Trade gap,
from S1/1

billion from the $53.72-billion gap a year earlier.

Exports fell by 8.4% to $67.03 billion at end-November, while imports declined by 8.6% to $116.01 billion. The government expects exports to have declined by 4% in 2023, and imports to have dropped by 3%.

Analysts attributed the wider trade gap to the continued decline in exports, particularly semiconductors.

In a Viber message, Security Bank Corp. Chief Economist Robert Dan J. Roces said the November data showed the "export slump overshadowing steady imports."

Outbound sales of manufactured goods, which made up 81.4% of the total exports, sank by 17.5% to $4.99 billion.

"Exports declined for the third consecutive month mainly due to the weakness in the sales of semiconductors, the country's largest export," China Banking Corp. Chief Economist Domini S. Velasquez said in a separate Viber message.

Electronic products, accounting for the bulk of the manufactured goods and more than half of the total exports, slumped by 24.7% to $3.44 billion.

Semiconductors, making up 80% of electronic products and 45.3% of November exports, slid by 25.7% to $2.78 billion.

Mr. Roces noted imports were "unexpectedly flat" in November, ending nine straight months of decline.

"Consumer goods accelerated for a second month thanks to holiday spending, while capital goods (+0.1%) were flat, albeit halting seven months of contraction," he added.

Imports of raw materials and intermediate goods, which accounted for 36.2% of the total import bill, fell by 3.8% to $3.92 billion in November.

Mineral fuels, lubricants, and related materials also dropped by 7.8% annually to $1.56 billion.

Meanwhile, capital and consumer goods rose by 0.1% and 15.4%, respectively, to $3.03 billion and $2.27 billion.

The United States was the top destination of locally made products in November with a 16% share worth $1.14 billion.

Japan was the Philippines' second-biggest export trading partner with a 13.2% share worth $938.3 million. Exports to China were valued at $876.27 million, equivalent to a 12.3% share.

On the other hand, China remained the Philippines' main source of imported goods with a value of $2.6 billion, accounting for 24% of the total. Imports from Indonesia were valued at $1.15 billion (10.6% of the total), while imports from Japan reached $943.57 million (8.2%).

"Overall, the trade balance remained in substantial deficit. This development suggests that the current account is likewise in shortfall and points to sustained pressure on the peso in the coming months," Nicholas Antonio T. Mapa, senior economist at ING Bank N.V. Manila, said in a note.

Mr. Roces said the trade deficit likely further widened in the fourth quarter.

"Weaker trade could derail economic growth. The lack of capital goods imports is worrisome given that this is a leading indicator of investments and GDP (gross domestic product) growth. Hopefully, we see this improve this year as the government undertakes more infrastructure projects," Ms. Velasquez said.

For the first nine months of 2023, Philippine GDP expanded by 5.5%, below the government's 6-7% full-year target.

WB,
from S1/1

INFLATION

Meanwhile, the World Bank said headline inflation in the East Asia and Pacific region might ease slightly amid "moderating global commodity prices, improved food supplies and well-anchored inflation expectations."

In its December update, the multilateral lender projected Philippine inflation to settle at 3.6% this year and 3% in 2025.

In 2023, inflation averaged 6%, the highest in 14 years. This also marked the second straight year average inflation breached the 2-4% target.

The Bangko Sentral ng Pilipinas (BSP) expects inflation to average 3.7% this year and 3.2% in 2025.

"Despite inflation receding below target in many economies, interest rates are expected to remain broadly unchanged in 2024 on account of tight monetary policy in major advanced economies, lingering concerns about weakening exchange rates and capital outflows, and the potential for a resurgence in inflation," the World Bank said.

The Philippine central bank raised borrowing costs by 450 basis points from May 2022 to October last year, bringing the key rate to a 16-year high of 6.5%.

BSP Governor Eli M. Remolona, Jr. has said the central bank would only consider policy easing if inflation settles comfortably within the target.

GCash and NBI sign partnership deal to intensify financial fraud investigation

ELECTRONIC wallet platform GCash and the National Bureau of Investigation (NBI) signed on Wednesday a data-sharing deal to track online financial fraud.

"Primarily [the aims of this partnership] is information sharing, specifically on analytics — because it will really help in investigating frauds," Oscar A. Reyes, Jr., president and chief executive officer of G-XChange, Inc., the operator of GCash, told reporters on the sidelines of a press briefing.

The collaboration with NBI will help GCash understand the pattern of frauds, online scams, and other forms of cybercrimes, Mr. Reyes said, adding that this will also help them trace accounts that may use GCash wallets for crimes.

"If there is an account that sends a lot of money and will withdraw immediately. That will help us trace it. That is why it is important that there is a partnership with NBI so that when we talk to other institutions they will cooperate as well," he said.

Last year, GCash removed over four million accounts in its platform due to engagement in fraudulent transactions and other malicious activities. — **Ashley Erika O. Jose**