



DLSU-AKI POLICY BRIEF  
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# DLSU MONTHLY REPORT OF THE PHILIPPINE ECONOMY

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The Philippine High Frequency Model of De La Salle University (DLSU) generates monthly and quarterly forecasts of the Quarterly National Accounts, reported by the Philippine Statistics Authority. The model uses Quarterly National Accounts and over 50 monthly indicators. The process involves pooling the indicators into factors 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 forecast year-on-year (y-o-y) and quarter-on-quarter (q-o-q) percentage changes of the National Accounts, and y-o-y growth rates of the indicators, based on the latest available information.

## PHILIPPINE ECONOMIC PERFORMANCE AND OUTLOOK

In its recently released statement, the Development Budget Coordination Committee reviews the government's targets for the years 2024 to 2028.<sup>1</sup> For 2024, the government continues to be optimistic about meeting its growth targets of 6.0 to 6.5 percent, often relying on the narrative that we are growing faster than our neighbors. However, whether or not our growth over the last three quarters has outpaced Malaysia's and Indonesia's is beside the point. If growth targets are set, then what matters is whether they are met or not - and this is how the performance of the economy should be evaluated. Our forecasts indicate that while the economy is doing well, the growth target for this year will not be met.

We forecast a growth rate of 5.9 percent for 2024, which is slightly below the government's target. And our indicators suggest that growth above 6.0 percent is unlikely. The y-o-y growth forecasts from Q4 2024 to Q4 2025 are provided in Table 1. We forecast the growth rates of Household Final Consumption, Gross Capital Formation, and Imports for the fourth quarter to be lower than those of Q3, at 4.24, 7.72, and 3.93 percent, respectively. In contrast, we expect the growth in Government Spending and Exports to be higher, at 10.46 and 6.51 percent, respectively. For the sectors, the forecast for the fourth quarter for Agriculture, Forestry and Fisheries indicates a modest recovery, with a growth rate of 0.2 percent. Growth is expected at 5.5 percent for Industry and 6.93 percent for Services.

**Table 1.** Year-on-Year Percentage Change Forecast, Q4 '24 to Q4 '25.

	2024 Q3 <sup>A</sup>	2024 Q4	2024	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2025
<b>Gross Domestic Product</b>	5.22	6.15	5.90	5.87	6.73	5.97	5.83	6.10
Household Final Consumption	5.11	4.24	4.64	4.89	3.50	4.34	4.72	4.39
Government Expenditure	4.96	10.46	7.40	4.97	5.89	3.46	3.37	4.49
Gross Capital Formation	13.07	7.72	8.31	5.96	5.23	5.78	3.51	5.05
Exports of Goods and Services	(1.00)	6.51	4.35	2.99	3.01	4.03	5.59	3.90
Imports of Goods and Services	6.42	3.93	4.47	0.78	(0.62)	(1.44)	(0.00)	(0.34)
Agriculture, Forestry and Fisheries	(2.79)	0.20	(0.98)	0.77	1.27	1.54	1.38	1.24
Industry	5.02	5.50	5.90	4.98	4.75	5.11	6.29	5.32
Services	6.30	6.93	6.73	6.94	8.08	6.59	6.49	7.01

A - Actual values, for reference

The government is also relying on a stronger fourth quarter to raise the annual growth rate for 2024. Our forecast for the fourth quarter is 6.15 percent, which is not enough to pull up the annual growth rate. To meet the minimum growth target of 6.0 percent for 2024, without depending on private consumption and investment, the government must increase its spending to a y-o-y growth rate of 13.56 percent for the fourth quarter of 2024. This figure exceeds our forecast by 3.10 percentage points.

