Rice import,

from S1/1

Sought for comment, Roy S. Kempis, retired agriculture economics professor at the Pampanga State Agricultural University, said he supported the extension of the rice import ban.

"This allows adjustments to align with (1) the desired outcome of higher and stable farmgate prices expected by farmers, (2) the predicted farmer behavior to produce and supply more rice because of the incentive to rake in more revenues and profits at the end of each cropping given a higher and stable farmgate price regime, and (3) the clearer policy regime surrounding trade, prices, production, and supply," Mr. Kempis said in a Viber message.

Jayson H. Cainglet, executive director of the Samahang Industriya ng Agrikultura, urged the government to restore rice import tariffs to their original levels — 35% for Association of Southeast Asian Nations (ASEAN) countries and 50% for non-ASEAN nations — and to strengthen state participation in the palay market.

He said the current 15% tariff has kept farmgate prices low by encouraging cheaper imports, undermining local producers.

Mr. Cainglet added that the rice import ban and Executive Order (EO) No. 100, which established a floor price for unmilled rice, have failed to lift palay prices to the equitable level of P18 per kilo.

He also noted that limited government procurement, covering only 2-4% of total harvest, leaves most of the market under the control of private traders and millers.

"The institutionalization of a palay floor price is a crucial reform," he said via Viber.

"However, its success depends on the government's capacity and commitment to buy directly from farmers at scale, ensuring that state procurement truly sets a price floor rather than a symbolic benchmark."

On Oct. 25, Mr. Marcos signed EO 100, which established a floor price for unmilled rice to protect farmers from sharply falling farmgate prices and to promote fair returns on production.

The order mandated the DA to determine and regularly adjust the floor price based on production costs, market conditions, and regional disparities. — **Chloe Mari A. Hufana**

Underspending,

from S1/1

Mr. Recto also vowed that "catch-up measures" are underway to keep spending on track and fuel growth.

"Although there has been a slowdown in government spending as we continue to address the flood control corruption controversy, this reflects the administration's commitment to spend only on legitimate programs and projects," he said.

He noted the "short-term adjustment" will pave the way for more efficient and transparent public expenditures in the future.

"Having identified and removed anomalous projects, we are ensuring that taxpayers' money goes to genuine initiatives, eliminating waste and paying only for the true cost of government programs," Mr. Recto said, adding the President has directed government agencies to cut costs by 50%.

Economy Secretary Arsenio M. Balisacan and Budget Secretary and Development Budget Coordination Committee Chairperson Amenah F. Pangandaman has earlier said the 5.5% to 6.5% GDP growth target remains achievable.

However, some economists have lowered their growth forecast for the Philippines, citing the corruption probe that led to lower investor sentiment.

Last week, Nomura Global Markets Research slashed its 2025 growth forecast for the Philippines to 4.7% from 5.3%, noting the mounting downside risks from a corruption scandal tied to flood control projects.

Sought for comment, Mr. Recto said Nomura's downgrade is "overly conservative."

"To reach a 4.7% GDP for 2025, this means the economy will grow by just 4% in the second half of the year. This fails to account for progress made in terms of lower inflation and improvements in the labor market, which will boost household spending, recovery in the agriculture sector, continued growth in services, and stronger performance of merchandise exports despite higher US tariffs," he said.

Meanwhile, Mr. Recto said the Department of Finance (DoF) is regularly assessing the performance of revenue-collecting agencies as revenues are expected to be affected by the corruption scandal.

"The DoF... is open to making the necessary adjustments, when necessary," he said. "Nevertheless, the economic managers remain committed to fiscal consolidation by closely monitoring the latest developments internally and externally to ensure we attain the set deficit targets."

Inflation,

from S1/1

In October, the peso performed weaker against the greenback at P58.850 per dollar, slipping by 65.4 centavos from its P58.196 finish at end-September. The peso also hit a new all-time low of P59.13 versus the greenback on Oct. 28.

"Downside price pressures also persisted (in October), the biggest coolant being rice. The price of regular milled rice in Metro Manila remained stable at P39.4 a kilogram despite the ongoing import ban on the grain," Mr. Dacanay said.

Bank of the Philippine Islands Lead Economist Emilio S. Neri, Jr. said lower prices of meat, fruit and oil could have also prevented further acceleration of inflation.

