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# Upside inflation risks seen to linger

THE BANGKO SENTRAL ng Pilipinas (BSP) retained its 2-4% inflation target range through 2026, although risks to the outlook remain "strongly tilted to the upside."

"The inflation target range of 3% ± 1.0 ppt (2-4%) remains an appropriate representation of the medium-term goal for price stability, given the current structure of the Philippine economy, recent economic developments, and the

overall macroeconomic outlook over the next few years." the BSP said in a statement on Thursday.

It noted the latest forecasts show inflation will likely decelerate next year and in 2025, "given limited demand-based inflation pressures amid improving supply conditions."

"However, the risks to the inflation outlook remain strongly tilted to the upside for both years (2024-2025), which requires close monitoring as well as readiness for further action as needed," it added.

The BSP has raised borrowing costs by a total of 450 basis points (bps) from May 2022 to October this year, bringing the benchmark rate to a 16-year high of 6.5%.

"The prevailing higher-forlonger stance of monetary policy, together with the implementation of the non-monetary measures by the government, is intended to ensure the sustained return of inflation to the medium-term target and keep inflation expectations anchored," the BSP said.

The central bank expects inflation to average 3.7% next year and 3.2% in 2025.

The BSP earlier said that risks that could stoke inflation include higher transport costs, electricity rates, and oil prices. It also cited the strong El Niño episode that is seen to persist until the second

quarter of 2024, as well as upcoming water wage hikes in Metro Manila.

Estimates by the BSP show that the El Niño weather event could impact inflation by 0.02 percentage point next year.

The BSP said the current and projected inflation environment supports the economy's steady growth.

The Development Budget Coordination Committee set next year's gross domestic product (GDP) growth goal at 6.5-7.5%. It targets 6.5-8% GDP growth for 2025-2028.

"At the same time, enactment of structural reforms is expected to help boost prospects for domestic economic activity, raise productivity, and help build a sustainable noninflationary economic growth," it said.

Inflation, S1/3

### **IPOs likely** to regain momentum next year

By Ashley Erika O. Jose Reporter

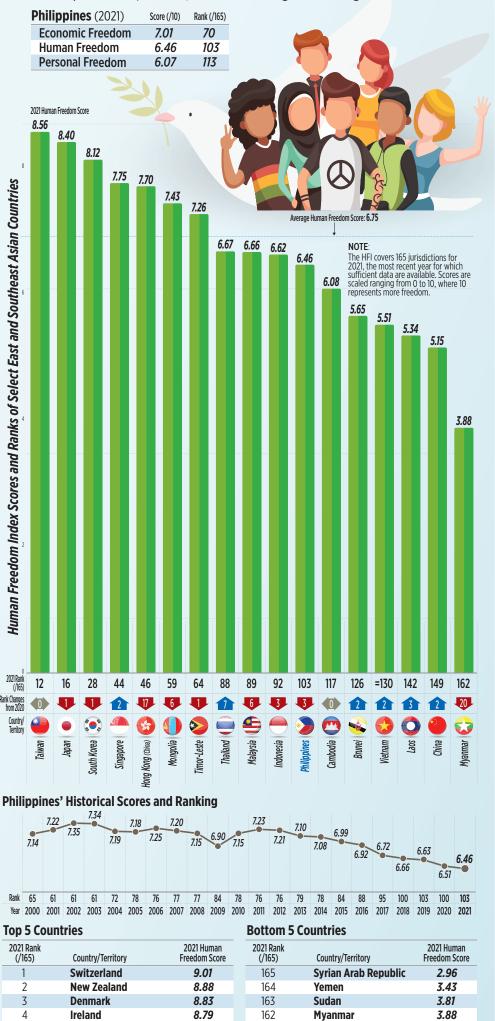
MARKET WATCHERS expect initial public offerings (IPOs) to regain momentum in 2024 once the Philippine central bank begins rate cuts.

"The Philippine stock market is poised for a resurgence in initial public offerings in 2024, buoyed by declining interest rates amid easing inflationary pressures," Globalinks Securities and Stocks, Inc. Head of Sales Trading Toby Allan C. Arce said in a Viber message to Business World on Wednesday.