<sup>1</sup> <https://www.dbm.gov.ph/index.php/management-2/3118-189th-dbcc-joint-statement-on-the-review-of-the-medium-term-macroeconomic-assumptions-and-fiscal-years>

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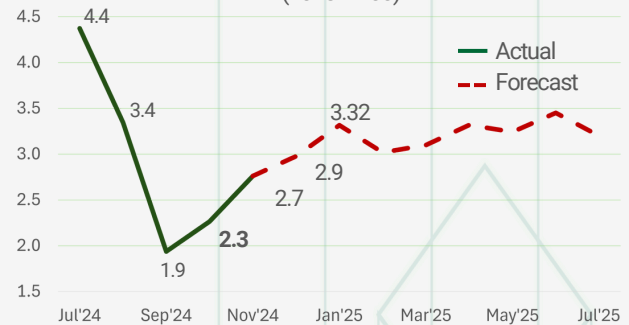
For 2025 to 2028, the government is broadening its growth target range to 6.0 - 8.0 percent, even though a 2-percentage-point range can hardly be considered a ‘target.’ The report also states that they will continue implementing reforms focused on “accelerating infrastructure investments, enhancing the ease of doing business, and boosting national competitiveness” to meet these growth targets. While these may be helpful, we believe these efforts alone will not suffice.

For 2025, we forecast a growth rate of 6.1 percent, which is within our target range. However, our estimates suggest that the potential growth of the Philippine economy is around 6.2 to 6.3 percent, which implies that achieving growth rates higher than this for several years will be very difficult. We believe that for the country to sustain higher growth in the medium and long run, we need to focus on improving the potential of our economy. To do this, we need to focus on (1) increasing our productivity and (2) transforming the structure of our economy. These call for initiatives geared towards a strong manufacturing sector, mechanized agriculture, and more competitive exports. Without clear action in this direction, attaining and sustaining higher economic growth over the next four years and beyond will remain highly unlikely.

## INFLATION

Overall, inflation rose to 2.7 in November, up from 2.3 percent in October (see Figure 1). The inflation rate in November of 2023 was 4.1 percent. Our forecast for the average inflation rate for 2024 is 3.2 percent, within the Central Bank’s target range of 2 - 4%.

Figure 1. Consumer Price Index (2018 = 100)



## TRADE

From January to September 2024, total exports (in billions USD), reported a 1.06 percent y-o-y increase, while total imports (in billions USD) reported a 0.62 percent y-o-y change.

We forecast that in 2024, total exports will record an annual increase of 1.75 percent and total imports will have an annual decrease of 0.01 percent. See Figures 2 and 3.

Figure 2. January to September Value, 2023 vs 2024 (in billions USD)

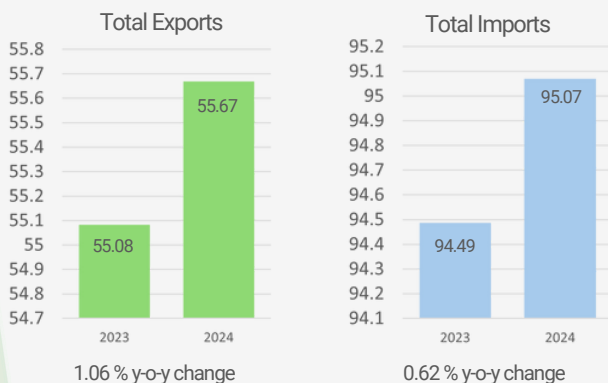
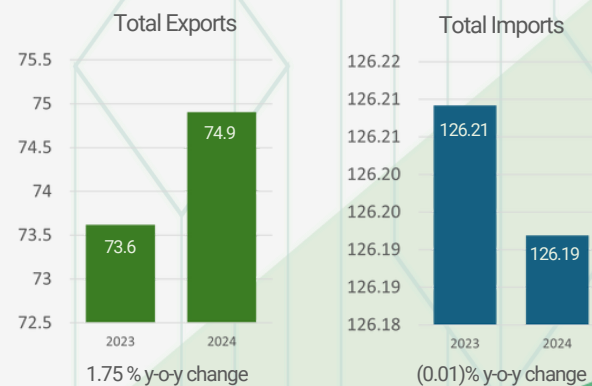


Figure 3. Total Value of 2023 vs Total Value of 2024\* (in billions USD)



\*October to December 2024 are forecast values.

