

Common Station completion target set at Q2 2027

THE Department of Transportation (DoTr) said it hopes to complete the Unified Grand Central Station at North Avenue-EDSA in Quezon City by the second quarter of next year, with negotiations progressing with the Light Rail Manila Corp. (LRMC).

“Once this common station becomes operational, we are expecting 1.5 million passengers daily. We are hoping to have this finished by the second quarter of 2027,” Transportation Acting Secretary Giovanni Z. Lopez told reporters on the

sidelines of Management Association of the Philippines (MAP) General Membership Meeting on Wednesday.

Last year, the DoTr issued a notice of termination to the contractors of the Unified Grand Central Station, also known as the common station for the Metro Rail Transit (MRT) and Light Rail Transit (LRT) lines and the Metro Manila Subway.

The contractors — BF Corp. and Foresight Development and Surveying Co. (BFC-FDSC) — were handed termination notices due to excessive delays.

“There was a delay here in the common station. So we have to talk to LRMC and Sumitomo Corp. to take over the construction of the common station,” Mr. Lopez said.

LRMC had submitted an unsolicited proposal to finish the terminated contract.

The DoTr is now working with the Department of Economy, Planning, and Development-Investment Coordination Committee (DEPDev-ICC) on the new costing of the project.

“We are really targeting (to finish) this by the second quarter of 2027. For the

simple reason that the partial operations of MRT-7 will start by the second quarter of next year,” Mr. Lopez said, adding that the common station project is now 67.98% complete.

The BFC-FDSC consortium signed a P2.8-billion agreement with the government in 2019 for the construction of Area A of the Unified Grand Central Station project.

It was initially targeted for completion in the first quarter of 2021 and was designed to have three sections, each

built separately: Area A by BFC-FDSC, Area B by Ayala Corp., and Area C by San Miguel Corp., the concessionaire for the MRT-7 project.

LRMC is a joint venture of Ayala Corp., Metro Pacific Light Rail Corp., and Macquarie Infrastructure Holdings (Philippines) Pte Ltd. Metro Pacific Light Rail is a unit of Metro Pacific Investments Corp., one of three Philippine subsidiaries of Hong Kong's First Pacific Co. Ltd., the others being PLDT Inc. and Philex Mining Corp. — **Ashley Erika O. Jose**

WESM spot prices rise in March

PRICES on the Wholesale Electricity Spot Market (WESM) rose in March, with Luzon experiencing a surge of over 50% due to eroding supply margins, according to the Independent Electricity Market Operator of the Philippines (IEMOP).

The IEMOP reported that the average WESM price rose 23% month on month to P4.31 per kilowatt-hour (kWh).

There was a “slight decrease in the overall system supply and an increase in the system demand,” Arjon B. Valencia, manager for corporate planning and communications at IEMOP, said at a briefing on Wednesday.

Between Feb. 26 and March 25, the available supply decreased 1.3% to 14,103 megawatts (MW). Demand increased 4.7% to 13,383 MW.

Luzon was the only region posting increase, with spot prices rising 52.5% to P4.10 per kWh, following forced plant outages that dried up supply, which fell 1.3% to 14,103 MW. Demand rose 4.7% to 9,016 MW.

WESM prices in the Visayas declined 5.4% month on month to P5.08 per kWh.

Supply rose 10.4% to 2,492 MW, outpacing the 3% increase to 1,885 MW in demand.

Despite the decline in the Mindanao supply of 3.8% to 3,318 MW, imports of electricity from other grids led to a lower spot price average of P4.43 per kWh, against P5.25 per kWh a month earlier.

IEMOP operates the WESM, where energy companies can purchase power when their long-term

contracted power supply is insufficient for customer needs.

The market operator previously projected WESM prices to climb to as high as P9 per kWh as a result of the Middle East conflict.

Isidro E. Cacho, Jr., IEMOP vice-president for trading operations, said the potential increase had been mitigated by the WESM suspension and the modified administered pricing mechanism implemented by the Energy Regulatory Commission on March 26.

“I think it’s a very good policy action from our regulator and policymakers to help avert issues and essentially stabilize market prices, which will eventually be reflected in the price we see on our electricity bills,” Mr. Cacho said. — **Sheldeen Joy Talavera**

EO authorizing P50 cap on imported rice pending

THE Department of Agriculture (DA) said it is awaiting an executive order (EO) that will impose a P50-per-kilo price cap on imported rice, and hopes it will be issued before the end of the month.

Agriculture Secretary Francisco P. Tiu Laurel, Jr. said President Ferdinand R. Marcos, Jr. has expressed support for the proposed measure.

“I am hopeful that before the end of the month, (the EO) will be issued,” Mr. Laurel told reporters on the sidelines of the Department of Trade and Industry’s (DTI) National Food Fair in Mandaluyong City on Wednesday.

He said the proposal “took time” as it had to go through the National Price Coordinating Council (NPCC) and several consultation rounds.

Mr. Laurel said the DTI is currently working on a final proposal and will

transmit it to the Palace by Monday at the latest.

The DA said the proposed price intervention is limited to imported rice for now, citing evidence of profiteering in the import trade.

