

# *Macroeconomic Prospects for the Philippines 2024-2025: Towards upper middle-income status*

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Philippine Institute for Development Studies  
*Surian sa mga Pag-aaral Pangkaunlaran ng Pilipinas*



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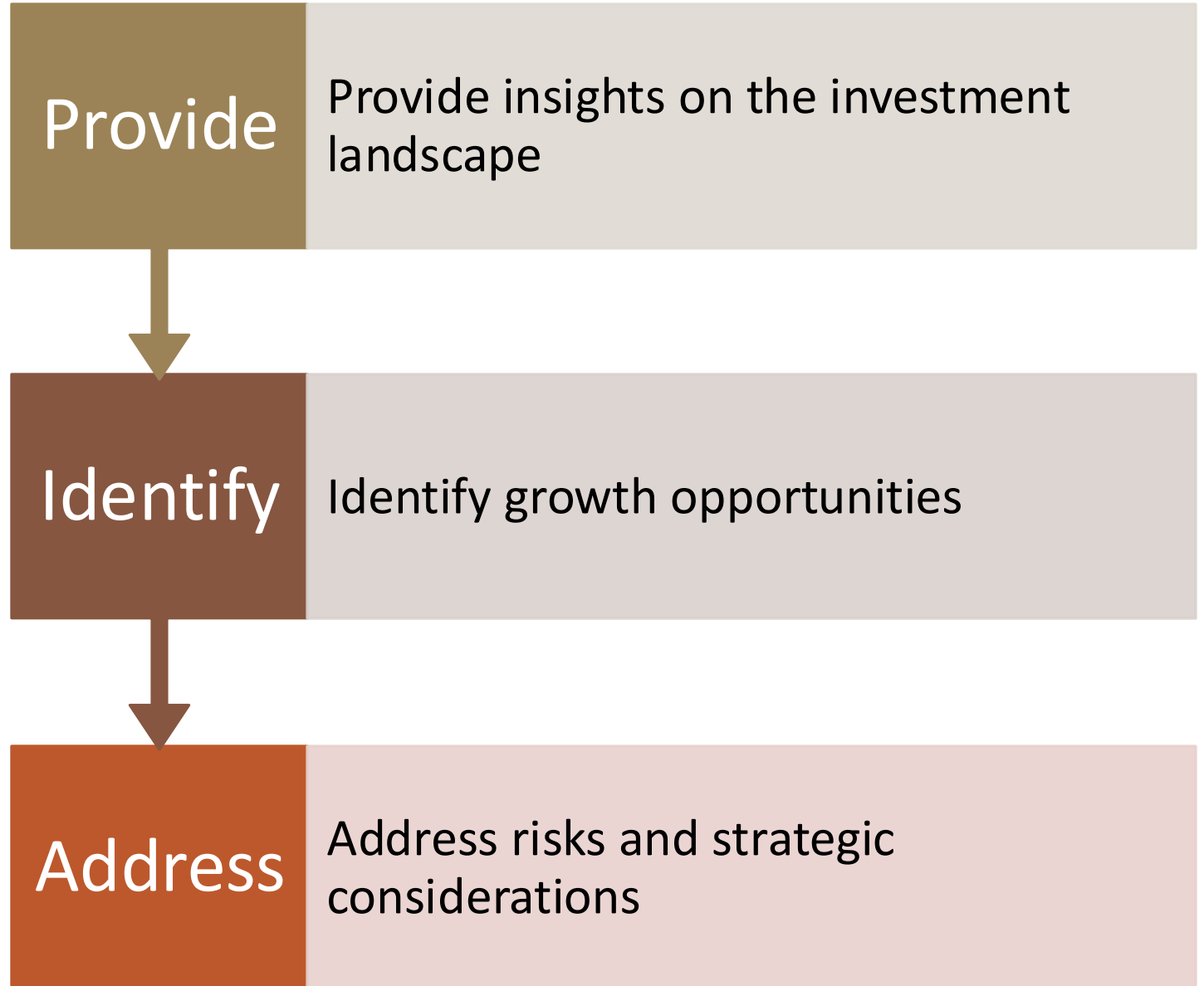
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What's in it for you?



# Our agenda

1. Macroeconomic fundamentals: An economic overview of the Philippines (2024-2025)
2. Macroeconomic fundamentals: Global economic overview (2024-2025)
3. Major local and global current events impacting Philippine investments
4. Key trends in the Philippine market
5. Growth sectors driving the Philippine economy in the medium term (5 to 10 years)

NOVEMBER 2024

DISCUSSION PAPER SERIES NO. 2024-18

## Macroeconomic Prospects of the Philippines in 2024–2025: Toward Upper Middle-Income Status

*John Paolo R. Rivera, Mark Gerald C. Ruiz,  
and Ramona Maria L. Miral*



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Link: <https://doi.org/10.62986/dp2024.18>.

The logo for the PIDS 2023-2024 Economic Policy Monitor is located at the top right of the page. It features the acronym 'PIDS' in a large, bold, orange font, with the text '2023-2024 ECONOMIC POLICY MONITOR' in a smaller, black font to its right.

## 2023–2024 ECONOMIC POLICY MONITOR

## Wealth Creation for Expanding the Middle Class in the Philippines



Link: <https://www.pids.gov.ph/publication/economic-policy-monitor/wealth-creation-for-expanding-the-middle-class-in-the-Philippines>.

Our points of inquiry:

What has happened to the Philippine economy in 2024? What will happen to the Philippine economy in 2025 onwards?

Is the Philippines back to its pre-pandemic growth path?

How can the Philippines achieve upper middle-income status in the succeeding years?



# Philippine Economic Overview

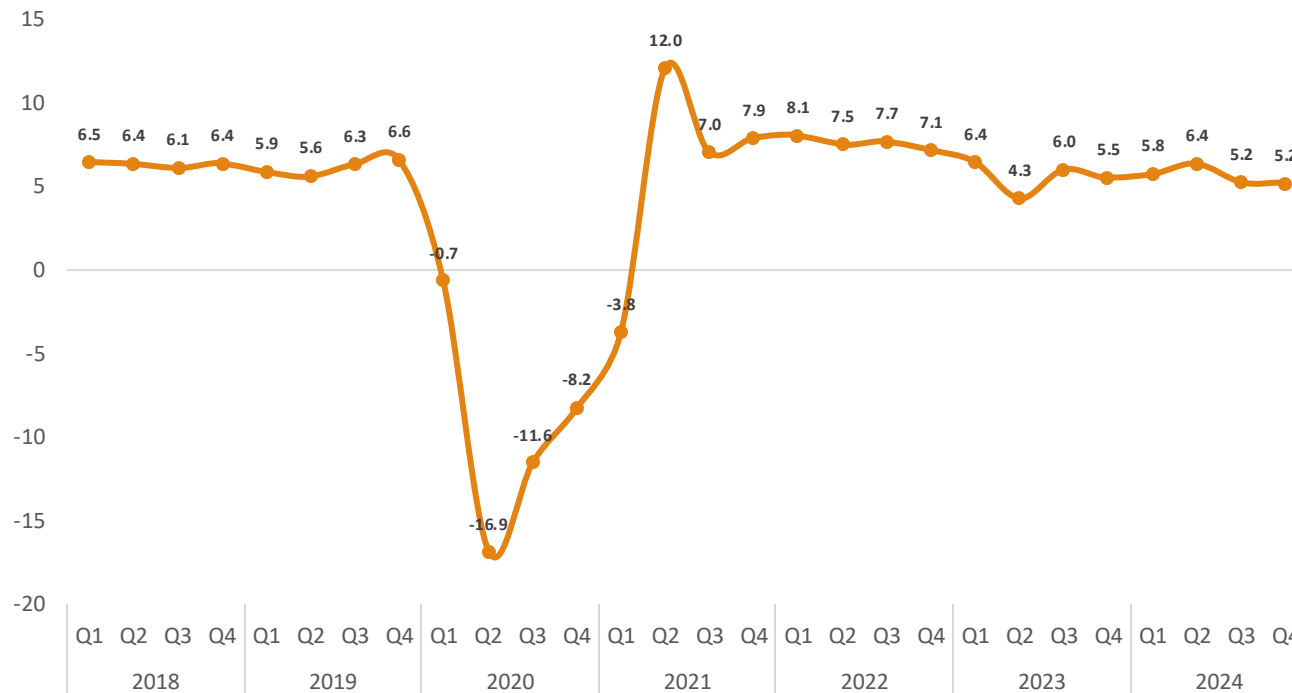
Photo-source: A. Agboñ

# Philippine macroeconomic fundamentals

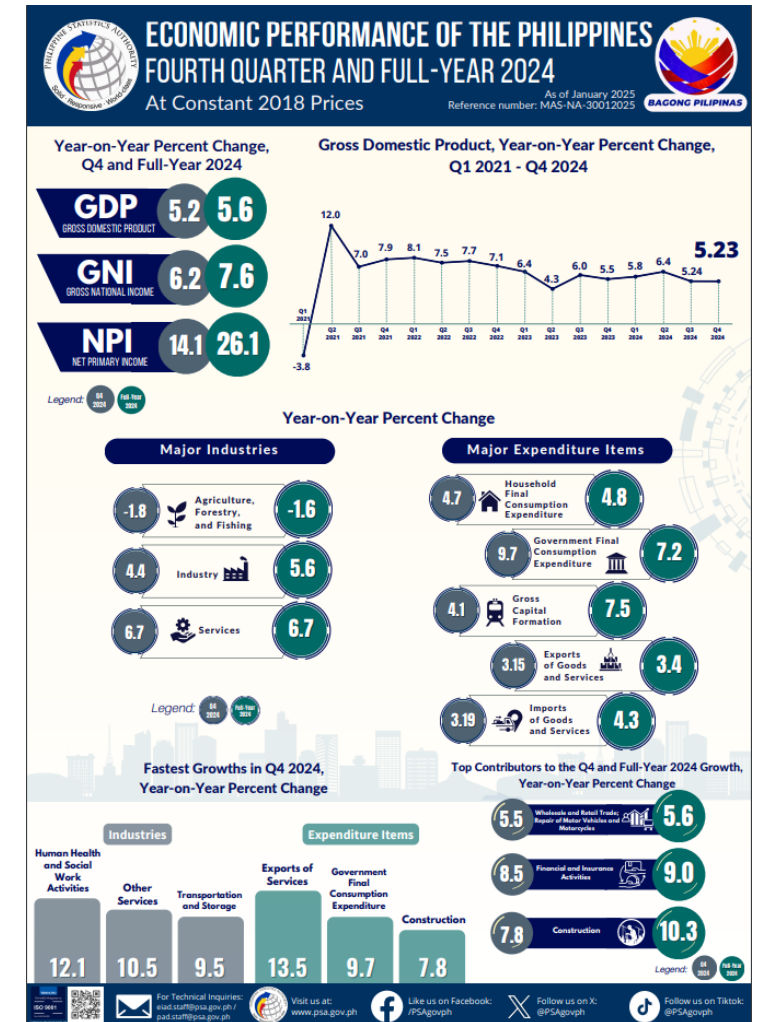
## Economic overview of the Philippines (2024-2025): **GDP**

### Gross Domestic Product (At Constant 2018 Prices)

Year-on-Year Growth Rates (in percent)



