BSP,
from S1/1

"If there are swings like that, we want to dampen that, but we don't want to remove the swing itself. We want to keep the peso at a certain level. We want to prevent it from weakening too much over a short period of time."

Mr. Remolona said the central bank has been intervening in "small amounts."

"We have a little bit of day-to-day intervention just to limit the volatility. We don't want too much volatility. Volatility is bad for both imports and exports," he said.

"Most of the time, it's a strong dollar story rather than peso. But there are some episodes that are not like that. In the June episode, the peso depreciated but the dollar didn't quite strengthen."

FDI,
from S1/1

Investments in equity and investment fund shares dropped by 38% to $159 million in May from $256 million in the same month in 2024.

This was due to the 61.4% decline in nonresidents' net investments in equity capital (excluding reinvestment of earnings) to $62 million in May from $161 million a year ago.

Reinvestment of earnings also inched up by 1.4% year on year to $97 million in May.

Nearly half (49%) of gross placements of equity capital went into manufacturing, followed by real estate activities (14%); and electricity, gas, steam and air-conditioning supply (13%).

In May, the bulk of FDI inflows came from the US (36%) and Japan (33%), followed by Singapore (12%) and South Korea (12%).

"The uptick in May's FDI reflects improved investor sentiment due to the country's solid macroeconomic fundamentals, relatively stable (decelerating) inflation, and infrastructure momentum," John Paolo R. Rivera, a senior research fellow at the Philippine Institute for Development Studies, said in a Viber message. "Externally, moderating global interest rates and a recovery in regional trade also helped."

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said the year-on-year improvement in May FDI inflow can be partly attributed to the release of the rules for the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE) Act.

However, this was "counteracted" by the uncertainty over the US tariffs and other protectionist policies, as well as China-Philippines tensions, Mr. Ricafort said.

For the first five months of the year, net inflows of FDI declined by 26.9% to $2.96 billion, from the $4.04 billion recorded in the same period a year ago.

Net investment in debt instruments plunged by 14.1% in the January-May period to $2.149 billion from $2.501 billion in the same period in 2024.

Reinvestment of earnings rose by 6% to $445 million in the January-to-May period, from $420 million a year ago.

Investments in equity capital other than the reinvestment of earnings also went down by 67.6% to $364 million in the five-month period from $1.123 billion a year ago.

Equity placements plunged by 55% year on year to $616 million while withdrawals rose by 1.8% to $253 million.

Equity investments during the period were mainly from Japan (39%), the US (21%), Singapore (14%), and South Korea (8%).

At least 48% of equity placements flowed to manufacturing, while 20% went to real estate activities and 12% to the electricity, gas, steam, and air-conditioning supply industries.

Mr. Ricafort said FDI inflows in recent months may have been affected by proposed legislated wage increases that threaten to increase labor costs in the country.

"Local political noises since the latter part of 2024 (Dutertes vs. the Marcoses) could have also partly weighed on the FDI data in recent months," he said.

Foreign investors could have also been waiting for further rate cuts by the US and Philippine central banks before making investment decisions, he said.

"For the coming months, the release of the CREATE MORE IRR (implementing rules and regulations) could make some foreign investors/FDIs to become more decisive in locating in the country amid enhanced incentives for foreign investors," Mr. Ricafort said.

Meanwhile, Mr. Rivera noted that the year-to-date decline shows that FDI inflows are still sensitive to policy clarity, geopolitical risks, and tariff developments.

"If growth holds near the 5.4% average in the first half, we can sustain modest FDI recovery in the latter part of the year. To gain stronger traction, the Philippines needs to accelerate reforms in EODB (ease of doing business), investment facilitation, and trade diversification to counter headwinds from global uncertainty," Mr. Rivera said.

The BSP expects FDI to end the year at a net inflow of $7.5 billion. — **Katherine K.Chan**

Agus-Pulangi rehab on track for completion within Marcos term

THE government expects to complete the rehabilitation of the Agus-Pulangi hydroelectric power plant (HEPP) complex in Mindanao before the government steps down, according to the Department of Finance (DoF).

"It's moving forward," Finance Secretary Ralph G. Recto said on the sidelines of a forum on Monday organized by the Economic Journalists Association of the Philippines.

Mr. Recto, was speaking in his capacity as chairman of the Power Sector Assets and Liabilities Management Corp. (PSALM), the entity set up to manage and in some cases privatize the government's portfolio of power facilities.

The complex, with a rehabilitation cost estimated at $350 million, consists of seven run-of-river HEPPs in southern and central Mindanao, with a rated capacity of about 1,000 megawatts (MW).

However, only 600-700 MW is currently operational due to aging equipment and infrastructure issues, according to a 2024 World Bank report.

PSALM was created under the Republic Act No. 9136, or the Electric Power Industry Reform Act (EPIRA) of 2001.

Its corporate term was originally due to expire in June 2026, or 25 years after the effectivity of EPIRA. It was granted a 10-year extension.

PSALM recently completed the privatization of the 796.64-MW Caliraya-Botocan-Kalayaan (CBK) HEPP to the Aboitiz-led Thunder Consortium.