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

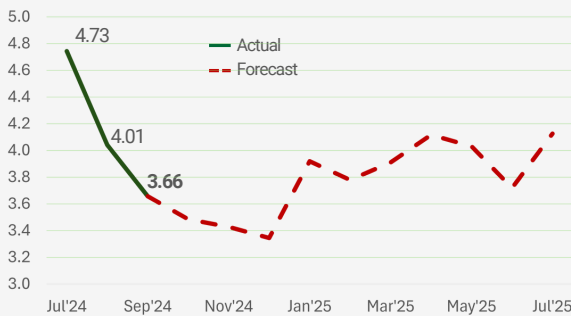


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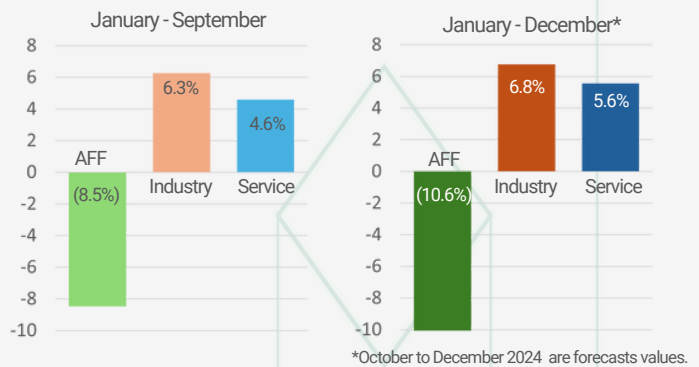
## LABOR

The unemployment rate decreased to 3.66% in September 2024 from 4.01% in July (see Figure 4). We forecast an average unemployment rate of 3.5% for Q4 2024. This yields an annual average of 3.8 percent for 2024, slightly below the national target range of 4.4% to 4.7%.

**Figure 4. Unemployment Rate (in percent)**



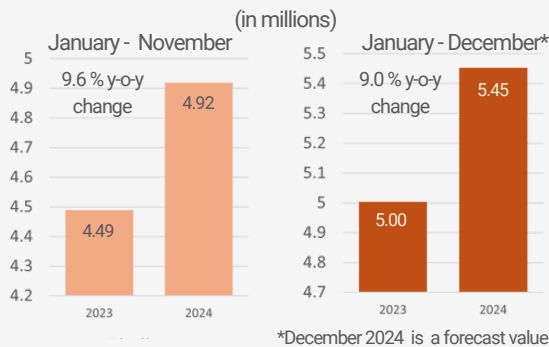
**Figure 5. Employment Percentage Change (2023 vs. 2024)**



Between January and September 2024, the average total employment in the Agriculture, Forestry, and Fisheries sector declined by 8.5% with respect to the same period in 2023. By contrast, employment in the Industrial and Service sectors increased by 6.3% and 4.6%, respectively.

For the whole of 2024, we forecast that employment in Agriculture, Forestry, and Fisheries will decline by 10.6%, it will increase in Industry by 6.8%, and also increase in Services by 5.6% (see Figure 5).

**Figure 6. Foreign Tourist Arrivals, 2023 vs 2024**



As of December 1st, the country recorded a total of 4.92 million foreign tourists from January to November 2024. This total is 9.6 percent higher compared to the number of foreign tourists reported from January to November 2023. We forecast 5.45 million tourists for 2024 which is 9.0 percent higher with respect to the 5.0 million tourists in 2023 (see Figure 6), but below the Government's target of 7.7 million for the year.

