Alliance Global to expand hospitality business

ALLIANCE Global Group, Inc. (AGI) is set to expand its hotel operations by adding about six new locations to its portfolio by 2028, the company said over the weekend.

"AGI remains to be the biggest player in the Philippine tourism sector, with the largest array of international and home-grown hotels at varying price points to cater to all types of tourists and visitors," AGI Chief Executive Officer Kevin Andrew L. Tan said in a media release.

"With the surge in domestic and international tourism activities, all our hotels have been experiencing high occupancy rates and much-improved average daily room rates," he added.

In the media release, the company said that through its subsidiary Megaworld Corp.'s hotel and resorts brand, it will add 11,000 room keys spread across six new hotels located at its various townships in the country.

It said the move is driven by its aim to "solidify its market dominance in the country's fast-growing tourism sector being the largest hotel developer and operator in the Philippines."

The new hotels will be located in Parañaque City; Laguna; Bacolod City in Negros Occidental; City of San Fernando in Pampanga; Boracay Island in Malay, Aklan; and San Vicente in Palawan.

Megaworld earlier said that it had allocated P350 billion for its capital expenditure in the next five years to expand its township footprint.

It plans to capitalize on increasing tourism in the country by expanding its meetings, incentives, conventions, and exhibitions (MICE) activities by building more hotels as well as MICE facilities such as convention centers in key cities within the next few years.

Meanwhile, AGI said earlier that through its unit Travellers International Hotel Group, Inc., it was looking to expand its resort and casino business outside Metro Manila.

Mr. Tan said that the company is looking at key tourism hubs across the country as potential expansion sites for its integrated resort business.

The company earlier disclosed that it would acquire full ownership of Travellers International after a share purchase agreement between Star Cruises Philippines Holdings B.V., Asian Travellers, Ltd. and Premium Travellers Ltd. whose ultimate parent entity is Genting Hong Kong Ltd.

Travellers International is operating six hotel brands, five of which are in Pasay City, namely: Marriott Hotel (570 rooms), Hilton Hotel (352 rooms), Sheraton Hotel (350 rooms), Hotel Okura (190 rooms), and Holiday Inn Express (737 rooms). Its Courtyard by Marriott in Iloilo City has 326 rooms.

Meanwhile, Megaworld is operating 12 hotel properties across the country under its hotel and resorts brand.

AGI is engaged in property development, food and beverage manufacturing and distribution, quick service restaurants, and integrated tourism development.

The company's subsidiaries are Emperador Inc., Megaworld, Travellers International, Golden Arches Development Corp., and Infracorp Development, Inc.

On Friday, AGI shars slid by 0.15% or two centavos to P13.24 apiece. — **Adrian H. Halili**

Smart maintains lead in registration of SIM

PLDT Inc.'s wireless unit Smart Communications, Inc. said it kept its lead among public telecommunication entities in SIM (subscriber identity module) registration with 47.02 million registered subscribers.

The number of Smart's registered subscribers as of June 15 accounts for 70.92% of its total number of subscribers at 66.3 million, data from the National Telecommunications Commission show.

Meanwhile, Globe Telecom, Inc. recorded 45.64 million registered SIMs representing 52.61% of its total subscribers, while DITO Telecommunity Corp. tallied 6.84 million registrants accounting for 45.73% of its subscribers.

Republic Act No. 11934 or the SIM Registration Act requires all SIM users to register their SIMs under their name or risk SIM deactivation.

At PLDT's annual stockholders' meeting, Danny Y. Yu, chief financial officer and chief risk management officer, said the registration numbers represent around 91% of mobile revenues.

"While we do not expect 100% registration, we do not expect this to materially impact mobile revenues," Mr. Yu added.

Smart's collaboration with the government in coming up with the implementing rules and regulations and its focus on SIM registration proved vital in the campaign, said PLDT President and Chief Executive Officer Alfredo S. Panlilio.

"We made sure that Smart's SIM registration customer experience would be seamless. It was important for us to understand the customer journey and make it as convenient to our customers as possible," he added.

The wireless company partnered with state agencies and local government units to deploy thousands of assisted SIM registration booths.