Mr. Arce noted that discussions are underway for a minimum of six IPOs next /ear, "doubling the number of firms that went public this year and significantly surpassing them in terms of the funds they aim to raise." The Philippine Stock Exchange, Inc. (PSE) had earlier targeted 14 IPOs this year, but only three companies went public. Renewable energy holding firm Alternergy Holdings Corp. held its IPO in March, followed by IT-product retailer Upson International Corp. in April, and renewable energy developer Repower Energy Development Corp. in July. Several companies initially planned to go public this year but postponed their plans to 2024. These include Citicore Renewable Energy, property developer Ovialand, Inc., and Razon-led Prime Infrastructure Capital, Inc.

#### **PHILIPPINES FALLS IN HUMAN FREEDOM RANKING** The Philippines slipped three places to rank 103<sup>rd</sup> out of 165 countries in the

latest edition of the Human Freedom Index (HFI), which used 2021 data. The index presented a broad measure of human freedom around the world. The country's overall HFI score inched down by 0.05 point to 6.46 (out of possible 10) in 2021, below the 6.75 global average score.



#### PHL expected to import more rice due to El Niño

#### By Luisa Maria Jacinta C. **Jocson** Reporter

THE EL NIÑO weather event's impact on agriculture production in the Philippines could lead to a surge in rice imports to account for the supply shortfall, the World Bank said.

"El Niño is expected to dampen farm production and increase the need for rice imports," the multilateral lender said in its latest Food Security Update.

A strong El Niño is expected to continue until January next year and is seen to persist until May 2024, according to the latest advisory by the Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAGASA).

The weather event increases he likelihood of below-normal rainfall conditions, which could

bring dry spells and droughts in some areas of the country.

By the end of May 2024, 65 provinces are projected to experience a drought while six will face a dry spell.

The Philippines, one of the world's biggest rice importers, will likely grapple with soaring prices of the staple.

The World Bank said global sugar and rice prices have increased by double-digits due to the El Niño and its impact on production and trade.

"El Niño has led to dry conditions in South and Southeast Asia, affecting sugar production in India and Thailand, the two largest exporters after Brazil," it added.

Federation of Free Farmers Chairman Raul Q. Montemayor said that the El Niño will more likely affect the wet season harvest in the Philippines, which normally begins in the middle of the year El Niño, S1/3

IPOs, S1/3

## **Global rice** prices hit highest level in 15 years

RICE PRICES reached a fresh 15-year high on mounting concerns that increased demand and the impact of El Niño will further tighten supplies of the grain that is a staple for billions across Asia and Africa.

Thai white rice 5% broken, an Asian benchmark, climbed by 2.5% from the prior week to \$650 a ton on Wednesday, according to the Thai Rice Exporters Association. That's the highest level since October 2008.

Prices most recently rallied to that milestone in early August in the wake of sweeping export curbs from top shipper India and as dry weather threatened the Thai crop. After retreating for most of September and October, price gains quickened in November. This could keep food inflation elevated in the coming months, especially in ricereliant countries like the Philippines. Rice, S1/3

Source: Cato Institute and Fraser Institute's The Human Freedom Index 2023: A Global Measurement of Personal, BusinessWorld Research: Abigail Marie P. Yraola BusinessWorld Graphics: Bong R. Fortin

161

Iran

8.75

Estonia & Sweden

=5



Banco de Oro (BDO) endorsers Piolo Pascual (2<sup>nd</sup> from left) and Small Laude (2<sup>nd</sup> from right) with event hosts Lassy (left) & MC (right).

#### SM and BDO spread holiday cheer with OFWs at the annual Pamaskong Handog

Families of overseas Filipino needs of their families back workers (OFWs) were treated home," said BDO's Senior to heartwarming moments, Vice President and Head of lively performances, and Remittance Genie Gloria. significant announcements "Through our partnership at the annual Banco De Oro with SM Supermalls, we (BDO) Unibank Pamaskong made banking and remittance Handog event at SM Fairview very affordable and easily last December 16.

of our OFWs and we want to the Filipino family, which led help them by making it easier to us becoming the preferred for them to provide for the bank of OFWs."

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accessible and incorporated it "BDO values the hard work into the behavior and needs of