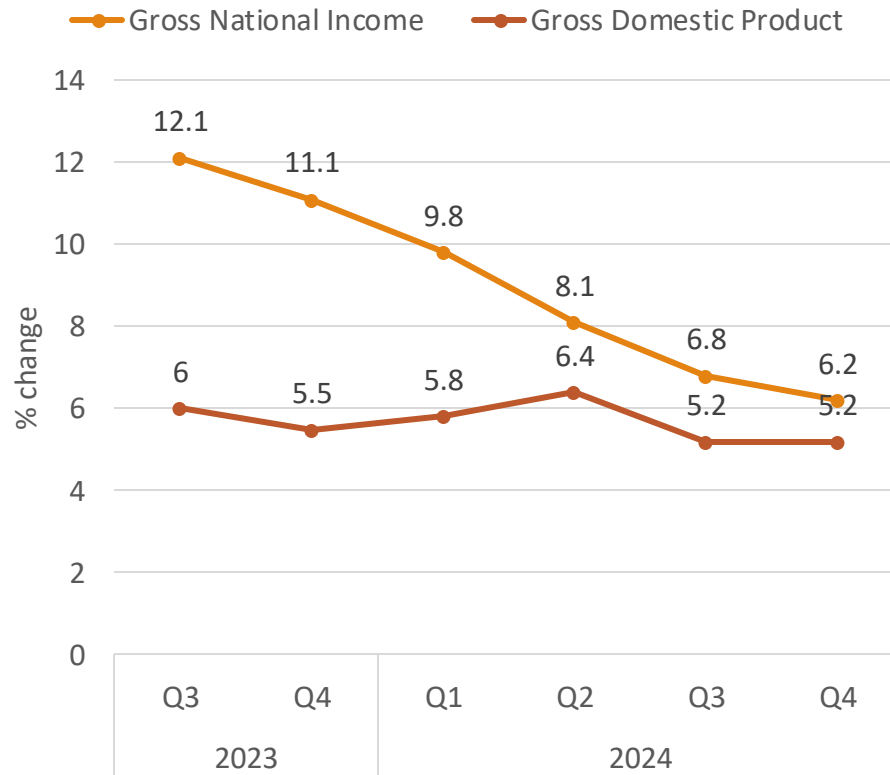
Source: PSA via CEIC



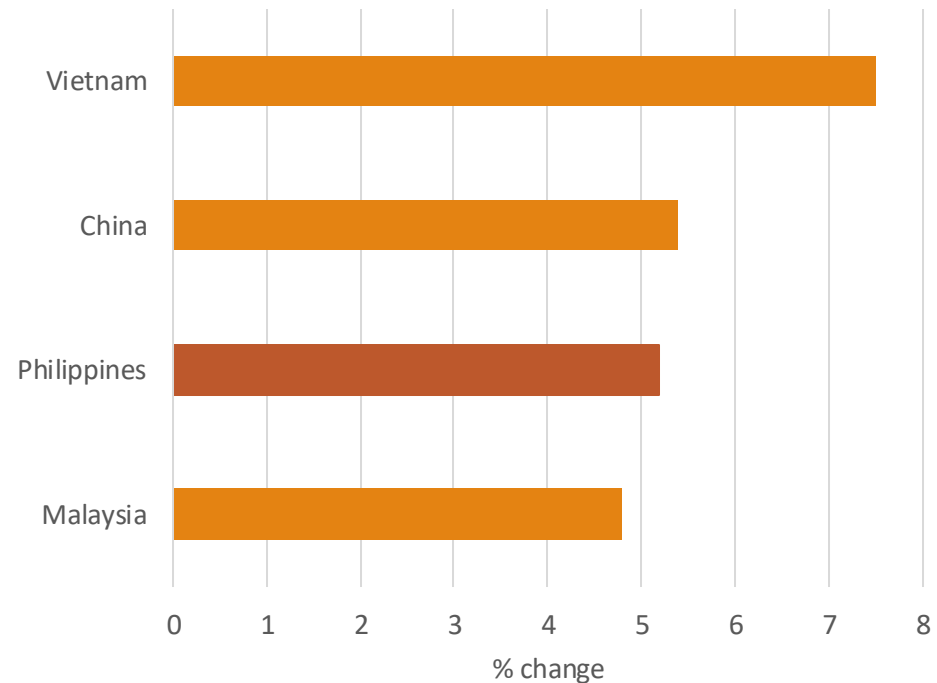
# Philippine macroeconomic fundamentals

*Economic overview of the Philippines (2024-2025): GDP*

**Philippine 2024 Q4 Performance**



**2024 Q4 GDP – select ASEAN economies**

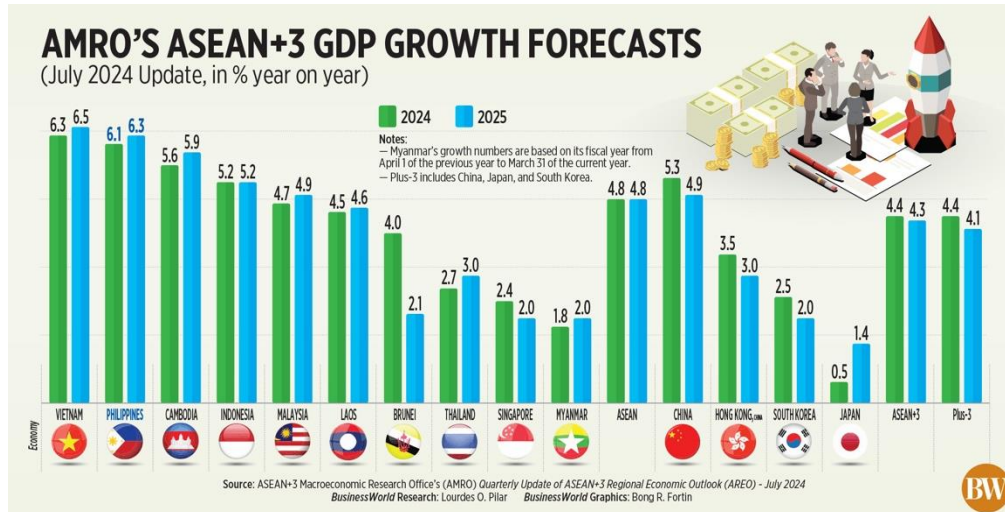


Source: NEDA, PSA



# Philippine macroeconomic fundamentals

## *Economic overview of the Philippines (2024-2025): GDP*



**Indicators**

|                                           | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024p | 2025p | 2026p | 2027p | 2028p |
|-------------------------------------------|------|------|------|------|------|------|-------|-------|-------|-------|-------|
| <b>Macroeconomic indicators (Percent)</b> |      |      |      |      |      |      |       |       |       |       |       |
| Real GDP growth                           | 6.3  | 6.1  | -9.5 | 5.7  | 7.6  | 5.5  | 5.8   | 6.3   | 6.3   | 6.2   | 6.2   |
| GDP deflator                              | 3.7  | 0.7  | 1.7  | 2.3  | 5.5  | 4.6  | 2.8   | 2.2   | 2.8   | 2.6   | 2.6   |
| Effective interest rate                   | 5.2  | 4.9  | 4.9  | 4.4  | 4.3  | 4.7  | 5.2   | 5.5   | 5.6   | 5.5   | 5.4   |
| <b>Fiscal indicators (Percent of GDP)</b> |      |      |      |      |      |      |       |       |       |       |       |
| Revenue                                   | 15.6 | 16.1 | 15.9 | 15.5 | 16.1 | 15.7 | 16.1  | 16.0  | 16.0  | 16.0  | 16.2  |
| Expenditure                               | 18.7 | 19.5 | 23.5 | 24.1 | 23.4 | 21.9 | 21.7  | 21.6  | 20.8  | 20.5  | 20.4  |
| Fiscal balance                            | -3.1 | -3.4 | -7.6 | -8.6 | -7.3 | -6.2 | -5.7  | -5.6  | -4.8  | -4.5  | -4.2  |
| Primary balance                           | -1.1 | -1.5 | -5.5 | -6.4 | -5.0 | -3.6 | -2.8  | -2.5  | -1.7  | -1.4  | -1.3  |
| Public debt                               | 39.9 | 39.6 | 54.6 | 60.4 | 60.9 | 60.1 | 60.7  | 60.6  | 59.5  | 58.6  | 57.6  |
| Gross financing needs                     | 5.1  | 5.9  | 10.9 | 12.6 | 10.7 | 10.0 | 10.5  | 9.8   | 9.0   | 8.6   | 8.3   |

Source: Department of Budget and Management (DBM); AMRO staff estimates

### Why did Philippine economic growth was below expectations?

1. Adverse weather conditions
2. Global economic challenges
3. Inflationary pressures
4. High borrowing costs
5. Export decline

# Philippine macroeconomic fundamentals

*Economic overview of the Philippines (2024-2025): GDP*

## Government measures to boost PH economy, achieve inclusive growth

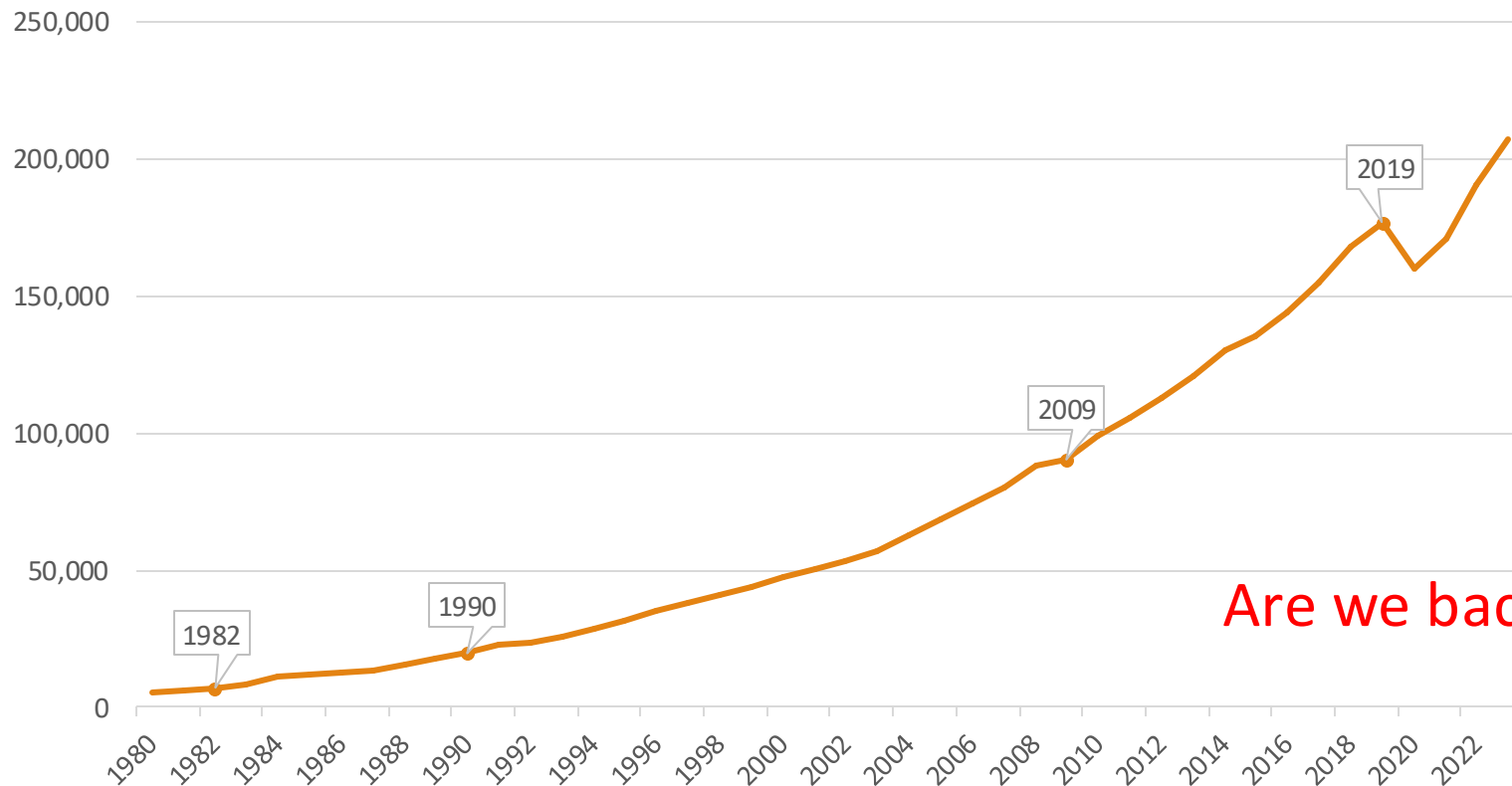
- Generate inclusive quality **employment**.
- Manage food **inflation**.
- Expedite the **Infrastructure** Flagship Projects (IFPs) by collaborating with LGUs.
- Improve the business environment to attract more **investments**.
- Maximize the opportunities with long-standing partners while expanding new free **trade** agreements (FTAs).
- Fast track the implementation of the National Rice Program to bolster the **agriculture** sector.
- Boost **visitor inflows** and attract emerging traveler segments.
- Position the **manufacturing** sector as a key player in sustainable industries.
- Strengthen the implementation of key **social protection** programs.

Source: NEDA

# Philippine macroeconomic fundamentals

*Economic overview of the Philippines (2024-2025): GDP per capita*

## GDP per capita (in PHP)



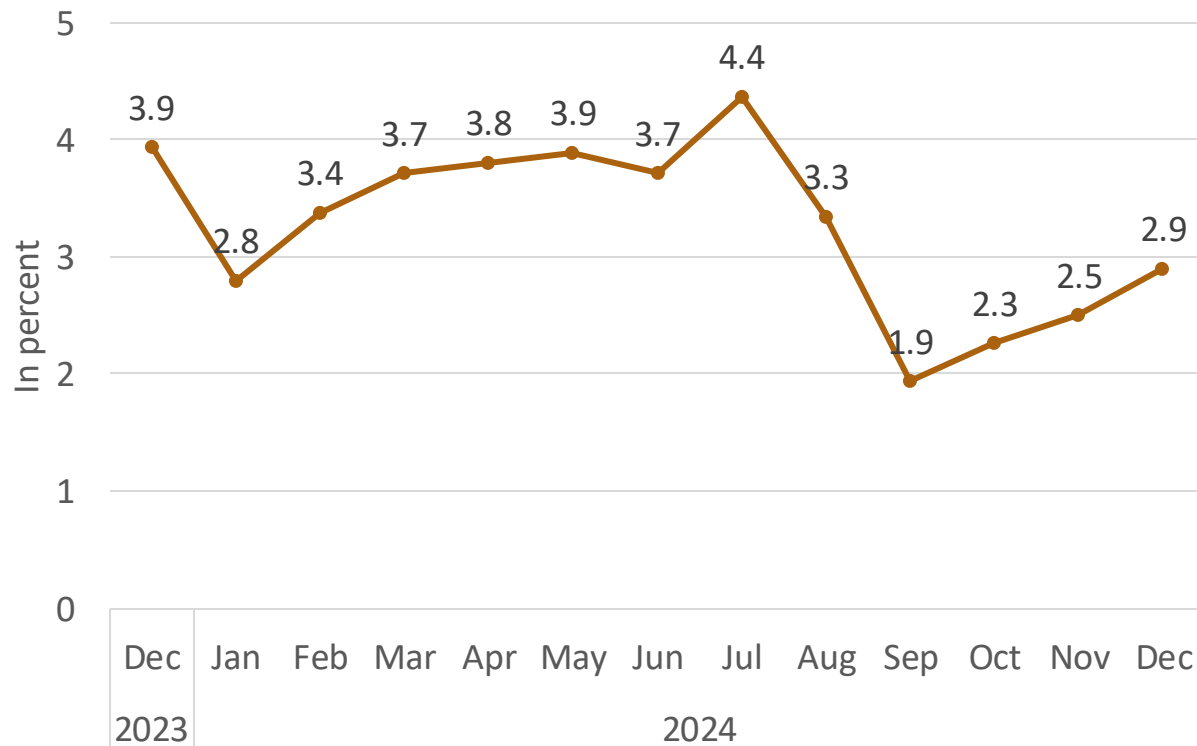
Are we back to our growth trajectory?

