

Budget,
from SI/1

"The robust outturn for the month was underpinned by higher nontax collections," the BTr said.

Nontax revenues nearly doubled to P78.2 billion in May from P39.4 billion a year prior.

BTr income surged by 181% to P70.2 billion "due to higher collections from interest on advances from GOCCs, guarantee fees, and the NG share from Philippine Amusement and Gaming Corp. (PAGCOR) income."

On the other hand, revenue from other offices declined by 44.38% to P8 billion in May.

"The collections from other offices (nontax) including privatization proceeds and fees and charges for May dropped by 44.38% due to the reclassification of accounts from the previous months' transactions," it added.

Meanwhile, tax revenues went up by 3.35% to P303.9 billion in May from P294 billion a year ago.

The Bureau of Internal Revenues (BIR) collections increased by 2.79% to P219.2 billion "due to higher tax collections on value-added tax (VAT), taxes on net income and profit (withholding at source and on wages of personal income tax), and miscellaneous tax," the BTr said.

The Bureau of Customs (BoC) revenues rose by 4.33% to P81.3 billion, amid "improved revenue collection performance (due to) the continued monitoring of the values and classifications of imported commodities, as well as intensified border control and improved trade facilitation."

FIVE-MONTH DEFICIT

Meanwhile, the budget deficit in

the January-May period widened by 24.06% to P404.8 billion from P326.3 billion a year ago.

Government spending rose by 17.65% to P2.26 trillion as of end-May from P1.92 trillion in the same period a year ago.

Interest payments surged by 40.08% to P321.6 billion while primary spending went up by 14.6% to P1.94 trillion.

Meanwhile, five-month revenues stood at P1.85 trillion, up by 16.34% from P1.59 trillion a year earlier.

Tax revenues increased by 11.18% to P1.59 trillion as BIR revenues rose by 12.81% to P1.19 trillion while BoC collections went up by 6.01% to P380.9 billion.

Nontax revenues jumped by 60.58% to P267 billion as BTr income rose by 151.09% to P206.5 billion.

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said in a Viber message that the wider budget deficit may be due to higher inflation that bloated government expenditures.

Inflation picked up to a six-month high of 3.9% in May from 3.8% in April. This brought average inflation to 3.5% in the January-May period.

"Wider deficits would increase the urgency for tax reform measures and other fiscal reform measures, at least intensified tax collections from existing tax laws, among others," he said.

"At some point, if inflation stabilizes further, there could be some need for higher taxes and new taxes, as a final option," he added. — **Luisa Maria Jacinta C. Jocsón**

BSP,
from SI/1

He said the Monetary Board is "on track" to cut rates when it next meets on Aug. 15. This will likely be ahead of the US Federal Reserve which earlier signaled it may start easing in December.

"Last time I said we're still hawkish, but less so. We're basically in the same position now. Somewhat more dovish than before," Mr. Remolona said.

The BSP could cut rates by 25 basis points (bps) in the third quarter and by another 25 bps in the fourth quarter, he added.

The Monetary Board's Aug. 15 review is its only meeting in the third quarter. Meanwhile, its last two reviews for the year will be held in the fourth quarter and are scheduled on Oct. 17 and Dec. 19.

TOO EARLY TO CUT?

Analysts noted the more dovish signals from the BSP compared with its previous meetings.

"Tellingly, the read-out this time didn't contain any language about how policy needs to be 'sufficiently tight,' saying instead that an improvement in the inflation

outlook going forward would allow for some scope for policy to be 'less restrictive,'" Pantheon Chief Emerging Asia Economist Miguel Chanco said in an e-mail note.

HSBC economist for ASEAN (Association of Southeast Asian Nations) Aris D. Dacanay in a note said that the BSP's tone is "perhaps slightly more dovish, not closing the possibility of it cutting ahead of the Fed."

"We even think the BSP was even more confident than last time, reflecting the fact that monetary policy in the Philippines may be becoming more independent from the Fed, even if partially," he added.

However, Mr. Dacanay said that August may still be too soon to loosen policy reins.

"We do not think inflation will be soft enough by the August meeting with the rice tariff rate cut needing time to work its way in reducing prices," Mr. Dacanay said.

ANZ Research said in a report that it may be too early to cut rates as inflation is still hovering near the upper bound of the 2-4%

DBCC,
from SI/1

"We will maintain high investments in infrastructure, which will be between 5% and 6% of GDP from 2024 to 2028. This is expected to create a multiplier effect on the economy, reduce the cost of doing business, support the creation of quality jobs, and ultimately transform the economy," Ms. Pangandaman said.

The DBCC said it expects the debt-to-GDP ratio to decline from 60.6% this year to 56% in 2028. The threshold considered by multilateral lenders to be manageable for developing economies is 60%.

Economic managers also expect inflation to settle at 3-4% by end-2024, and return to the

target as "upside risks from food prices continue to linger."

ANZ said it expects the central bank to start cutting rates in early 2025, "if inflation consistently moves towards the midpoint of the official target range in the first quarter of 2024."

