



DLSU MONTHLY REPORT OF THE PHILIPPINE ECONOMY

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PHILIPPINE ECONOMIC PERFORMANCE AND OUTLOOK

We maintain our forecast growth rate of 5.9 percent for 2024. This is below the government’s adjusted target band of 6 - 6.5 percent. Our indicators suggest that growth of 6.0 and above is highly 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. At the sectoral level, the forecast for the fourth quarter for Agriculture, Forestry and Fisheries indicates a modest recovery, with a growth rate of 0.2 percent. For Industry, we forecast a growth rate of 5.5 percent, and 6.93 percent for Services.

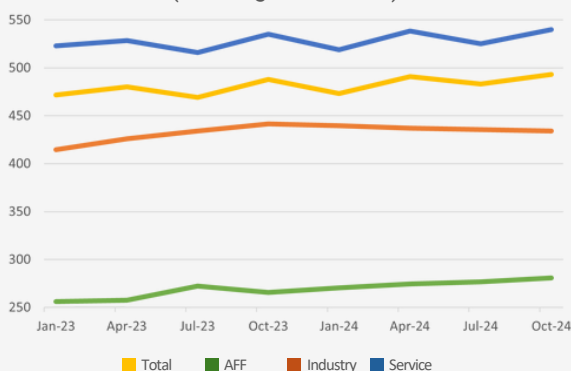
Table 1. Year-on-Year Percentage Change Forecast, Q4 '24 to Q4 '25.

	2024 Q3 ^A	2024 Q4	2024	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2025
Gross Domestic Product	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 relying on a stronger fourth quarter to raise the annual growth rate for 2024. However, the lower interest rates and stabilizing inflation might not be enough to boost consumption given barely any upward change in the average daily basic pay of workers (see Figure 1).

Figure 1. Average Daily Basic Pay of Workers
(Real Wage: 2018 = 100)



Our forecast for the fourth quarter of 6.15 percent is not enough to pull up the annual growth rate to the government’s target. 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.

For 2025, we forecast a growth rate of 6.1 percent, which is within the target range set by the government.

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.

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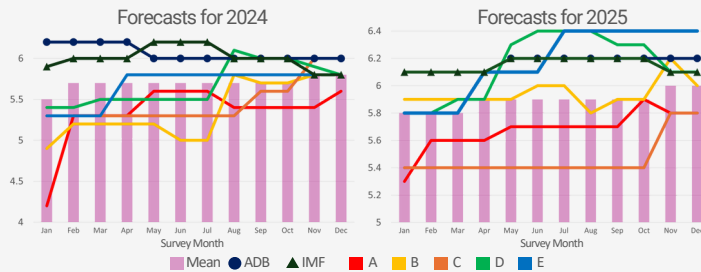
Data Source: Philippine Statistics Authority, Bangko Sentral ng Pilipinas, and other Philippine Government websites.



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The government recently changed the GDP growth target for 2024 from 6 - 7 percent to 6 - 6.5 percent, and from 6.5 - 7.5 percent to 6 - 8 percent for 2025.

Figure 2. GDP Growth Forecast of Selected Organizations*



*Consensus Reports from January - December 2024

However, based on the December 2024 Consensus Report, survey, none of the 22 agencies that regularly provide projections for the Philippine economy (this includes DLSU), forecasted a GDP growth rate above 6 percent for 2024. The Asian Development Bank (ADB) and International Monetary Fund (IMF) project growth rates of 6 percent and 5.8 percent, respectively.

For 2025, the average GDP growth rate forecast reported by Consensus in the December survey is 6.0 percent. ADB and the IMF project 6.2 and 6.1 percent growth rates, respectively. (See Figure 2)

These forecasts raise the question as to what assumptions the government made in setting the band of 6 - 6.5 percent target for 2024 and 6 - 8 percent target for 2025.

Given that the IMF forecasts that the world GDP will grow by about 3.1 - 3.2 percent in 2024, we find it difficult to explain the “targets” set by the government, in particular, whether they should be treated as actual projections, or as mere aspirations without a clearly defined basis.

INFLATION

The year ended with an inflation rate of 2.9 percent. (see Figure 3). This brings the average inflation rate for 2024 to 3.2 percent, within the Central Bank’s target range of 2 - 4%.

The inflation rate in December of 2024 was 3.9 percent.