Source: World Bank via CEIC

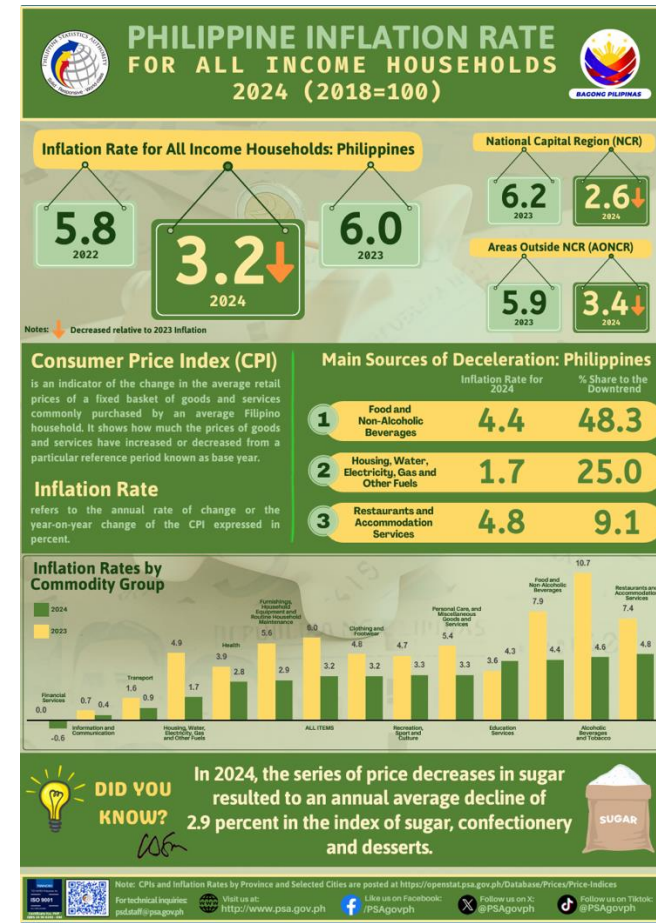
# Philippine macroeconomic fundamentals

## *Economic overview of the Philippines (2024-2025): Inflation*

**Headline Inflation Rates (All Items, 2018=100)**



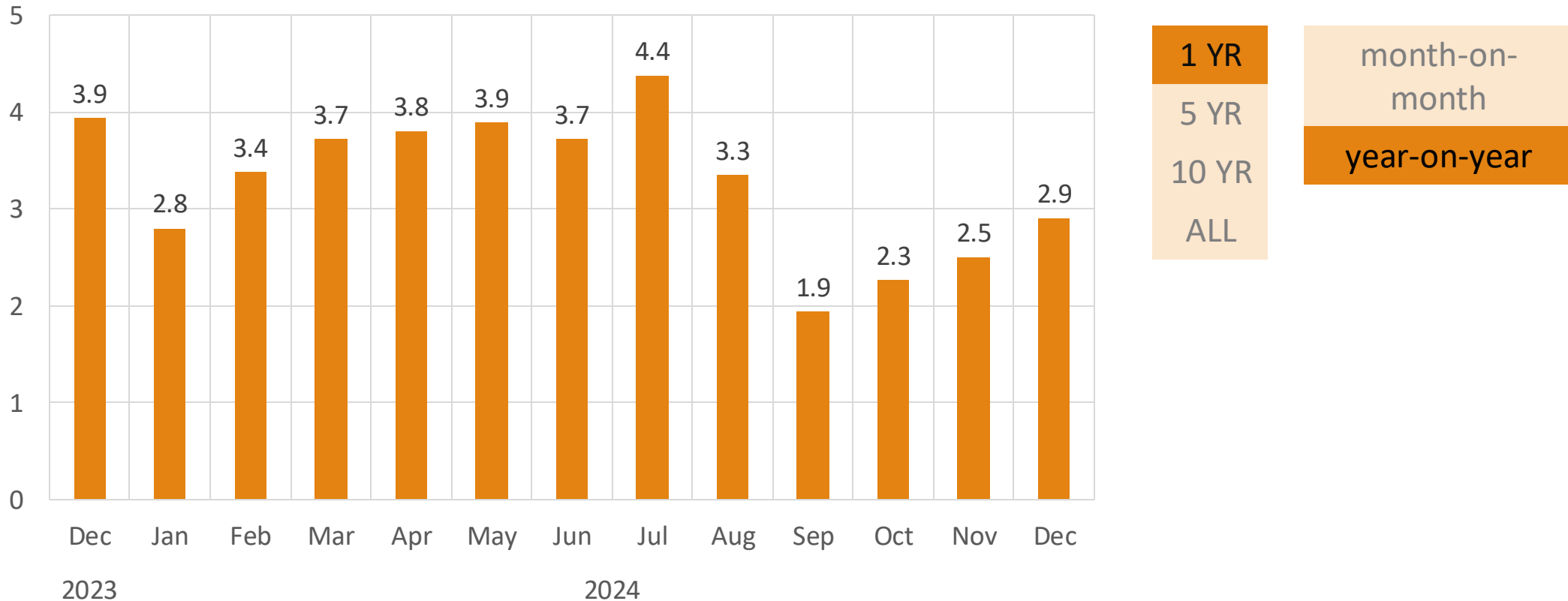
Source: PSA via CEIC



# Philippine macroeconomic fundamentals

## *Economic overview of the Philippines (2024-2025): Inflation*

### Headline Inflation Rate

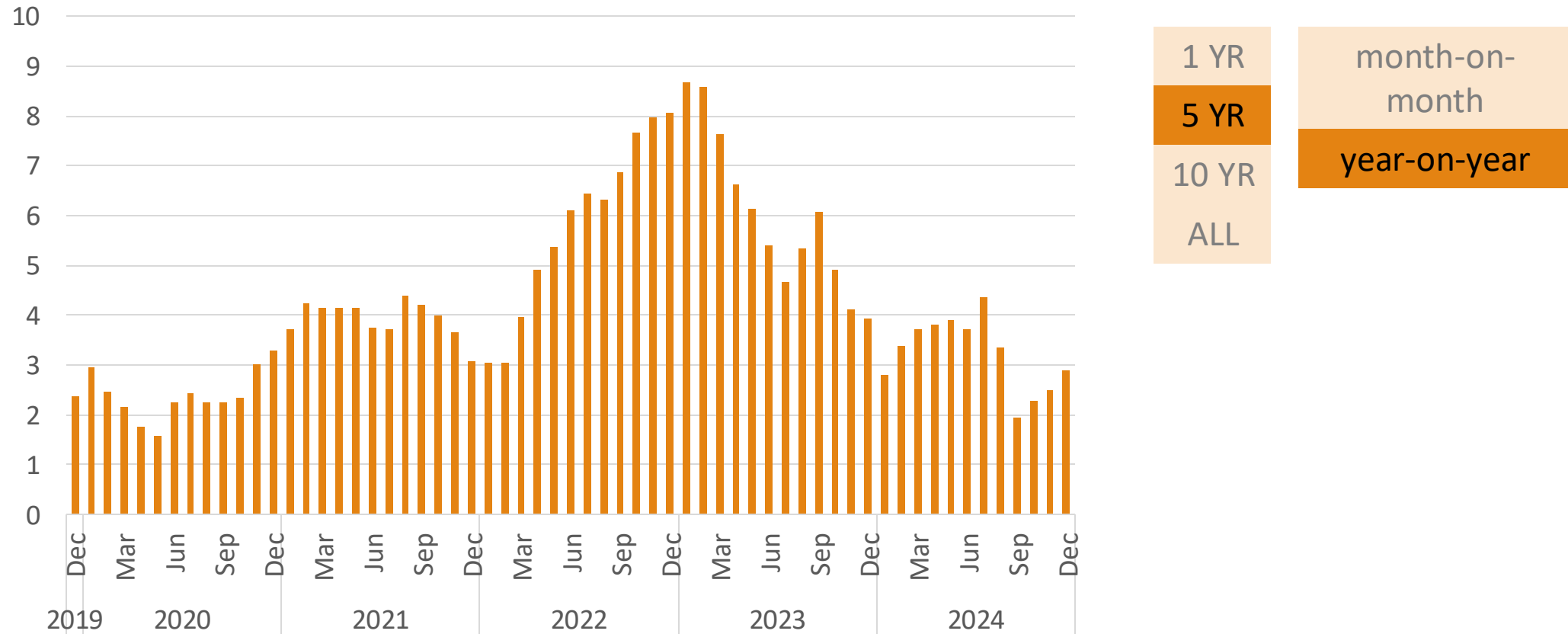


Source: PSA via CEIC

# Philippine macroeconomic fundamentals

## *Economic overview of the Philippines (2024-2025): Inflation*

### Headline Inflation Rate

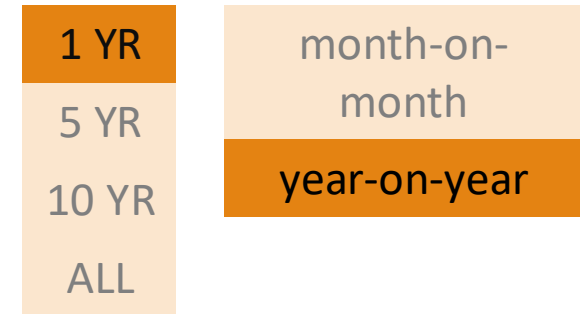
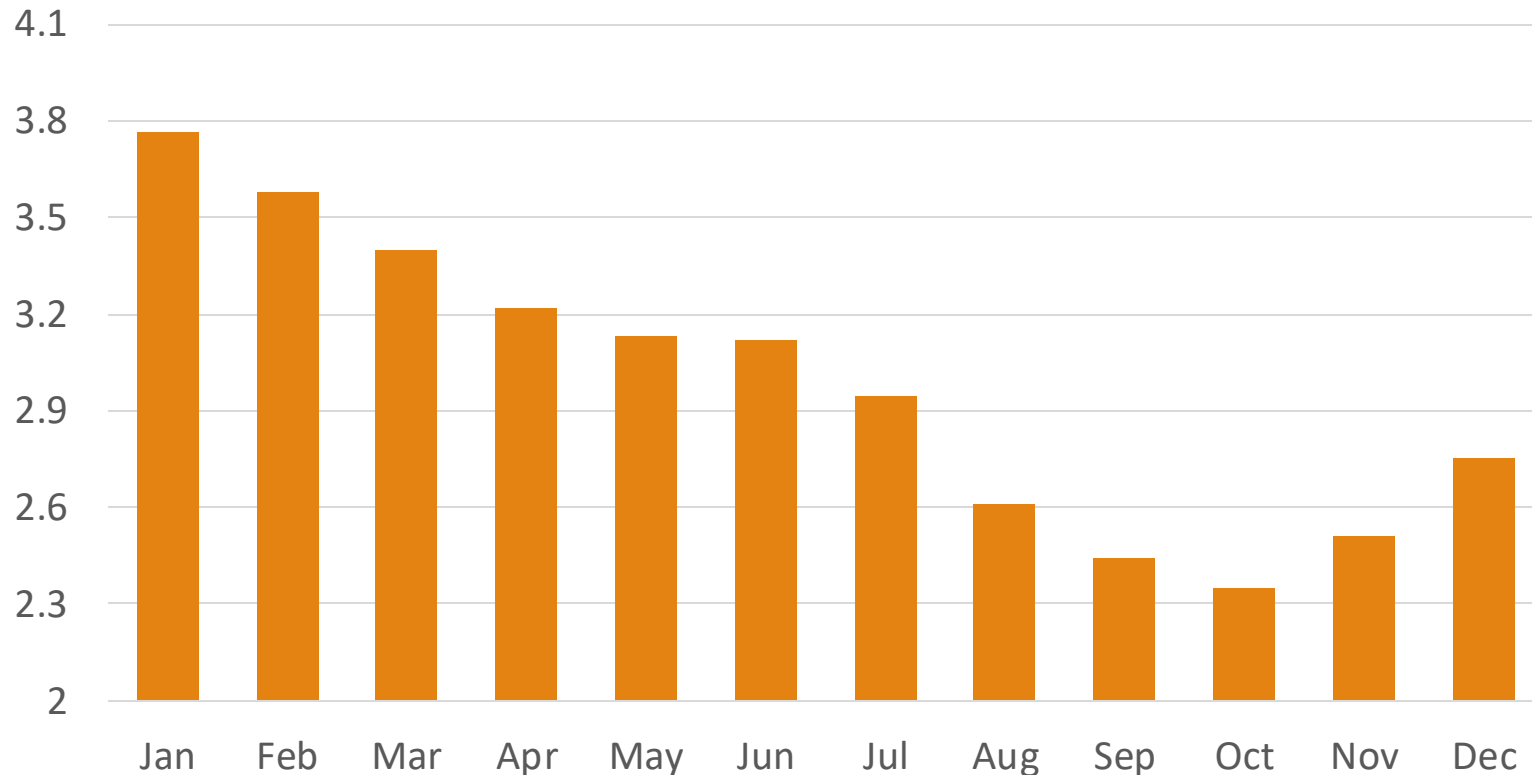


Source: PSA via CEIC

# Philippine macroeconomic fundamentals

## *Economic overview of the Philippines (2024-2025): Inflation*

### Core Inflation



• Note:

- **Headline inflation** is the total inflation for the period, comprising a basket of commodities
- **Core inflation** removes volatile goods (e.g., food and beverages, fuel and light) from the basket of commodities. Since prices of these products change daily, they are removed so the core CPI is stable.

Source: PSA via CEIC

# Philippine macroeconomic fundamentals

## *Economic overview of the Philippines (2024-2025): Inflation*

### Inflation per Commodity Group

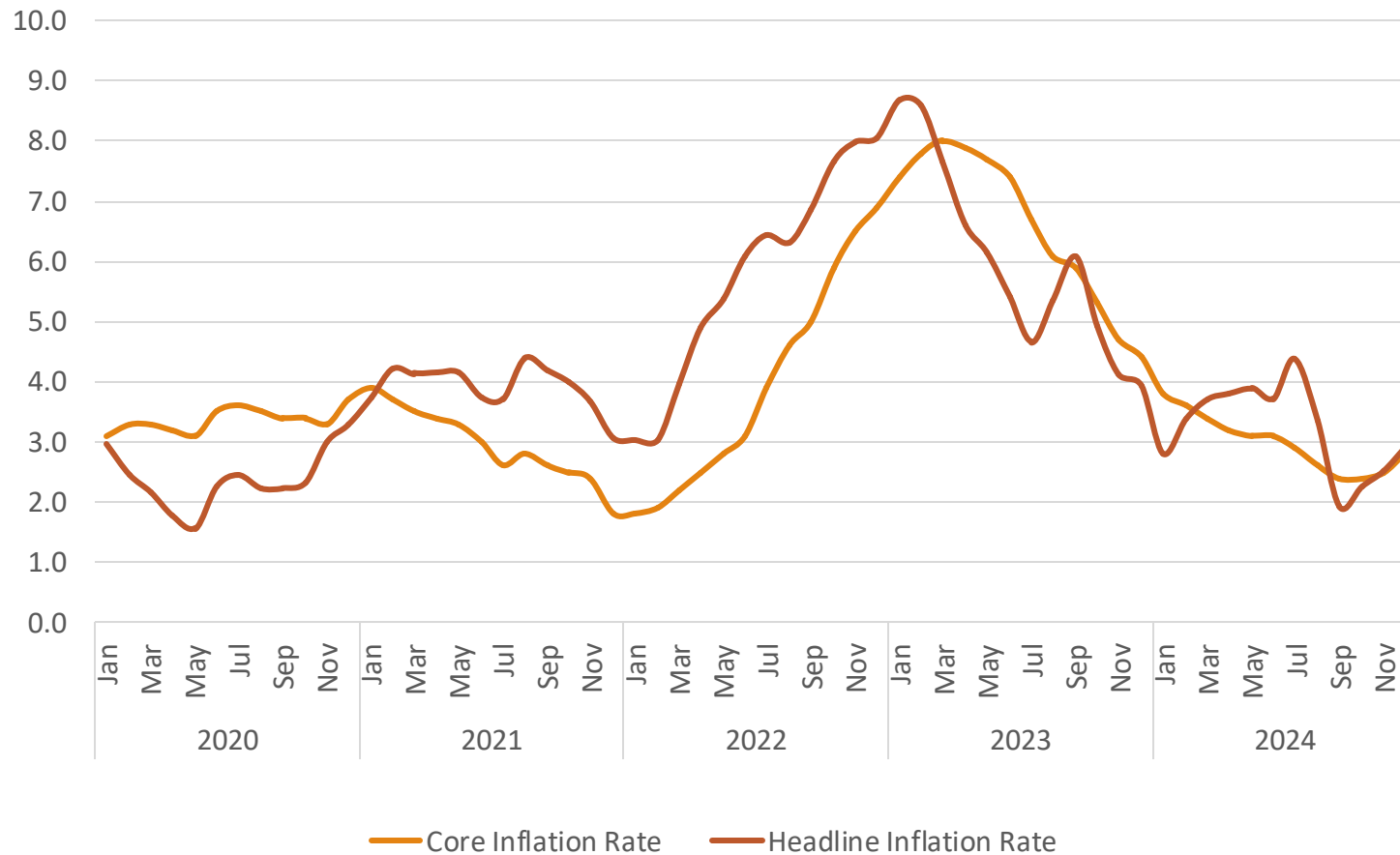
|                                                | Nov 2024 | Dec 2024 |                |
|------------------------------------------------|----------|----------|----------------|
| All Items                                      | 2.5      | 2.9      | month-on-month |
| Food & Non-Alcoholic Beverages                 | 3.4      | 3.4      |                |
| Alcoholic Beverages & Tobacco                  | 3.1      | 3.1      | year-on-year   |
| Clothing & Footwear                            | 2.6      | 2.4      |                |
| Housing, Water, Electricity, Gas & Other Fuels | 1.9      | 2.9      |                |
| Furnishings, HH Equip & Routine HH Maintenance | 2.7      | 2.7      |                |
| Health                                         | 2.6      | 2.5      |                |
| Transport                                      | -1.2     | 0.9      |                |
| Information & Communication                    | 0.2      | 0.2      |                |
| Recreation, Sport & Culture                    | 2.4      | 2.5      |                |
| Education Services                             | 4.3      | 4.3      |                |
| Restaurants & Accommodation Services           | 3.9      | 3.8      |                |
| Financial Services                             | -0.6     | -0.6     |                |
| Personal Care & Misc Goods & Services          | 2.9      | 2.9      |                |

Source: PSA via CEIC



# Philippine macroeconomic fundamentals

## Economic overview of the Philippines (2024-2025): *Inflation*



|       |                |
|-------|----------------|
| 1 YR  | month-on-month |
| 5 YR  | month          |
| 10 YR | year-on-year   |
| ALL   |                |