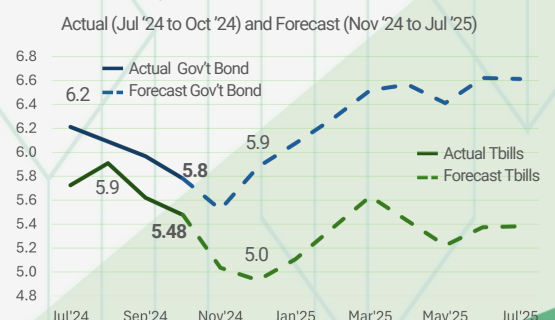
## TOURISM

## GOVERNMENT SECURITIES

The 91-day T-bill rate decreased from 5.62 percent in September to 5.48 percent in October. We forecast that for 2024, the rate will close at 5.0 percent, and the rates for January to July 2025 will be lower than the 5.91 percent reported in August 2024.

The 10-year Gov't bond has been declining since May 2024, standing at 5.8 percent in October. We forecast that the rate for 2024 will close at 5.9 percent and that rates will rise above 6 percent in the first months of 2025. See Figure 7.

**Figure 7. 90-day T-Bill and 10-Yr Gov't Bond Rates**





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## 2024 and 2025 FORECASTS

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

	2024 Jul	2024 Aug	2024 Sep	2024 OctF	2024 NovF	2024 DecF	2024 JanF	2024 FebF	2024 MarF	2025 AprF	2025 MayF	2025 JunF
<b>1. Monetary and Financial Landscape</b>												
M3 (Money Supply)	7.31	5.47	5.49	5.48 <sup>A</sup>	5.62	5.78	6.07	6.50	6.29	6.73	6.94	7.21
91-day Tbill Rate(%)*	5.73	5.91	5.62	5.48 <sup>A</sup>	5.04	4.93	5.11	5.37	5.63	5.43	5.22	5.37
10 Yr Govt Bond(%)*	6.21	6.09	5.97	5.78 <sup>A</sup>	5.52	5.88	6.07	6.28	6.52	6.57	6.41	6.62
Peso-Dollar Exchange Rate, Php*	58.65	56.29	55.89	58.25 <sup>A</sup>	56.70	56.56	56.37	56.56	56.44	57.40	57.90	58.44
<b>2. Government and Public Finance</b>												
National Government Cash Operations: Tax Revenue	15.46	9.77	8.53	16.94 <sup>A</sup>	15.42	9.39	10.94	9.25	20.38	8.96	14.98	24.91
NGCO: Non-Tax Revenue	(13.09)	251.85	113.54	87.65 <sup>A</sup>	(43.95)	33.23	26.14	55.40	(2.89)	(23.19)	(14.24)	(11.45)
NGCO: Expenditures	5.81	(0.68)	13.15	11.08 <sup>A</sup>	18.10	18.82	13.90	11.38	18.70	4.43	9.54	13.01
NGCO: External Financing	(68.59)	(327.41)	(2,801.46)	(39.71) <sup>A</sup>	(195.50)	(22.58)	(187.10)	310.53	78.35	(98.52)	(53.07)	213.71
NGCO: Domestic Financing	63.39	(61.59)	57.62	(130.12) <sup>A</sup>	(41.68)	680.30	28.34	(24.29)	(90.80)	(215.79)	(49.82)	(56.68)
<b>3. Labor Market</b>												
Unemployment Rate(%)*	4.74	4.04	3.66	3.49	3.43	3.35	3.92	3.95	3.93	4.09	4.29	3.72
Employment Volume: Agriculture, Forestry and Fisheries	10.41	(19.55)	(3.37)	(8.43)	(21.06)	(18.22)	(6.03)	(9.83)	(4.11)	(4.65)	(6.06)	(8.92)
Employment Volume: Industry	(0.13)	(2.36)	0.54	9.80	14.63	1.39	3.88	0.68	4.17	1.01	(1.67)	(2.09)
Employment Volume: Service	8.21	13.06	8.70	8.18	9.46	7.77	9.57	7.06	4.76	5.57	4.78	4.75
