



US AIR FORCE

THE US Air Force Air Demonstration Squadron, the Thunderbirds, fly over Cinderella's Castle in the Magic Kingdom Park, Walt Disney World Resort in Orlando, Florida, Oct. 27, 2022.

DeSantis signs bill allowing Florida board to cancel Walt Disney deals

FLORIDA Governor Ron DeSantis on Friday signed a bill into law that gives a new board he controls the power to void development agreements its predecessor body signed with Disney — the latest episode in a feud between the conservative governor and the entertainment giant.

Under the bill, which passed the Republican-controlled legislature largely along party lines, the Central Tourism Oversight District Board — whose members are appointed by Mr. DeSantis — can cancel any deals signed up to three months before the board's creation.

"Make no mistake about it, the reason why the legislature had to act was not because of anything we did," Mr. DeSantis said at a news conference Friday. "It was basically born out of Disney's arrogance that they would be able to subcontract around the duly enacted laws of the state of Florida. That's wrong."

Walt Disney Co. declined to comment.

The legislature formed the board in February to replace the Disney-controlled Reedy Creek Improvement District to oversee development in the 25,000 acres (10,120 hectares) surrounding Walt Disney World, effectively wresting control from the company and handing it to Mr. DeSantis.

Disney, the largest employer in central Florida, and the Republican governor have been battling since last year, when Disney

criticized a new state law banning classroom instruction of sexuality and gender identity with younger children.

Mr. DeSantis, who is expected to declare his candidacy for US president in coming weeks, has repeatedly attacked "woke Disney" in public remarks, characterizing it as liberal. "We have a fundamental disagreement in this state, in terms of what we think is appropriate for children, and what the people in Burbank, California, think is appropriate," said Mr. DeSantis. Disney is based in Burbank.

Before Mr. DeSantis' appointees took over the board, the company pushed through changes to the special tax district agreement that limited the new body's action for decades.

The new oversight body in April said Disney's plans for potential expansion of Disney World did not comply with state law, and declared that agreement void.

Disney filed a lawsuit in federal court the same day, accusing Mr. DeSantis of illegally using government power to punish the company for exercising its free speech rights.

The Central Florida Tourism Oversight District board responded with its own lawsuit in a state court, saying it sought to void "backroom deals" favorable to Disney.

Disney's stock is up nearly 16% in the year to date, compared with an 8% gain in the S&P 500 index. — **Reuters**

Buffett's Berkshire posts \$35.5-B Q1 profit, buys back more stock

OMAHA, Nebraska — Warren Buffett's Berkshire Hathaway, Inc. posted a \$35.5-billion first-quarter (Q1) profit on Saturday, reflecting gains from stocks such as Apple, Inc., while higher investment income and a rebound at car insurer Geico bolstered operating results.

Berkshire also sped up repurchases of its own stock, buying back \$4.4 billion, while paring its investments in other stocks such as Chevron Corp., which is still a major holding.

Results were released ahead of Berkshire's annual shareholder meeting in Omaha, part of a weekend that draws tens of thousands of people to the city.

Mr. Buffett, 92, has run Berkshire since 1965, transforming it from a struggling textile company into a conglomerate with dozens of businesses including Geico, the BNSF railroad, Berkshire Hathaway Energy, and manufacturing and retail units including See's

Candies and Dairy Queen ice cream.

The diversification has led many investors, not just Buffett fans, to view Berkshire as a stable long-term investment even amid recession fears and concerns about the banking industry.

MORE CASH

Net income equaled \$24,377 per Class A share and rose from \$5.58 billion, or \$3,784 per share, a year earlier.

That in part reflected a 27% jump in Apple's stock price, leaving Berkshire with a \$151-billion stake in the iPhone maker.

An accounting rule requires Berkshire to report unrealized gains and losses with net results, and Mr. Buffett urges investors to ignore the resulting volatility.

Quarterly operating profit increased 13% to \$8.07 billion, or about \$5,561 per Class A share, from \$7.16 billion.

Those results benefited from

Geico snapping a six-quarter string of underwriting losses, and a 68% increase in how much Berkshire's insurance units generate from investments.

Geico's pretax underwriting gain was \$703 million, benefiting from higher premiums, fewer crashes and a significant drop in ad spending, which may have led to fewer high-risk drivers seeking coverage.

Berkshire's cash hoard grew \$2 billion in the quarter to \$130.6 billion, as the company sold \$13.3 billion of stocks and bought just \$2.9 billion. Chevron appears to have been among the sales, with Berkshire's stake falling 28% to \$21.6 billion though the oil company's stock price dropped just 9%.

Berkshire also owns a 23.6% stake in another oil company, Occidental Petroleum Corp.

Its stock sales more than offset the \$8.2 billion Berkshire spent to boost its stake in truck stop

operator Pilot Travel Centers to 80% from 38.6%, leaving the founding Haslam family with 20%. The increase was expected.

IMPACT OF WILDFIRES

Profit at the BNSF railroad fell 9% to \$1.25 billion, hurt by higher fuel costs and lower shipping volumes.

Berkshire Hathaway Energy, normally a steady earnings generator, saw profit fall 46% as it set aside \$359 million for legal and other costs from wildfires in Oregon and northern California, where it has multiple operations, in 2020.

Operating results also reflected October's purchase of insurance holding company Alleghany Corp., while net results included a gain related to Pilot.

Berkshire's Class A shares have risen 4.9% this year, trailing the Standard & Poor's 500's 7.7% gain. The index lagged Berkshire by 23.4 percentage points in 2022, excluding dividends. — **Reuters**

Yellen: US banking system sound, global outlook better

WASHINGTON — US Treasury Secretary Janet Yellen will tell her Group of Seven (G7) counterparts next week that the US banking system remains sound and the global economic outlook is better than it was last autumn, a senior Treasury official said on Friday.

