

Retail,
from S1/1

"We're almost aligned with EIU for 2022 growth rate. This figure was picked from the PRA figures of consumers who are returning to in-store and mall shopping, while online continues to grow but a slower rate than in 2020-2021," Mr. Claudio said.

He does not expect consumer spending to be significantly affected by rising inflation and interest rates.

"During bad economic conditions, consumers spend more on food, recreations such as alcohol, sports, and outdoor activities. Luxury goods will suffer. People look for escapism during hard times," Mr. Claudio said.

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said that the growth of the retail sector could reach 6% in 2023, matching the economy's gross domestic product (GDP) expansion.

The government targets 6.5-8% GDP growth in 2023.

"The further reopening of the economy led to more employment; increased sales and more economic activities, thereby supporting retail sales... Online retail and other business transactions would also be boosted by further reopening of the economy, as these have been accelerated since the pandemic," Mr. Ricafort said.

"However, higher prices and spending on food and other basic commodities due to higher global and local inflation, as well as higher interest rates/borrowing costs would offset the growth in retail sales, both online and physical stores, and overall economic growth," he added.

ICT,
from S1/1

For Ms. Dizon of Globe Business, the overall proportion of ICT spending to the total budget of MSMEs is likely to significantly increase in the next three years.

She said that finance, education, and health-care industries are "likely to spend more given the government's fresh digital push."

"In particular, in 2023, MSMEs are likely to invest more on ICT as they eye to strengthen their backend with cloud-based ERP (enterprise resource planning) and business process systems to support digital customer interfaces, e-commerce, and hybrid workplace strategies," Ms. Dizon added.

She also said network and endpoint security solutions will be critical for some key industries for data protection compliance and protection from cyber threats such as phishing and ransomware attacks.

"MSMEs with their own custom applications or are in the IT or app development fields also anticipate more spending on Amazon Web Services, Azure, or the Google Cloud Platform to support digital transformation initiatives," she said.

For his part, ePLDT's Mr. Genuino noted customers are "cautiously optimistic."

"Headwinds such as the surge in fuel prices, rising inflation, and the weakening of the peso are causing anxiety. Having said this, it is an opportune time for enterprise customers to design and implement solutions to optimize their operations. By allowing a strategic partner like ePLDT to manage their digital journey and infrastructure, customers can focus on growing their core business," he added.

Cisco's Ms. Nicart said businesses need agility to build quicker and better applications in a world "where everything that can be delivered digitally must be delivered digitally."

"To support hybrid work, they need to be more collaborative, have more adaptable infrastructure, and connect everything with the highest level of security," she added.

Hastings Holdings, Inc., a unit of PLDT Beneficial Trust Fund subsidiary MediaQuest Holdings, Inc., has a majority stake in *BusinessWorld* through the Philippine Star Group, which it controls.

Debt,
from S1/1

"I think that a target of 61.8% by end-2022 for the national debt-to-GDP is still doable, but it won't happen automatically. Just to be upfront, though, we currently have a below consensus real GDP growth forecast of 5.6% for this year, so our working denominator for nominal GDP will be very different from the government's assumptions," he said in an e-mail.

The National Government's outstanding debt rose to a record-high P13.02 trillion at the end of August.

The Philippine economy expanded by 7.4% in the second quarter, bringing six-month GDP growth at 7.8%. The government targets 6.5-7.5% GDP growth for this year.

Mr. Chanco said if economic growth is weaker than expected, the government should pursue new revenue-generating measures and spending cuts to achieve lower debt levels.

Mr. Terosa said the government should ensure there is effective debt management.

"The government has to collect more revenues by 'deepening' the tax base and to increase revenues by 'expanding' the existing tax base. This will entail making government borrowing yield more productive results," he added.

Economic managers are hoping to lower the ratio to 52.5% by 2028. — **Luisa Maria Jacinta C. Joeson**

Inflation,
from S1/1

In October, the price of gasoline, diesel, and kerosene had a net increase per liter of P0.50, P8, and P4.25 respectively, data from the Energy department showed.

Traditional and modern jeepneys in the same month began implementing the approved fare hike to P12 and P14, respectively. Ordinary passenger buses also hiked the minimum fare to P13.

Prices of agricultural commodities rose in October after a string of typhoons hit the country. Agricultural losses due to Super Typhoon Karding (international name: Noru) reached P3.12 billion, while damage due to Tropical Depression Maymay and Typhoon Neneng hit P594.02 million.

The peso traded around P58 to P59 per dollar during the month. The local

unit went back to the P57 level when it closed at P57.97 on Friday.

"This could be offset in part by the reduction in electricity rates for Meralco-serviced areas, lower LPG (liquefied petroleum gas) prices, and reduction in prices of fish," the BSP said.

Manila Electric Co. said the overall rate for a typical household went down by P0.0737 per kilowatt-hour (kWh) to P9.8628 in October.

LPG prices were reduced by P2.55 per kilogram (kg) or an aggregate P28.05 for the standard 11-kg cylinder in October.

China Banking Corp. Chief Economist Domini S. Velasquez said in a Viber message that it will be "very worrisome" if inflation does hit 7.9% in October, adding that a whole-of-government approach is needed to tackle this issue.

"There are some demand-side inflationary pressures that will be addressed

by BSP's continuous monetary tightening. This is together with providing some stability to the peso to ensure imported inflation is capped," Ms. Velasquez said.

"However, the food inflation we are experiencing (highest weight and affects the poor the most), can be addressed by other branches of the government. Sufficient supply of all food items should be a priority, especially in this inflationary environment," she added.

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said inflation is likely to have reached its peak in October as global crude oil prices have declined significantly since March.

He noted recent typhoons that caused agricultural damage may have led to a temporary spike in prices of food and other commodities.

"There would also be relief, reconstruction, repair, rebuilding, and other rehabilitation activities in hard-hit areas by the storms that could offset any economic output/productivity losses in those areas," Mr. Ricafort said.

The BSP said it will "continue to monitor closely emerging price developments to enable timely intervention that could help prevent the further broadening of price pressures."

At its Sept. 22 policy meeting, the central bank raised its average inflation forecast for this year to 5.6% from 5.4% previously, exceeding the 2-4% target.

For 2023, the BSP expects inflation to average 4.1% before easing to 3% in 2024.

The BSP has so far hiked benchmark interest rates by 225 basis points this year to cool rising prices. Its next policy-setting meeting is on Nov. 17. — **Keisha B. Taasan**

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