

**Consumption,**  
from S1/1

Consumption accounts for three-quarters of the Philippine economy.

"Spending will remain impacted by the environment of elevated inflationary pressures over 2023 as well as high debt levels and servicing costs," BMI said.

"However, easing inflation and a tight labor market will support spending, as real wage growth returns to positive territory, supporting purchasing power over the year," it added.

Inflation quickened for the third straight month to 3.8% in April from 3.7% in March. It was within the central bank's 2-4% target for a fifth straight month.

The Bangko Sentral ng Pilipinas (BSP) expects inflation to average 3.8% this year.

"Easing inflationary pressures will provide relief on real household income and enable growth in spending," BMI said. It also cited the country's "strong labor market dynamics."

"This was driven by rapid economic recoveries locally and globally," it said. "The Philippine government was supportive of local labor markets, resulting in a tightening that pushed up nominal wages."

Data from the statistics agency showed that the unemployment rate rose to a two-month high of 3.9% in March, equivalent to two million jobless Filipinos.

The underemployment rate eased to 11% from 12.4% a month earlier, the lowest since September 2023.

BMI expects the jobless rate to improve amid government efforts to boost jobs, attract more foreign investments and promote more public-private partnerships.

On the other hand, consumer spending could be dampened by a decline in remittances, a weaker economy and geopolitical tensions in the Middle East, which could stoke oil prices and inflation.

BMI cited the risks to the remittance outlook. "There are several risks to this income over 2024, mostly related to potential financial stress in several global markets, especially the US, which accounts for 41% of total remittances."

Cash remittances rose by 3% in February to \$2.65 billion, data from the central bank showed.

"Another risk is the strengthening of the peso, which could reduce the amounts sent back by overseas workers in local currency terms," it added. — **Luisa Maria Jacinta C. Jocsen**

**Rate cut,**  
from S1/1

Pantheon Macroeconomics said hopes for a June rate cut were "still alive."

At its April meeting, the BSP stood pat for a fourth straight time and kept its benchmark rate at a 17-year high of 6.5%.

The Monetary Board's next policy review is on May 16.

BSP Governor Eli M. Remolona, Jr. earlier said they would consider easing if inflation could firmly settle at around 3% for several months.

"The latest [inflation] result helps to bolster our admittedly fraying below-consensus conviction that the Monetary Board will cut rates by a total of 100 basis points (bps) this year, with the first reduction still possible in June," Pantheon said.

Inflation quickened for a third straight month to 3.8% in April from 3.7% in March. It has stayed within the BSP's 2-4% target for the fifth straight month.

Inflation averaged 3.4% in the first four months, still below the central bank's 3.8% full-year forecast.

**Debt-to-GDP,**  
from S1/1

The Treasury said the deficit-to-GDP ratio stood at 4.46% at end-March, from 4.82% a year ago and 6.2% at the end of 2023. It was also well below the 5.6% deficit ceiling set by the government this year.

The country's budget deficit narrowed by 6.82% to P195.9 billion in March from a year earlier. In the first quarter, the fiscal gap widened by 0.65% to P272.6 billion.

The below-target debt and deficit ratios were due to the "continued recovery of the economy," Michael L. Ricafort, chief economist at Rizal Commercial Banking Corp., said in a Viber message.

Pantheon noted that food prices could push inflation higher next month.

"Adverse food base effects, which pushed up food inflation further in April to a six-month high of 6%, will remain unhelpful for the next report, lifting the headline to 4.1% in our estimates."

Food inflation quickened to 6.3% in April from 5.7% in March, driven by elevated vegetable and rice prices.

"Crucially, food-price base effects will turn decisively and increasingly helpful from June to September, pulling CPI inflation back comfortably within the BSP's target range."

The BSP earlier said inflation could temporarily accelerate above target in the next two quarters due to base effects and El Niño.

As of April 30, agricultural damage from El Niño had reached P5.9 billion. Rice was the most affected crop, accounting for 53.21% of total farm damage, equivalent to P3.14 billion.

He also cited improved tax collection, disciplined government spending and other fiscal reform measures.

"These tax and fiscal reform measures, alongside faster GDP growth that is among the fastest in Asia would help further reduce the NG debt-to-GDP ratio, which would help support the country's favorable credit ratings," he added.

The Philippine economy grew by 5.7% last quarter from 5.5% in the previous quarter and 6.4% a year ago. — **Luisa Maria Jacinta C. Jocsen**

**Economy,**  
from S1/1

Household spending, which accounts for more than 70% of economic output, rose by 4.6% last quarter, the slowest after a coronavirus pandemic.

Mr. Balisacan attributed weaker consumption to spiraling prices of major food items and El Niño.

The "moderated growth" in domestic demand reflected the less favorable business sentiment, he said. Construction slowed amid prolonged periods of extreme heat.

State spending growth also slowed to 1.7%, while investment increased by 1.3% from 11.6% in the fourth quarter.

"Consumption of durable equipment is also quite low," Mr. Balisacan said. "That's the likely effect of high interest rates."

"Globally, inflation is coming down faster than earlier expected. We should see this continued improvement. Even domestically, we should see loosening of the rates eventually," he added.

Inflation quickened for the third straight month to 3.8% in April. It was 3.7% in March and 3.4% in February.

"As domestic and external headwinds persist in 2024, the government will continue pushing forward growth-enhancing strategies to boost economic expansion and ensure that the Philippines remains on track with its medium- to long-term goals," Finance Secretary Ralph G. Recto said in a separate statement.

To finance the P5.767-trillion national budget for 2024, the agency is boosting resource mobilization efforts to collect P4.3 trillion in revenues. "The government is on track to meet this goal, with total revenues already reaching roughly P1.41 trillion as of the end of April," he said.

