



DLSU MONTHLY UPDATE OF THE PHILIPPINE ECONOMY

DLSU-AKI POLICY BRIEF, 2024-09-043, SEPTEMBER 2024

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The Philippine High Frequency Model of De La Salle University (DLSU) produces monthly and quarterly forecasts of the Quarterly National Accounts reported by the Philippine Statistics Authority. The model uses seasonally adjusted national accounts (SANA) and over 50 monthly indicators from various government agencies. The process involves pooling the indicators into factors to be used for predicting both the National Accounts and the indicators themselves. The predicted values of the national accounts undergo disaggregation and benchmarking to obtain the forecasts. This report presents the actual and forecasted quarter-on-quarter percentage changes of the quarterly SANA, and year-on-year growth rates of the indicators, based on the latest available report, and until the first quarter of 2025.

Government Securities

The 91-day T-bill rate shows a decline in the actual values from April to June. The model forecasts that the rates for August 2024 to February 2025 will be relatively lower than the rate reported in June 2024. Forecasts for 10-Yr Gov't. Bond show an overall decline – with a brief upward trend in October and November.

Tourism

As of September 1, the country recorded 4.03 million foreign tourists. With only three months remaining, we anticipate that tourist arrivals will fall short of the Government's target of 7.7 million for 2024. Furthermore, in spite of the model's prediction of a higher annual growth for the succeeding months, the country will not be able to reach the target.

Loans Outstanding (Sectors)

Outstanding loans y-o-y growth rates for the Agriculture, Forestry, and Fisheries (AFF) sector is forecasted to decline steadily from July 2024 to March 2025 after an observed drop in June 2024.

In contrast, loans for the Service and Industry sectors are predicted to grow steadily. The higher expected growth for Industry suggests that confidence and investments in this sector will continue to increase.

Trade

Total imports and exports registered an annual increase in April and May. This was followed by a sharp annual decline in June. The model forecasts an annual increase for imports. Meanwhile, the export volume is forecasted to show a consistent decline.

Bangko Sentral ng Pilipinas (BSP)

The Bangko Sentral ng Pilipinas cut its target policy rate by 25 basis points to 6.25 percent in August of this year. The forecasted quarterly growth of GDP in Q3 could suggest that the rate could stimulate investment and consumption. For the forecasted period, the Industrial sector is expected to grow, while AFF is projected to experience continue contraction.

Labor

For the actual y-o-y growth rates of employment in industry and services from April to June, show positive growth and are forecasted to remain so. Meanwhile, AFF, continues to show decline. This pattern indicates the shift of workers out of the agriculture sector.

The unemployment rate declined to below 4% in June and our forecasts suggest that it will remain low, stabilizing within a range of 3.14% to 3.78%.

Quarter-on-Quarter Percentage Change, Q1 '24 to Q1 '25.

	2024 Q1	2024 Q2	2024 Q3 ^F	2024 Q4 ^F	2025 Q1 ^F
Gross Domestic Product	1.10	0.50	2.10	2.60	0.50
Private Consumption	(0.20)	(0.10)	4.60	1.80	0.70
Government Expenditure	2.80	2.60	7.60	(3.20)	2.50
Gross Capital Formation	5.00	0.60	1.30	4.80	2.70
Exports of Goods and Services	(0.10)	(1.30)	4.90	0.20	(0.60)
Imports Goods and Services	6.90	(1.70)	9.10	(2.50)	5.80
Agriculture, Forestry and Fisheries	(0.60)	(1.60)	0.50	(0.20)	(0.20)
Industry	2.50	1.50	3.00	0.10	3.40
Services	0.70	0.30	1.90	4.20	(0.80)

Inflation

At 3.35% inflation rate in August, the country was able to crawl back to the Government's target range of 2-4%, following a steeped incline in July at 4.4%, the first time inflation breached the BSP target since November 2023. The model predicts that inflation will ease and stabilize, bringing the average to 3.5% for 2024.