Figure 3. Consumer Price Index



TRADE

From January to October 2024, total exports (in billions USD), reported a 0.37 percent y-o-y increase, while total imports (in billions USD) reported a 1.71% percent y-o-y change.

We forecast that in 2024, total exports will record an annual increase of 0.05 percent and total imports will have an annual increase of 3.36 percent. See Figures 4 and 5.

Figure 4. January to October Value, 2023 vs 2024

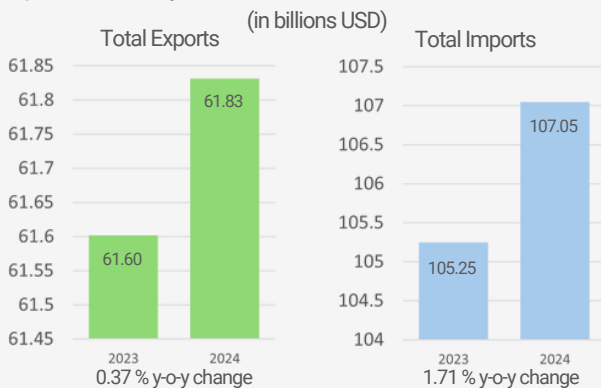
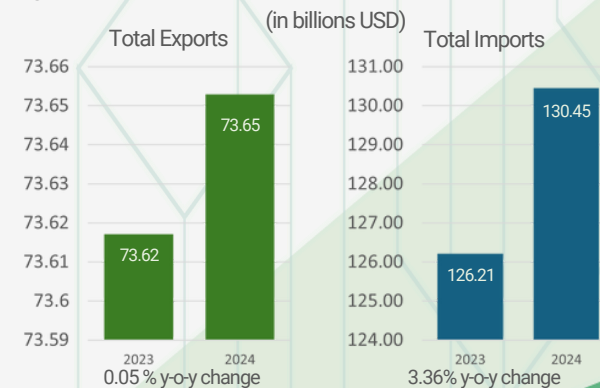


Figure 5. Total Value of 2023 vs Total Value of 2024*



*November to December 2024 are forecast values.



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LABOR

The unemployment rate decreased to 3.25% in November 2024 from 3.92% in October (see Figure 6). 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 6. Unemployment Rate

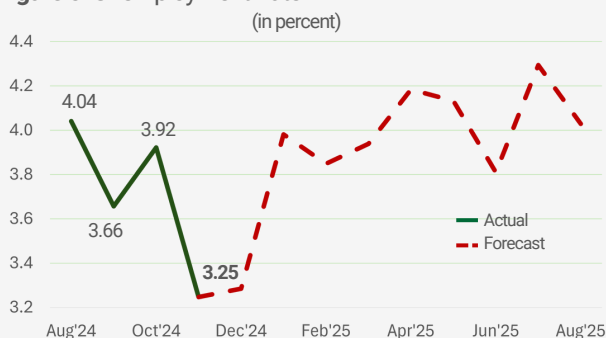
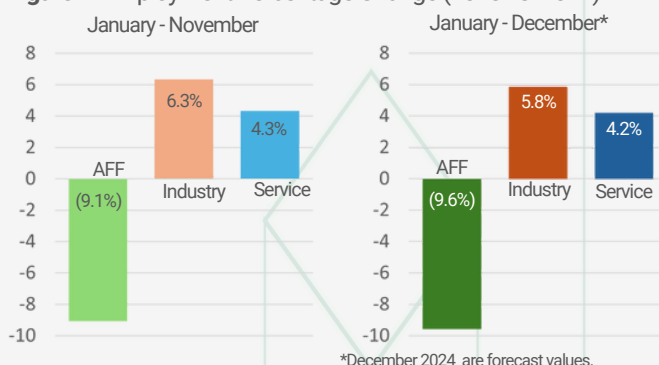


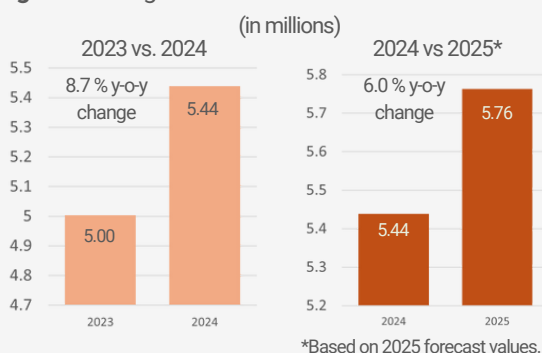
Figure 7. Employment Percentage Change (2023 vs. 2024)



Between January and November 2024, the average total employment in the Agriculture, Forestry, and Fisheries sector declined by 9.1% with respect to the same period in 2023. By contrast, employment in the Industrial and Service sectors increased by 6.3% and 4.3%, respectively.