Employment Volume: Public Administration	14.65	25.27	11.47	6.80	15.00	6.59	10.92	16.24	3.22	10.34	(1.11)	17.09
Employment Volume: Education	5.00	6.44	9.22	9.03	5.94	1.92	6.83	4.65	1.14	6.09	(1.16)	11.60
Employment Volume: Health	(3.80)	4.14	(1.83)	10.75	20.05	20.23	8.86	6.07	9.44	8.43	9.16	9.81
<b>4. Consumer and Household (HH) Sector</b>												
Loans Outstanding for HH Consumption	22.57	22.04	22.79	22.33	21.85	20.41	18.61	17.81	17.12	16.83	15.15	13.98
Personal Remittances	3.22	3.29	3.29	1.54	2.47	1.29	1.32	2.92	4.95	3.85	3.78	2.74
Cash Remittances	3.11	3.20	3.29	1.89	1.67	2.05	2.37	2.90	3.45	2.20	2.12	3.24
Consumer Price Index*	4.37	3.35	1.94	2.26 <sup>A</sup>	2.76 <sup>A</sup>	2.98	3.32	3.02	3.10	3.32	3.24	3.45
<b>5. Manufacturing and Industry</b>												
Volume Price Index: Manufacturing	6.43	1.17	(6.28)	0.05	(1.59)	3.27	6.51	6.49	9.85	0.65	2.03	3.42
VoPI: Manufacture of Transport Equipment	0.65	0.13	(2.51)	(0.76)	(9.08)	(3.66)	(2.73)	2.57	9.95	(5.16)	(0.09)	5.47
VoPI: Manufacture of Machinery and Equipment (except electrical)	28.26	16.00	14.08	11.53	13.18	21.50	19.10	(0.25)	(3.15)	(16.73)	(9.46)	(2.62)
Net Sales Volume Index (VoNSI) (2018 = 100)	5.85	1.40	(4.13)	(2.74)	2.24	2.35	3.55	3.25	6.73	(4.48)	1.21	4.83
VoNSI_FOOD (2018 = 100)	5.85	4.16	(2.19)	0.95	5.12	5.46	5.59	5.26	14.44	2.67	7.21	9.40
VoNSI_BEV (2018 = 100)	12.44	14.16	(5.25)	4.95	5.67	13.38	9.56	16.76	11.78	(4.21)	2.49	10.88
Average Capacity Utilization Rate	2.88	1.90	1.16	0.78	1.40	1.87	3.01	2.94	3.27	0.94	1.41	1.25
<b>6. Trade Value</b>												
Total Exports of Goods	0.07	0.34	(7.60)	2.97	5.84	2.53	1.13	(4.70)	5.75	(9.94)	2.29	16.35
Exp: Mineral Products	114.50	41.35	10.99	27.12	(19.22)	62.84	3.00	13.40	13.72	3.56	(7.08)	(16.01)
Exp: Nuclear reactors, boilers, machinery and mechanical appliances	41.04	19.62	14.24	21.86	24.33	20.20	(1.98)	(8.63)	(4.25)	(18.76)	(17.04)	(2.68)
Exp: Electrical machinery and equipment and parts thereof	(19.44)	(9.95)	(27.85)	(8.35)	1.36	(3.01)	(6.02)	(4.78)	2.47	(6.11)	10.69	28.77
Total Imports of Goods	7.29	2.86	9.93	(0.39)	(5.10)	0.04	(1.43)	(3.97)	9.76	(9.14)	(3.02)	3.08
Imp: Food and Beverages	4.16	0.51	25.74	6.70	2.54	2.87	6.91	12.95	14.76	(6.60)	(1.26)	18.47
Imp: Nuclear reactors, boilers, machinery and mechanical appliances	12.44	9.42	5.37	1.27	2.86	8.09	(5.96)	(3.96)	17.51	(12.00)	(2.40)	(1.48)
Imp: Electrical machinery and equipment and parts thereof	10.16	7.18	7.36	4.85	6.93	6.56	5.39	6.88	7.60	0.29	4.27	3.89