Ms. Yellen's trip to Japan for a meeting of the G7 finance ministers and central bankers was "compressed" to allow her to continue working with Congress to raise the US debt ceiling and avoid an unprecedented default that would be catastrophic for the US economy, the official said.

US President Joseph R. Biden has summoned top congressional leaders to the White House on Tuesday to address the issue. The official said the change in travel plans would allow Yellen to continue engaging on the debt ceiling issue, while also attending the G7 meeting in Niigata from May 11-13.

Ms. Yellen will travel to Japan amid renewed pressure on the shares of US regional banks after the collapse of First Republic Bank and the struggles of



CITY OF DETROIT

US TREASURY SECRETARY JANET YELLEN

PacWest Bancorp exacerbated investor worries about the sector. Banking shares rebounded on Friday.

As many as 16 mid-sized banks have shed more than \$57 billion in market capitalization since last

Friday on renewed fears about the sector's stability, Reuters calculations showed.

At the same time, the Biden administration remains at odds with Republicans, who now control the US House of Representatives, for their refusal to vote in a higher federal debt ceiling. Mr. Biden on Friday sought to appeal to more moderate Republicans to push for an increase in the debt limit and distance themselves from other Republicans pushing "draconian" cuts in the budget.

Ms. Yellen would remain fully engaged in the talks even during her trip, the official said, adding, "It's important for her to be at the G7 in part to flag issues that can impact the global economy such as the debt limit."

The war in Ukraine would be another key topic at the meetings, the official said, along with efforts by G7 countries to build more resilient supply chains, including among low- and middle-income countries, through initiatives like "friendshoring" and the G7's \$600-billion Partnership for Global Infrastructure and Investment (PGII), Treasury said. — **Reuters**

Pause, from SI/1

A *BusinessWorld* poll of 23 economists conducted last week yielded a median estimate of 6.1% gross domestic product (GDP) growth for the first quarter of this year. This is near the lower end of the government's 6-7% full-year target.

If realized, this would be slower compared with the 8% growth recorded in the same period last year, and the revised 7.1% expansion in the fourth quarter of 2022.

"A recession in the US may force the Fed to cut its rates, and the BSP will likely follow in this scenario," Mr. Neri said.

He noted the peso's performance for the rest of the year largely depends on the US Federal Reserve. If the economic activity in the US weakens, he said the Fed may pause more quickly or cut interest rates earlier than projected.

ING Bank N.V. Manila Senior Economist Nicholas Antonio T. Mapa said headline inflation should continue to edge lower in the next months.

"BSP will be banking on supply-side remedies and the lagged impact of previous tightening to address sticky core inflation," he said, adding that the policy tightening has already affected bank lending.

Based on BSP data, outstanding loans by big banks grew by 10% to P10.69 trillion in February from P9.72 trillion a year earlier. The February loan growth is a tad weaker than the 10.4% growth in January and is slowest credit growth in 11 months.

MUP, from SI/1

Their monthly pension is also automatically indexed to the salary of active personnel.

Most notably, MUPs do not contribute to their pension system. Instead, the pension benefits are drawn annually from the national budget.

As of 2022, the average monthly pension of a retired MUP is at around P40,000.

Data from the DoF showed that this was 8.8% higher than the average pension under the Social Security System (SSS) and 2.9% higher than the GSIS.

The government also spent P160 billion for MUP pensions in 2021, 38% higher than its spending on maintenance and other operating expenses and capital outlays.

"(This) can be allocated for other services, so we have fiscal space, more money for health, education, etc.," Mr. Diokno said.

The proposed pension reform will increase the disability pensions on top of other benefits.

For example, for a disability rating of 25%, the proposed disability pension would be P2,500, and up to P10,000 for those with a disability rating of 100%.

Mr. Diokno said that he is meeting with National Defense Secretary Carlito G. Galvez, Jr., Interior Secretary Benjamin C. Abalos, Jr., and representatives from the Office of the President and the Department of Budget and Management this week to discuss the MUP reform.

Meanwhile, analysts said that a unified pension system will be more efficient.

Bienvenido S. Oplais, Jr., president of his own research consultancy and of the Minimal Government Thinkers, said that the old pension system puts the burden on taxpayers.

Poll, from SI/1

Philippine annual inflation slowed for a third straight month in April to 6.6% from 7.6% in March. Core inflation, which discounted volatile prices of food and energy items, eased to 7.9% in April from its 22-year high of 8% in March.

Reuters quoted Bangko Sentral ng Pilipinas (BSP) Governor Felipe M. Medalla as saying the month-on-month inflation trends "present an even stronger argument" for keeping interest rates unchanged at the central bank's meeting on May 18.

Bank of the Philippine Islands Lead Economist Emilio S. Neri, Jr. said China's reopening will be key to helping the economy hit its growth targets this year.

"Travel and leisure as well as domestic supply chains are likely to benefit the most. Government's target will be difficult to achieve if China performs below expectations," he said.

Mr. Neri also flagged signs of slower overall business expansion, such as less corporate fundraising and a drop in imports of office machines and vehicles.

"Hopefully this is just a soft patch and some catch-up will be seen in the last nine months of the year to allow the government to achieve its annual target," he said.

Robert Dan J. Roces, chief economist at Security Bank Corp., maintained a full-year forecast of 6.3% on the back of resilient private spending and positive capital formation.

"Despite the challenges posed by sticky inflation and elevated rates, the Philippines is not expected to experience stagflation or recession scenarios," he added. — **Bernadette Therese M. Gadon**

FULL STORY



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