For the whole of 2024, we forecast that employment in Agriculture, Forestry, and Fisheries will decline by 9.6%, it will increase in Industry by 5.8% and also increase in Services by 4.2% (see Figure 7).

Figure 8. Foreign Tourist Arrivals



As of January 1st 2025, the country recorded a total of 5.4 million foreign tourists from January to December 2024. This total is 8.7 percent higher compared to the number of foreign tourists reported between January and December 2023. The recorded number of foreign tourist arrivals meant that the DoT missed its target of 7.7 million for 2024.

We forecast a 6.0% y-o-y growth change for 2025. See Figure 8.

TOURISM

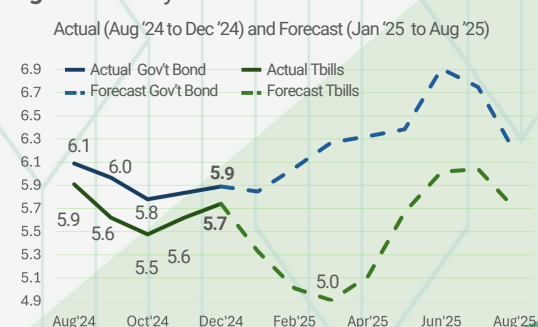
GOVERNMENT SECURITIES

The 91-day T-bill rate increased to 5.74 percent in December, from 5.62 percent in November 2024 and 5.0 percent in 2023.

We forecast that, for the first quarter of 2025, the rate will close at 5.0 percent. However, we anticipate an increase in the rates thereafter.

The 10-year Gov't bond increased to 5.89 percent in December, from 5.78 percent in October 2024. In December 2023, the rate closed at 6.22 percent. We forecast that this rate for the first quarter of 2025 will close at 6.27 percent and that the rates will remain above 6 percent for most months of 2025. See Figure 9.