Estimated Month-on-Month Percentage Change of National Accounts

	2024 Apr	2024 May	2024 Jun	2024 Jul ^F	2024 Aug ^F	2024 Sep ^F	2024 Oct ^F	2024 Nov ^F	2024 Dec ^F	2025 Jan ^F	2025 Feb ^F	2025 Mar ^F
Gross Domestic Product	0.15	0.10	0.05	1.06	1.00	0.86	1.30	0.58	0.09	(0.69)	0.58	1.59
Private Consumption	(0.04)	(0.13)	1.01	2.36	1.77	1.06	0.12	0.29	0.41	0.48	(0.02)	(0.38)
Government Expenditure	(3.04)	4.92	2.13	5.85	(1.65)	(1.07)	(2.36)	0.15	1.03	0.63	(0.08)	3.45
Gross Capital Formation	3.42	(6.11)	(4.55)	3.36	3.12	2.75	0.95	1.18	0.20	(1.25)	2.95	4.43
Exports of Goods and Services	(0.25)	(3.53)	(0.15)	4.60	2.12	0.51	(0.45)	(0.24)	(0.88)	(0.93)	0.32	2.30
Imports Goods and Services	(0.43)	(5.78)	(0.78)	9.29	2.96	0.82	(4.14)	(0.24)	0.84	4.51	0.82	0.60
Agriculture, Forestry and Fisheries	(1.26)	3.59	0.46	(0.61)	(0.09)	(0.88)	0.42	(0.18)	0.39	(2.27)	1.25	3.24
Industry	0.65	(0.63)	(0.01)	2.18	1.42	0.29	(0.50)	(0.21)	0.24	1.72	1.33	2.01
Services	0.10	0.01	0.03	0.76	0.94	1.36	2.26	1.04	(0.01)	(1.60)	0.14	1.18

Note: Based on Seasonally Adjusted Data published by PSA.; ^F – forecast values
Negative values are shown in parentheses ().

Data Source: Philippine Statistics Authority, Bangko Sentral ng Pilipinas, and other Philippine Government websites.

Actual and Forecasted Year-on-Year Percent Change of the Philippine Monthly Indicators