Imp: Transport Equipment	2.81	5.71	(6.14)	(11.28)	(15.78)	(22.49)	(0.01)	0.62	(2.10)	(1.78)	3.80	12.06
Imp: Mineral fuels, mineral oils and products of their distillation	(2.64)	(10.34)	4.06	(19.78)	(24.45)	(11.97)	(3.10)	(25.28)	(8.15)	(16.41)	(19.48)	(2.76)
<b>7. Tourism and Transportation</b>												
Tourist Visitor Arrivals	0.02	6.07	5.81	6.58 <sup>A</sup>	5.16 <sup>A</sup>	3.99	11.66	8.42	5.13	0.49	(2.98)	2.77
Domestic Cargo: Outgoing (in Metric)	12.52	(7.69)	(10.18) <sup>F</sup>	(30.16)	(21.30)	(11.82)	(1.35)	(4.85)	3.79	(4.63)	(7.96)	11.80
Domestic Cargo: Incoming (in Metric)	50.58	28.51	6.21 <sup>F</sup>	(27.29)	(19.06)	(0.99)	14.68	1.85	3.99	10.94	(1.24)	18.83
International Cargo: Outgoing (in Metric)	23.33	22.61	8.91 <sup>F</sup>	12.80	14.14	8.48	2.59	(2.57)	(1.77)	(10.09)	6.31	8.15
International Cargo: Incoming (in Metric)	35.39	44.84	8.08 <sup>F</sup>	8.81	(0.10)	(7.06)	(7.03)	(1.11)	(10.33)	(14.84)	(19.97)	(10.60)
Domestic Aircraft Traffic	3.82	7.41	5.51	3.79	10.44	7.18	(3.12)	(8.28)	(6.59)	(22.49)	(23.44)	(16.26)
International Aircraft Traffic	12.08	10.06	8.38	11.96	7.90	3.56	(4.71)	(8.81)	(5.47)	(5.67)	(6.68)	(6.10)
<b>8. Loans (By Sector)</b>												
Loans Outstanding for AFF Sector	11.35	17.58	8.20	7.91	4.14	1.58	(2.51)	(5.81)	(7.77)	(6.74)	(9.16)	(8.11)
Loans Outstanding for IND Sector	9.68	10.43	10.37	8.45	6.98	7.45	8.31	6.94	6.55	7.76	8.15	9.08
Loans Outstanding for Wholesale Trade	10.01	10.68	12.26	9.39	8.86	8.65	10.40	11.29	11.75	12.62	11.55	12.06
Loans Outstanding for Real Estate	12.52	12.95	13.90	12.17	10.27	10.77	10.88	11.12	11.45	12.09	11.22	11.94
Loans Outstanding for Service Sector	8.61	8.91	9.70	9.47	9.84	10.36	10.22	10.34	10.69	10.95	10.93	10.62
<b>9. Others</b>												
System Peak Demand per Grid (NGCP)	9.52	6.17	4.73	6.65	5.21	5.37	2.39	5.19	8.74	(0.83)	0.85	2.74
Building Permit (units)	2.79	(4.71)	4.36	9.02	18.05	10.59	10.25	3.75	21.71	1.36	9.18	10.66
FDI Flow: Equity	16.82	83.62	12.75 <sup>F</sup>	29.69	156.82	269.22	(569.18)	(65.64)	(12.53)	106.31	3.85	41.88
Rice Stock (Metric Ton)	20.71	14.41	7.32	6.41 <sup>A</sup>	28.57	30.34	6.59	12.78	15.64	10.47	4.40	(2.02)
Corn Stock (Metric Ton)	(18.62)	(17.38)	(22.11)	(22.13) <sup>A</sup>	6.66	13.61	28.58	31.80	26.54	48.92	64.56	78.12
Farmgate Prices (Palay)	21.99	5.42	1.41	(3.58) <sup>A</sup>	(3.90)	(4.79)	(12.65)	(11.48)	(8.93)	(5.51)	(8.98)	(5.01)
Farmgate Prices (Corn)	(6.84)	(13.42)	(1.95)	3.95	2.15	10.65	1.53	9.19	12.53	4.65	5.61	5.30