Figure 9. 90-day T-Bill and 10-Yr Gov't Bond Rates



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



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2024 and 2025 FORECASTS

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

	2024 Aug	2024 Sep	2024 Oct	2024 Nov	2024 Dec ^F	2024 Jan ^F	2024 Feb ^F	2024 Mar ^F	2024 Apr ^F	2025 May ^F	2025 Jun ^F	2025 Jul ^F
1. Monetary and Financial Landscape												
M3 (Money Supply)	5.47	5.49	5.48	5.72 ^F	5.82	6.15	6.61	6.39	6.97	7.21	7.34	7.59
91-day Tbill Rate(%)*	5.91	5.62	5.48	5.62	5.74 ^A	5.33	5.01	4.91	5.11	5.67	6.02	6.04
10 Yr Govt Bond(%)*	6.09	5.97	5.78	5.84 ^E	5.89 ^A	5.85	6.05	6.27	6.32	6.38	6.91	6.75
Peso-Dollar Exchange Rate, Php*	56.29	55.89	58.25	58.69	58.01 ^A	57.18	57.10	56.82	57.62	58.04	58.64	58.52
2. Government and Public Finance												
National Government Cash Operations: Tax Revenue	9.77	8.53	16.94	12.70	21.94	21.53	20.68	28.83	19.03	16.59	30.09	16.03
NGCO: Non-Tax Revenue	251.85	113.54	87.65	(70.70)	73.92	50.25	101.53	3.93	(9.27)	(31.12)	16.27	26.16
NGCO: Expenditures	(0.68)	13.15	11.08	27.13	16.70	22.39	14.78	20.90	4.77	8.63	17.48	16.54
NGCO: External Financing	(327.41)	(2,801.46)	(39.71)	(306.55)	(29.85)	(135.70)	(23.97)	76.18	(55.80)	(54.84)	107.42	(189.91)
NGCO: Domestic Financing	(61.59)	57.62	(130.12)	(74.71)	918.57	27.36	(40.24)	(118.16)	(36.79)	(86.95)	(41.96)	(45.22)
3. Labor Market												
Unemployment Rate(%)*	4.04	3.66	3.92	3.25	3.29	3.98	3.85	3.93	4.14	4.21	3.76	4.29
Employment Volume: Agriculture, Forestry and Fisheries	(19.55)	(3.37)	(3.74)	(18.63)	(14.66)	(1.44)	(5.71)	0.16	0.55	(1.41)	(4.52)	(4.58)
Employment Volume: Industry	(2.36)	0.54	1.33	12.47	0.94	3.37	0.58	3.91	0.88	(1.80)	(2.20)	5.32
Employment Volume: Service	13.06	8.70	2.27	4.04	2.84	4.70	2.51	0.55	1.56	1.03	1.18	1.59
Employment Volume: Public Administration	25.27	11.47	1.20	1.36	6.56	19.34	23.47	4.18	15.94	8.27	23.60	10.78
Employment Volume: Education	6.44	9.22	2.48	0.12	(1.18)	4.71	3.74	0.43	3.92	(2.46)	9.51	5.41
Employment Volume: Health	4.14	(1.83)	6.93	52.33	14.14	11.39	2.60	5.41	9.54	7.95	9.51	10.68
4. Consumer and Household (HH) Sector												
Loans Outstanding for HH Consumption	22.04	22.79	23.65	22.74 ^F	21.53	19.79	19.26	18.97	18.70	16.92	15.87	15.56
Peronsal Remittances	3.29	3.29	2.67	3.22 ^F	1.87	1.70	3.48	5.69	4.72	4.71	3.56	3.28
Cash Remittances	3.20	3.29	2.70	2.16 ^F	2.69	2.58	3.06	4.72	3.13	2.88	4.30	4.12
Consumer Price Index*	3.35	1.94	2.26	2.50	2.90 ^A	3.26	2.89	2.93	3.25	3.28	3.58	3.22
5. Manufacturing and Industry												
Volume Price Index: Manufacturing	2.05	(5.15)	0.66	(4.17)	2.92	7.85	7.63	11.34	1.99	3.56	4.85	3.07
VoPI: Manufacture of Transport Equipment	4.98	3.23	9.58	(0.37)	(3.79)	(5.66)	2.69	10.20	(2.26)	3.64	9.26	(0.70)
VoPI: Manufacture of Machinery and Equipment (except electrical)	19.18	12.96	29.00	12.69	38.74	29.22	5.28	0.23	(16.23)	(8.84)	(0.88)	0.84
Net Sales Volume Index (VoNSI) (2018 = 100)	1.39	(2.67)	(0.76)	3.13	4.61	4.27	4.32	7.60	(3.71)	1.47	5.07	3.12
VoNSI_FOOD (2018 = 100)	3.89	(0.88)	1.40	5.24	6.23	3.44	3.60	11.86	2.55	4.42	8.72	5.12
VoNSI_BEV (2018 = 100)	13.50	(3.27)	13.22	9.21	10.73	4.18	8.45	6.96	(3.19)	(0.68)	4.80	5.58
Average Capacity Utilization Rate	2.06	1.24	2.11	1.00	2.69	4.19	3.55	3.72	1.68	1.91	1.65	1.53
6. Trade Value												
Total Exports of Goods	0.34	(7.58)	(5.47)	(1.97) ^F	(1.23)	(2.10)	(6.13)	3.67	(10.93)	1.03	15.49	4.83