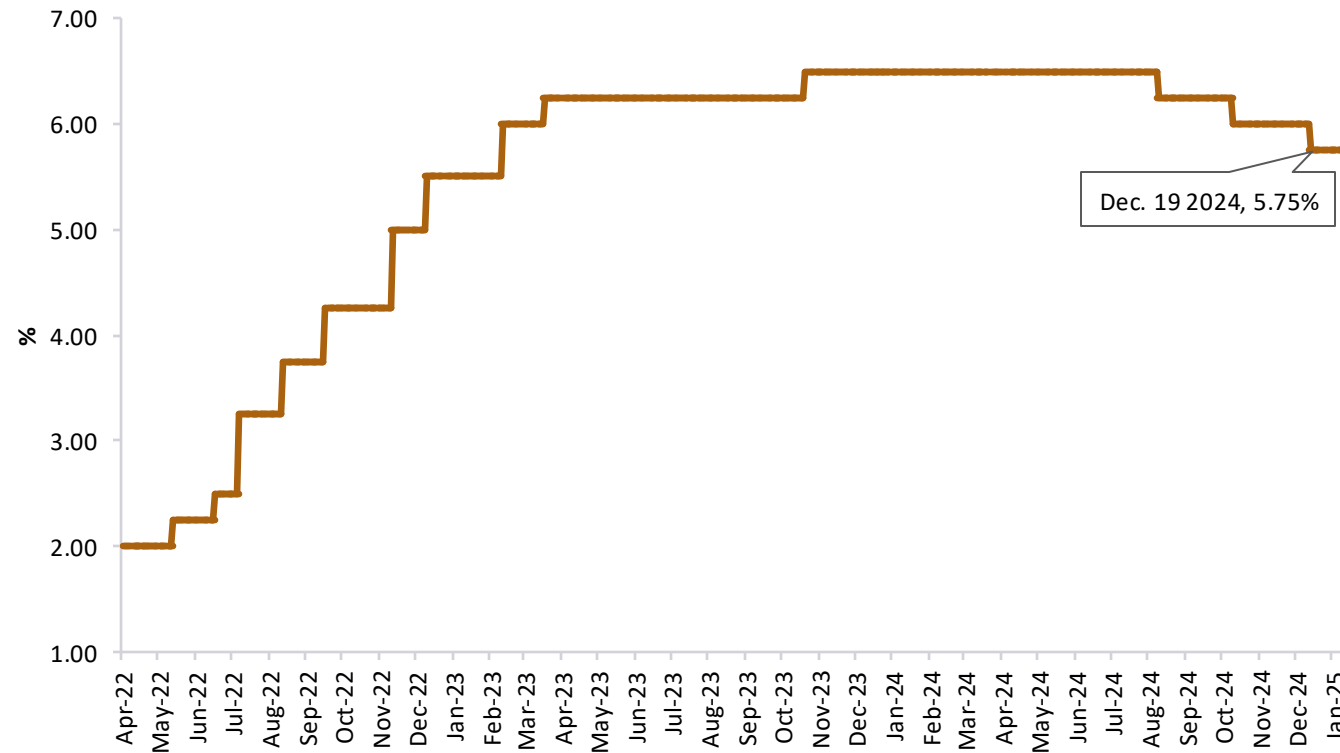
**PIDS Projection (Rivera et al. 2024):**  
Headline inflation will settle within target, within healthy range of 2%-4% in 2025.

Source: PSA via CEIC

# Philippine macroeconomic fundamentals

## *Economic overview of the Philippines (2024-2025): Interest*

**Interest Rate / Policy Rate:** *a short-term, often overnight, rate that banks charge one another to borrow funds*

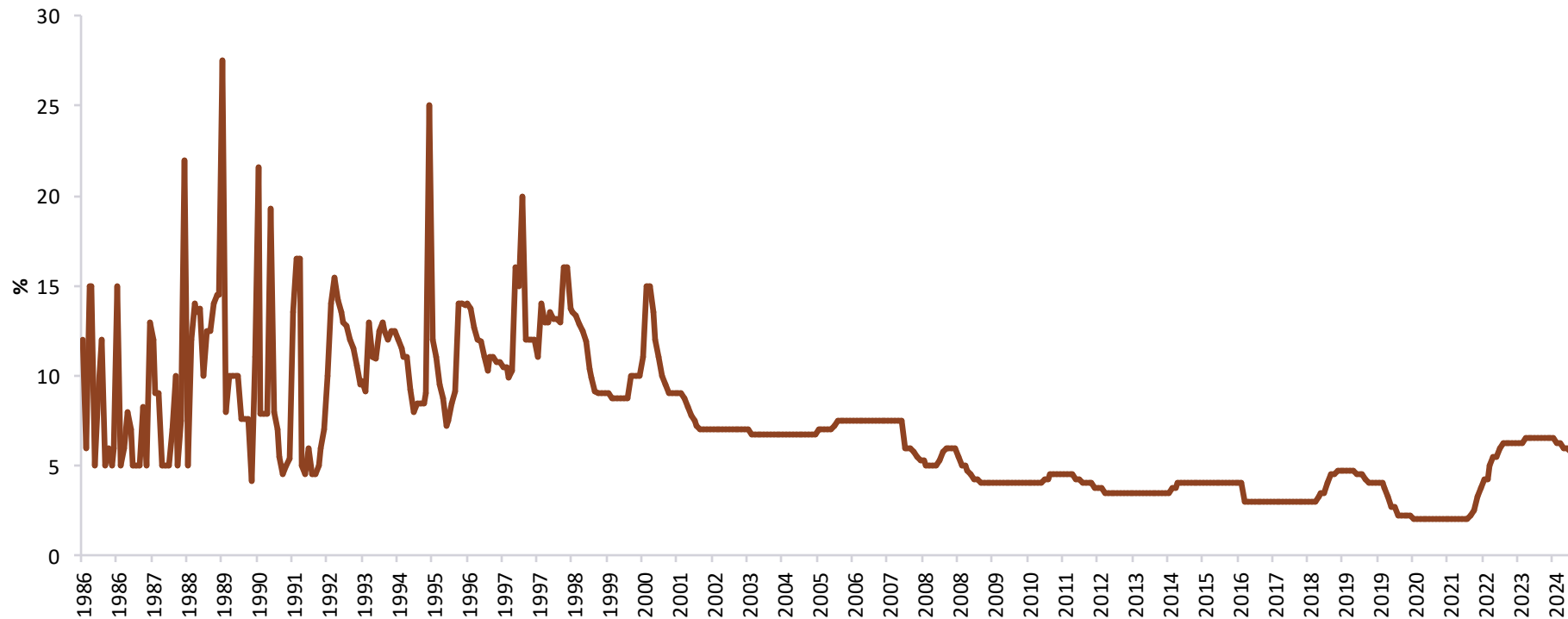


Source: BSP via CEIC

# Philippine macroeconomic fundamentals

## *Economic overview of the Philippines (2024-2025): Interest*

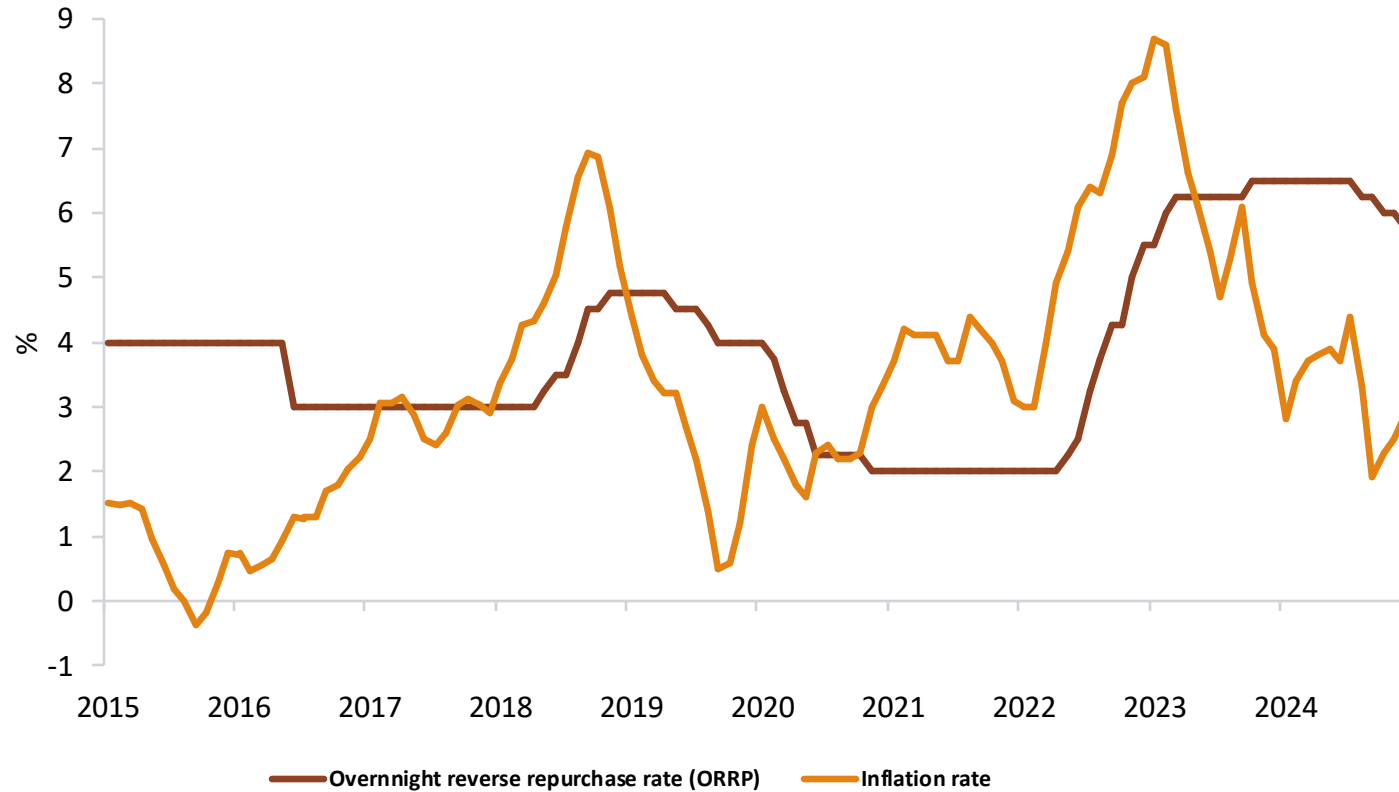
**Interest Rate / Policy Rate:** *a short-term, often overnight, rate that banks charge one another to borrow funds*



Source: BSP via CEIC

# Philippine macroeconomic fundamentals

*Economic overview of the Philippines (2024-2025): Interest*



Source: BSP, PSA via CEIC

## PAANO NAKAAPEKTO SA MGA MAMIMILI AT NEGOSYANTE ANG INTERES?

Kahalagahan ng Interes sa Ekonomiya

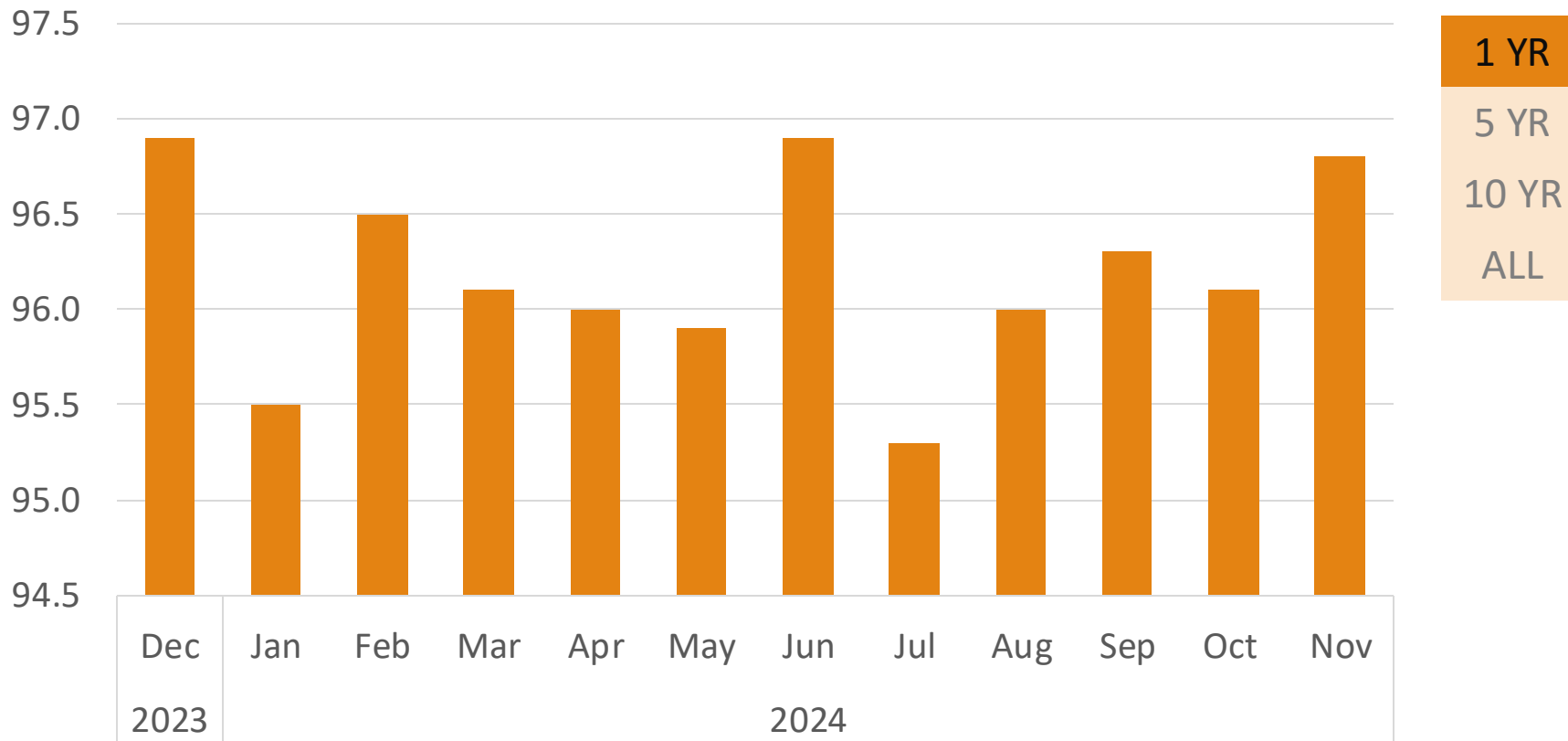
-  nakaiimpluwensya sa halagang kikitain sa pag-iimpok
-  nagbibigay ng indikasyon sa pwedeng maging *maging return on investment*
-  nagbibigay ng indikasyon sa magiging tayo ng ekonomiya at *financial markets* sa hinaharap

| SENARYO                                                                                                  | EPEKTO                                                                                                                              | SENARYO                                                                                                             | EPEKTO                                                                                                                                   |
|----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
|  Mataas ang interes |  Mahihikayat ang tao mag-iimpok                |  Mataas ang maaaring tubo/kita |  Mababa ang <i>cash on hand</i> ; bababa ang demand |
|                                                                                                          |  Mababa ang benta at perang umiikot sa merkado |                                                                                                                     |  Bumabagal ang ekonomiya                            |

