DLSU-AKI POLICY BRIEF
2025-02-050, FEBRUARY 2025

DLSU REPORT OF THE PHILIPPINE ECONOMY

Authors: Neriza Chow, Jesus Felipe, and Mariel Monica Sauler (*)

PHILIPPINE ECONOMIC PERFORMANCE IN 2024

GDP

In 2024, the Philippine economy posted an annual growth rate of 5.6 percent (5.5 percent in 2023). This was a low growth rate given the government's target for 2024 of at least 6.0 percent. The government counted on a much higher growth rate during the fourth quarter of the year. However, the Philippines attained a y-o-y growth rate of just 5.2 percent during the last quarter (lower than the 5.5 percent registered in Q4 of 2023), which was not enough to reach the target for the whole year. See Figure 1.

The government attributes missing the annual target to major setbacks in agriculture caused by typhoons that struck the country from late October to mid-November, as well as to high prices that dampened consumer spending.

Figure 1. GDP Y-o-Y Growth Rate
Q4-2022 to Q4-2024

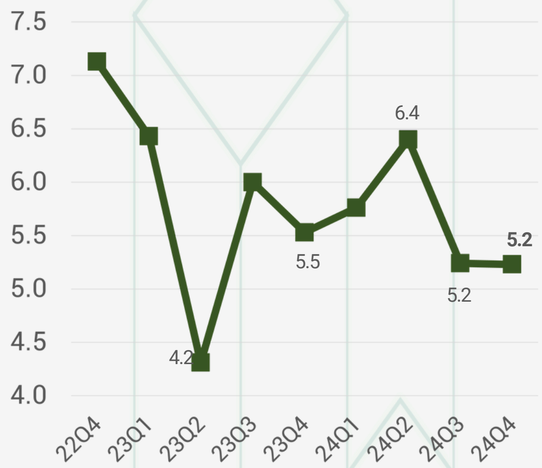


Table 1 provides the y-o-y percentage change. The largest contributors to growth in the fourth quarter were Government Expenditure and Exports, which registered y-o-y growth rates of 9.7 percent and 3.2 percent, respectively. The y-o-y growth rate of Household Final Consumption declined to 4.7 percent from 5.2 percent in Q3 2024. Similarly, the growth of Gross Capital Formation dropped significantly to 4.1 percent, down from a growth rate of 13.7 percent in Q3 2024. Imports' upward trend ended as its y-o-y growth rate decreased to 3.2 in Q4 2024.

Agriculture, Forestry, and Fisheries contracted by 1.8 percent in Q4 2024, albeit at a slower pace than the 2.7 percent contraction of Q3 2024. The Service sector recorded a 6.7 percent growth rate, marginally higher than in the previous quarter. Lastly, Industry's growth rate dropped to 4.4 percent, down from 5.1 percent in Q3 2024.

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.

(*) Neriza Chow is Ph.D. student in the Department of Economics, De La Salle University
Jesus Felipe is Distinguished Professor in the Department of Economics, De La Salle University
Mariel Monica Sauler is Associate Professor in the Department of Economics, De La Salle University

Scan QR code to access previous reports

DLSU REPORT OF THE PHILIPPINE ECONOMY

Table 1. Year-on-Year Percentage Change, Q1 '23 to Q4 '24; Y2023 - Y2024

	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2023	2024
Gross Domestic Product	**6.43**	**4.31**	**6.00**	**5.53**	**5.76**	**6.40**	**5.24**	**5.23**	5.5	5.6
Household Final Consumption	6.38	5.48	5.12	5.33	4.58	4.70	5.19	4.65	5.6	4.8
Government Expenditure	6.18	(7.13)	6.67	(1.05)	1.71	11.87	4.96	9.74	0.6	7.2
Gross Capital Formation	12.81	0.68	(0.34)	11.63	0.54	11.63	13.66	4.09	5.9	7.5
Exports of Goods and Services	1.15	4.65	2.54	(2.52)	8.44	4.16	(1.36)	3.15	1.4	3.4
Imports Goods and Services	4.18	(0.56)	(1.60)	2.05	2.18	5.29	6.44	3.19	1.0	4.3
Agriculture, Forestry and Fisheries	2.24	0.21	0.93	1.29	0.47	(2.26)	(2.74)	(1.80)	1.2	(1.6)
Industry	4.13	1.98	5.60	3.08	5.05	7.89	5.12	4.42	3.6	5.6
Services	8.26	6.03	6.84	7.45	6.89	6.79	6.29	6.66	7.1	6.7

Household Final Consumption slowed from 5.6 percent growth in 2023 to 4.8 percent in 2024, despite increased spending on travel and on recreation and culture. However, this increase was not enough to offset the decline in other consumer expenditures due to high prices of basic goods. In contrast, Government Expenditure rose significantly, from 0.6 percent in 2023 to 7.2 percent. Gross Capital Formation also recorded a higher growth rate at 7.5 percent compared to 2023.

On trade, the growth rates of both exports and imports increased, with exports experiencing an increase from 1.4 percent to 3.4 percent; and Imports from 1.0 percent to 4.3 percent.

Across sectors, Agriculture, Forestry, and Fisheries experienced a significant decline, from a growth rate of 1.2 percent in 2023 to a contraction of 1.6 percent in 2024. Industry's growth rate increased from 3.6 percent to 5.6 percent. Lastly, Services, which registered a growth rate of 7.1 percent in 2023, experienced slower growth of 6.7 percent in 2024.

WE TOLD YOU SO...

Since 2023, when the current Administration approved the Philippine Development Plan (PDP) 2023 – 2028 and set a growth target of 6.5 - 8 percent for 2024–2028, we have been claiming that the Philippine economy cannot grow by more than about 6 - 6.5 percent per annum and sustain it for a long time. We said: "it won't happen." Sadly, we were right: growth in 2023 was 5.5 percent and 5.6 percent in 2024. We were not (and are not) negative about the economy but simply stating the reality.