Thunder Consortium consists of Aboitiz Renewables, Inc., Sumitomo Corp., and Electric Power Development Co.

The group offered P36.266 billion, outbidding the FGKW Consortium — composed of First Gen Prime Energy Corp. and Korea Water Resources Corp. — which submitted a P19.62-billion offer.

The winning bid exceeded PSALM's reserve price of P32.6 billion.

"It will generate something like P35 billion which is good as it represents additional revenue for the government," Mr. Recto said.

The CBK complex consists of the 39.37-MW Caliraya HEPP in Lumban; the 22.91-MW Botocan HEPP in Majayjay, and the 366-MW Kalayaan I and 368.36-MW Kalayaan II pumped-storage power plants, all in Laguna. — **Sheldeen Joy Talavera**

Land costs, LGU snags behind more modest 4PH housing goals

By Beatriz Marie D. Cruz
Reporter

THE government's public housing program remains hampered by the high cost of land and lack of capacity by local government units, which may have led to the scaling back of the three million unit government housing target, analysts said.

Mark Cooper, senior director, Thought Leadership, at the Urban Land Institute Asia Pacific, said the Philippines has limited urban land, which is not sufficient to house its increasing population.

"There are very few countries in the region which have been able to successfully deliver public housing. Large developing nations such as the Philippines are challenged by the sheer size of their population," Mr. Cooper said in an e-mail.

"The major challenge for housing everywhere, especially public housing, is the cost and availability of land."

The government's public housing program is known as the Expanded Pambansang Pabahay Para sa Pilipino (4PH). The Department of Human Settlements and Urban Development (DHSUD) recently abandoned its initial goal of building three million housing units by 2028.

Noel Toti M. Cariño, national president of the Chamber of Real Estate & Builders Association, Inc., said key challenges faced by the 4PH program include access to affordable and well-located lands, as well as funding, permits and titling.

Many local government units lack the technical capacity or resources to implement large-scale housing projects, he said via Viber.

Mr. Cariño also cited the need to streamline government regulations and improve funding flows to speed up implementation.

To increase private sector participation and better support beneficiaries, the expanded 4PH program included horizontal or subdivision-type housing.

It also included rental and incremental housing to suit the needs of beneficiaries. About 7,000 families are also expected to benefit from the revived community mortgage program under the Expanded 4PH framework.

However, the program won't lead to significant benefits if housing remains commodified, according to Philippine Resource Center for Inclusive Development (Inklusibo), an organization supporting informal settlers.

Indian dialysis group NephroPlus planning $50-M expansion in PHL

THE Department of Trade and Industry (DTI) said it is expecting over $50 million worth of investment from an Indian operator of dialysis centers.

It said NephroPlus is planning to expand its renal care network in the Philippines, possibly leading to the creation of 1,000 jobs in the next three years.

"NephroPlus, which currently operates 39 dialysis centers nationwide, announced plans to scale up to 150 clinics by 2028, focusing on underserved provinces and areas with high prevalence of chronic kidney disease (CKD)," the DTI said.

"The company's expansion includes building new centers, localizing the manufacturing of dialysis-related supplies, and establishing a training academy for Filipino hemodialysis nurses," it added.

Since its entry in 2020, the company has invested around $30 million, employing over 600 staff.

"It has forged partnerships with local governments in Cavite, Aklan, and Cebu to expand dialysis access through public-private partnerships (PPPs). The company plans to earmark around $50 million for the expansion," it added.

Among the company's upcoming projects is a greenfield clinic in Noveleta, Cavite, which is awaiting BoI board approval. It is expected to house 12 advanced dialysis machines.

"When we open more doors to healthcare, we open more doors to inclusive growth ... This partnership shows how the private sector can help us bring quality care to every Filipino, wherever they are," Trade Secretary Ma. Cristina A. Roque said.

The NephroPlus three-year plan involves tripling its Philippine workforce, deploying artificial intelligence-enabled treatment monitoring, and conduct clinical research in dialysis care.

"These initiatives are expected to contribute significantly to the Philippines' growing healthcare economy, estimated to rise sharply amid increasing cases of CKD linked to diabetes and hypertension," the DTI said.

In a separate statement, the DTI said President Ferdinand R. Marcos, Jr. met with executives of the Hinduja Group to obtain new investments.

According to the DTI, the conglomerate, which is involved in the automotive, finance, and technology industries, is expected to create 1,000 additional jobs with its prospective investment.

Unit Hinduja Global Solutions, a business process management company, has an ongoing expansion in the Philippines, which includes new offices in Bonifacio Global City and Iloilo and a recently launched AI Hub in Quezon City.

"These projects, backed by an estimated $5 million in fresh investment, position the Philippines as a strategic partner in Hinduja's growth in the Asia-Pacific region," the DTI said.

To date, the company employs more than 3,800 across seven delivery centers in Quezon City, Taguig, Cebu, and Iloilo.

Since entering the country in 2003, the company has invested over $50 million in the Philippines.

"Beyond business process management, the delegation also invited Hinduja to explore opportunities in renewable energy, mobility, automotive, banking, and other priority sectors under the Philippine Development Plan, citing complementarities between Indian and Filipino industries," the DTI said. — **Justine Irish D. Tabile**