	2024 Apr	2024 May	2024 Jun	2024 Jul ^F	2024 Aug ^F	2024 Sep ^F	2024 Oct ^F	2024 Nov ^F	2024 Dec ^F	2025 Jan ^F	2025 Feb ^F	2025 Mar ^F
1. Monetary and Financial Landscape												
M3 (Money Supply)	5.62	6.48	6.58	7.21 ^A	7.75	7.69	7.60	8.15	7.61	7.87	8.20	7.98
91-day T-bill Rate(%)*	5.82	5.74	5.67	5.73 ^A	4.23	4.06	5.03	5.17	5.07	5.14	5.09	5.83
10 Yr Govt Bond(%)*	6.44	6.83	6.75	6.21 ^A	6.21	6.30	6.68	7.09	6.60	5.92	6.26	6.56
Peso-Dollar Exchange Rate, Php*	57.70	58.62	58.87	58.65	58.67	59.50	58.71	57.32	57.30	57.52	57.69	57.44
2. Government and Public Finance**												
National Government Cash Operations: Tax Revenue	13.90	3.35	3.37	15.46	1.42	9.78	(3.11)	8.80	7.65	(1.00)	4.17	14.96
NGCO: Non-Tax Revenue	113.89	98.07	81.36	(13.09)	17.15	27.60	(3.25)	(54.45)	5.25	(0.88)	32.95	(17.29)
NGCO: Expenditures	32.25	22.24	2.62	5.81	12.07	8.99	11.02	15.42	13.99	10.76	9.54	15.09
NGCO: External Financing	(210.37)	1,104.90	(47.81)	(68.59)	511.48	(277.34)	(25.90)	(293.79)	(16.89)	(172.51)	412.29	85.30
NGCO: Domestic Financing	(14.21)	(0.01)	(7.95)	63.55	45.88	67.73	23.08	(27.49)	437.83	90.18	(38.80)	110.41
3. Labor Market												
Unemployment Rate(%)*	4.05	4.13	3.12	3.14	3.23	3.63	3.41	3.32	3.29	3.78	3.66	3.78
Employment Volume: Agriculture, Forestry and Fisheries	(7.09)	(13.31)	(8.58)	1.55	(12.56)	(5.58)	(6.63)	(15.55)	(13.08)	(5.82)	(7.02)	(3.15)
Employment Volume: Industry	8.22	14.59	14.94	9.74	5.57	8.37	6.70	12.54	0.41	3.42	0.43	3.34
Employment Volume: Service	1.27	3.44	3.93	9.87	8.36	4.36	4.16	7.17	6.32	8.73	5.95	4.21
Employment Volume: Public Administration	(2.51)	9.66	(11.29)	7.32	3.74	2.87	1.07	9.38	3.36	6.59	11.48	0.15
Employment Volume: Education	(3.50)	14.15	(4.51)	3.61	(4.39)	(0.67)	0.82	0.06	(3.18)	1.50	(0.78)	(4.45)
Employment Volume: Health	(10.49)	(4.26)	(4.77)	(0.10)	(13.12)	0.50	4.38	10.24	16.62	(0.19)	(0.19)	3.03
4. Consumer and Household Sector												
Loans Outstanding for Household Consumption (billions)	23.60	23.61	23.29	21.18	20.39	19.73	19.56	19.25	19.24	18.31	18.44	18.73
Personal Remittances	3.11	3.68	2.55	2.96	2.37	0.57	1.03	1.55	(0.37)	(0.12)	1.16	2.42
Cash Remittances	3.12	3.60	2.46	3.30	1.81	1.20	1.44	0.60	0.42	1.19	1.36	1.67
Consumer Price Index	3.81	3.89	3.72	4.37 ^A	3.35 ^A	2.80	3.07	3.57	3.53	4.03	3.71	3.68
5. Manufacturing and Industry												
Volume of Production Index: Manufacturing	6.99	3.21	2.45	7.52	8.01	5.57	10.02	6.39	6.28	7.03	4.46	5.86
VoPI: Manufacture of Food	6.04	(0.88)	8.78	5.46	1.13	0.93	(0.32)	(3.08)	(3.01)	(1.49)	(2.66)	5.25
VoPI: Manufacture of Transport Equipment	1.84	(1.17)	(8.76)	(2.17)	3.88	2.49	4.27	0.33	11.71	9.73	11.29	15.19
VoPI: Manufacture of machinery and Equipment	47.38	23.18	18.81	13.52	9.64	4.37	5.50	7.94	17.32	16.69	1.45	1.05
Net Sales Volume Index (2018 = 100)	8.22	(0.47)	1.25	2.34	(1.27)	(3.51)	(3.26)	1.37	0.14	0.86	0.32	1.86
Average Capacity Utilization Rate	3.98	2.94	2.73	1.73	0.64	1.15	1.41	0.81	0.62	2.20	1.77	1.43
6. Trade and Export												
Total Exports of Goods (in Gross Kilograms)	49.14	13.78	(3.78)	(4.70)	(13.86)	(10.55)	(13.37)	(23.84)	(2.84)	(13.19)	(24.52)	(0.18)