POTENTIAL GROWTH

For a long time, we have claimed that our potential growth is significantly below the Government's growth target, especially the upper part (7 - 8 percent). Potential growth is a key concept in economics. It sets the limit to a country's growth rate. Its correct estimation is far from simple, but the concept is not difficult to grasp. We estimate our potential growth using various methods. On the supply side, it is given by the sum of labor productivity growth and labor force growth. This is the so-called Harrod's natural growth rate. Note that if the actual growth rate falls below the natural rate, the unemployment rate will rise, and if it rises above it, the unemployment rate will fall. Thus, the natural rate of growth is, effectively, the actual rate of growth that keeps unemployment constant. Our estimates indicate that, for the Philippines, this growth rate (estimated with data since the early 1970s, the 50-year average) is 4.8 percent, and 6 percent in boom periods (years when actual growth is above the natural). It is high for international standards, but our potential productivity and labor force growth do not add up to 7 - 8 percent. This is the reality.

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

On the demand side, the maximum growth rate is given by the structure of the economy, reflected in the ratio of the income elasticity of demand for exports to the income elasticity of demand for imports (which measure how "attractive" our exports are in foreign markets and how attractive imports are at home), together with the growth rate of the nations to which the country (the Philippines) exports. This product is the so-called Balance-of-payments (BOP) constrained growth rate. It is the growth rate consistent with dynamic equilibrium in the current account. In our estimation, we also take into account remittances as a source of foreign currency. For the Philippines, this growth rate is also about 6 percent –the rate at which our country can grow without running current account deficits that the market does not tolerate.

We believe the binding constraint on growth in the Philippines, the one that bites first, is the latter, the one on the demand side. The Philippines cannot run a current account deficit constantly as it would find it difficult to finance it. Indeed, in an open economy, the major constraint on the growth of demand is likely to be the balance of payments. The experience of many developing countries shows that no country can grow faster than the rate consistent with BOP equilibrium on the current account, unless it can finance ever-growing deficits. There is a limit to the (current account) deficit-to-GDP ratio beyond which the financial markets become nervous, and the country is unable to borrow any more. This means that many developing countries that find themselves in balance of payments problems must constrain their growth, while the economy still has surplus capacity and surplus labor, like the Philippines. In other words, there are not many developing countries that could not grow faster if they had more foreign exchange (to buy essential capital goods). The Philippines is nowhere near the situations that Pakistan or Sri Lanka have endured recently. Apart from the fact that our export basket is more attractive than theirs, a key reason for being in a better situation is the role of overseas foreign workers (remittances), which helps increase our BOP constrained growth rate beyond what is given by the trade component. But we insist, this growth rate is not 7 - 8 percent.

Finally, we have also used different filter estimation techniques to separate trend from cyclical fluctuations. The results are about the same, i.e., trend growth is about 6 percent. Bottom line: our estimates using different proxies of the potential growth rate of the Philippine economy, are far from 8 percent, not even 7 percent. It is also difficult to justify growth above 6 percent for a small open economy like ours when the world economy is growing at about half that rate.

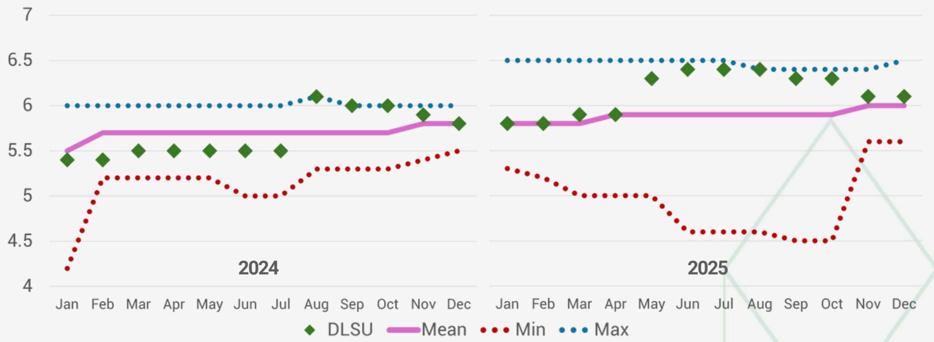
We fail to understand why the government insists on setting a target that is beyond reach, to argue later that the economy is doing well because our growth rate is higher than that of some of our neighbors (all with higher per capita income than the Philippines). Setting growth targets above our potential is both misleading and counterproductive. It highlights a lack of understanding of our economy's capacity to grow and creates unrealistic expectations about how much further we can go as a nation. The 189th joint statement from the Development Budget Coordination Committee (December 2, 2024), revised the growth target as part of the review of the PDP 2023 – 2028. The growth targets were revised to 6.0 - 6.5 percent for 2024, and 6.0 - 8.0 percent for 2025 – 2028. Why?

We were not the only ones. Figure 2 shows the evolution of our model's GDP growth rate forecasts (green dots) as reported in the January 2024 to December 2024 Consensus Reports. It also shows the average, minimum and maximum of the projections submitted by the 22 agencies that provide forecasts for the Philippines.

DLSU REPORT OF THE PHILIPPINE ECONOMY

During 2024, the average forecast remained flat and below 6.0 percent. The maximum was about 6.0 percent, except in August, when it rose to 6.1 percent. This uptick followed the high actual GDP y-o-y growth rate of 6.4 percent for the second quarter of 2024.

Figure 2. GDP Growth Forecast (Consensus Reports*)



*Consensus Reports from January - December 2024

Despite the insistence of the government that the country could achieve a 6.0 - 6.5 percent growth rate in 2024, most analysts projected otherwise.

For 2025, the average forecasts reported each month, although still lower, are closer to 6.0 percent. The consensus is barely reaching the 6.0 percent low-end of the band set by the government.

Our growth estimates moved upward following the high Q2 2024 performance of the economy. But as new information became known, our forecasts started to decline. Despite the model telling us that growth would be lower, we maintained our "optimistic" view of the economy with the initial projection of 6.1 percent.

IS INVESTMENT THE SOLUTION?

The government believes that investment will lead to higher growth, and for this, it has plans to lay out more infrastructure. We do not question this strategy. We certainly need investment. We just point out that investment is a tool with a double edge that needs to be controlled and understood.

A dynamic economy needs to increase in the growth rate of the capital stock (i.e., capital accumulation) in the form of, among others, investment in public transportation and in public utilities. The government is trying to increase the investment share in output. Implicit here is the idea of attaining full employment. This is what the successful East and Southeast Asian economies did. There is no lack of candidate projects in the Philippines: schools, hospitals, transport, power, and telecommunications are all underserved in our country.