Meanwhile, Mr. Chanco still expects that the BSP will cut by 25 bps in August, in line with the BSP's outlook.

"Our core view still is that the Board will start a gradual normalization of policy in August with a 25-bp rate cut, following this on with similar-sized reductions in the October and December meetings," he added.

PESO INTERVENTION

Meanwhile, Mr. Remolona said the central bank is "occasionally" intervening in the peso.

"We've been watching the peso. We don't want it to depreciate too sharply. We occasionally intervene. I think today (Thursday) we did intervene. We don't want it to depreciate too sharply," Mr. Remolona said.

The peso closed at P58.75 per dollar on Thursday, strengthening by 11 centavos from its P58.86 finish on Wednesday. Its close on Wednesday was its weakest finish in over 20 months.

However, Mr. Remolona said that the peso's effect on inflation is "not very large."

"We think the pass-through, which is what we call the effect of depreciation on inflation, is estimated at 0.36% per 1% depreciation (of the) peso. Since the beginning of the year, the peso has depreciated by 5.7%. So, 5.7% against 0.36%, that adds up to a total about 0.2% in inflation."

Mr. Remolona said that the central bank is active in intervening when it "senses stress in the market."

"But mostly we come in to slow down the tendency of the peso to depreciate sharply. We don't come in every day," he added.

The Development Budget Coordination Committee on Thursday raised its foreign exchange rate assumption to a range of P56-P58 this year, a higher band than its P55-P57 range previously.



GRANULATED WHITE SUGAR and sugar cubes are seen in this picture illustration taken on Dec. 16, 2018.

Sugar,
from SI/1

Separately, SRA Administrator Pablo Luis S. Azcona said in a Viber message that Sugar Order No. 2 (SO2) allowed stakeholders to pre-qualify for importation if they had purchased local sugar.

The program called for the voluntary purchase of domestically produced sugar to stabilize farmgate and retail prices. Participants were eligible to avail themselves of an allocation for a future import program.

Mr. Azcona said the agency had already pre-qualified and pre-allocated participants based on their support for local sugar farmers.

Last year, farmgate prices for raw sugar dropped to about P2,300-P2,500 per 50-kilogram (kg) bag, well below the SRA's trading estimate of P3,000 per 50-kg bag.

Mr. Azcona said that after SO2 was issued, farmgate prices rose to around P2,700-P2,800 per 50-kg bag, which drove retail prices to P73-P100 per kilo of sugar.

As of June 26, the retail price of refined sugar in Metro Manila markets stood at P74 to P92 per kilo, while brown sugar was between P62 and P92 per kilo, according to the DA's price monitoring bulletin.

"We will activate an import plan should the trigger stock level be reached to ensure a stable supply and stable price for our retail and industrial consumers, as well as to ensure that our farmers will not be affected," Mr. Azcona said.

President Ferdinand R. Marcos, Jr. had recommended maintaining sugar stocks at 185,000 MT to 200,000 MT, equivalent to a two-month buffer.

Mr. Azcona said the SRA will meet with the Agriculture secretary by the first week of July to determine the need to activate the importation plan.

"We also have to bear in mind that the five million farm-

ers, farm workers, their families, and people dependent on the sugarcane industry are also 100% retail consumers," Mr. Azcona said.

Manuel R. Lamata, president of the United Sugar Producers Federation of the Philippines, said that the sugar imports could potentially plug any shortages before the harvest season.

"Harvest this coming crop year will be delayed due to El Niño and when we were consulted about this matter, we approved the proposal," Mr. Lamata said in a Viber message.

Ateneo de Manila economics professor Leonardo A. Lanzona said sugar production was affected by the El Niño weather event, which necessitated the importation of refined sugar.


"However, the overall policy of plugging supply gaps and taming prices through imports is fundamentally unsustainable. Unless we can export other products, we may not have enough foreign currency to pay for these imports," Mr. Lanzona said in a Facebook Messenger chat.

The US Department of Agriculture projected that Philippines' raw sugar production would be flat this year at 1.85 million MT due to the effects of El Niño.

The regulator had said that El Niño has greatly damaged the sugarcane crops for the October 2024 season.

It added that the areas of Batangas, Southern Negros, and Mindanao have reported extensive sugarcane damage due to the dry conditions.

Federation of Free Farmers National Manager Raul Q. Montemayor said that agencies should validate the needed volume, timing, and manner of distribution for sugar imports through consultations with stakeholders.



Power Maintenance Updates

by MERALCO ADVISORY

The following are scheduled power interruptions necessary for the regular maintenance and upgrade of our power distribution facilities, to ensure the delivery of safe and reliable electricity to your areas. Rest assured that Meralco is doing everything to quickly restore your electricity according to schedule.