Exp: Mineral Products	41.35	10.52	37.94	(19.17) ^F	61.13	3.92	12.66	11.83	3.34	(6.92)	(15.78)	(23.25)
Exp: Nuclear reactors, boilers, machinery and mechanical appliances	19.62	14.27	22.68	23.64 ^F	23.02	0.09	(7.89)	(4.30)	(19.28)	(17.69)	(3.42)	(12.25)
Exp: Electrical machinery and equipment and parts thereof	(9.95)	(27.85)	(26.76)	(21.83) ^F	(18.46)	(17.09)	(9.99)	0.17	(6.24)	11.96	30.12	26.24
Total Imports of Goods	2.86	10.06	11.20	9.47 ^F	13.99	9.98	6.99	21.99	0.49	6.89	13.44	5.42
Imp: Food and Beverages	0.51	25.77	23.42	9.90 ^F	7.84	10.54	16.51	17.82	(4.30)	0.95	20.58	14.88
Imp: Nuclear reactors, boilers, machinery and mechanical appliances	9.42	5.66	8.72	12.38 ^F	18.32	2.31	4.33	27.23	(5.24)	4.61	5.19	(0.71)
Imp: Electrical machinery and equipment and parts thereof	7.18	7.41	24.15	20.17 ^F	18.95	15.13	16.50	16.30	9.32	12.26	11.35	3.24
Imp: Transport Equipment	5.71	(5.93)	29.28	2.86 ^F	(5.09)	20.65	20.36	15.71	15.20	20.20	28.57	6.70
Imp: Mineral fuels, mineral oils and products of their distillation	(10.34)	4.26	(12.66)	(4.86) ^F	6.66	11.63	(14.17)	5.21	(5.13)	(9.17)	9.40	3.06
7. Tourism and Transportation												
Tourist Visitor Arrivals	6.07	5.81	6.58	5.16	1.19 ^A	3.71	7.70	12.64	4.00	0.41	6.28	10.86
Domestic Cargo: Outgoing (in Metric)	(7.69)	5.92	18.75	16.87	(0.75)	(8.74)	(13.39)	2.32	1.61	(0.57)	17.25	17.21
Domestic Cargo: Incoming (in Metric)	28.51	21.96	7.68	30.51	21.18	28.71	15.16	18.12	25.06	11.25	33.14	4.54
International Cargo: Outgoing (in Metric)	22.61	18.40	12.45	14.58	9.31	4.27	(1.77)	(1.84)	(10.59)	5.52	7.48	(7.54)
International Cargo: Incoming (in Metric)	44.84	28.53	31.42	9.65	8.99	5.49	11.70	1.01	(4.35)	(10.28)	(0.47)	(8.00)
Domestic Aircraft Traffic	7.41	5.51	3.39	1.73	(0.37)	(7.25)	(11.71)	(10.20)	(25.69)	(26.65)	(19.78)	(16.39)
International Aircraft Traffic	10.06	8.38	7.55	2.16	(0.88)	(8.45)	(12.23)	(9.06)	(9.30)	(10.21)	(9.63)	(0.22)
8. Loans (By Sector)												
Loans Outstanding for AFF Sector	17.58	8.20	7.47	3.19 ^F	0.98	(2.50)	(5.20)	(6.49)	(5.15)	(7.48)	(6.30)	(4.56)
Loans Outstanding for IND Sector	10.43	10.37	10.79	8.64 ^F	8.24	9.08	7.78	7.38	8.62	8.94	9.92	9.16
Loans Outstanding for Wholesale Trade	10.68	12.26	7.76	8.21 ^F	9.31	12.14	13.04	13.21	13.76	12.11	12.11	11.54
Loans Outstanding for Real Estate	12.95	13.90	10.80	10.11 ^F	11.49	12.27	12.73	12.91	13.37	12.00	12.29	12.15
Loans Outstanding for Service Sector	8.91	9.70	8.45	9.45 ^F	9.37	9.62	9.68	9.44	9.44	9.64	9.29	8.58
9. Others												
System Peak Demand per Grid (NGCP)	6.17	4.29	6.30	3.49	4.52	1.40	4.35	8.00	(1.28)	0.42	2.25	0.70
Building Permit (units)	(4.71)	7.63	4.03	17.18 ^F	12.87	11.22	5.58	22.95	2.40	9.73	11.24	6.44
FDI Flow: Equity	82.35	(91.22)	17.67 ^F	149.40 ^F	269.62	(566.91)	(65.66)	(12.60)	106.27	3.06	25.73	19.68
Rice Stock (Metric Ton)	14.41	7.32	12.71	24.41	34.54 ^A	8.79	11.47	10.01	6.10	(0.30)	(6.47)	(7.44)
Corn Stock (Metric Ton)	(17.38)	(22.11)	(22.17)	(20.57)	(19.60) ^A	0.15	18.06	15.54	35.65	48.26	65.20	64.27
Farmgate Prices (Palay)	5.42	1.41	(3.67)	(6.81)	(7.19)	(13.86)	(11.96)	(8.76)	(4.77)	(7.81)	(3.38)	(5.83)
Farmgate Prices (Corn)	(13.42)	(1.95)	(1.55) ^F	2.65 ^F	10.05	(0.72)	5.10	6.39	(1.76)	(1.79)	(2.62)	(1.76)

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), E – estimated value (missing)

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