What is important to understand is that investment plays a dual role in the economy. On the one hand, investment expenditures are a source of demand when they are incurred. On the other hand, investment increases the productive capacity of the economy in the long run. The tragedy of investment is that it causes crises because it is useful. The basic contradiction underlying investment lies in the different time horizons of the effects of investments on demand and on capacity; that is, while the impact of demand is exhausted in a short time, that of capacity lasts longer. Indeed, when businesses invest in new machinery, factories, or infrastructure, they spend money on materials, labor, and services. This creates an immediate boost in demand for goods and services, stimulating economic activity and employment. However, this effect is temporary—once the investment project is completed, the direct demand from that spending disappears. Investment also increases the ability to produce goods and services in the future. A new factory, for example, will continue to exist and add to production capacity long after the initial investment is made. The problem is that it can lead to excess capacity if demand does not keep pace, which in turn may discourage future investment. We believe the government is just thinking about the short-run effect without fully understanding the long-run implications.

Moreover, one could ask about empirical evidence on the causality from investment to growth. This is clear: over the short-run horizons at which economists work in government (a few years), there is no evidence that investment is a necessary or a sufficient condition for high growth. In the long run, accumulation of machines does not go along with growth. This does not mean that investment does not matter. It certainly does but in a somewhat tautological sense: investment goes directly into gross domestic product as a demand component, and into the capital stock. This is correct. What is incorrect is the claim that investment plays a special role as a driver of growth.

The contradiction between the demand and supply effects lies in the fact that, in the short run, investment boosts demand, leading to economic growth. In the long run, it expands capacity, but if demand does not keep up, businesses may face overcapacity, reduced profitability, and a slowdown in further investment. This cyclical imbalance can contribute to economic fluctuations —booms when investment is high, and recessions when overcapacity leads to reduced future investment. This insight helps explain the inherent instability of economies, where periods of strong investment can be followed by downturns when excess capacity stifles new investment.

The cyclical imbalance of a growth strategy based on increasing the investment share in the economy to attain full employment has another implication. This is the impact of this strategy on inflation, real wages and labor productivity. For this strategy to be successful, the last two should increase. Maintaining the purchasing power of wages is important because declines in real wages limit the expansion of the market for mass consumption articles. However, the increase in real wages requires stable prices of essential consumer goods, which implies that their supply must rise in step with their demand. That is, it will be important to secure an adequate supply of necessities to cover the demand resulting from the increase in employment. The reality is that it is likely that this increased demand will induce inflationary pressures as the supply of necessities (especially food) is limited. Maintenance of stable prices also requires that investment in the different sectors of the economy, particularly in capital and consumer goods, be undertaken in the right proportions.

These points are crucial and deserve elaboration. Suppose that the economy is capable of increasing investment. This will lead to more employment and to a higher total nominal wage bill. However, the overall wage bill in real terms will remain unchanged as a result of the increase in the price level. What is the implication? That although the level of employment has increased (certainly a positive outcome), the real wage rate (i.e., wage per worker) may have declined. This means that the increase in investment under conditions of an inelastic supply of food (the supply of food increases less than its demand) will cause both a fall in real wages and the acceleration in prices. For this reason, it is important to expand food production in parallel to industrial development. Investment in public transportation and public utilities should be accompanied by measures to expand agricultural production, such as land reform and easy credit to farmers.

This discussion means that the strategy of increasing investment to accelerate growth does not come as a free lunch. Its implications must be understood.

WHAT CAN WE DO?

We all wish we could grow at 8 percent for 20 years, like China or Korea. Yet, the reality is that it is a chimera with the economy we have today. If the Philippines wishes to grow faster, it must first raise its BOP-constraint on demand. To raise the growth rate of productive capacity (supply side) by improving productivity without being able to raise the rate of growth of demand because of the BOP, will merely lead to unemployment. If, on the other hand, the BOP equilibrium growth rate can be raised by making exports more attractive and by reducing the income elasticity of demand for imports, demand can be expanded without producing BOP difficulties and, within limits, demand can generate its own supply by encouraging investment, absorbing underemployment, and raising productivity growth.

Therefore, we need to work to increase our potential on the demand side, the BOP-constrained growth rate, to be able to attain and sustain faster actual growth. The key? The structure of the economy needs to change. We need to do more than real estate, delivery, and restaurants. We cannot continue relying on tourism and call centers. We need to manufacture and export products that the rest of the world wants (i.e., with a high income elasticity of demand for exports, higher quality, variety, reliability, speed of delivery, or distribution network). Making our exports 'more attractive' means changing our export basket, from agricultural products and simple manufactures to machinery, chemicals, and electronics (with much higher value added). The quintessential example of this transformation was South Korea.

Who has to do this? Naturally our firms. We have long argued that development happens in firms. The problem is that we do not have them. We need firms that manufacture the range of products that 'make up a nation': shoes, furniture, textiles of all sorts, glasses, cutlery, food, and all the construction materials that we import; but "pulido" (high quality) as opposed to "puwede na" (low quality). We also need to manufacture some of the machines that make these goods (i.e., develop a machinery cluster). It is not just about manufacturing but about producing high-quality products to compete in the world economy (export). Everybody needs to understand that development happens in firms via productivity. This requires a government program to help create world-class firms.

DLSU REPORT OF THE PHILIPPINE ECONOMY

2025 FORECASTS: WAIT AND SEE...

Our growth forecast for 2024 ended up being 5.9 percent, despite that our model generated predictions between 5.4 percent and 5.6 percent. We were overly optimistic, and we thought that growth would be just below 6 percent. We were wrong and the model was correct. This year we start by trusting our model.