"We also invested heavily in a customer education campaign," Mr. Panlilio said. — **Justine Irish D. Tabile**

Maynilad assures stable water supply in June

MAYNILAD Water Services, Inc. expects this month's water supply to be stable as it ramps up water augmentation measures after the approval of an enhanced water quota for the Metropolitan Waterworks and Sewerage System (MWSS).

"We're reactivating deep wells [as well as] commissioning modular treatment plants," Jennifer C. Rufo, head of Maynilad's corporate communications, said in a Viber message on Sunday.

Last week, the west zone water concessionaire announced the operation of its Anabu modular treatment plant, which provides an additional 5.5 million liters per day (MLD) of potable water. The plant can supply the water needs of about 13,000 customers.

Ms. Rufo said the treatment plant will be fully operational by September to produce about 16 MLD of potable water.

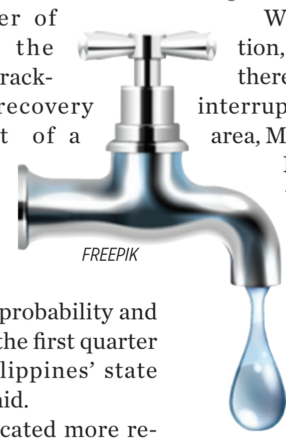
In a media release on Saturday, the west zone water concessionaire said it is allocating P16.5 billion for 2023 up to 2027 to further ramp up its initiatives for nonrevenue water (NRW) reduction projects.

NRW is non-billed water that is lost through leaks or illegal connections. According to the World Bank, NRW should be at 25% or lower of the total water produced.

Maynilad said it aims to reach the recommended target by the World Bank by 2027.

Maynilad said of its five-year target spending, P10 billion is allocated for pipe replacement projects, and P5.84 billion for meter management projects, the establishment of smaller district-metered areas, leak repairs, and diagnostic activities.

Randolph T. Estrellado, chief operating officer of Maynilad, said the company is fast-tracking its volume recovery amid the threat of a looming El Niño.


FREEPIK

The El Niño phenomenon is forecast to emerge by June to August at 80% probability and may persist until the first quarter of 2024, the Philippines' state weather bureau said.

"We have dedicated more resources toward the reduction of losses so we can speed up water volume recovery in time for El Niño. We hope that we continue to get the support of the relevant government agencies and local government units in facilitating the release of permits and other requirements needed for our NRW projects," Mr. Estrellado said.

Last week, the National Water Resources Board (NWRB) approved the proposal to extend the 52 cubic meters per second (CMS) water allocation for MWSS until June 30.

The NWRB previously agreed to extend the allocation of 52 CMS for June 1-15, which it again extended for June 16-30. MWSS normally draws 48 CMS from Angat Dam.

With the increased allocation, Maynilad is assured that there will be no water service interruptions within its service area, Ms. Rufo said.

Manila Water Co., Inc., which serves Metro Manila's east zone network, had projected no water interruptions with or without the increased water allocation.

Leonor C. Cleofas, administrator of MWSS, said that as early as now, the Angat Dam technical working group (TWG) is assessing the supply situation.

"We are doing a weekly meeting with the Angat TWG. So, we will assess the situation, and the decision will come later. Our mitigating measures are ready in case of eventualities," Ms. Cleofas said.

For Maynilad's part, Ms. Rufo said it is premature to determine whether the entire 52 CMS allocation is still needed by July.

"It's too early to tell, though we expect that more rains over the watersheds, as well as our supply augmentation projects, can help mitigate lower releases from Angat Dam," Ms. Rufo said.

Maynilad serves Manila except for portions of San Andres and Sta. Ana. It also operates in Quezon City, Makati, Caloocan, Pasay, Parañaque, Las Piñas, Muntinlupa, Valenzuela, Navotas, and Malabon. It also supplies the cities of Cavite, Bacoor, and Imus, and the towns of Kawit, Noveleta, and Rosario, all in Cavite province.

Metro Pacific Investments Corp., which has a majority stake in Maynilad, is one of three Philippine units of Hong Kong-based First Pacific Co. Ltd., the others being Philex Mining Corp. and PLDT Inc.