Exp: Electrical machinery and equipment and parts thereof	16.77	(0.81)	(12.70)	(4.39)	14.74	(12.90)	3.95	(7.82)	(11.12)	(6.58)	(7.59)	4.84
Total Import of Goods (in Gross Kilograms)	15.47	24.83	(4.03)	12.81	7.39	15.98	2.70	2.15	13.67	15.61	6.17	22.79
Imp: Food and Beverages	25.65	62.76	6.39	19.03	12.28	28.18	21.22	9.76	2.46	7.56	11.47	3.64
Imp: Electrical machinery and equipment and parts thereof	46.59	43.53	44.12	19.46	13.79	10.01	4.08	3.26	17.15	1.42	(1.53)	20.70
Imp: Transport Equipment	(30.37)	(39.31)	(30.70)	(24.42)	(14.34)	(13.30)	(29.67)	(10.44)	(7.99)	(12.93)	(16.30)	6.26
7. Tourism and Transportation												
Tourist Visitor Arrivals	2.92	13.95	0.35	0.02	14.40	19.75	26.74	26.25	18.86	13.43	9.57	15.61
Domestic Cargo: Outgoing	8.50	13.25	1.64	12.52	2.49	4.04	2.71	6.16	10.22	9.76	(2.21)	9.41
Domestic Cargo: Incoming	(17.66)	(2.92)	(3.85)	50.58	4.71	(20.11)	(29.47)	(20.57)	(4.48)	17.19	6.25	8.28
International Cargo: Outgoing	9.09	(3.69)	3.65	23.33	13.04	(1.25)	8.35	11.00	4.68	1.36	(3.49)	(2.93)
International Cargo: Incoming	29.87	48.31	21.48	35.39	23.78	1.37	12.50	5.41	(1.01)	0.78	5.13	(5.62)
Domestic Aircraft Traffic	11.11	9.61	10.65	3.82	(11.61)	(1.73)	(0.02)	13.30	17.08	21.14	36.40	48.01
International Aircraft Traffic	9.27	12.29	16.11	12.08	3.81	0.02	1.62	6.66	10.29	9.69	9.32	12.63
8. Foreign Direct Investment (FDI)												
FDI Flow: Equity	(48.06)	(31.70)	(15.17)	20.07	97.06	49.18	76.64	206.46	292.32	(985.28)	(62.17)	(6.90)
FDI Flow: AFF Equity	(87.37)	(47.02)	(107.23)	(188.06)	(531.85)	(240.81)	(104.12)	(153.83)	(582.69)	(131.10)	(580.14)	(709.83)
FDI Flow: Industry Equity	(63.46)	(47.40)	21.76	84.92	20.00	(2.43)	144.54	42.70	414.56	67.32	(65.62)	(27.62)
FDI Flow: Service Equity	(19.24)	56.02	58.10	(30.15)	88.64	26.41	(191.43)	540.22	(91.58)	(32.96)	(30.50)	(0.30)
9. Loans (By Sector)												
Loans Outstanding for AFF Sector	13.80	16.78	14.48	10.69	10.66	2.88	(1.29)	(3.17)	(3.62)	(3.40)	(3.56)	(5.22)
Loans Outstanding for Industry Sector	8.47	10.68	13.87	15.31	15.95	16.95	17.38	18.12	16.47	16.57	16.20	13.46
Loans Outstanding for Wholesale Trade	7.72	11.03	9.55	10.89	13.80	14.09	12.98	14.28	15.02	16.11	15.92	15.32
Loans Outstanding for Real Estate	10.85	13.05	12.12	13.06	13.63	14.69	13.70	12.39	13.08	13.47	13.67	13.78
Loans Outstanding for Service Sector	7.71	7.53	8.14	7.66	7.18	7.50	7.03	7.98	7.68	7.96	8.02	7.34
10. Others												
System Peak Demand per Grid	13.24	12.01	9.71	5.70	5.53	6.03	6.34	4.88	4.54	1.41	4.28	7.78
Building Permit	15.72	(15.40)	25.02	8.82	10.92	11.14	8.55	19.87	16.21	14.20	5.52	18.76
Rice Stock	0.71	10.29	19.00	20.71	(2.83)	(17.06)	(13.75)	4.23	4.24	(11.75)	(3.84)	(1.94)
Corn Stock	21.22	6.28	(15.31)	(18.62)	(6.69)	(4.04)	2.82	8.46	7.24	19.24	37.47	34.47
Farmgate Prices: Rice	24.18	29.62	19.03	22.25	15.19	16.82	14.04	12.51	10.48	2.17	3.00	5.55
Farmgate Prices: Corn	(19.44)	(19.10)	(9.61)	(7.69)	(5.58)	10.22	5.15	0.77	11.07	(10.32)	(5.43)	0.40

Note: Most indicators are in % change of previous year; * – end of year actual value; ^F – forecast values, ^A – actual value (if listed under a month with ^F)
Negative values are shown in parentheses ().

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