Table 2. Year-on-Year Percentage Change Forecast,Q4 '24 to Q4 '25, Y2024 - 2026

	2024 Q4^A	2024^A	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2025	2026
Gross Domestic Product	**5.2**	**5.6**	**5.5**	**6.0**	**5.7**	**5.9**	**5.8**	**5.9**
Household Final Consumption	4.7	**4.8**	4.5	3.4	4.1	4.2	**4.1**	**4.4**
Government Expenditure	9.7	**7.2**	9.7	8.8	7.4	7.2	**8.3**	**7.8**
Gross Capital Formation	4.1	**7.5**	7.4	7.8	5.8	4.8	**6.5**	**5.7**
Exports of Goods and Services	3.2	**3.4**	2.7	3.0	4.8	6.5	**4.2**	**6.7**
Imports of Goods and Services	3.2	**4.3**	4.9	3.2	1.6	1.9	**2.9**	**4.4**
Agriculture, Forestry and Fisheries	(1.8)	**(1.6)**	0.6	1.4	1.9	1.8	**1.4**	**1.3**
Industry	4.4	**5.6**	4.0	4.2	5.1	7.0	**5.1**	**6.3**
Services	6.7	**6.7**	6.9	7.4	6.4	5.9	**6.6**	**6.0**

A - Actual values, for reference

The y-o-y growth forecasts from Q1 2025 to Q4 2025, and 2026 are provided in Table 2. With the information that we have at this moment, we forecast a growth rate of 5.8 percent for 2025, again below the government's adjusted target band of 6 - 8.0 percent. This represents a significant decline with respect to our 2025 forecast of 6.1 percent, which we maintained until recently. This obeys three reasons. First, the economy's growth rate is lower than what many experts (including the government itself) predicted. Even reaching 6 percent is proving tough.

Second, the start of 2025 has brought significant uncertainty to the world economy. US President Donald Trump initiated its mandate with a threat to impose 25 percent tariffs on Canadian and Mexican goods, and 10 percent on Chinese goods. It also threatened the European Union. It appears that this is a negotiating technique to force the "opponents" to bow to his demands. So far this technique worked out well with Canada and Mexico, but not with China (as of now), which has retaliated by also imposing tariffs on American products, between 10 percent and 15 percent for oil and automobiles (plus some non-tariff measures). As we were finalizing this Report, news came that the US President has decided to impose reciprocal tariffs all over the world. This is, again, a negotiating tool. The announcement indicates that the US will impose equivalent taxes to those applied to American exports by other countries. The peculiarity is that President Trump equates tariffs with all sorts of trade barriers, including regulatory and even fiscal measures. In the case of the European Union, for example, the tariffs would be a response to the value-added tax (VAT) that Washington interprets, without any rationale, as a trade barrier. However, the VAT is a tax on consumption applied equally to domestic and foreign products. Therefore, it is not a protectionist measure. Products exported from the European Union are VAT-exempt but are subject to the indirect taxes existing in the destination markets. In the case of the US (as a destination), its taxes are much lower than in Europe. Conceptually, the VAT is not equivalent to a tariff and cannot be considered an unfair practice. Mr. Trump has also announced that

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

he will approve taxes for cars, electronic chips, and pharmaceutical products. The tariffs have not been set yet. The American Administration will use them as a threat in negotiations. The objective: reduce the American trade deficit. We will have to wait until the American administration unveils the actual tariff rates to be imposed (probably by April 1 -but these should be ready in a matter of weeks in the case of those countries with which the US has a large trade deficit). The reciprocity will be based on what the US considers unfair practices, whether these are regulatory, monetary, fiscal, or of any other nature. Most Asian emerging nations apply import tariffs higher than those applied to their exports. We need to wait a few more months to see if the US will indeed impose import tariffs (and maintain them) on foreign products coming from key areas (China; the European Union) – a trade war.

Third, most of the indicators that we use in our model of the Philippine economy do not show a marked improvement. Consequently, we have decided to 'wait and see' what happens during the coming months.

We forecast the growth rates of Gross Capital Formation and Imports for the first quarter of 2025 to be higher than those of Q4 2024 at 7.4 and 4.9 percent, respectively. In contrast, we expect the growth in Household Final Consumption, and Exports to be lower, at 4.5 and 2.7 percent respectively. Government Expenditure stays relatively the same at 9.7 percent.

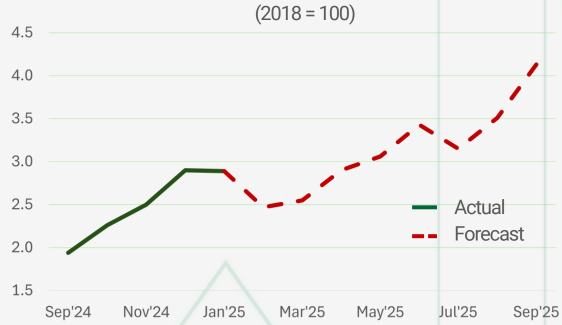
At the sectoral level, for Agriculture, Forestry and Fisheries, we forecast a growth rate of 0.56 percent, a slight recovery from a negative 1.8 percent growth rate in Q4 2024. For Industry and Services, we forecast lower growth rates of 4.04 percent, and 6.26 percent, respectively.

DLSU REPORT OF THE PHILIPPINE ECONOMY

INFLATION

2024 ended with an inflation rate of 2.9 percent, which brought the average inflation rate for the year to 3.2 percent. Inflation remained at 2.9 percent in January 2025. We forecast a decline for the first quarter before inflation increase for the remainder of the year. Given this trajectory, our forecast of the average inflation rate in 2025 is at 3.3 percent.

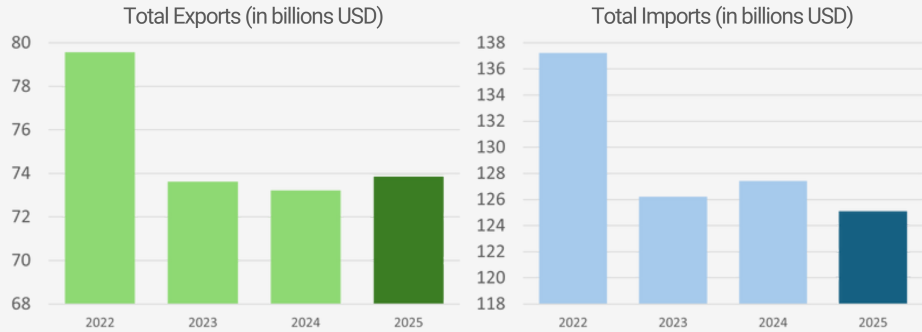
Figure 2. Consumer Price Index



TRADE

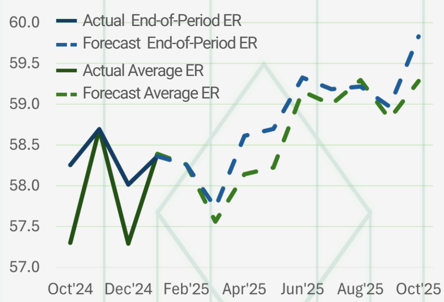
Both Exports and Imports registered a significant contraction in 2023 from their 2022 levels. Exports slightly decreased, with -0.5 percent y-o-y change. However, a 0.9 percent increase is forecasted for 2025. Meanwhile, Imports posted a modest recovery with a positive growth rate of 1.0 percent in 2024 but are expected to dip to negative 1.8 percent in 2025. See Figure 3.