Note: Most indicators are expressed as a percentage change from the previous year;

\* – end of year actual value; F – forecast values, A – actual value (if listed under a month with F)

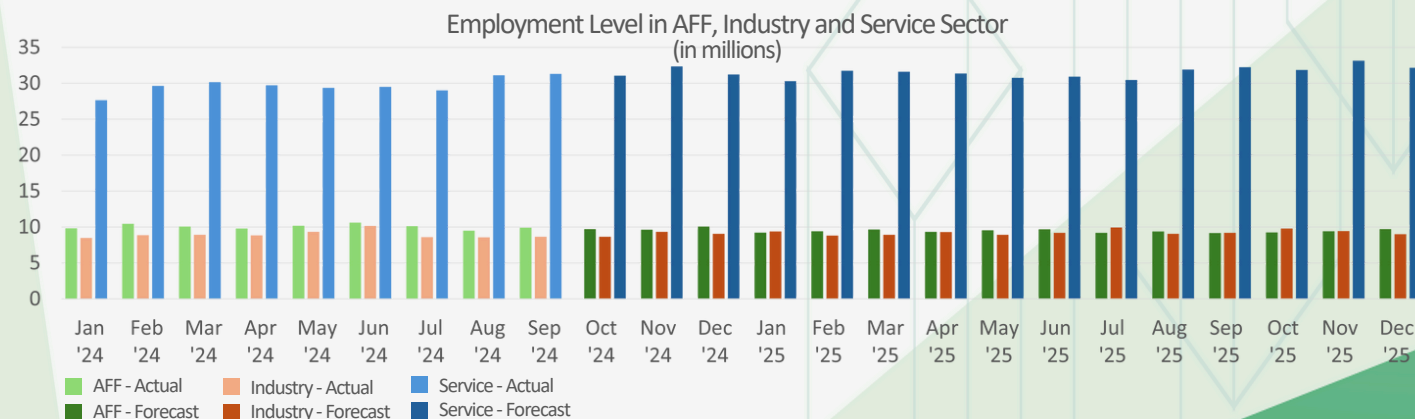
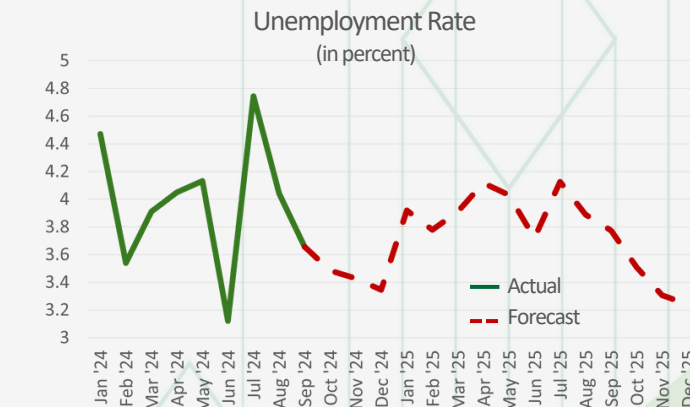
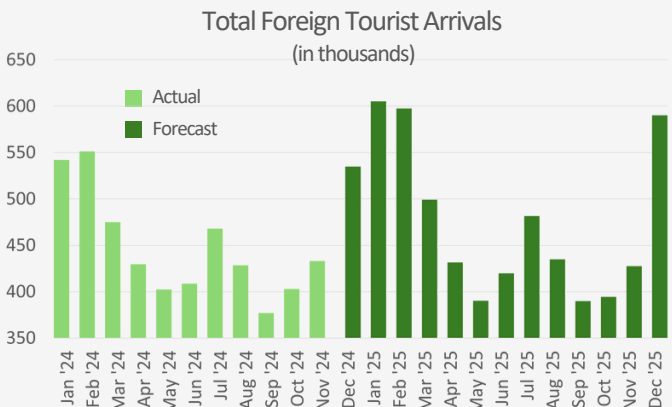
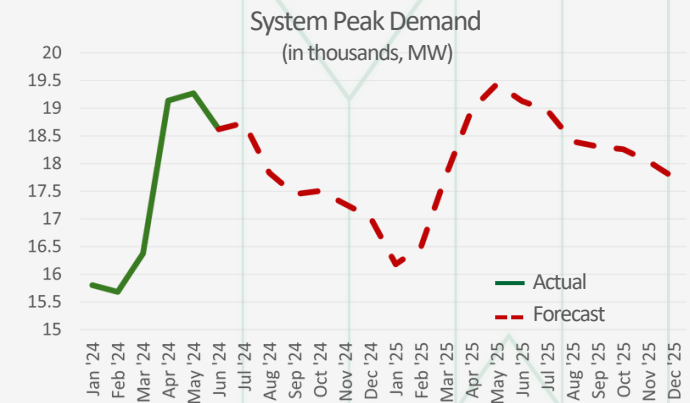
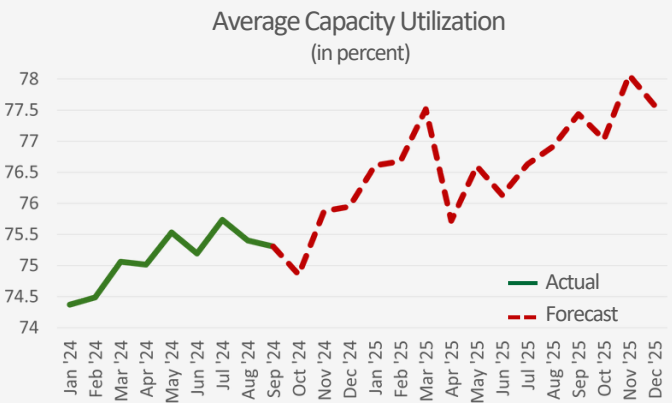
