower headline inflation.

He said the reduction in tariffs on rice imports could "significantly" bring down rice prices in August. Rice inflation could possibly be slower than 20% in August, he added.

RATE CUT OFF THE TABLE?
The BSP said that it will consider the latest inflation data and upcoming second-quarter gross domestic product (GDP) data at its Aug. 15 meeting.

"Moving forward, the BSP will ensure that monetary policy settings remain in line with its primary mandate to safeguard price stability conducive to sustainable economic growth," it said.

Pantheon Macroeconomics Chief Emerging Asia Economist Miguel Chanco said that the "bigger-than-expected jump" in inflation may prompt the BSP to keep rates steady next week.

"In terms of the outlook for monetary policy, the July breach of the BSP's target range, while well within the range of outcomes projected by the (central) bank, likely means that an August rate cut is now off the table," he said in an e-mail note.

Mr. Chanco said that 75 basis points (bps) worth of cuts is still possible this year amid expectations of the US Federal Reserve's easing cycle beginning September.

"Accordingly, our revised base case for the BSP is a 25-bp cut in October, followed by a 50-bp in December. To be sure, if we're right about a likely huge miss in Thursday's second-quarter GDP report, then an August cut could come swiftly back into the discussion," Mr. Chanco added.

Mr. Neri ruled out "aggressive" rate cuts in the coming months amid domestic and external headwinds.

"The BSP will likely prioritize domestic data in its policy decision on Aug. 15, but it may also consider global developments," he said.

"Any signals from the Federal Reserve suggesting a substantial rate cut in September could increase the chances of a rate cut from the BSP in the next policy meeting."

After Aug. 15, the Monetary Board's remaining policy-setting meetings this year are on Oct. 17 and Dec. 19.

Source: https://www.bworldonline.com/top-stories/2024/08/07/612529/inflation-quickens-to-9-month-high/

BSP green-lights grand plan vs cybercrimes
August 07, 2024| Ian Nicolas P. Cigaral - @inquirerdotnet | Philippine Daily Inquirer

INQUIRER FILE PHOTO

The Bangko Sentral ng Pilipinas (BSP) activated a cyber resilience plan that covers BSP-supervised financial institutions for the next five years to combat cybercrimes that have become "more diabolical."

The plan's first goal is to establish "defined and coordinated" response protocols and plans that multiple industry players can follow when dealing with major cybersecurity incidents, according to the 2024-2029 Financial Services Cyber Resilience Plan (FSCRP) released on Tuesday.

Such a response protocol must cover—at a minimum—triggers for activation, escalation protocols and crisis communication, the BSP said.

The regulator also aims to develop scenario-based incident response playbooks on threats like data breaches, as well as explore the possibility of setting up an Industry Security Operations Center.

To ensure a smooth implementation, the BSP said the plan will be assessed at least quarterly to adjust priority actions.
[Cont. page 5]

BSP green-lights grand plan vs cybercrimes

[Cont. from page 4]

“In an era where digital transformation is reshaping the financial landscape, robust cybersecurity measures have never been more critical,” BSP Governor Eli Remolona Jr. said.

“The FSCRP is our proactive response to the growing complexities of cyber threats,” Remolona added.

Based on reports submitted by BSP-supervised financial companies, 59.48 percent of cyber fraud losses in 2023 were due to account takeover, identity theft and phishing attacks. This was more than twice the level that was recorded in 2022.

The implementation of the FSCRP is expected to help build consumers’ trust in the financial system.

After successfully converting over half of retail payments last year to digital platforms, the BSP acknowledged that the next 20 percent “would equally be challenging, if not more challenging than the first 50 percent.”

To achieve that, the central bank said it would have to enhance antifraud defenses, among other steps.

Apart from creating response protocols, the FSCRP also seeks to formulate strategies to institutionalize and expand the sharing of cyberthreat intelligence across the financial community, including coordination and collaboration with other industry stakeholders.

The BSP also wants to mainstream cyber education and awareness programs for financial clients and increase the industry’s adoption of best practices and standards that covers all cybersecurity domains.