Figure 3. Total Trade Value, 2022 to 2025*



*2025 are forecast values.

Figure 4. Philippine Peso to US Dollar Rate



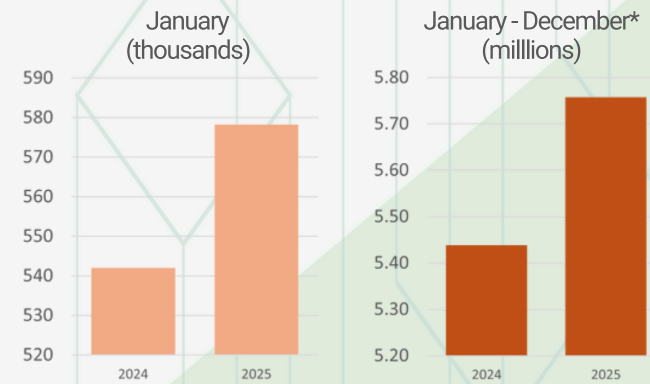
In January 2025, the Philippine peso depreciated against the US dollar to 58.4 peso per USD (for both the Average and End-of-Period rate). We forecast a moderate depreciation of the peso, with the average exchange rate fluctuating between 57.56 to 59.3 pesos per USD over the forecast period. See Figure 4.

TOURISM

During January 2025, the country recorded a total of 578,224 foreign tourists. This represents an increase of 36,158 foreign tourists compared January 2024.

We forecast that foreign tourist arrivals in 2025 will reach 5.8 million, roughly 320,000 more than in 2024. See Figure 5.

Figure 5. Foreign Tourist Arrivals, 2024 vs 2025



*February to December 2024 are forecast values.

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

DLSU REPORT OF THE PHILIPPINE ECONOMY

LABOR

The unemployment rate decreased to 3.14 percent in December 2024 from 3.25 percent in November.
This brings the average unemployment rate for Q4 2024 to 3.4 percent, and the annual average to 3.8 percent for 2024, slightly below the national target range of 4.4 percent to 4.7 percent.
We forecast the unemployment rate to increase to an annual average of 3.9 percent for 2025.
See Figure 6.

Figure 6. Unemployment Rate

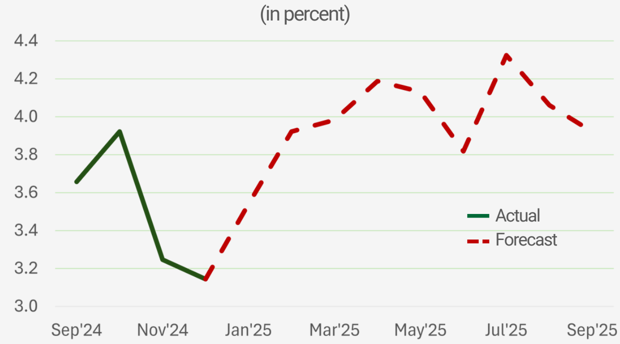
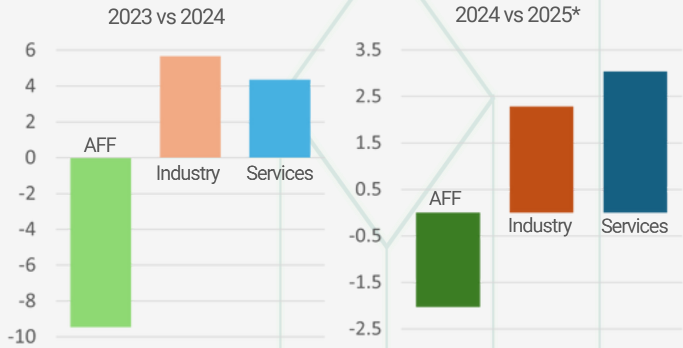


Figure 7. Employment Percentage Change



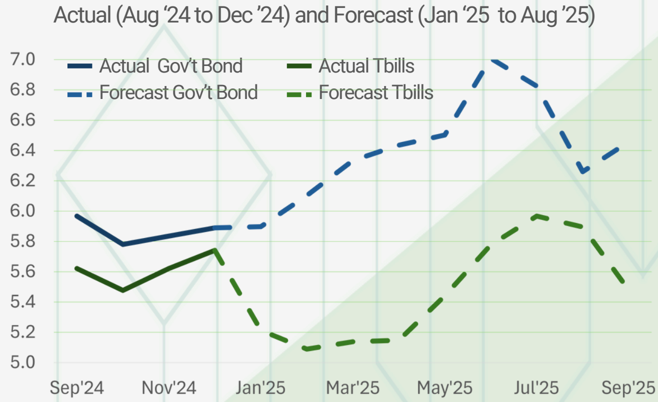
*January - December 2025 are forecast values.

In 2024, the average total employment in Agriculture, Forestry, and Fisheries declined by 9.5 percent with respect to 2023. By contrast, employment in the Industrial and Service sectors increased by 5.7 percent and 4.4 percent, respectively.
For 2025, we forecast that the average total employment in Agriculture, Forestry, and Fisheries will decline by 2.0 percent, it will increase in Industry by 2.3 percent and also increase in Services by 3.0 percent compared to 2024.
See Figure 7.

GOVERNMENT SECURITIES

The 91-day T-bill rate increased to 5.74 percent in December, from 5.62 percent in November 2024 and from 5.0 percent in December 2023. We forecast that, for the first quarter of 2025, the rate will close at 5.1 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, and from 6.22 percent in December 2023. We forecast that, for the first quarter of 2025, this rate will close at 6.33 percent and that it will remain above 6 percent for most months of 2025.
See Figure 8.

Figure 8. 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.

