NIK Bank Manila on Monday cut its first quarter Philippine economic growth forecast to 3.4 percent due to the stricter quarantine measures recently imposed to prevent the spread of coronavirus disease 2019 (Covid-19). 

"A spike in Covid-19 cases forced some local authorities to impose stricter quarantine measures," said NIK Bank Manila's regional head of research, Risa Lampon. "Though these measures have been a bit harsh, we believe that they will help reduce the spread of Covid-19 and allow the economy to slowly restart once the public health situation improves." 

The bank forecasts the Philippine economy will grow by 6.3 percent in 2021 and 5.4 percent in 2022. The forecast for 2021 is an upward revision from 5.2 percent previously estimated for 2021. The forecast for 2022 is unchanged from last year.

"We expect the economy to recover in the second half of the year as vaccination efforts continue and consumer confidence improves," Lampon said.

The bank maintained its 2022 inflation forecast at 2.8 percent, within the Bangko Sentral ng Pilipinas' target of 2-4 percent.

Inflation forecasts for 2021 and 2022 are 2.7 percent and 2.9 percent, respectively.

The bank's forecasts are based on its assumption that the government will continue to support the economy through fiscal stimulus measures.

"The government is expected to continue its fiscal stimulus measures to support the economy during the pandemic," Lampon said. "However, we believe that the government will be cautious in its spending to avoid adding to the national debt."