Inflation,
from S1/1

Agricultural damage due to Super Typhoon Karding (international name: Noru) reached P3.12 billion, while damage due to Tropical Depression Maymay and Typhoon Neneng stood at P594.02 million.

"Storm damage recently could have led to some temporary increase in the prices of food and other agricultural commodities, as well as on overall inflation, until supply chains normalize," Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said.

ING Bank N.V. Manila Senior Economist Nicholas Antonio T. Mapa said the follow-through price increase for food items likely pushed inflation beyond 7% in October.

"Transport fare adjustment also kicked in by October while pump prices increased for two weeks after successive price drops. We expect inflation to peak in November then only gradually decelerate going into 2023," Mr. Mapa added.

Traditional and modern jeepneys recently raised the minimum fares to P12 and P14, respectively. Ordinary passenger buses also hiked the minimum fare to P13.

In October alone, oil companies increased pump prices for gasoline by P0.50 per liter, diesel by P8 per liter, and kerosene by P4.25 per liter, data from the Energy department showed.

ANZ Research economist Debalika Sarkar said in an e-mail that lower electricity rates may have provided partial relief for consumers.

Manila Electric Co. lowered the overall electricity rate by P0.0737 per kilowatt-hour (kWh) to P9.8628 in October.

Also, the continued weakness of the peso may have fueled inflation as it made imports more expensive, Colegio de San Juan de Letran Graduate School Associate Professor Emmanuel J. Lopez said.

"In our view, the pace of inflation will continue since the second-round impact of the global commodities increases and impact of the depreciating value of the peso against the US dollar will likely still be felt in the near term," Philippine National Bank economist Alvin Joseph A. Arogo likewise said.

The peso traded around P58 to P59 per dollar this month. It went back to the P57 level when it closed at P57.97 on Friday.

In October alone, the peso has strengthened by P0.655 or 1.13% from its Sept. 30 close of P58.625.

"Basic commodities prices also followed the upward trend in anticipation of the holiday season," Mitzie Irene P. Conchada, an economist from De La Salle University, said.

IS THE PEAK NEAR?

China Banking Corp. Chief Economist Domini S. Velasquez said inflation may likely peak this month.

"Key risks would include the inability of the government to address current and potential shortages and possible increase in electricity rates. The proposed increase in water tariffs next year might push up 2023 average inflation above the high-end target of BSP after averaging by an estimated 5.6% this year," Ms. Velasquez said.

Manila Water Co., Inc. has proposed a rate increase of P20 per cubic meter from 2023 to 2027.

"Although it seems like inflation is approaching its peak, it is still a long way from gravitating back into the official 2-4% target range," ANZ Research's Ms. Sarkar said.

Noting the strong domestic demand and volatility in the foreign exchange market, Ms. Sarkar said she expects the BSP to continue hiking rates until the second quarter of 2023.

"Our 2022 and 2023 year-end policy rate forecasts are 4.75% and 5.25%, respectively," she added.

The Monetary Board has so far raised 225 basis points (bps) to 4.25% since May.

"BSP has communicated clearly that it would like to match Fed point by point. Given our outlook for a 75-bp rate hike by the Fed in November and a 50-75 bp rate hike in December, expect that BSP can raise rates to 5.5-5.75% by yearend," ING's Mr. Mapa said.

BSP Governor Felipe M. Medalla said last week the BSP may have to respond to the US Federal Reserve point by point to tame inflation and slow down the peso's depreciation.

He said the Monetary Board may hike by 75 bps at its next rate-setting meeting on Nov. 17 if the US central bank delivers its fourth 75-bp rate increase on Nov. 1-2.

Education,
from S1/1

Disruptions worsen disparities within the education system and result in interrupted learning, poor nutrition, gaps in childcare, rise in dropout rates and high economic costs, it added.

The Philippines had a learning poverty rate of 91% and a learning deprivation rate of 90.4%, among the highest in Southeast Asia, according to a 2022 report by the World Bank.

Private school closures have also limited the choices of parents and students to access the "distinct education services that they provide," University of the Philippines Diliman College of Education Dean Jerome T. Buenviaje said in an e-mailed reply to questions.

There were 47,144 public schools and 14,425 private schools before the pandemic, he pointed out. Out of 2,418 higher education institutions as of 2021, there were 1,734 private compared with 684 institutions under the Commission on Higher Education, he added.

The figures show that the quality of graduates joining the Philippine labor force is highly dependent on the private school sector, he said.

"The closure of private schools means fewer graduates that could join the labor sector," Mr. Buenviaje said. "If this trend goes on, the government would have to establish more schools or further strengthen their existing programs, which would mean additional funding."

LEARNING 'TRAP'

Mr. Buenviaje also said it would take time for such changes to take place "while the demand for quality graduates joining the labor force continues."

The government should work with stakeholders to save private schools from collapse because they play a vital role in the country's education system, he said.

Increasing teachers' salaries could persuade them to stay. The state could also grant private institutions wage subsidies, Ms. Fonacier said.

"Tax relief for private schools will never be enough though it's an initial reform to consider," Mr. Buenviaje said.

Under the law, private schools are eligible for a temporary 1% tax from July 2020 to June 2023, after which the rate will go back to 10%.

"To save private schools from collapse, there are existing policies abroad that support the sustainability of the private education sector through government funding," Mr. Buenviaje said. "These models can be reviewed and adopted if they are suitable in our context and existing laws."

"Congress can also pass a bill expanding the coverage of voucher programs for primary education and increase the voucher allocations for the tertiary level under the tertiary education subsidy fund or through other programs," Anthony Jose M. Tamayo, chairman of the Coordinating Council of Private Educational Associations of the Philippines, said in an e-mail.

"Students will have the chance to go to their private schools of choice if the voucher system will be expanded to the tertiary level," he said. It's also better if the college voucher system has fewer restrictions so that more students can go to private schools.

More students going to private schools also means savings for the state, Mr. Tamayo said. "They don't have to build additional classrooms and private schools can help in decongesting public schools."

"Expanding productive engagement between the government and private education sector can help in getting the country out of the low learning proficiency trap."

Ms. Ponce, the third-year broadcasting student, said schools should be more transparent to parents and students about their financial situation.

"Maybe we could have done something," she said. "For us, it's not just about the education, it's the family that we've built inside the school."

Borrowings,
from S1/1

External gross borrowings declined 31.7% to P345.96 billion in the nine-month period.

In September alone, gross borrowings more than doubled to P488.64 billion, from P215.11 billion a year ago.

Domestic gross borrowings almost tripled to P480.48 billion in September, from P166.95 billion a year ago.

There was a net redemption of Treasury bills (T-bills) worth P19.97 billion in September. The government raised P80 billion in fixed-rate T-bonds during the month.

On the other hand, gross foreign borrowings slid 83% to P8.17 billion in September, which consisted only of project loans.

The government repaid P18.77 billion to foreign creditors during the month.

The government borrows from domestic and foreign sources in order to fund a budget deficit capped at P1.65 trillion this year, equivalent to 7.6% of gross domestic product (GDP). — **L.M.J.C. Jocson**