DLSU REPORT OF THE PHILIPPINE ECONOMY

2024 and 2025 FORECASTS

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

	2024 Sep	2024 Oct	2024 Nov	2024 Dec[F]	2025 Jan[F]	2025 Feb[F]	2025 Mar[F]	2025 Apr[F]	2025 May[F]	2025 Jun[F]	2025 Jul[F]	2025 Aug[F]
1. Monetary and Financial Landscape												
M3 (Money Supply)	5.49	5.43	7.67[F]	6.93	6.57	7.06	6.81	7.52	7.73	7.70	7.85	8.11
91-day Tbill Rate(%)*	5.62	5.48	5.62	5.74[A]	5.21	5.09	5.14	5.15	5.44	5.78	5.97	5.90
10 Yr Govt Bond(%)*	5.97	5.78	5.84	5.89[A]	5.90	6.10	6.33	6.44	6.50	7.01	6.83	6.26
Peso-Dollar Exchange Rate, Php*	55.89	58.25	58.69	58.01[A]	58.36[A]	58.26	57.73	58.61	58.70	59.33	59.19	59.22
2. Government and Public Finance												
National Government Cash Operations: Tax Revenue	8.53	16.94	12.70	19.78	17.35	15.15	23.50	14.96	11.60	25.80	12.10	9.69
NGCO: Non-Tax Revenue	113.54	87.65	(70.70)[F]	59.97	34.49	79.87	(4.83)	(16.87)	(36.30)	7.38	16.47	(48.04)
NGCO: Expenditures	13.15	11.08	27.13[F]	17.13	23.06	15.53	21.79	5.37	9.19	17.88	17.00	18.41
NGCO: External Financing	(2,801.46)	(39.71)	(306.55)[F]	(28.16)	(164.81)	182.45	88.57	(71.34)	(50.96)	173.29	(121.27)	18.55
NGCO: Domestic Financing	57.62	(130.12)	(74.71)[F]	823.13	33.55	(33.21)	(124.43)	103.53	(71.50)	(31.82)	(35.39)	162.80
3. Labor Market												
Unemployment Rate(%)*	3.66	3.92	3.25	3.14[A]	3.94	3.92	3.98	4.19	4.13	3.82	4.32	4.06
Employment Volume: Agriculture, Forestry and Fisheries	(3.37)	(3.74)	(18.63)	(13.33)[A]	(0.97)	(5.77)	0.15	0.53	(1.41)	(4.13)	(4.34)	3.93
Employment Volume: Industry	0.54	1.33	12.47	(0.88)[A]	1.80	(0.58)	3.24	0.41	(2.21)	(2.61)	4.96	6.70
Employment Volume: Service	8.70	2.27	4.04	4.78[A]	6.66	4.44	2.40	3.30	2.61	2.61	2.88	0.60
Employment Volume: Public Administration	11.47	1.20	1.36	7.18[A]	14.18	14.55	(2.81)	9.47	2.16	17.39	5.15	(4.92)
Employment Volume: Education	9.22	2.48	0.12	(3.37)[A]	2.71	2.45	(0.74)	2.97	(3.02)	9.09	4.44	(1.67)
Employment Volume: Health	(1.83)	6.93	52.33	30.72[A]	10.72	4.10	7.08	6.34	7.99	7.97	9.79	(5.69)
4. Consumer and Household (HH) Sector												
Loans Outstandi for HH Consumption	22.79	23.65	23.29	22.12	20.14	19.10	18.85	18.74	16.92	15.78	15.46	15.42
Peronsal Remittances	3.29	2.67	3.45	2.10	1.53	2.82	5.22	4.45	4.48	3.27	2.95	3.58
Cash Remittances	3.29	2.70	3.29	2.88	2.37	2.48	4.21	2.99	2.72	3.98	3.89	3.08
Consumer Price Index*	1.94	2.26	2.50	2.90[A]	2.89[A]	2.47	2.55	2.90	3.06	3.43	3.15	3.51
5. Manufacturing and Industry												
Volume Price Index: Manufacturing	(5.15)	0.66	(4.17)	1.26	5.36	5.31	9.12	0.19	1.95	3.42	1.81	2.39
VoPI: Manufacture of Tansport Equipment	3.23	9.58	(0.37)	(2.71)	(4.99)	3.15	10.50	(1.75)	4.06	9.66	(0.38)	0.31
VoPI: Manufacture of Machinery and Equipment (except electrical)	12.96	29.00	12.69	38.77	28.90	5.17	(0.05)	(16.44)	(9.04)	(1.08)	0.63	4.94
Net Sales Volume Index (VoNSI) (2018 = 100)	(2.67)	(0.76)	3.13	4.42	3.84	3.63	7.11	(4.00)	1.24	4.82	2.86	4.36
VoNSI_FOOD (2018 = 100)	(0.88)	1.40	5.24	6.09	3.30	3.49	11.77	2.47	4.36	8.66	5.06	3.75
VoNSI_BEV (2018 = 100)	(3.27)	13.22	9.21	11.78	4.37	7.91	6.68	(3.27)	(0.72)	4.69	5.37	3.42
Average Capacity Utilization Rate	1.24	2.11	1.00	2.30	3.66	3.10	3.40	1.39	1.65	1.40	1.29	1.52
6. Trade Value												
Total Exports of Goods	(7.58)	(5.02)	(8.57)	(2.20)[A]	(2.54)	(10.02)	1.08	(13.87)	(0.92)	12.77	3.25	(2.56)
Exp: Mineral Products	10.52	38.47	0.19	39.46[A]	0.04	14.91	10.45	1.10	(5.50)	(16.46)	(25.48)	(24.60)
Exp: Nuclear reactors, boilers, machinery and mechanical appliances	14.27	22.70	31.17	31.44[A]	10.43	(2.67)	(2.12)	(19.17)	(18.52)	(5.04)	(14.14)	(13.00)
Exp: Electrical machinery and equipment and parts thereof	(27.85)	(26.76)	(26.02)	(13.28)[A]	(22.75)	(23.28)	(15.82)	(16.11)	0.28	18.97	17.42	13.30
Total Imports of Goods	10.06	11.55	(4.10)	(1.70)[A]	(2.86)	(3.11)	11.62	(7.84)	(1.79)	4.49	(2.80)	(2.56)
Imp: Food and Bevarages	25.77	23.51	7.78	4.48[A]	8.34	13.19	14.95	(6.32)	(1.00)	18.21	12.50	9.84
Imp: Nuclear reactors, boilers, machinery and mechanical appliances	5.66	8.71	4.41	6.23[A]	(3.82)	(0.86)	21.18	(9.55)	(0.10)	0.56	(5.01)	(2.39)
Imp:: Electrical machinery and equipment and parts thereof	7.41	23.71	13.28	8.33[A]	7.88	10.51	10.68	3.95	6.50	5.48	(1.83)	4.90
Imp: Transport Equipment	(5.93)	32.45	(28.53)	(27.15)[A]	0.92	2.78	0.33	0.33	5.96	14.13	(5.27)	(2.05)
Imp: Mineral fuels, mineral oils and products of their distillation	4.26	(12.65)	(13.68)	(10.66)[A]	(8.06)	(25.05)	(5.22)	(13.81)	(17.19)	0.23	(5.42)	(5.49)
7. Tourism and Transportation												
Tourist Visitor Arrivals	5.81	6.58	5.16	1.19[A]	4.84[A]	4.32	7.92	0.67	(2.06)	4.42	9.83	8.34
Domestic Cargo: Outgoing (in Metric)	5.92	18.75	16.87	18.65[A]	6.35	(9.13)	(0.89)	(3.12)	(4.73)	14.05	15.14	23.76
Domestic Cargo: Incoming (in Metric)	21.96	7.68	30.51	1.46[A]	13.40	11.01	16.86	22.30	8.34	29.90	2.15	(20.01)
International Cargo: Outgoing (in Metric)	18.40	12.45	14.58	22.84[A]	13.40	1.77	(1.24)	(11.32)	4.05	5.79	(8.98)	(8.65)
International Cargo: Incoming (in Metric)	28.53	31.42	9.65	6.54[A]	(8.97)	0.35	(7.78)	(12.53)	(17.79)	(8.48)	(15.40)	(19.49)
Domestic Aircraft Traffic	5.51	3.39	3.66	2.78[A]	(2.39)	(6.95)	(4.10)	(19.73)	(20.38)	(12.70)	(8.74)	(14.14)
International Aircraft Traffic	8.38	7.55	2.16	2.37[A]	(3.56)	(7.12)	(3.53)	(3.74)	(4.72)	(4.13)	5.83	10.47
8. Loans (By Sector)												
Loans Outstanding for AFF Sector	8.20	7.47	8.01	4.68	0.31	(3.05)	(4.82)	(3.81)	(6.43)	(5.43)	(3.85)	(7.21)
Loans Outstanding for IND Sector	10.37	10.79	8.91	8.62	9.51	8.30	8.00	9.30	9.69	10.71	9.97	10.68
Loans Outstanding for Wholesale Trade	12.26	7.76	9.68	10.28	12.35	12.62	12.75	13.24	11.58	11.54	10.94	10.96
Loans Outstanding for Real Estate	13.90	10.80	10.03	11.28	11.92	12.34	12.49	12.92	11.53	11.82	11.65	11.65
Loans Outstanding for Service Sector	9.70	8.45	10.43	10.62	10.85	10.86	10.60	10.62	10.83	10.49	9.77	9.91
9. Others												
System Peak Demand per Grid (NGCP)	4.29	6.30	3.49	4.48	1.63	4.13	8.02	(1.04)	0.67	2.44	0.80	2.63
Building Permit (units)	7.63	5.99	(2.70)	13.84	10.62	4.99	22.73	2.22	9.48	10.81	6.03	10.53
FDI Flow: Equity	(91.22)	34.12	158.13[F]	272.36	(573.28)	(65.63)	(12.43)	106.98	3.15	25.93	19.82	(36.87)
Rice Stock (Metric Ton)	7.32	12.71	24.41	34.54[A]	8.79	11.47	10.02	6.10	(0.30)	(6.47)	(7.43)	(6.87)
Corn Stock (Metric Ton)	(22.11)	(22.17)	(20.57)	(19.60)[A]	0.15	18.07	15.54	35.65	48.26	65.20	64.27	56.48
Farmgate Prices (Palay)	1.41	(3.67)	(6.81)	(7.19)	(13.86)	(11.97)	(8.76)	(4.77)	(7.81)	(3.38)	(5.83)	(1.50)
Farmgate Prices (Corn)	(1.95)	(1.55)[F]	2.65[F]	10.05	(0.72)	5.10	6.39	(1.76)	(1.79)	(2.62)	(1.76)	(0.82)

