Poll
from S1/1

Pantheon Macroeconomics Chief Emerging Asia economist Miguel Chanco estimated that economic growth further slowed to an annual 3.1% in the third quarter as private consumption deteriorated partly due to unfavorable base effects.

"Moreover, total investment probably will shrink for the first time since the coronavirus disease 2019-hit years, albeit only modestly. Net trade should provide more support to growth, however perversely, as it will be flattered by a pullback in imports, which is statistically growth-positive," he said in an e-mail.

Mr. Chanco expects government spending to have grown above 2% in the third quarter, reversing the sharp contraction in the previous quarter.

"I expect momentum sequentially, quarter on quarter, to remain fairly weak and subdued, as private consumption continues to struggle with poor balance sheets (inadequate savings, a lot more debt than in recent years)," he said, noting that labor demand is beginning to stagnate, and remittance growth is slowing.

Ms. Velasquez said services likely drove growth on the supply side "with strong gains in transportation, accommodation, food service activities, and arts and recreation."

"Manufacturing likely saw some increased demand in preparation for the holidays. Meanwhile, we remain pessimistic about agriculture as strong typhoons hit the country in July-August and El Niño continues to pose a risk on production," she said.

Makoto Tsuchiya, assistant economist at Oxford Economics, said he expects the economy to have expanded by 4.3% in the July-to-September period due to base effects after a sequential decline in the second quarter.

"We expect a statistical bounce-back, but it won't be a significant improvement given the surrounding macroeconomic conditions. The external demand continues to suffer, although the end of the IT cycle downturn likely lent some support to the electronics exports," Mr. Tsuchiya said.

HIGH RATES

Meanwhile, economists warned the Bangko Sentral ng Pilipinas' (BSP) aggressive policy tightening may hurt GDP growth for the rest of the year.

"The lagged impact of past monetary tightening will continue to constrain domestic demand, particularly weighing on business investment. These headwinds are likely to intensify towards the end of the year and into 2024," Mr. Tsuchiya said.

The BSP resumed monetary tightening in an off-cycle 25-basis-point (bp) rate hike in October, bringing the policy rate to a new 16-year high of 6.5%. Since May 2022, the central bank has hiked rates by a cumulative 450 bps.

This as headline inflation quickened for a second straight month to 6.1% in September. Inflation averaged 6.6% from January to September, still above the BSP's 5.8% forecast for 2023.

"Clouds are darkening above Philippine's 2023 outlook. For starters, households will struggle as inflation remains above the BSP's 2-4% target rate and interest rate stays high through the rest of 2023. That broad weakness in demand will also cap private investment," Moody's Analytics economist Sarah Tan said in an e-mail.

Ms. Tan said she expects government spending to improve in the last quarter, and net exports to see modest gains. The Philippine economy will likely expand 5.2% in 2023, slower than the 7.6% print in 2022 but "will once again outperform its regional peers this year," she added.

Ms. Velasquez said increased activities during the holiday season will likely provide support to the economy.

"The fourth quarter and full-year growth will still likely fall short of the government's 6-7% target. Our full-year growth forecast for 2023 is around 5.2%. We think the economy will fare better in 2024 as inflation and interest rates go down," she said. — **Lourdes O. Pilar**

Borrowings,
from S1/1

The Bangko Sentral ng Pilipinas (BSP) delivered an off-cycle 25-basis-point (bp) rate hike in October, bringing the benchmark rate to a 16-year high 6.5%. Since May 2022, the central bank has hiked rates by a cumulative 450 bps.

"Data from the previous months have shown underspending for many agencies which prompted them to spend instead of borrow. Other than that, reduced borrowing may indicate that there are funding sources available besides borrowing," Mr. Rivera added.

For 2023, the National Government set its borrowing program at P2.207 trillion, consisting of P1.654 trillion from domestic sources and P553.5 billion from foreign creditors. — **Luisa Maria Jacinta C. Jocson**

Targets,
from S1/1

The DBCC said it expects to exceed its revenue target this year. "The emerging total revenue collection for 2023 is estimated to be P3.84 trillion to P3.9 trillion, which is above the P3.73-trillion approved DBCC level for the year," it said.

Government revenues rose by 6.79% to P2.84 trillion in the January-to-September period, surpassing by 2.98% its P2.76-trillion revenue program. As of end-September, revenue collections already accounted for 76.1% of the full-year program.

Meanwhile, the DBCC said that government expenditures are expected to improve in the fourth quarter due to agencies' accelerated spending and implementation of projects.

The National Government disbursement rate rose to 98.9% as of September from 93.4% as of June.

Data from the Treasury showed that state spending increased by an annual 4.12% to P3.82 trillion in the nine-month period. However, it missed its P3.86-trillion target by 1.06%.