“For other commodities, it will depend. If there is profiteering, then yes, we will implement a price cap. If there is no profiteering and that is the actual value along the supply chain, we will not impose a price cap,” he said.

The NPCC earlier endorsed the DA’s proposal to set a P50-per-kilo ceiling on imported rice for an initial 30-day period.

Last month, the council said it will recommend the issuance of an executive order to “ensure affordable rice for consumers while maintaining market stability.” — **Vonn Andrei E. Villamiel**

World Bank, from SI/1

“Eighteen percent of remittances to the Philippines in 2025 came from the Gulf. Longer conflict will hurt the economy further,” he said.

In 2025, cash remittances soared to an all-time high of \$35.634 billion, accounting for 7.3% of the country’s GDP. Remittances from Saudi Arabia accounted for 6.6% of the total, while the United Arab Emirates made up 4.6% and Qatar made up 2.9%.

The Philippines is a net importer of crude oil and sources most of its supply from the Middle East, making the country vulnerable to global crude price swings.

Mr. Mattoo said that global oil prices are expected to be as much as \$20 higher even a year from now compared to the prices before the war broke out.

“(The) geopolitical risk has risen dramatically as well as natural gas and oil prices,” he said.

“And this oil price shock will hit the poor most because they spend a larger proportion of their income on oil,” he added.

Mr. Mattoo said that the impact of the war will be seen in higher production costs, supply chain disruptions, and tighter financing conditions.

“All of which, the uncertainty, the weak business sentiment, and the lower investment, will hurt global growth,” he said.

US TARIFFS, AI

The war in the Middle East comes as countries in the region grapple with significantly higher US tariffs.

“The problem is that countries still face higher tariffs today than they did before 2025. And the difference in tariff that a country faced and that which China has narrowed significantly. The combination... means a negative impact on real income in a country like Vietnam, which depends a lot on its exports,” Mr. Mattoo said.

Since August 2025, the Trump administration has imposed a 19% reciprocal tariff on most goods from the Philippines, as well as Cambodia, Malaysia, Thailand and Indonesia. However, the US Supreme Court earlier this year ruled that US President Donald J. Trump had exceeded his authority when he imposed his previous tariff regime. This prompted Mr. Trump to impose a 15% tariff on all imports.

“The problem is uncertainty. You don’t know what trade policy will be, you don’t know what the world will look like,” he said.

On the other hand, Mr. Mattoo said the artificial intelligence (AI) boom has helped lift the region’s AI-related exports.

“One positive development globally has been the AI boom, and our concern is that just as the region is more exposed to the negative shocks, it might today be less equipped to take advantage of the positive benefits,” he added.

He warned that the weakness in the skills of the region’s workforce and lack of infrastructure may limit the ability of the region to take advantage of productivity gains that could come from AI.

Inflation risks, from SI/1

“A policy rate adjustment of 25-50 bps, combined with strong signaling, may be sufficient in the near term, but only if backed by credibility,” he said. “Without that, the required adjustment could double. Monetary policy cannot pump oil or harvest rice, but it can, and must, prevent inflation from becoming self-sustaining.”

Nomura Global Markets Research likewise sees a 25-bp rate increase later this month on expectations that the BSP will prioritize its price stability mandate amid still high energy prices.

“This is still contingent on oil prices remaining elevated, but BSP’s reiteration that its primary mandate remains price stability suggests to us that the inflation outlook will be its main policy consideration,” Nomura research analysts Euben Paracuelles and Nabila Amani said in a separate note. “The fact that headline inflation has breached its 2-4% target in March and core inflation has picked up in tandem, will, in our view, prompt BSP to deliver a response.”

They also flagged potential further rate hikes to bring the policy rate to as high as 6% if the global benchmark oil price averages \$100 per barrel this year.

Meanwhile, Citigroup, Inc. said the central bank may lift its rates by 25 bps this month before making a prolonged pause to re-anchor its inflation expectations and temper second-round price effects without weakening demand further.

“In the short-term, BSP’s initial response may be to manage inflation expectations and curb potential second-round effects,” it said in an e-mailed note. “Weaker PHP (Philippine peso) as result of wider current account deficit (higher oil import bill) also risks de-anchoring inflation expectations thus warranting a response.”

“Against this backdrop, we maintain our forecast for a 25 bps BSP rate hike in April while cautioning against expecting successive or oversized moves,” Citi added.

The bank sees headline inflation hovering at 5.7% this year, with gross domestic product growth at 4%.

On the other hand, Pantheon Macroeconomics Chief Emerging Asia Economist Miguel Chanco noted that the BSP will likely remain on hold as it did last month even after it signaled that inflation may settle above its target by yearend.

“We continue to believe, however, that the Monetary Board won’t respond to this supply-side-driven shock to inflation with rate hikes, particularly as it set a high bar for any tightening,” he said in an e-mailed note. “Recall that it jacked up its 2026 inflation view to 5.1% last month and still decided to stand pat.”

Analysts at UOB Global Economics & Markets Research also expect the central bank to pause as tepid growth complicates its inflation-targeting monetary policy.