# Philippine macroeconomic fundamentals

## *Economic overview of the Philippines (2024-2025): Employment*

### Employment Rate

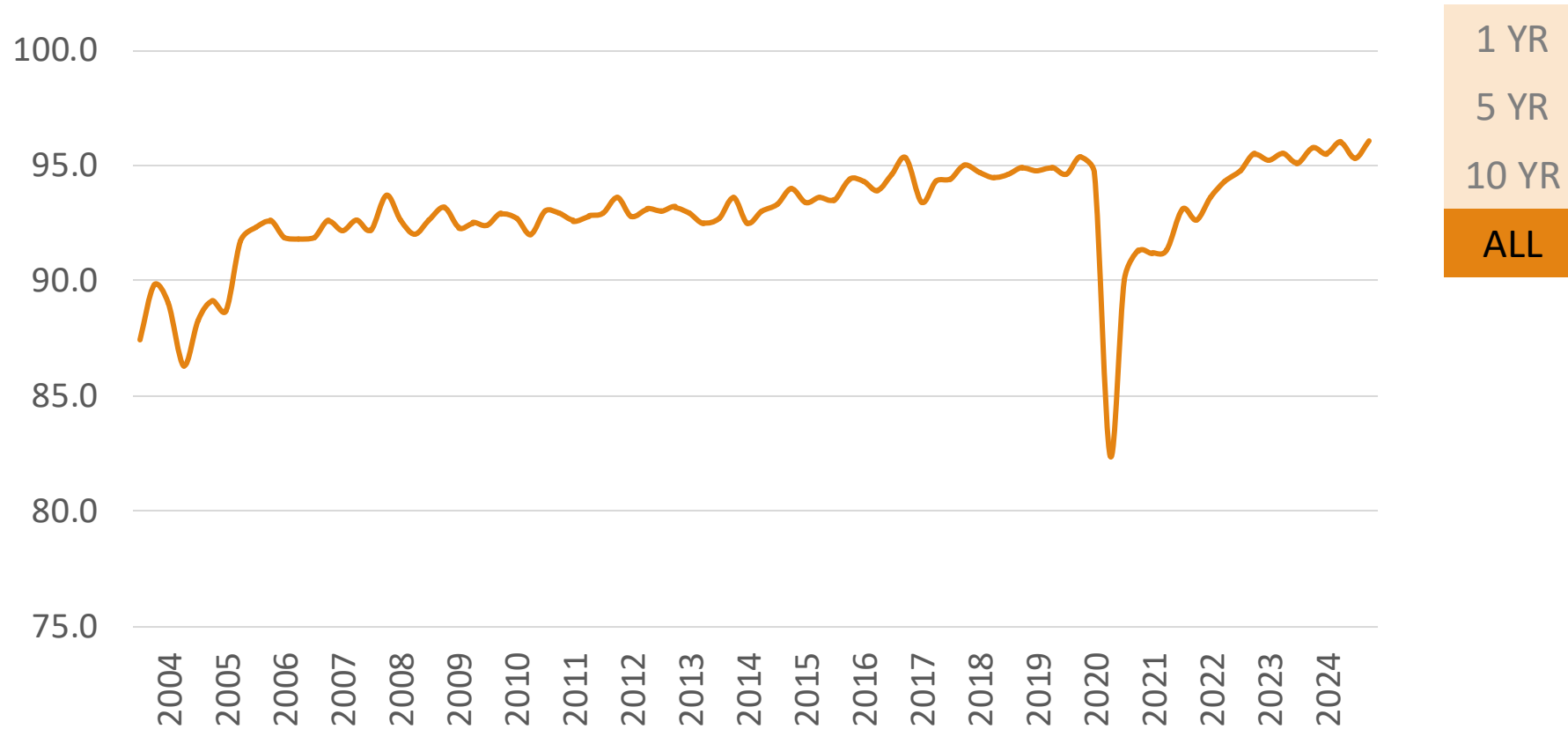


Source: PSA via CEIC

# Philippine macroeconomic fundamentals

*Economic overview of the Philippines (2024-2025): Employment*

## Employment Rate



Source: PSA via CEIC

# Philippine macroeconomic fundamentals

## *Economic overview of the Philippines (2024-2025): Employment*

Future of Jobs Report 2025  
Fastest growing and declining jobs by 2030

### Top fastest growing jobs

1. Big data specialists
2. FinTech engineers
3. AI and machine learning specialists
4. Software and applications developers
5. Security management specialists
6. Data warehousing specialists
7. Autonomous and electric vehicle specialists
8. UI and UX designers
9. Light truck or delivery services drivers
10. Internet of things specialists
11. Data analysts and scientists
12. Environmental engineers
13. Information security analysts
14. DevOps engineers
15. Renewable energy engineers

### Top fastest declining jobs

1. Postal service clerks
2. Bank tellers and related clerks
3. Data entry clerks
4. Cashiers and ticket clerks
5. Administrative assistants and executive secretaries
6. Printing and related trades workers
7. Accounting, bookkeeping and payroll clerks
8. Material-recording and stock-keeping clerks
9. Transportation attendants and conductors
10. Door-to-door sales workers, news and street vendors, and related workers
11. Graphic designers
12. Claims adjusters, examiners and investigators
13. Legal officials
14. Legal secretaries
15. Telemarketers

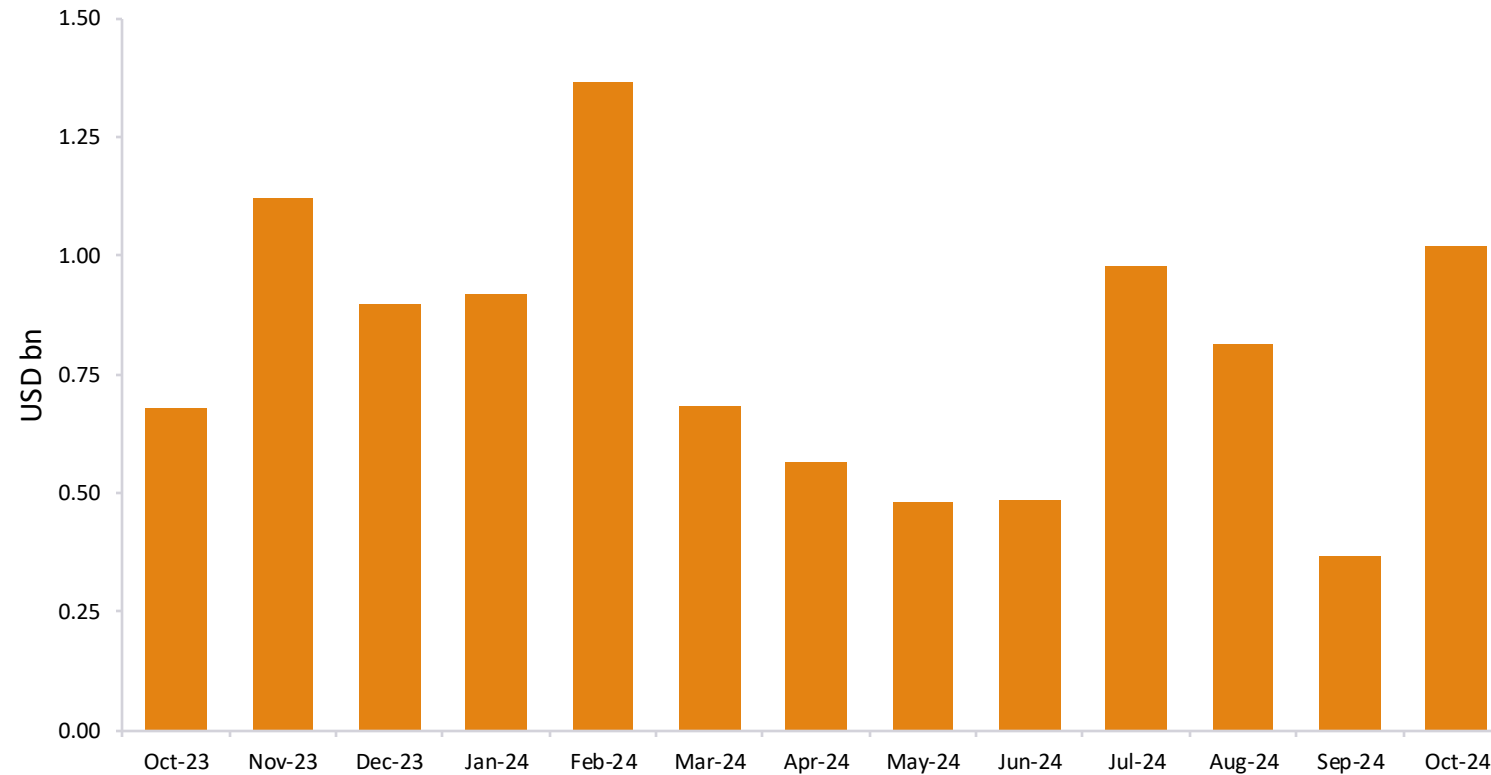
**Note:** The jobs that survey respondents report the highest and lowest net growth (%) by 2030.

**Source:** World Economic Forum. (2025). *Future of Jobs Report 2025*.

# Philippine macroeconomic fundamentals

*Economic overview of the Philippines (2024-2025): FDI*

## Foreign Direct Investments



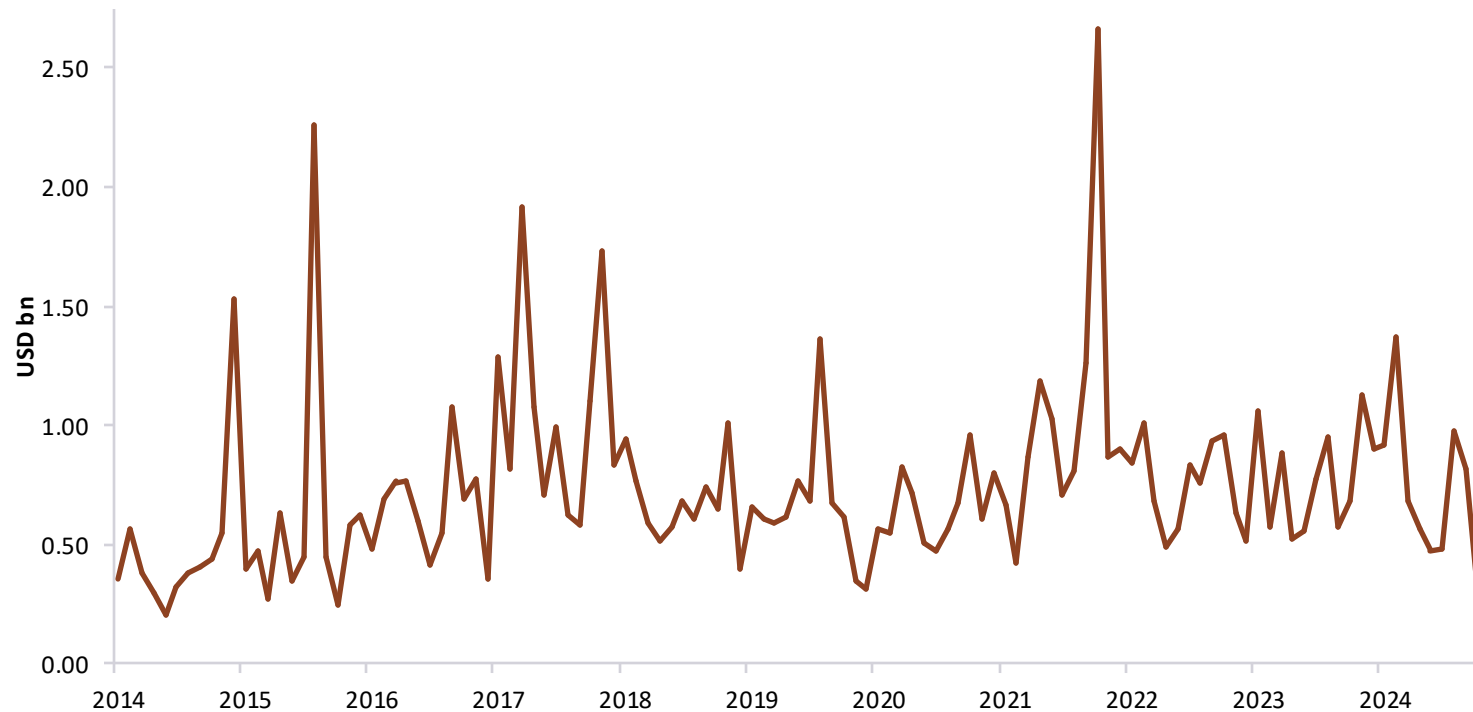
Source: BSP via CEIC



# Philippine macroeconomic fundamentals

*Economic overview of the Philippines (2024-2025): FDI*

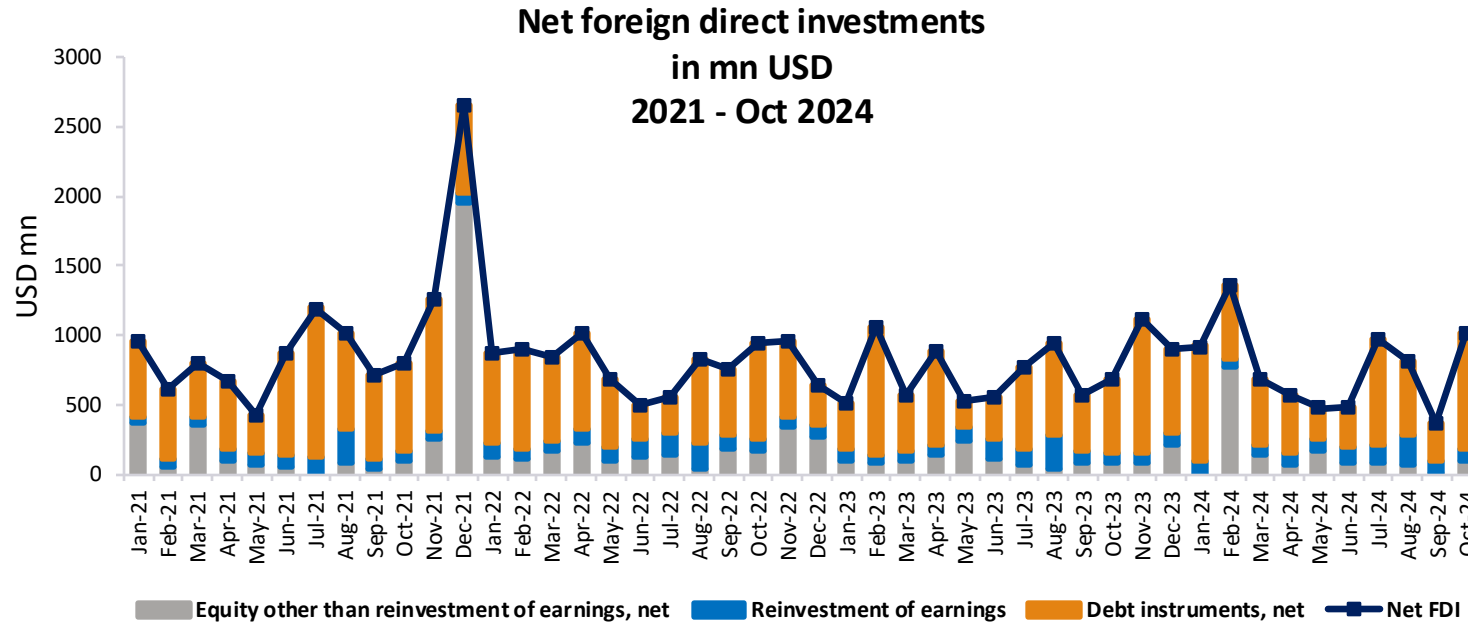
## Foreign Direct Investments



Source: BSP via CEIC

# Philippine macroeconomic fundamentals

## *Economic overview of the Philippines (2024-2025): FDI*



|                                                 | Oct-23 | Oct-24  | Percent change |
|-------------------------------------------------|--------|---------|----------------|
| Net FDI                                         | 680.53 | 1022.00 | 50.2           |
| Equity other than reinvestment of earnings, net | 74.27  | 99.61   | 34.1           |
| Reinvestment of earnings                        | 84.21  | 83.48   | -0.9           |
| Debt instruments, net                           | 522.05 | 838.91  | 60.7           |