The Finance chief also said the government is trying to improve nontax revenues to generate more funds without imposing additional taxes, mainly through dividend remittances from state-owned corporations.

**MODERATE GROWTH**

Nicholas Antonio T. Mapa, senior economist at ING Bank NV, Manila, said the first-quarter economic output data strengthen their expectations that full-year growth would settle below the government's 6-7% target.

"We do not expect any adjustment to the current policy settings," he said in a note. "However, a sustained deceleration of inflation and disappointment on the growth front could convince

the Bangko Sentral ng Pilipinas (BSP) to cut rates as soon as the US Fed does later this year."

Makoto Tsuchiya, assistant economist at Oxford Economics, expects private consumption to "more or less remain at the current level." "The drop was bigger than we had expected, but the direction is in line with our narrative that household spending will be subdued this year," he said in an e-mail.

Despite the weaker momentum brought by a gloomy outlook on exports and investment, Mr. Makoto said growth would likely improve this quarter.

Aris Dacanay, an economist at HSBC Global Research, expects growth to moderate in the second half due to base effects. "The longer the BSP keeps its monetary stance tight, the larger the drag will likely be for growth," he said in a note.

Economic recovery is unlikely to be robust due to "rising unemployment, stabilizing income and elevated borrowing costs," ANZ Research economist Debalika Sarkar and Chief Economist Sanjay Mathur said in a separate note.

Mr. Balisacan said the first-quarter growth mirrored the lagged effects of the central bank's aggressive interest rate increases that began in May 2022.

"What's so encouraging though is that despite these developments, our exports were able to recover from high negatives last year, especially in the first quarter and in the fourth quarter," he said.

Exports grew by 7.5% in the first quarter, while imports rose by 2.3%.

The growth of services, which had the biggest contribution to the economy among major industries, eased to 6.9%.

It contributed 4.2 percentage points, followed by industry with 1.51 points and agriculture with 0.03 point. Farm growth also slowed to 0.4% from 2.2% a year ago. Industry growth quickened to 5.1% from 4.1% a year earlier.

Shivaan Tandon, Capital Economics Emerging Asia economist, said weaker economic performance would probably continue.

"We expect further weakness over the rest of the year as tight monetary policy, slower growth in remittances and weaker export demand weigh on activity," he said in a note.

The Philippine Stock Exchange index slumped by 1.75% or 116.72 points to close at 6,542.46, while the peso finished half-a-centavo stronger at P57.38 a dollar. — **Mariel Irish U. Catilogo**

## Megaword Group feted for Excellence in Corporate Governance

Parent company Alliance Global Group also bagged awards for Philanthropy and Development that highlight the Group's commitment to champion good corporate governance

By Marisol Buena

Premier township developer Megaworld and its subsidiary Megaworld Real Estate Investment Trust (MREIT) were awarded during the prestigious 9<sup>th</sup> Global Good Governance (3G) Awards 2024, which was held recently in Manila for the first time.

Megaworld and MREIT each took home a 3G Championship Award for Corporate Governance Reporting, while its parent company Alliance Global Group, Inc. (AGI) was also given the 3G Award for Development and the 3G Award for Philanthropy.

"Many movers and shakers in the Global Good Governance Awards come from Asia. Given this new trend, marginal value addition to global good governance has an ever-increasing share contributed by Asia. This means that a bulk of global social capital in the future will originate from this part of the world," says Professor Humayon Dar, Chairman of the Global Good Governance Awards, during his speech.

This latest set of awards highlight how AGI and its companies all put a huge premium on practicing and championing good corporate governance in the way it conducts its various businesses.

Spearheaded by Cambridge IFA, the 3G Awards 2024 celebrate and acknowledge institutions and individuals' sustainable efforts, practices, policies, and innovative products and services. This includes governments, corporations, and individuals from more than 15 countries spanning five continents that have demonstrated exemplary leadership and sustainable practices in the realms of good governance and social responsibility.

Delegates from Thailand, Malaysia, Indonesia, Singapore, the United Arab Emirates, Saudi Arabia, Africa, and Qatar also flew into Manila to receive their respective awards.

**EMPHASIS ON GOOD GOVERNANCE IN BUSINESS**

During the summit, representatives from AGI, Megaworld, and MREIT joined ambassadors



Megaworld receives the 3G Championship Award for Corporate Governance Reporting, represented by Arnulfo Batac, head of Sustainability for Megaworld, and Andy dela Cruz, head of investor relations.



Professor Humayon Dar, chairman of the Global Good Governance Awards (top center), joins representatives from Alliance Global Group, Inc., Megaworld, MREIT, and other awardees in celebrating their big win.

from the UAE, Malaysia, Thailand, Singapore, Canada, Lao PDR & UK, VIPs including the heads of Chambers of Commerce from Korea, Malaysia, and Britain, business leaders, government officials, philanthropists and influential figures from

around the world to discuss and deliberate on strategies for fostering a sustainable future.

The theme of the summit, which is "Aligning Good Governance with UN SDGs," revolved around bridging the gap in achieving the SDGs



MREIT receives the 3G Championship Award for Corporate Governance Reporting from Cambridge IFA. Representing MREIT is Englebert Teh, corporate planning officer of MREIT (center).



AGI receives the two recognitions from the 3G Global Good Governance Awards. Receiving the award were Carol Kabigting, head of Investor Relations, AGI (center) and Arnulfo Batac, head of Sustainability, Megaworld (right).

and the role of effective leadership in bringing together governments, corporations and social sectors to create impactful strategies, overcome challenges, and lead the way towards a sustainable and prosperous future for all.