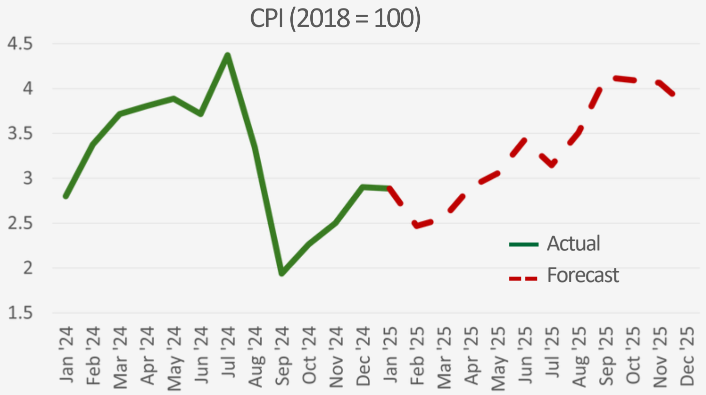
Note: Most indicators are expressed as a percentage change from the previous year;
* – end of year actual value; F – forecast values, A – actual value (if listed under a month with F), E – estimated value (missing)
Negative values are shown in parentheses ( ).

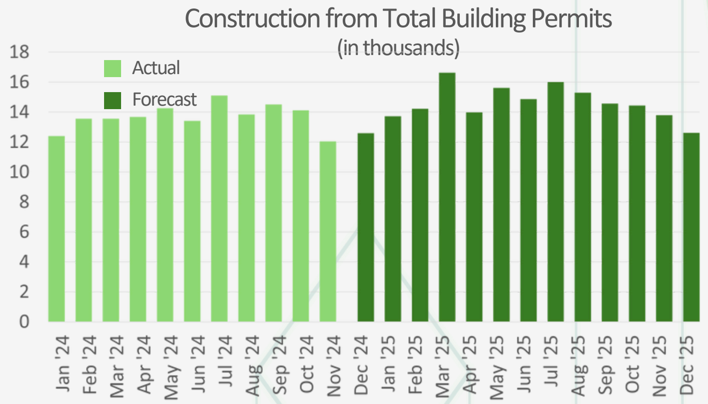
Data Source: Philippine Statistics Authority, Bangko Sentral ng Pilipinas, and other Philippine Government websites.