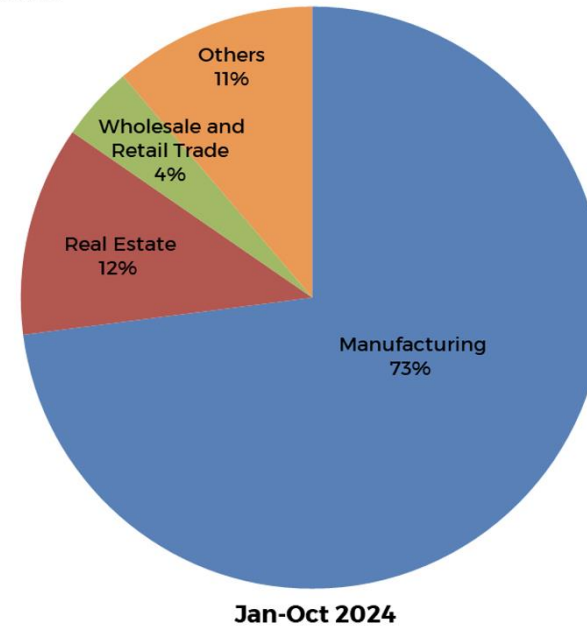
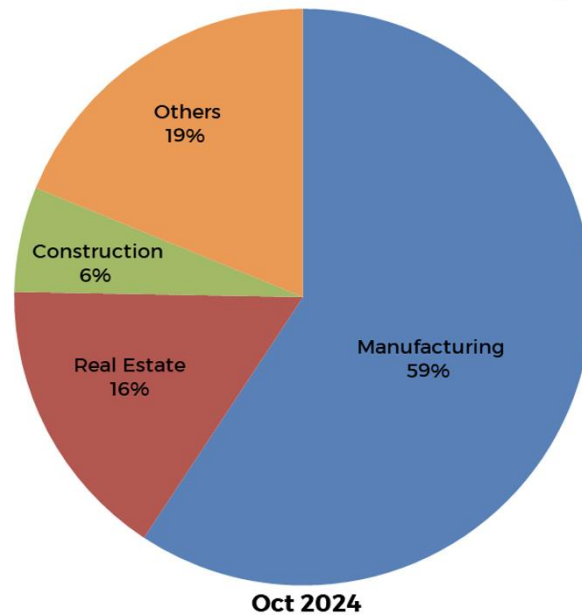
Source: BSP via CEIC

# Philippine macroeconomic fundamentals

## *Economic overview of the Philippines (2024-2025): FDI*

### Gross Placements of Equity Capital

#### Top Industries\*

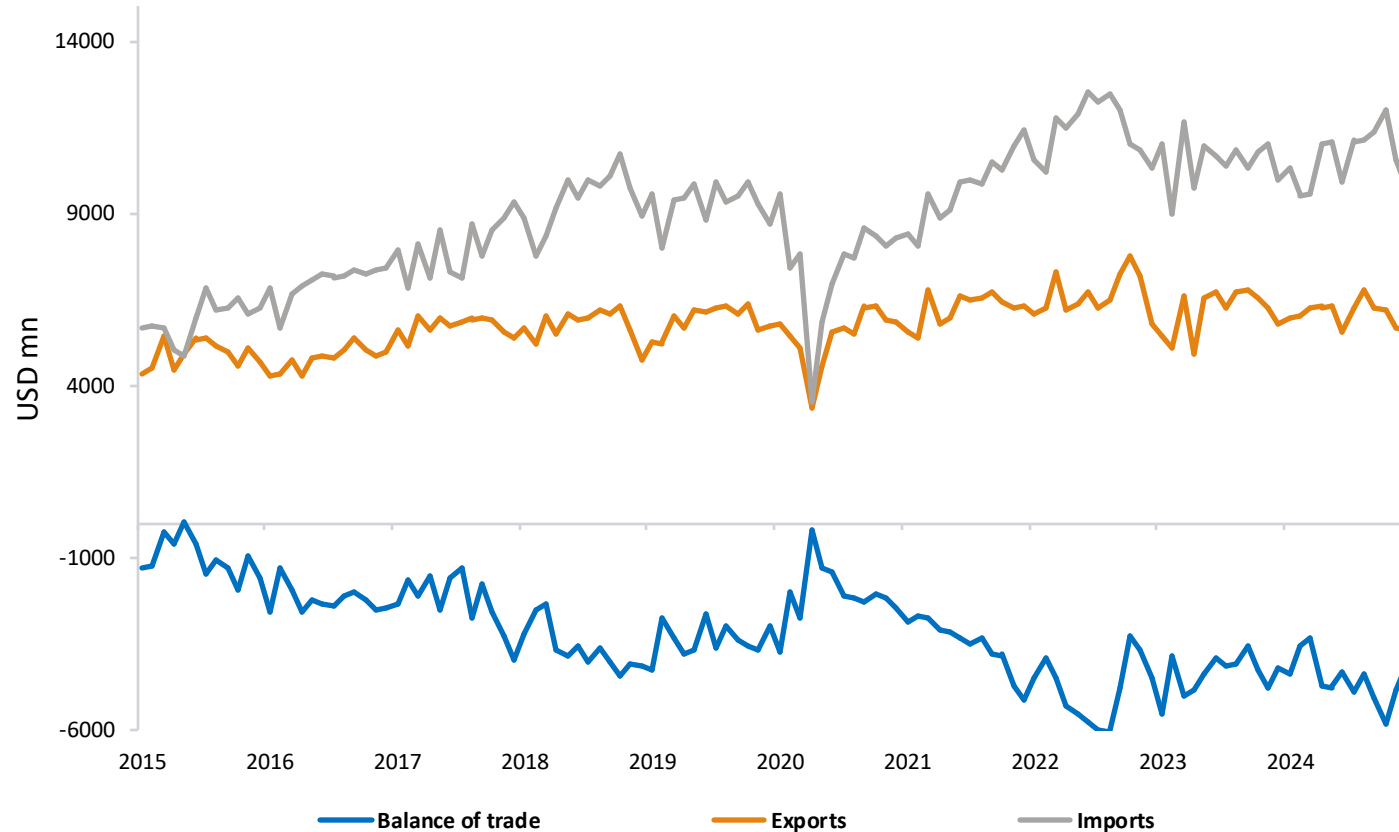


\* Refers to gross placements of equity capital only.  
Details may not add up to total due to rounding.

Source: BSP

# Philippine macroeconomic fundamentals

*Economic overview of the Philippines (2024-2025): Trade*



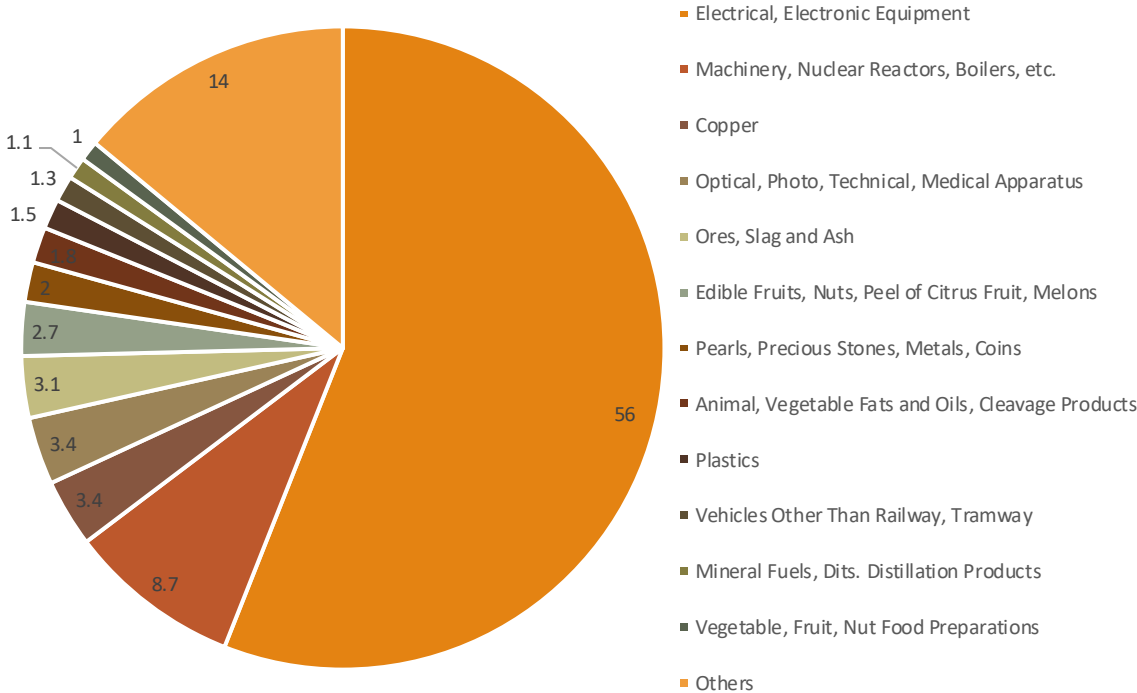
Source: PSA via CEIC

# Philippine macroeconomic fundamentals

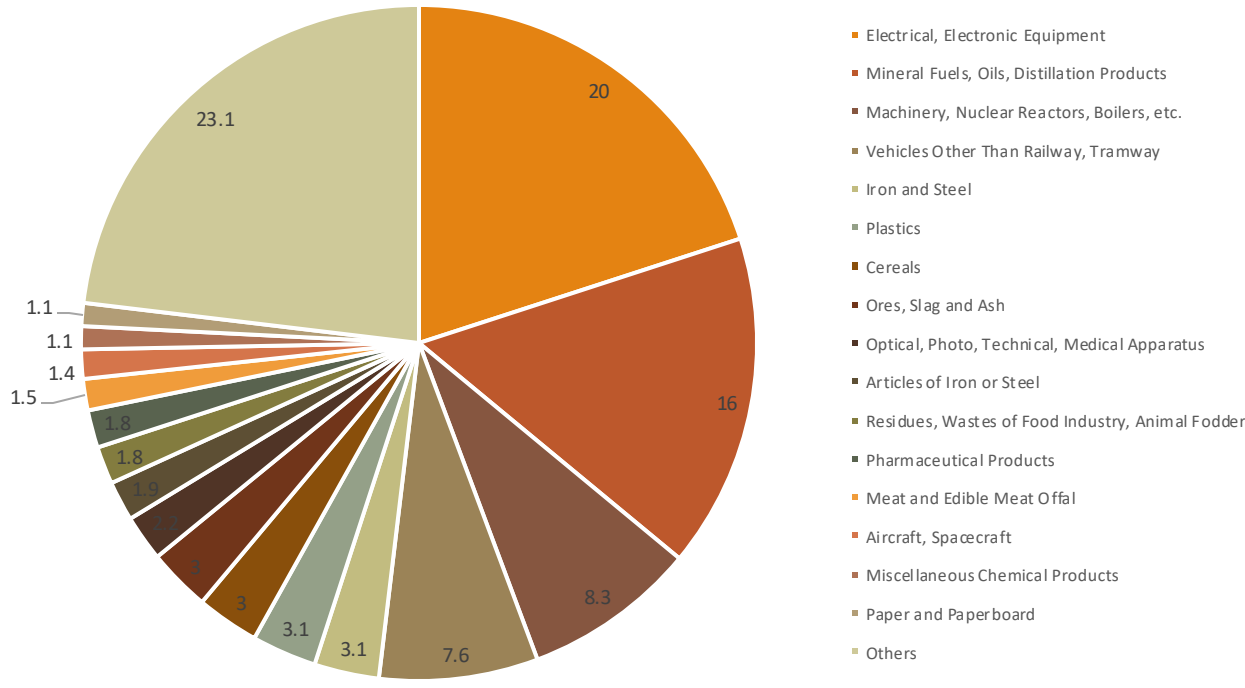
## *Economic overview of the Philippines (2024-2025): Trade*

2023

Exports by product category



Imports by product category



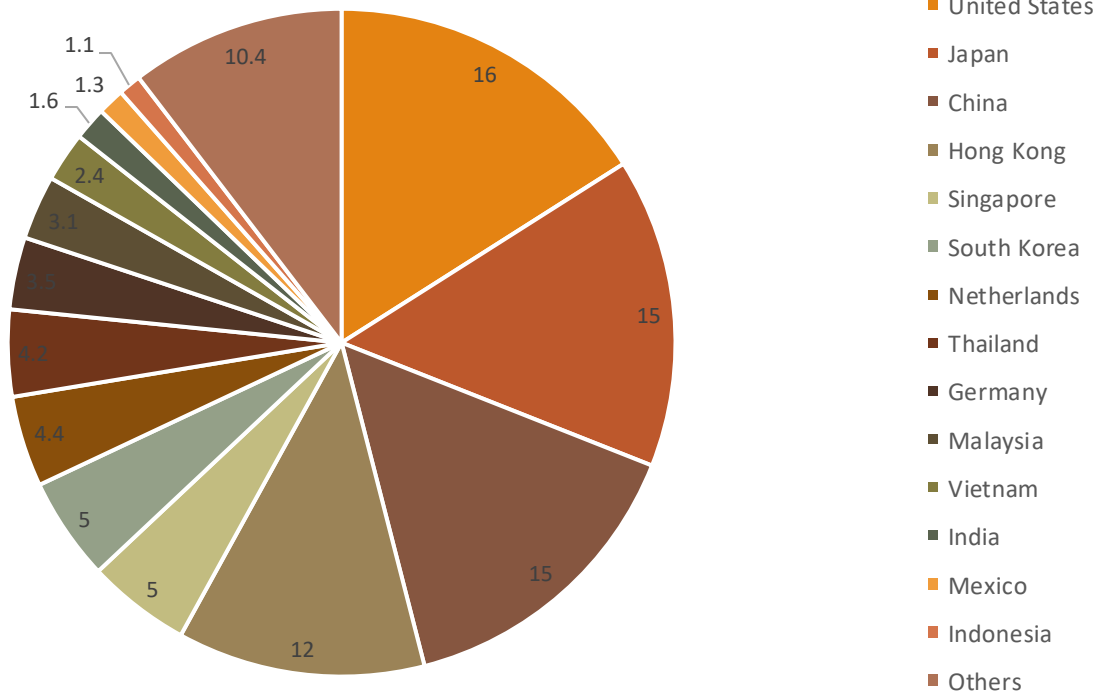
Source: United Nations COMTRADE database via Trading Economics