SUNDAY, JUNE 30, 2024

TAGUIG CITY (USUSAN AND WESTERN BICUTAN)

BETWEEN 9:00AM AND 2:00PM – PORTION OF CIRCUIT MALIBAY 53VJ

Portion of Carlos P. Garcia Ave. (C-5 Road) from Pinagsama Village Phase 2 to PDS Ave. including portion of Diego Silang Village, MRB Condominium Compound; and Bases Conversion & Development Authority (BCDA) Field Office in Bgys. Ususan and Western Bicutan.

Portion of PDS Ave. from Carlos P. Garcia Ave. (C-5 Road) to and including Cypress Tower in Bgy. Ususan.

REASON: Line reconstruction and line reconducting work along Carlos P. Garcia Ave. in Bgy. Ususan, Taguig City.

WEDNESDAY, JULY 3, 2024

QUEZON CITY (APOLONIO SAMSON; BAESA; AND BAHAY TORO)

BETWEEN 9:00AM AND 9:30AM AND THEN BETWEEN 2:30PM AND 3:00PM – PORTIONS OF CIRCUIT BALINTAWAK 57E

Portion of F. Carlos St. from Espiritu Santo Ecumenical Chapel to near Araneta St. including G. K. Espiritu Sto. Village and Sitio Pajo in Bgy. Baesa.

Portion of Road 19 from Road 15 to Road 18 including Roads 16 and 17; and Nick Joaquin Senior High School in Bgy. Bahay Toro.

Portion of Road 18 from Road 14 to Short Horn St. in Bgy. Bahay Toro.

Portion of Short Horn St. from Road 18 to near Road 23 in Bgy. Bahay Toro.

Meralco Balintawak Sector Compound along Epifanio Delos Santos Ave. (EDSA) in Bgy. Apolonio Samson.

BETWEEN 9:00AM AND 3:00PM – PORTION OF CIRCUIT BALINTAWAK 57E

Along Araneta St. from F. Carlos St. to Seminary Road including Sitio Mendoza; and Casa Bonita St. in Bgy. Baesa.

Portion of Seminary Road from Araneta St. to near Road 16 including San Jose St.; Sitio Militar and Sitio Incinerator; Ghytan Enterprises and Monte Cielo Marketing Corp. in Bgy. Bahay Toro.

REASON: Line reconducting work along Araneta St. and Seminary Rd. in Bgy. Baesa, Quezon City.

BULACAN (CALUMPIT; HAGONAY; AND MALOLOS CITY)

BETWEEN 10:00AM AND 11:00AM – PORTION OF CIRCUIT CALUMPIT 322YQ

Portion of Iba - Longos Road from near Manila North Road in Bgy. Longos, Malolos City to San Antonio de Padua Chapel including Purok 3, 4, 5 & 6 in Bgy. Iba - Ibayo, Hagonoy; and Purok 1, 3 & 7 in Bgy. Longos, Calumpit.

Portion of Hangga St. from near San Jose Village Road to Alfamart including Carmen V. De Luna St.; Purok Hangga, Purok Kamistisuhan and Purok Tambubong; and Bloomfields Residences in Bgy. Longos, Malolos City.

REASON: Line reconstruction work along Iba – Longos Road in Bgy. Longos, Calumpit, Bulacan.

THURSDAY, JULY 4, 2024

BULACAN (CALUMPIT AND HAGONAY)

BETWEEN 2:00AM AND 2:30AM AND THEN BETWEEN 6:30AM AND 7:00AM – PORTION OF CIRCUIT CALUMPIT 325YQ

Portion of Iba Este Road from MacArthur Highway to and including Purok 1 – 6 in Bgy. Iba Este, Calumpit.

Portion of MacArthur Highway from Meralco – Calumpit substation to Calumpit Provincial Road in Bgys. Bagbag, Palimbang, Corazon and Balungao in Calumpit.

BETWEEN 2:00AM AND 7:00AM – PORTION OF CIRCUITS CALUMPIT 313YQ AND 325YQ

Portion of Calumpit Provincial Road from MacArthur Highway in Bgy. Balungao to and including Bgys. Calizon, Bulusan and Gugo in Calumpit.

Portion of Macabebe – Calumpit – Apalit Road from near Paligi Dudurut Diversion Road to and including Bgys. Meysulao and San Miguel in Calumpit.

Portion of Calumpit Provincial Road from Bgy. Sta. Lucia to and including Bgys. Meyto, Panducot and San Jose in Calumpit.

Portion of Hagonoy Provincial Road from Bgy. San Isidro to and including Bgys. San Juan, Sta. Monica, Sto. Niño and Tampok in Hagonoy.

REASON: Replacement of poles and line reconstruction work along Calumpit Provincial Road in Bgy. Balungao, Calumpit, Bulacan.

SUNDAY, JULY 7, 2024

MANILA (TONDO)

BETWEEN 8:30AM AND 2:30PM – PORTIONS OF CIRCUITS NORTH PORT 44H; AND 24H

Portion of Rodriguez St. from Banahaw St. to and including Ilaw, Pastor, Kawit, Patria, Sofia, Moderna, Alabat and San Pedro Sts. in Balut.

REASON: Line conversion work along Rodriguez St. in Balut, Tondo, Manila.

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