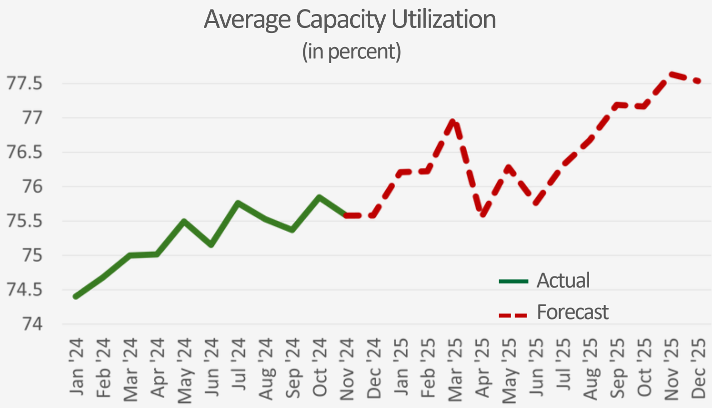
DLSU REPORT OF THE PHILIPPINE ECONOMY

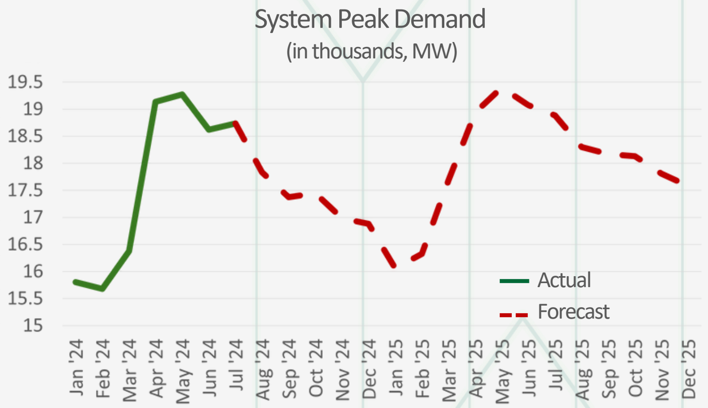
2024 and 2025 FORECASTS

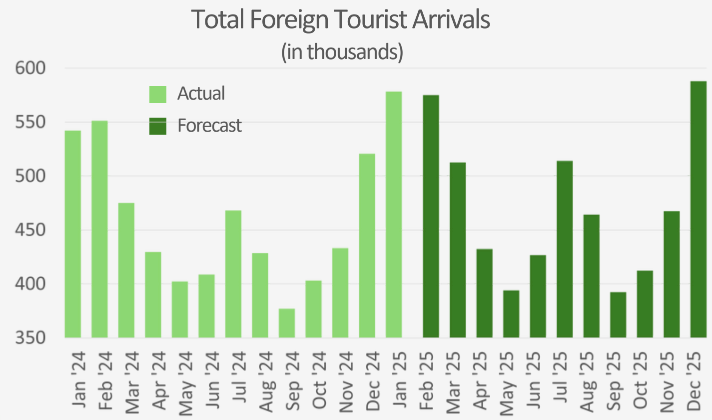
Actual and Forecasts of Selected Philippine Monthly Indicators, January 2024 to December 2025

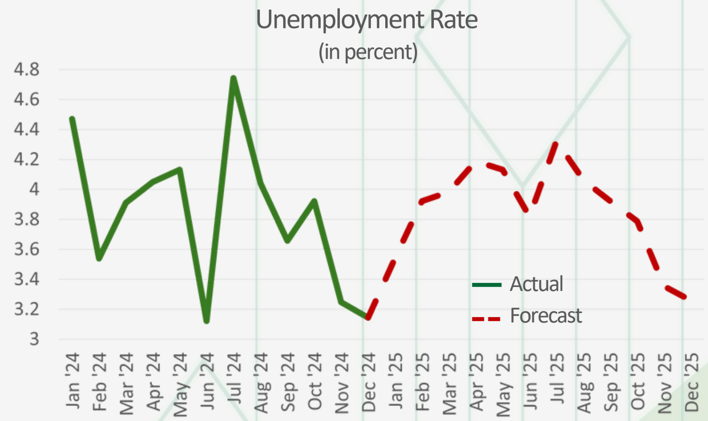


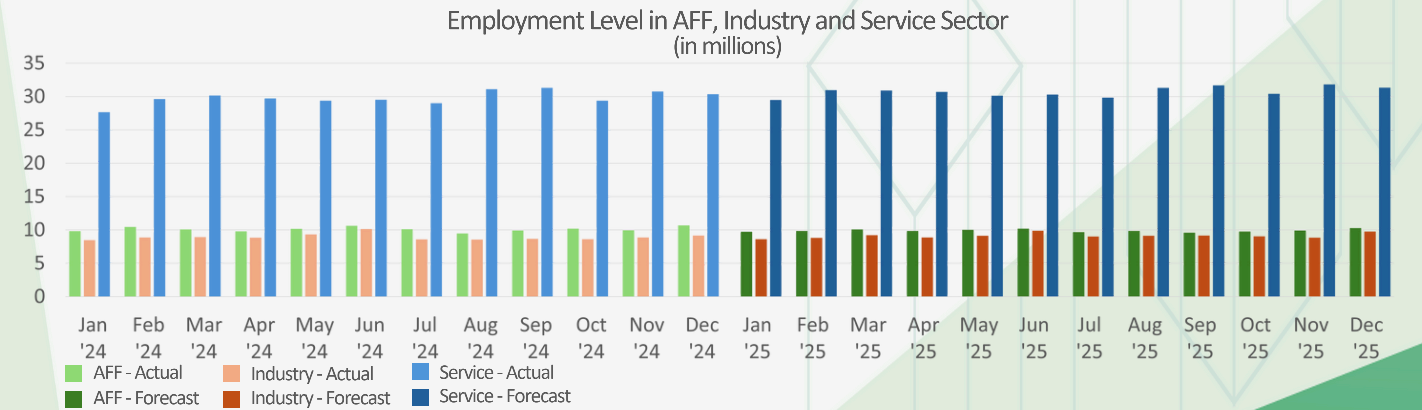












Data Source: Philippine Statistics Authority, Bangko Sentral ng Pilipinas, and other Philippine Government websites.