# Philippine macroeconomic fundamentals

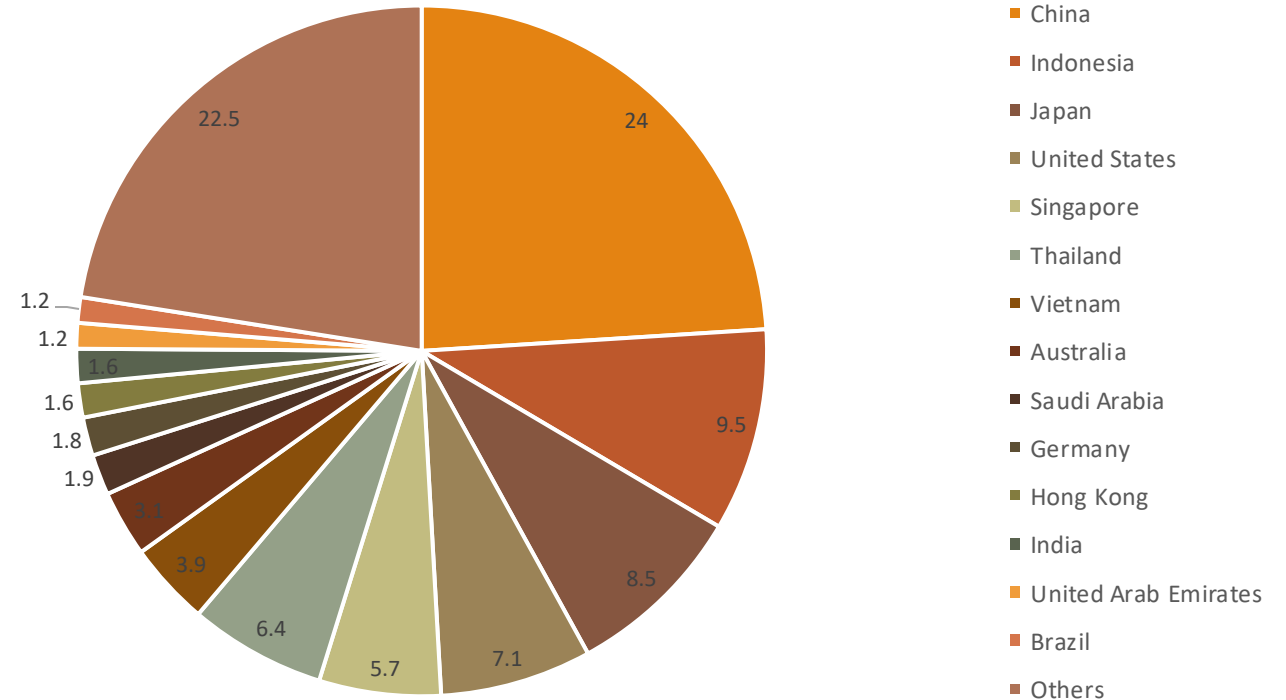
## *Economic overview of the Philippines (2024-2025): Trade*

**2023**

**Exports by trading partner**



**Imports by trading partners**



Source: United Nations COMTRADE database via Trading Economics

# Philippine macroeconomic fundamentals

*Economic overview of the Philippines (2024-2025): FOREX*

## PHP/USD Exchange Rate



Source: BSP

# Philippine macroeconomic fundamentals

*Economic overview of the Philippines (2024-2025): FOREX*

## PHP/USD Exchange Rate



Source: BSP



# Philippine macroeconomic fundamentals

*Economic overview of the Philippines (2024-2025): FOREX*

## PHP/USD Exchange Rate

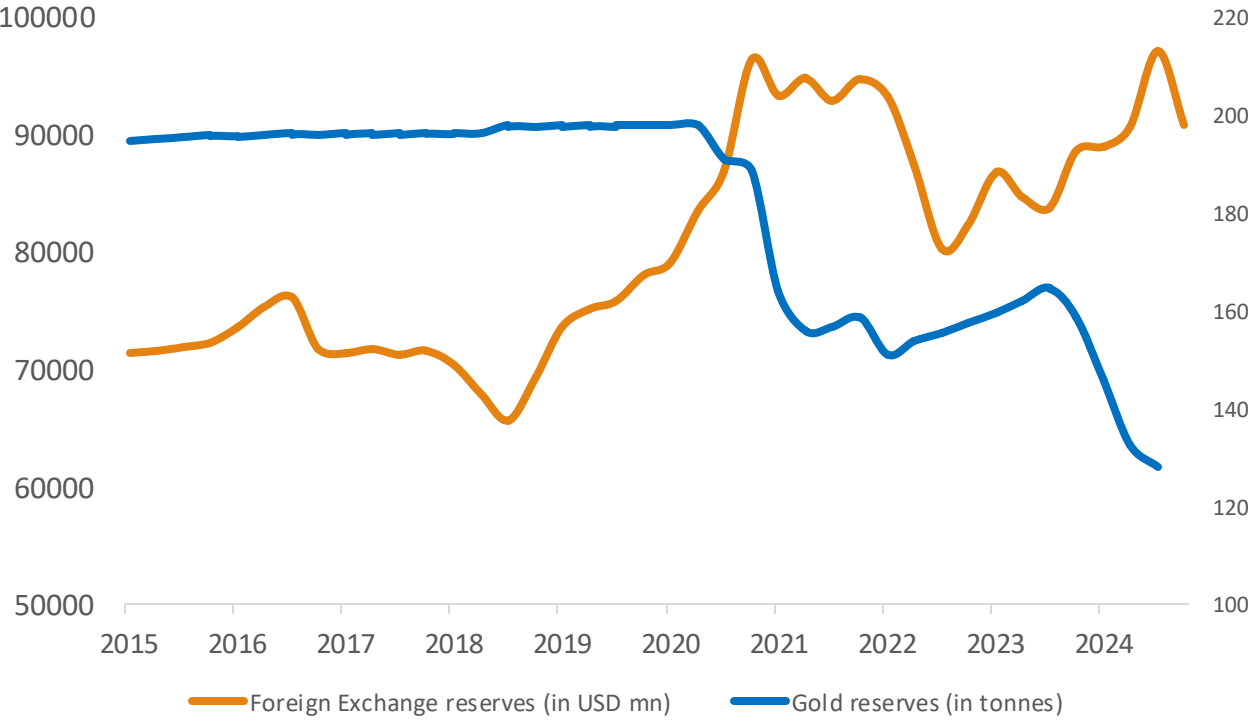


Source: BSP

# Philippine macroeconomic fundamentals

## Economic overview of the Philippines (2024-2025): FOREX

### Gold and Foreign Exchange Reserves



Source: BSP

**Dollar reserves hit record \$112 billion**  
October 8, 2024 | 12:34 am



A bank employee counts US dollar notes in the file photo, May 16, 2016. — REUTERS

**Bangko Sentral says gold sales triggered by favorable prices**  
September 25, 2024 | 7:56 pm



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January 10, 2025 | 6:59 pm

Philippines eyes adoption of Global Minimum Tax  
January 10, 2025 | 5:15 pm



# Global Economic Overview

# Global Macroeconomic Prospects

**TABLE 1.1 Real GDP<sup>1</sup>**

(Percent change from previous year unless indicated otherwise)

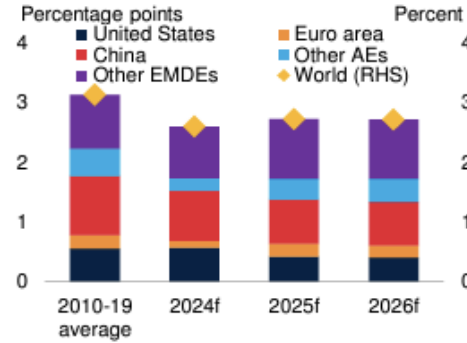
|                                                 | 2021        | 2022       | 2023e      | 2024f      | 2025f      | 2026f      | Percentage point differences from January 2024 projections |             |
|-------------------------------------------------|-------------|------------|------------|------------|------------|------------|------------------------------------------------------------|-------------|
|                                                 |             |            |            |            |            |            | 2024f                                                      | 2025f       |
| <b>World</b>                                    | <b>6.3</b>  | <b>3.0</b> | <b>2.6</b> | <b>2.6</b> | <b>2.7</b> | <b>2.7</b> | <b>0.2</b>                                                 | <b>0.0</b>  |
| <b>Advanced economies</b>                       | <b>5.5</b>  | <b>2.6</b> | <b>1.5</b> | <b>1.5</b> | <b>1.7</b> | <b>1.8</b> | <b>0.3</b>                                                 | <b>0.1</b>  |
| United States                                   | 5.8         | 1.9        | 2.5        | 2.5        | 1.8        | 1.8        | 0.9                                                        | 0.1         |
| Euro area                                       | 5.9         | 3.4        | 0.5        | 0.7        | 1.4        | 1.3        | 0.0                                                        | -0.2        |
| Japan                                           | 2.6         | 1.0        | 1.9        | 0.7        | 1.0        | 0.9        | -0.2                                                       | 0.2         |
| <b>Emerging market and developing economies</b> | <b>7.3</b>  | <b>3.7</b> | <b>4.2</b> | <b>4.0</b> | <b>4.0</b> | <b>3.9</b> | <b>0.1</b>                                                 | <b>0.0</b>  |
| <b>East Asia and Pacific</b>                    | <b>7.6</b>  | <b>3.4</b> | <b>5.1</b> | <b>4.8</b> | <b>4.2</b> | <b>4.1</b> | <b>0.3</b>                                                 | <b>-0.2</b> |
| China                                           | 8.4         | 3.0        | 5.2        | 4.8        | 4.1        | 4.0        | 0.3                                                        | -0.2        |
| Indonesia                                       | 3.7         | 5.3        | 5.0        | 5.0        | 5.1        | 5.1        | 0.1                                                        | 0.2         |
| Thailand                                        | 1.6         | 2.5        | 1.9        | 2.4        | 2.8        | 2.9        | -0.8                                                       | -0.3        |
| <b>Europe and Central Asia</b>                  | <b>7.2</b>  | <b>1.6</b> | <b>3.2</b> | <b>3.0</b> | <b>2.9</b> | <b>2.8</b> | <b>0.6</b>                                                 | <b>0.2</b>  |
| Russian Federation                              | 5.9         | -1.2       | 3.6        | 2.9        | 1.4        | 1.1        | 1.6                                                        | 0.5         |
| Türkiye                                         | 11.4        | 5.5        | 4.5        | 3.0        | 3.6        | 4.3        | -0.1                                                       | -0.3        |
| Poland                                          | 6.9         | 5.6        | 0.2        | 3.0        | 3.4        | 3.2        | 0.4                                                        | 0.0         |
| <b>Latin America and the Caribbean</b>          | <b>7.2</b>  | <b>3.9</b> | <b>2.2</b> | <b>1.8</b> | <b>2.7</b> | <b>2.6</b> | <b>-0.5</b>                                                | <b>0.2</b>  |
| Brazil                                          | 4.8         | 3.0        | 2.9        | 2.0        | 2.2        | 2.0        | 0.5                                                        | 0.0         |
| Mexico                                          | 6.0         | 3.7        | 3.2        | 2.3        | 2.1        | 2.0        | -0.3                                                       | 0.0         |
| Argentina                                       | 10.7        | 5.0        | -1.6       | -3.5       | 5.0        | 4.5        | -6.2                                                       | 1.8         |
| <b>Middle East and North Africa</b>             | <b>6.2</b>  | <b>5.9</b> | <b>1.5</b> | <b>2.8</b> | <b>4.2</b> | <b>3.6</b> | <b>-0.7</b>                                                | <b>0.7</b>  |
| Saudi Arabia                                    | 4.3         | 8.7        | -0.9       | 2.5        | 5.9        | 3.2        | -1.6                                                       | 1.7         |
| Iran, Islamic Rep. <sup>2</sup>                 | 4.7         | 3.8        | 5.0        | 3.2        | 2.7        | 2.4        | -0.5                                                       | -0.5        |
| Egypt, Arab Rep. <sup>2</sup>                   | 3.3         | 6.6        | 3.8        | 2.8        | 4.2        | 4.6        | -0.7                                                       | 0.3         |
| <b>South Asia</b>                               | <b>8.6</b>  | <b>5.8</b> | <b>6.6</b> | <b>6.2</b> | <b>6.2</b> | <b>6.2</b> | <b>0.6</b>                                                 | <b>0.3</b>  |
| India <sup>2</sup>                              | 9.7         | 7.0        | 8.2        | 6.6        | 6.7        | 6.8        | 0.2                                                        | 0.2         |
| Bangladesh <sup>2</sup>                         | 6.9         | 7.1        | 5.8        | 5.6        | 5.7        | 5.9        | 0.0                                                        | -0.1        |
| Pakistan <sup>2</sup>                           | 5.8         | 6.2        | -0.2       | 1.8        | 2.3        | 2.7        | 0.1                                                        | -0.1        |
| <b>Sub-Saharan Africa</b>                       | <b>4.4</b>  | <b>3.8</b> | <b>3.0</b> | <b>3.5</b> | <b>3.9</b> | <b>4.0</b> | <b>-0.3</b>                                                | <b>-0.2</b> |
| Nigeria                                         | 3.6         | 3.3        | 2.9        | 3.3        | 3.5        | 3.7        | 0.0                                                        | -0.2        |
| South Africa                                    | 4.7         | 1.9        | 0.6        | 1.2        | 1.3        | 1.5        | -0.1                                                       | -0.2        |
| Angola                                          | 1.2         | 3.0        | 0.9        | 2.9        | 2.6        | 2.4        | 0.1                                                        | -0.5        |
| <b>Memorandum items:</b>                        |             |            |            |            |            |            |                                                            |             |
| <b>Real GDP<sup>1</sup></b>                     |             |            |            |            |            |            |                                                            |             |
| High-income countries                           | 5.5         | 2.8        | 1.5        | 1.6        | 1.9        | 1.9        | 0.3                                                        | 0.1         |
| Middle-income countries                         | 7.5         | 3.5        | 4.5        | 4.1        | 4.0        | 4.0        | 0.1                                                        | 0.0         |
| Low-income countries                            | 4.1         | 5.0        | 3.8        | 5.0        | 5.3        | 5.5        | -0.5                                                       | -0.3        |
| EMDEs excluding China                           | 6.5         | 4.3        | 3.4        | 3.5        | 4.0        | 3.9        | 0.0                                                        | 0.2         |
| Commodity-exporting EMDEs                       | 5.8         | 3.4        | 2.6        | 2.8        | 3.4        | 3.2        | -0.1                                                       | 0.3         |
| Commodity-importing EMDEs                       | 8.0         | 3.9        | 4.9        | 4.7        | 4.3        | 4.3        | 0.3                                                        | -0.1        |
| Commodity-importing EMDEs excluding China       | 7.3         | 5.3        | 4.5        | 4.4        | 4.6        | 4.7        | 0.2                                                        | 0.1         |
| EM7                                             | 7.8         | 3.3        | 5.1        | 4.5        | 4.0        | 4.0        | 0.4                                                        | -0.1        |
| World (PPP weights) <sup>3</sup>                | 6.6         | 3.3        | 3.1        | 3.1        | 3.2        | 3.2        | 0.2                                                        | 0.1         |
| <b>World trade volume<sup>4</sup></b>           | <b>11.2</b> | <b>5.6</b> | <b>0.1</b> | <b>2.5</b> | <b>3.4</b> | <b>3.4</b> | <b>0.2</b>                                                 | <b>0.3</b>  |
| <b>Commodity prices<sup>5</sup></b>             |             |            |            |            |            |            |                                                            |             |
| WBG commodity price index                       | 100.9       | 142.5      | 108.0      | 106.0      | 102.1      | 101.5      | 1.1                                                        | -0.1        |
| Energy index                                    | 95.4        | 152.6      | 106.9      | 104.0      | 100.0      | 99.0       | 0.6                                                        | 0.0         |
| Oil (US\$ per barrel)                           | 70.4        | 99.8       | 82.6       | 84.0       | 79.0       | 78.1       | 3.0                                                        | 1.0         |
| Non-energy index                                | 112.1       | 122.1      | 110.2      | 110.1      | 106.4      | 106.6      | 2.4                                                        | -0.2        |