“Cyber threats are evolving at an alarming rate, becoming ever more diabolical. As financial institutions embrace digital innovation, we also become prime targets for cyber attacks,” Remolona said.

Source: https://business.inquirer.net/473347/bsp-green-lights-grand-plan-vs-cybercrimes

BIR taps data analytics in fight vs ghost receipts, tax fraud

August 07, 2024| Angela Celis | Malaya Business Insight

LUMAGUI

THE Bureau of Internal Revenue (BIR) is turning towards data analytics in its fight against ghost receipts and tax fraud.

In a press conference at the BIR office in Quezon City yesterday, the tax agency announced its partnership with the Ateneo de Manila University-Math Department for ghost receipts detection.

BIR commissioner Romeo Lumagui Jr. said the partnership has resulted in the creation of a sophisticated algorithm that will identify ghost receipts with remarkable accuracy.

“This algorithm empowers the BIR to identify ghost receipts through mathematics and data analytics. The magnitude by which ghost receipts have become part of the Philippine economy is alarming, due to the lack of detection and enforcement for the past decades. That ends now,” Lumagui said.

Last year, the BIR chief said the total amount of ghost receipts issued so far has already reached P1.3 trillion.

This translate to lost tax revenues of at least P370 billion.

Under the current leadership, the BIR has audited and filed criminal cases against those discovered to have sold and used ghost receipts.

Through its partnership with Ateneo, the BIR said it does not need to conduct raids to continue its Run After Fake Transactions program, as the algorithm developed by the BIR and the Ateneo can detect the likelihood of ghost receipts.

“Buyers, sellers, corporate officers and accountants that are behind this economic sabotage will be held liable,” Lumagui said.

Source: https://malaya.com.ph/news_business/bir-taps-data-analytics-in-fight-vs-ghost-receipts-tax-fraud/

Marcos inaugurates P7 billion flood control project in Pampanga

August 08, 2024| Helen Flores | The Philippine Star

MASANTOL, Pampanga, Philippines – President Marcos yesterday inaugurated here a P7-billion flood control project that will benefit several low-lying towns in this province.

The integrated disaster risk reduction and climate change adaptation (IDRR-CCA) project-stage 1 is expected to reduce the flood level and duration from 66 days to 17 in the municipalities of Macabebe, Masantol, Minalin and Sto. Tomas.

“We are very optimistic that this will redound to improving the people’s lives by enhancing the disaster resilience of all our communities,” Marcos said in his speech.

The project, funded through a loan from the South Korean government, aims to increase and improve the capacity of the Third, Eastern Branch, Caduang Tete and Sapang Maragul rivers, which all drain into Pampanga River.

The total cost of stage 1 of the project is estimated at P7.57 billion, sourced from the Export-Import Bank of Korea-Economic Development Cooperation Fund.

President Marcos inaugurates the Integrated Disaster Risk Reduction and Climate Change Adaptation Measure Stage 1 project in Pampanga yesterday, together with South Korean Ambassador Lee Sang-Hwa, Speaker Martin Romualdez and Public Works Secretary Manuel Bonoan.

Ryan Baldemor

The project involves excavation, dredging and widening of river channels as well as construction of embankments, three new bridges, five foot bridges, eight sluice gate structures and 164 fish pond gates.

Marcos directed the Department of Public Works and Highways to ensure that Stage 2 of the IDRR-CCA would proceed as scheduled.

Source: https://www.philstar.com/nation/2024/08/08/2376198/marcos-inaugurates-p7-billion-flood-control-project-pampanga

First-quarter GDP growth revised upwards to 5.8%

August 08, 2024| Karis Kasarinlan Paolo D. Mendoza | BusinessWorld

President Marcos inaugurates the Integrated Disaster Risk Reduction and Climate Change Adaptation Measure Stage 1 project in Pampanga yesterday, together with South Korean Ambassador Lee Sang-Hwa, Speaker Martin Romualdez and Public Works Secretary Manuel Bonoan.

Ryan Baldemor

THE PHILIPPINE ECONOMY grew slightly faster than initially reported in the first quarter, the Philippine Statistics Authority (PSA) said on Wednesday.

