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INSIDE THE PHILIPPINES

August 2026

Macro Movements: Inflation eases for a third straight month; Q2 growth slows to a post-2009 low

Inflation eases to 6.2% in July, its slowest pace since March

- Headline inflation slowed to 6.2% in July from 6.4% in June, a third consecutive monthly decline and the lowest reading since March. The print landed within the BSP's 5.6% to 6.6% forecast and brought the year-to-date average to 5%.
- The Philippine Statistics Authority (PSA) attributed the slowdown to easing costs in transportation, education, and restaurant and accommodation services, with transport inflation decelerating to 11.9% from 12.8%. Food inflation held steady at 5.3%, while core inflation eased to 4.2%; Central Visayas posted the highest regional rate at 8.7%.

GDP growth slows sharply to 2.3% in Q2, weakest since 2009

- Gross domestic product grew 2.3% year-on-year in the second quarter, down from 2.8% in the first quarter and 5.4% a year earlier, the slowest expansion since the fourth quarter of 2009 excluding the pandemic and below the 2.8% median forecast in a BusinessWorld poll of economists. Secretary Arsenio Balisacan cited subdued domestic demand, contracting investment, and weaker household consumption tied to higher inflation.

Industry Spotlight: Marcos moves to cut power bills; EO 121 backs local EV manufacturing; developers brace for a property slowdown

Marcos urges Congress to strip system loss charges from power bills

- In his fifth State of the Nation Address (SONA), President Marcos called on Congress to amend the Electric Power Industry Reform Act to stop distribution utilities from passing system loss charges, and the value-added tax on them, to consumers.
- Marcos also pressed for passage of the proposed Sariling Kuryente Act to make home solar and battery installations cheaper. The Department of Energy (DOE) backed efforts to lower electricity costs, though DOE Secretary Sharon Garin said removing value added tax (VAT) on system loss needs further study given its broader fiscal effects.

Developers shed noncore assets as property slowdown seen lasting up to three years

- Property developers are selling noncore assets and cutting debt to preserve liquidity as they brace for a downturn that could persist another two to three years, consultancy PRIME Philippines said at its midyear briefing. CEO Jettson Yu said rising construction costs, up 30% to 50% since the onset of the Middle East conflict, and growing environmental risks are weighing on investment decisions and are unlikely to return to pre-crisis levels.
- To manage costs, some mall operators have shortened operating hours and office buildings have idled elevators during off-peak periods, while developers that bought land at 2019 peak valuations are favoring joint ventures over outright sales. PRIME said landlords are scrutinizing sites more closely for flooding and seismic risk, but expects long-term demand to hold up given the country's young population, averaging 26 to 27 years.

Foreign Investment: Huaxin buys Holcim's Philippine cement business; Kansai Electric pumped-storage bet in the Philippines

Holcim to exit the Philippines in $807-million cement sale to China's Huaxin

- Swiss cement maker Holcim Group has agreed to sell its Philippine operations to China's Huaxin Building Materials Co. in a multi-stage transaction valuing the business at $807 million, starting with a 67.6% controlling stake for $527 million. The initial sale is expected to close in the first half of 2027, subject to regulatory approvals and customary closing conditions.

Japan's Kansai Electric joins Razon and Lopez in 600-MW Wawa hydropower project

- Osaka-based Kansai Electric Power, Japan's second-largest utility, has signed definitive agreements to acquire a 14% stake in PMJVCo Holdings, a subsidiary of Razon-led Prime Infrastructure Capital, in its first overseas pumped-storage hydro investment.
- PMJVCo owns the 600-MW Wawa pumped-storage project in Rizal, which is targeted to begin commercial operations in 2030. Wawa is one of two facilities under a P62-billion deal between First Gen and Prime Infra that also covers the 1,400-MW Pakil project in Laguna.

Sources: BusinessWorld, GMA News, Philippine Star, Business Inquirer, Manila Bulletin