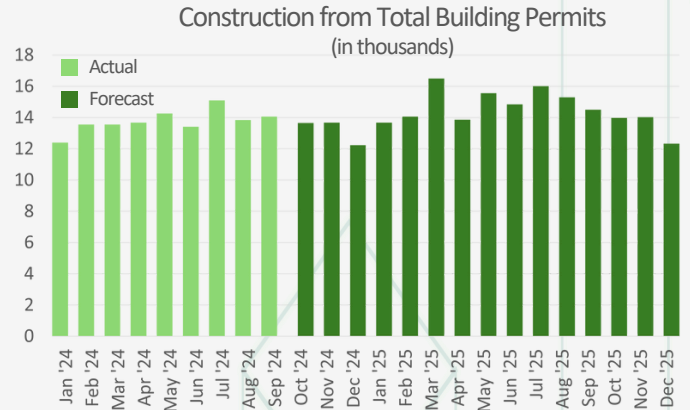
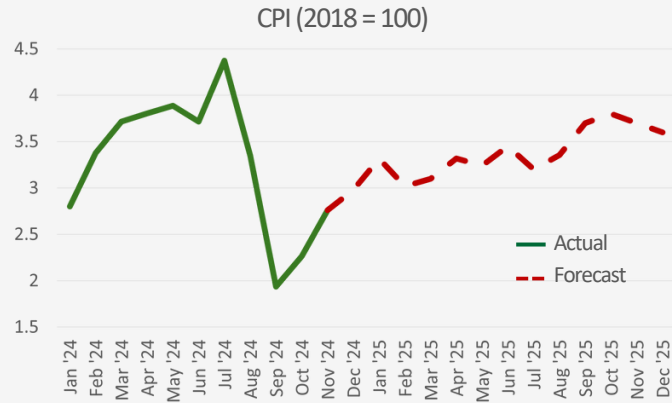
Negative values are shown in parentheses ( ).



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## 2024 and 2025 FORECASTS

Actual and Forecasts of Selected Philippine Monthly Indicators, January 2024 to December 2025



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