“Given the duration and severity of the Middle East conflict remain uncertain while the Philippines’ economy is still recovering from the fallout of public works-related scandals, we believe BSP will likely look through supply-driven inflation pressures and prioritize sustaining domestic growth momentum and jobs in the immediate term,” UOB Senior Economist Julia Goh and economist Loke Siew Ting said in a separate commentary.

This comes even as UOB raised its inflation forecast to 5.5% from 3% for 2026, as it said that low base effects and the peso’s continued weakness could add weight to consumer prices.

Dollar reserves, from SI/1

“The monthly decline (was) largely due to lower foreign investments due to market volatility that reflected the adverse effects of the war on Iran (and) Middle East since Feb. 28, 2026 and also lower world gold prices that reflected the decline in gold holdings,” he said in a Viber message.

Based on BSP data, its gold holdings amounted to \$20.177 billion at end-March, falling by 12.49% from the \$23.057 billion at end-February as world gold prices edged down by 11.6% last month. Year on year, it jumped by 58.09% from \$12.763 billion.

Its foreign investments also slipped by 3.92% to \$80.9 billion

from \$84.205 billion in the previous month and by 9.02% from \$88.924 in the same period last year.

Meanwhile, the Philippines’ reserve position in the IMF slid to \$714.3 million as of end-March, 1.67% lower than the \$726.4 million logged in the prior month. However, it edged up by 9.39% from \$653 million a year earlier.

SDRs — or the amount the Philippines can tap from the IMF’s reserve currency basket — were unchanged month on month at \$3.964 billion. It climbed by 4.18% annually from \$3.805 billion a year ago.

Central bank data also showed that the country’s foreign exchange holdings reached \$1.757 billion during the period, up by 33.93% from \$1.312 billion at end-February. It more than tripled (234.64%) from \$525.1 million as of end-March 2025.

In the coming months, GIR could rise as global gold prices climb and market conditions recover, especially if the Middle East war continues to de-escalate, Mr. Ricafort said.

He added that the peso’s recent rebound from record lows last month could also support the GIR as it “could reduce the need for intervention in the local foreign exchange market.”

In March, the local unit touched the P60-a-dollar level for the first time. It closed at a new all-time low of P60.748 against the greenback on March 31.

The BSP has said that it remains present in the foreign exchange market to prevent sharp movements that could be inflationary.

It uses the country’s foreign reserves by releasing US dollar liquidity when intervening in the foreign exchange market amid episodes of peso depreciation.

The BSP expects foreign reserves to settle at \$111 billion by end-2026. — **Katherine K. Chan**

Infrastructure, from SI/1

In the fourth quarter alone, disbursements dropped by 36.2% to P219.8 billion from P344.3 billion in the same period in 2024. This was P127.3 billion lower than the P347.1-billion program for the October-to-December period.

Meanwhile, overall infrastructure disbursements slid by 15.1% to P1.35 trillion in the end-December period from P1.59 trillion in 2024.

This includes infrastructure components of subsidy and equity to government corporations and transfers to local government units.

The Budget department said that the decline in infrastructure spending was among the reasons for the slower economic expansion in 2025.

The economy grew by 4.4% in 2025, a post-pandemic low and well below the government’s 5.5%-6.5% target.

“The slower performance was attributed to several converging

factors, including severe weather conditions and climate-related disruptions, persistent global economic uncertainties largely driven by protectionist trade policies and weaker demand from advanced economies, as well as the flood control corruption issues, which weighed on business and consumer confidence,” the DBM said.

John Paolo R. Rivera, a senior research fellow at the Philippine Institute for Development Studies, attributed the decline in infrastructure spending to delays in implementation rather than a lack of funding.

“This suggests a timing issue, so spending could rebound once these are resolved,” he said in a Viber message.

“However, if delays persist, there is a risk of spillover into 2026, which could weigh on growth given the importance of

infrastructure to economic activity,” he added.

OUTLOOK

Meanwhile, the DBM said that it expects muted spending in the first half of 2026.

“Spending growth for the first semester of 2026 is expected to be tempered given the base effect of sizable capital outlays in the same period last year due to the settlement of accounts payables and the frontloading of some expenditures ahead of the election ban,” it said.

The DBM said it expects disbursements to be mainly driven by “human capital development and agriculture expenditures, particularly under the education, health, and social services sectors, given their higher budgets this year.”

The Philippine government approved a P6.79-trillion national

budget for 2026, 7.4% higher than the P6.326 trillion in 2025.

Programs to help cushion the impact of the Middle East conflict will also help lift spending this year, the Budget department said.

These programs include the fuel subsidies of the DoTr and the Department of Agriculture, as well as the release of P20 billion to the Department of Energy for the procurement of fuel products to augment the country’s supply.

“Meanwhile, efforts are also being undertaken to strengthen infrastructure spending this year, with particular focus on the completion of flagship foreign-assisted projects,” it said.

The DBM recently released P44.2 billion to fast-track the implementation of the Metro Manila Subway Project Phase I and the North-South Commuter Railway System. — **Justine Irish D. Tabile**

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