The PSA said in a statement the gross domestic product (GDP) growth rate for the January-to-March period was raised to 5.8% from the 5.7% previously reported. This was the fastest GDP growth since 6% in the third quarter of 2023.

The PSA said the main sources of the revision were financial and insurance activities (10.3% from 10%); wholesale and retail trade and repair of motor vehicles and motorcycles (6.6% from 6.4%); and electricity, steam, water and waste management (6.9% from 6.3%).

On the other hand, the largest downward revisions were recorded in education (3.7% from 4.6%), accommodation and food service activities (13.1% from 13.9%), and professional and business services (7% from 7.5%).

On the expenditure side, household and government spending growth remained unchanged at 4.6% and 1.7%, respectively.

Exports of goods and services, on the other hand, were revised upwards to 8.4% from 7.5%, while imports were revised downwards to 2.2% from 2.3%.

Gross capital formation growth was downgraded to 0.5% from the preliminary estimate of 1.3%.

The net primary income from the rest of the world was also higher at 57.6% from 57%.

Meanwhile, the gross national income — the sum of the nation’s GDP and net primary income from the rest of the world — for the first quarter was revised upwards to 9.8% from 9.7%.

National account revisions are based on approved revision policy, which is consistent with international standard practices, the PSA said.

The PSA will release second-quarter GDP data on Aug. 8.

Source: https://www.bworldonline.com/top-stories/2024/08/08/612760/first-quarter-gdp-growth-revised-upwards-to-5-8/

DOF, Korean firms ready to find new airport and other infra projects

August 08, 2024| Mariedel Irish U. Catilogo @CatilogoIrish - @inquirerdotnet | Philippine Daily Inquirer

The Department of Finance has secured a P13.15-billion loan from the Korean government through the Export-Import Bank of Korea (KEXIM) which will fund more than three quarters of the new Dumaguete Airport Development Project.

The Department of Finance has secured a P13.15-billion loan from the Korean government through the Export-Import Bank of Korea (KEXIM) to fund the Dumaguete Airport Development Project. | PHOTO: Official Facebook page of the Department of Finance

“With the new Dumaguete airport, we anticipate accommodating up to 2.5 million passengers per year, up from just 800,000. From serving limited domestic flights, we can now open the door to international routes,” Finance Secretary Ralph Recto said on Wednesday.

The project has a total cost of P17.06 billion which covers 197.55 hectares of land development in the municipality of Bacong, Negros Oriental. Of the said amount, KEXIM will shoulder P13.15 billion or 77 percent of the total.

“The necessity for a bigger and more modern airport is undeniable, especially considering that Negros Oriental currently has only one major airport,” he said.

Recto said the government plans to upgrade more regional airports across the country.

Also in the table that was agreed upon was the latest Economic Development Promotion Facility (EDPF) that will fund more infrastructure projects nationwide.

The finance chief noted that the $3-billion new facility will also be used to fund infrastructure projects under the Marcos administration.

The EDPF is a new official development assistance (ODA) loan program of the Korean government to support large-scale infrastructure programs.

Among the projects in the pipeline being considered for possible funding assistance under the new facility are the Panay-Guimaras-Negros Island Bridges, the Consolacion-Liloan Bypass Road Project, the Lapu-Lapu Coastal Road Project, and the Pampanga Integrated Disaster Risk Reduction and Climate Change Adaptation Project Phase II.

The financing for the airport project has an interest rate of 0.05 percent per year for non-consulting services and 0.0 perce for consulting services. The loan will be repaid in 40 years, with a 10-year grace period.

Meanwhile, the individual financing of projects to be lined up under the EDPF will have an interest rate of 1.2 percent, to be repaid in 25 years and a seven-year grace period.

“The facility we have signed today with South Korea will enable us to deliver more infrastructure projects nationwide, from roads and bridges to disaster risk reduction efforts,” Recto added.

Source: https://business.inquirer.net/473549/dof-korean-firms-ready-to-fund-new-airport-and-other-infra-projects

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