"Going forward, upside risks to inflation are building as favorable rice base effects fade and the extension of the rice import suspension through yearend adds further pressure," Mr. Neri said.

President Ferdinand R. Marcos, Jr. had earlier ordered a 60-day suspension of rice imports starting Sept. 1 to support Filipino farmers during harvest season and to stabilize rice prices.

The suspension was originally supposed to end on Nov. 2 but is now expected to be extended until end-2025. The ban applies only to imports of regular milled and well-milled rice.

STICKY CORE INFLATION

Meanwhile, core inflation is expected to remain "sticky," analysts said.

"That is partly driven by firm inflation expectations and recent wage increases. Further, the peso has weakened broadly since June, feeding through to services and other core components as firms adjust prices to reflect higher costs," Ms. Tan said.

Core inflation, which excludes volatile prices of food and fuel, slowed to 2.6% in September from 2.7% in August. It averaged 2.4% in the nine-month period, easing from 3.1% in the same period a year ago.

Union Bank of the Philippines Chief Economist Ruben Carlo O. Asuncion said in an e-mail that he expects core inflation to remain near that level in October.

"This stickiness suggests underlying demand-side pressures and second-round effects (e.g., wage adjustments, service costs) are persisting despite low headline inflation. It signals that disinflation is largely driven by volatile items, while structural price components remain firm," Mr. Asuncion said.

Security Bank Chief Economist Angelo B. Taningco said in an e-mail that core inflation will likely remain elevated in the coming months amid holiday-driven spending.

Meanwhile, Maybank Investment Bank economist Azril Rosli said core inflation may settle between 2.5% and 3% until December.

"(This is due to) holiday season labor market tightening, annual rent adjustment cycles incorporating (year-to-date) inflation expectations, utility cost pass-through to business operating expenses, school year 2025-2026 tuition adjustments continuing to flow through, healthcare cost pressures from pharmaceutical imports affected by peso weakness, and the BSP's expected continuation of supportive monetary policy," he said in an e-mailed note.

BELOW 2% INFLATION

Despite emerging risks, analysts still expect full-year inflation to settle below the 2-4% target band of the central bank.

"Looking ahead, inflation is expected to remain manageable, averaging below the BSP's 2-4% target this year and hovering around the midpoint of the target range next year," Chinabank Research said in an e-mail.

If the 1.8% median estimate materializes, headline inflation would average 1.7% in the 10-month period, matching the BSP's goal for the year.

For 2026, the central bank sees inflation accelerating to 3.1%, before slowing to 2.8% in 2027.

"Even with slight upticks in Q4, full-year inflation will likely stay below the BSP's 2-4% target range, thanks to benign global commodity prices, improved domestic food supply, and policy support and subdued demand conditions," Mr. Asuncion said.

This expectation gives the central bank room to continue its accommodative monetary policy until yearend and potentially in 2026, analysts said.

"We don't expect the central bank to deviate much from their planned monetary policy easing path, especially if economic growth remains muted," Reinielle Matt M. Erece, economist at Oikonomia Advisory & Research, Inc., said in a Viber message.

Last month the Monetary Board cut its benchmark policy rate by 25 basis points (bps) to 4.75%, the lowest in over three years. This brought its cumulative reductions to 175 bps since it began its easing cycle in August 2024.

BSP Governor Eli M. Remolona, Jr. has penciled in another 25-bp cut at the Monetary Board's last meeting this year on Dec. 11 and potentially more in 2026 as they seek to support the economy amid weak business sentiment due to the flood control scandal.

"Looking beyond December, the BSP could still deliver up to two additional cuts in 1H 2026 if growth continues to run below potential," BPI's Mr. Neri said. "The central bank may also align its policy path with that of the Federal Reserve, particularly if markets begin to price in aggressive US rate cuts after Chairman Powell's term ends in May 2026."

Last week, the Fed delivered its second 25-bp cut this year, bringing its interest rate to the 3.75-4% range. This brought its cumulative cuts since September 2024 to 150 bps.

However, Fed Chair Jerome H. Powell signaled a pause at their next rate-setting meeting this year, citing risks from the unavailability of economic data due to the ongoing US government shutdown.