In July, agencies have been ordered to draft catch-up plans to address low budget utilization, after a 7.1% contraction in government spending contributed to the weaker-than-expected 4.3% gross domestic product growth in the second quarter.

Meanwhile, analysts said that while current macroeconomic targets are still doable, the government may need to introduce some reforms.

"If the reforms needed to bring inflation back to (2-4%) target and if the public sector spending commitments are delivered, the goals still look viable," BPI Lead Economist Emilio S. Neri, Jr. said in a Viber message.

Reforms that will address regulatory bottlenecks and improve ease of doing business may boost private sector confidence, he added.

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said that any downward revisions made would only be slight, especially on economic growth.

Economic managers are currently targeting 6-7% GDP growth for this year.

"If a revision is made, I think full-year 2023 growth at 5.8% has a higher probability than 6%," Bienvenido S. Oplas, Jr., president of a research consultancy and of the Minimal Government Thinkers think tank, said in a Viber message.

Mr. Ricafort said economic growth will be driven by improved labor market figures, overseas Filipino worker remittances, and manufacturing data. — **Luisa Maria Jacinta C. Jocson**

Wind, solar, gas dominate DoE lineup of prospective projects

WIND, natural gas, and solar power projects make up most of the projects in the medium-term pipeline, the Department of Energy (DoE) reported, citing data on "indicative" projects compiled as of August.

Of the 60,362.16 megawatts (MW) of indicative power projects, about 83% or 50,366.96 MW are renewables dominated by wind power projects with total capacity of 34,080.50 MW.

Natural gas, solar, and hydropower projects accounted for 8,320 MW, 7,987.60 MW, and 7,811.86 MW, respectively.

This was followed by coal-fired power plants with 1,520 MW and geothermal with 413 MW.

Meanwhile, oil-based and biomass projects had capacities of 155.20 MW and 74 MW, respectively.

Indicative projects are those that are currently in the pre-development stage.

Private sector-initiated projects with target commercial operations have a total capacity of 58,002.16 MW.

Meanwhile, committed projects, or those that are in the construction phase or have achieved financial closing, have a total capacity of 12,506.59 MW.

The pipeline of projects includes those without a firm commercial operations date and those where the date is beyond 2027.

Of the total, natural gas projects account for 6,070 MW. Renewable energy (RE) projects had a combined total of 4,044.88 MW. Coal-fired power plants accounted for 2,305 MW.

In July, the Department of Energy issued notices of award for 105 winning bids in the second Green Energy Auction (GEA-2), covering projects generating 3,440 MW, well below the 11,600-MW capacity on offer.

The project timelines are between 2024 and 2026.

The GEA program aims to promote RE as a primary source of energy through competitive selection.

As of the end of 2022, RE accounted for about 22% of the energy mix, with coal-fired power plants accounting for almost 60%.

The government hopes to increase the share of RE to 35% by 2030 and to 50% by 2040. Last year, the DoE raised the Renewable Portfolio Standards requirement to 2.52% per annum starting 2023, from 1% per annum previously. — **Sheldeen Joy Talavera**

BoI endorses wind power project for 'green lane'

THE Board of Investments (BoI) said it has endorsed for expedited permits a P10.85-billion wind power project of Singapore's The Blue Circle (TBC) in Paete and Kalayaan, Laguna.

"TBC, through its subsidiary, is currently developing a wind power project to spearhead its efforts in increasing its presence in the Philippines, with an overall portfolio of more than 2.5 gigawatt worth of renewable energy projects in development in the entire country," the BoI said.

The project — Kalayaan 2 Wind Power Project — will be carried out by Laguna Wind Energy Corp. (LWEC) and is set to start commercial operations by 2026.

It is expected to generate 30 direct and 500 indirect jobs. The site is 70 hectares, hosting installed capacity of 100.8 megawatts of clean energy.

"In addition, the wind power project aims to harness renewable wind resources to power industries and promote sustainable and greener economic growth," the BoI said.

The BoI estimates that projects receiving the "green lane" treatment totaled 16, with a combined project cost of P336.29 billion.

"There are 16 projects that have been designated and identified as strategic investments and (these are) projected to generate 31,000 jobs," said Lubin R. de Vera, Jr., chief investments specialist with the BoI's Investments Assistance Service.

In October, the BoI endorsed three solar projects of Spain's Ignis Energia which cost a combined P14.83 billion. It also approved Real Steel Corp.'s P10.3-billion steel bar plant.

According to Mr. De Vera, of the 16 approved projects, 11 are renewable energy projects — 10 solar and one wind.

Two are telecommunication tower infrastructure projects, two are steel mills or plants and one a data center. — **Justine Irish D. Tabile**