Hastings Holdings, Inc., a unit of PLDT Beneficial Trust Fund subsidiary MediaQuest Holdings, Inc., has an interest in *BusinessWorld* through the Philippine Star Group, which it controls. — **Ashley Erika O. Jose**

BSP,
from S1/1

The US Federal Reserve decided to keep its target interest rate steady at 5-5.25% during its June 13-14 meeting, the first pause after it hiked borrowing costs by 500 bps since March last year.

HSBC economist for ASEAN (Association of Southeast Asian Nations) Aris Dacanay said maintaining policy rates should give the Philippine central bank time to assess the effects of its policy tightening on economic growth.

"So far, the economy is showing mixed signals. On one hand, investment may already be moderating; import demand for capital has slowed while outstanding loans for economic activities have eased year on year," Mr. Dacanay said in a note.

"On the other hand, import demand for consumption goods and outstanding loans for consumption have been resilient," he said.

The Philippine economy grew by 6.4% in the first quarter, the slowest in two years.

Mr. Dacanay also noted that the banking sector remains healthy despite rising nonperforming loans (NPL) since the start of the year.

Soured loans of Philippine banks rose by 3.05% to P427.265 billion in April from a month prior, bringing their NPL ratio to 3.41% — the highest in seven months.

FED MOVE AWAITED

Looking ahead, headline inflation is expected to return within the BSP's 2-4% target before the year ends amid favorable base effects, which could give the Monetary Board room to consider a cut, analysts said, but possible increases by the Fed could delay the timing of policy easing.

"I expect the BSP to start making a case by late third quarter or early fourth quarter for a rate cut (25 bps per meeting) and likely see a cut by the November and December meetings. If what I expect comes true, the year-end key rate should be at 5.75% at least," said Patrick M. Ella, economist at Sun Life Investment Management and Trust Corp.

However, the Fed could hike rates again in the second half of the year, which could be mirrored by the BSP to keep the rate differential healthy, Alvin Joseph A. Arogo, economist from the Philippine National Bank, said.

"We keep our baseline view that the (key) rate will stay at 6.25% throughout the remainder of 2023. However, there is now a higher risk that the BSP may raise rates to respond to what the Fed might do in the second half of this year," Mr. Arogo said.

"This is because the revised Fed 'dot plot' opened the door for a 50-bp hike in the next six months," he added.

Last week, the Federal Open Market Committee signaled that they could hike rates by 25 bps twice within the year amid sticky inflation and a robust US economy.

"The Fed's latest guidance of possibly two more 25-bp hikes could force an additional 25-bp increase from the BSP to prevent capital flight and excessive peso depreciation. We do not think the BSP would take any chances of a repeat of last year's record-low peso depreciation and add to the upside risks to the inflation outlook," China Banking Corp. Chief Economist Domini S. Velasquez said.

"But we think the BSP will be in 'wait-and-see mode' for the Fed's next move in July and how financial markets will react to a narrowing interest rate differential. With both the Fed and the BSP possibly extending their hiking cycles, previously anticipated BSP rate cuts this year would likely be pushed to 2024," she added.

In October last year, the peso reached a record low of P59 against the dollar as the greenback surged amid hawkish signals from the Fed.

Ms. Velasquez added that instead of a rate cut, the BSP may choose to cut banks' reserve requirement ratio (RRR) again to support economic growth.

The Monetary Board cut the reserve ratio for big banks and nonbank financial institutions with quasi-banking functions by 250 bps to 9.5% effective June 30.

The RRR for digital banks was also cut by 200 bps to 6%, and by 100 bps to 2% for thrift banks. The reserve ratio for rural and cooperative banks was likewise lowered by 100 bps to 1%.

The cuts will coincide with the expiration of a pandemic relief measure that counts loans to micro, small and medium enterprises as an alternative compliance with reserve requirements.

Moody's Analytics' Ms. Tan likewise said a rate cut is not possible this year due to elevated core inflation.

"Further, the BSP remains cautious of headwinds from the slowing global environment and the potential impact of El Niño on food prices... A cut in policy rate this year may not be necessary and could risk weakening the peso against the greenback," she said.

She added that Moody's Analytics expects policy easing in the first half of 2024.