Level differences from January 2024 projections

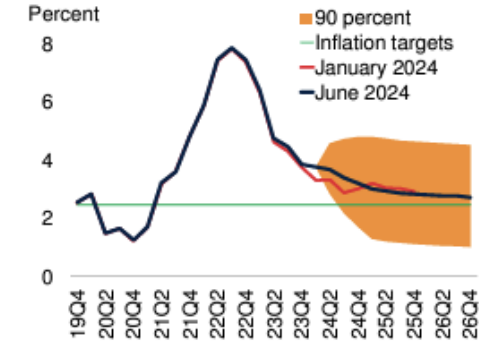
Source: World Bank

# Global prospects: GDP

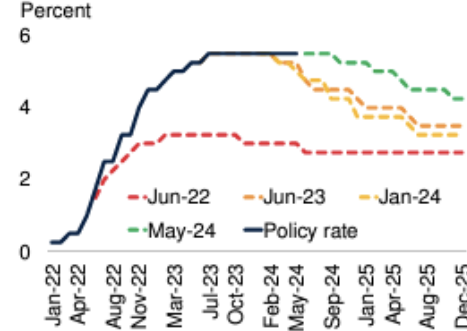
**A. Contributions to global growth**



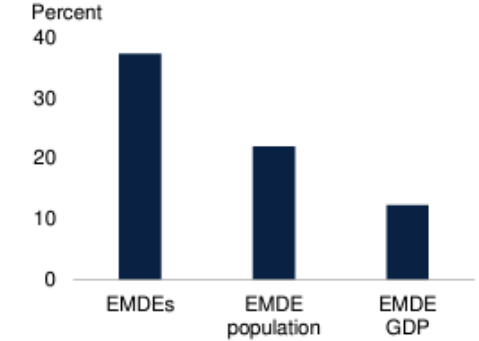
**B. Global consumer price inflation**



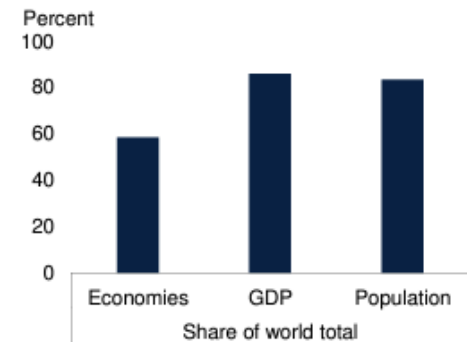
**C. Market expectations of U.S. policy rates**



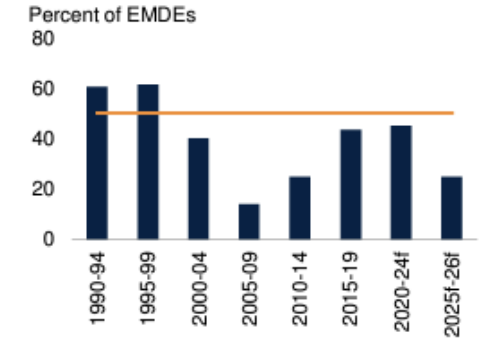
**D. Share of EMDEs vulnerable to debt-related stress**



**E. Lower average GDP growth in 2024-25 compared to 2010-19**



**F. Share of EMDEs with GDP per capita growth lower than in advanced economies**



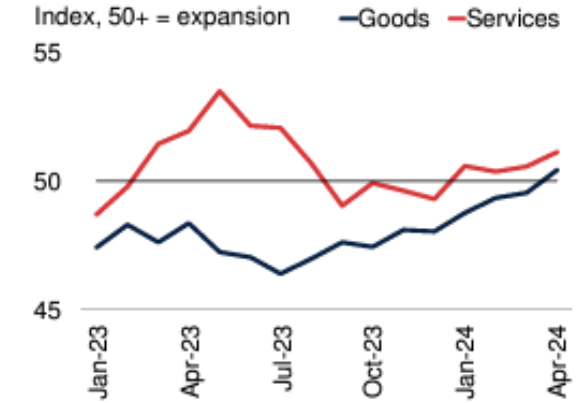
Source: World Bank

# Global prospects: Trade

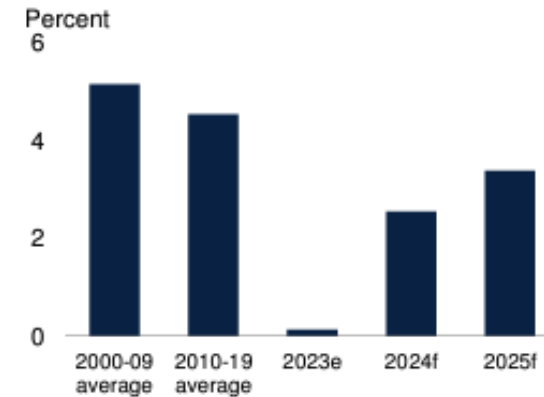
**A. Growth of global goods trade**



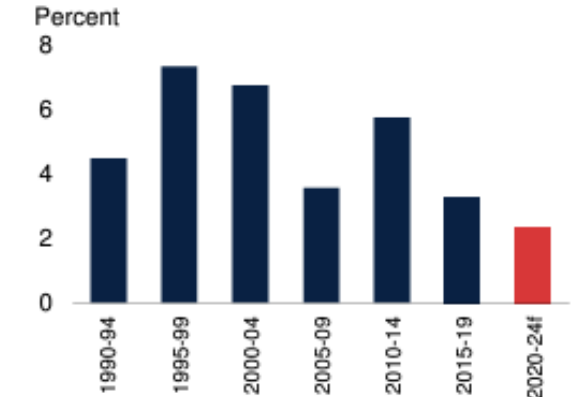
**B. Global PMI new export orders**



**C. Global trade growth**



**D. Trade growth since 1990s**



Sources: CPB Netherlands Bureau of Economic Analysis; Haver Analytics; World Bank.

Note: e = estimate; f = forecast; PMI = purchasing managers' index. Trade in goods and services is measured as the average of export and import volumes.

A. Panel shows goods trade volumes. Last observation is March 2024.

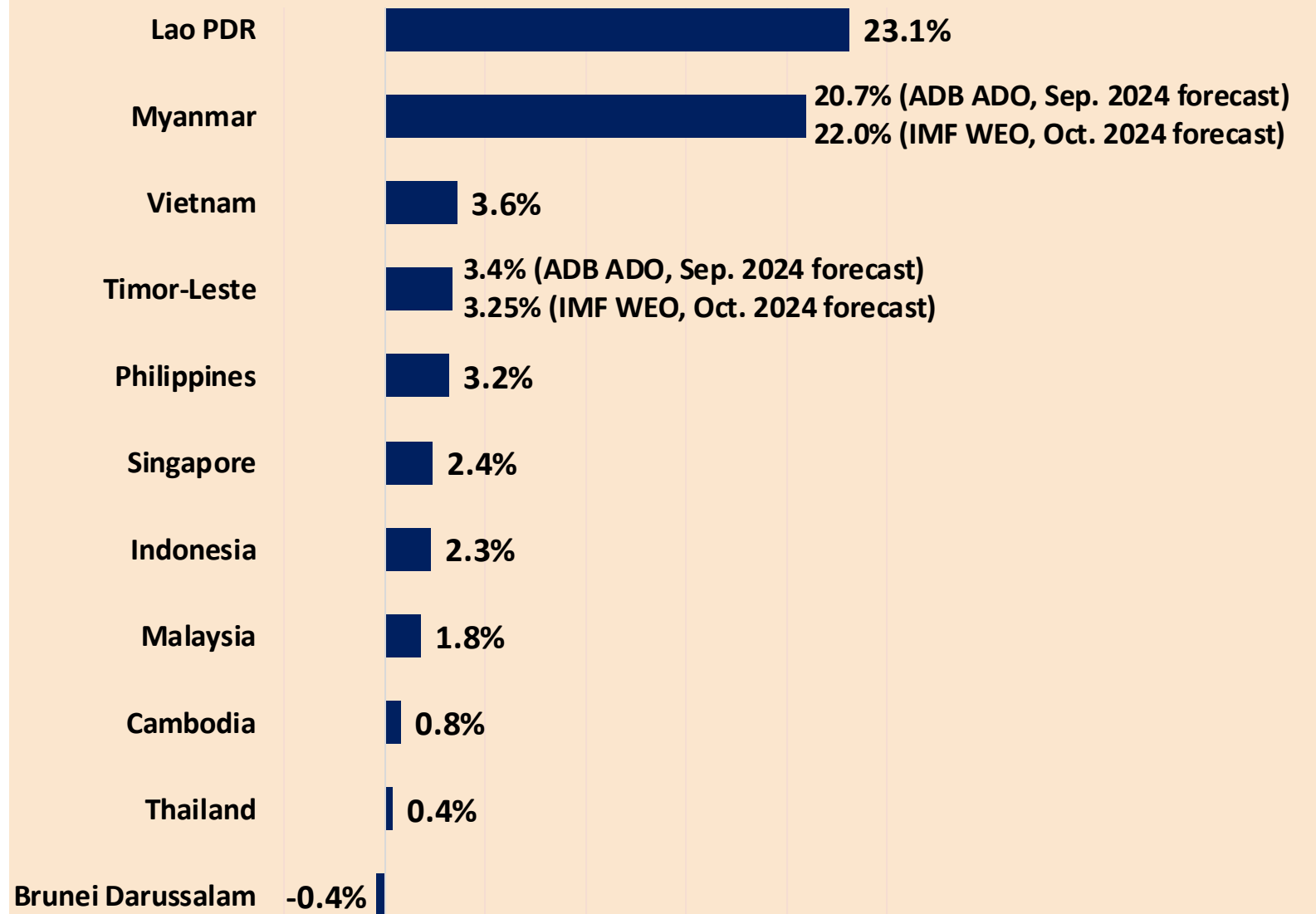
B. Panel shows manufacturing and services subcomponents of the global purchasing managers' index (PMI) new export orders series. PMI readings above (below) 50 indicate expansion (contraction). Last observation is April 2024.

D. Panel shows five-year averages of growth in global trade in goods and services.

Source: World Bank

# Global prospects: Prices

## 2024 inflation in Southeast Asia

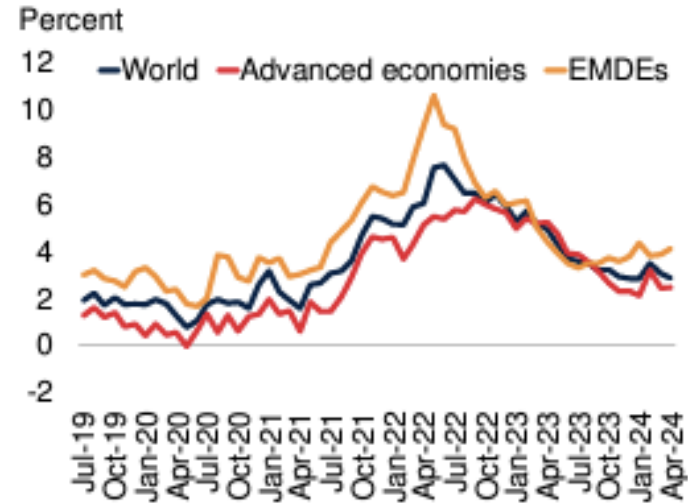


Southeast Asia: 3.3% (ADB ADO, Sep. 2024 forecast)

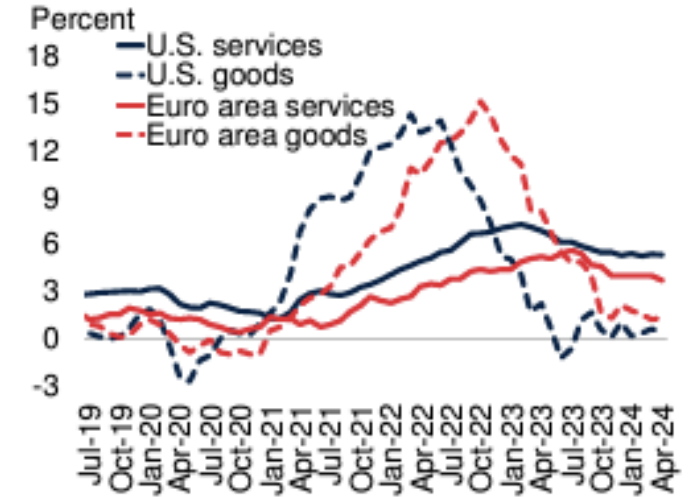
Source: CEIC, ADB, IMF

# Global prospects: Prices

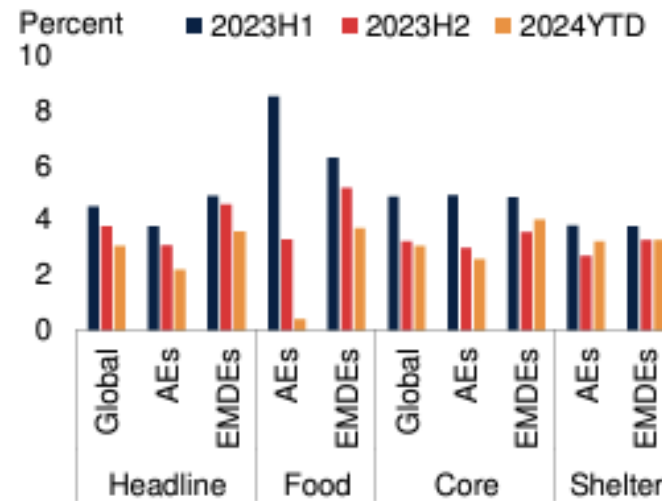
### A. Core inflation, three-month annualized



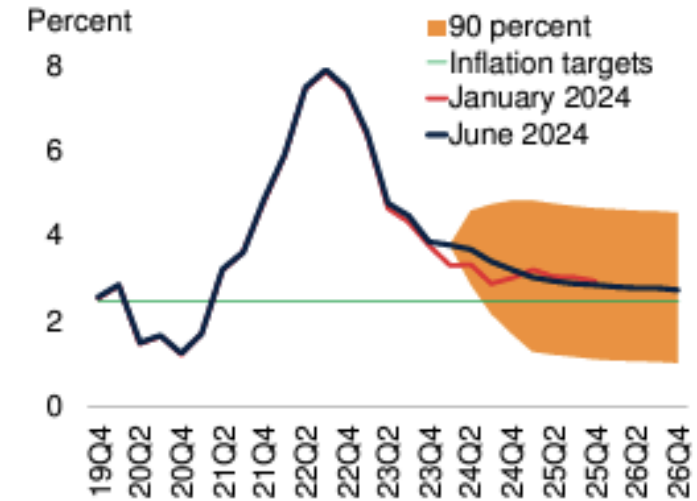
### B. Goods and services inflation



### C. Inflation by component, three-month annualized



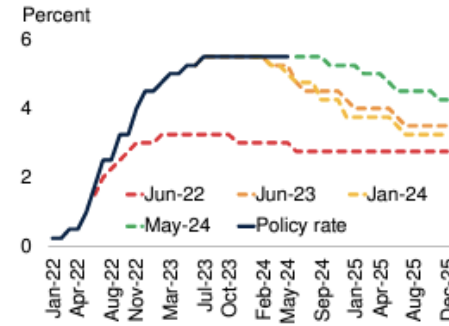
### D. Global consumer price inflation



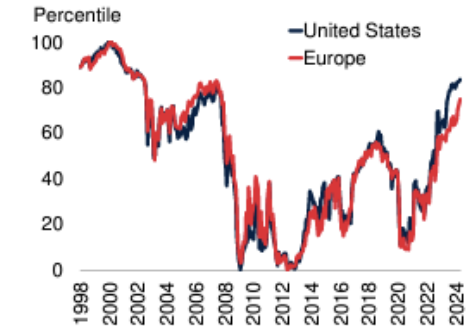


# Global prospects: World financial development

**A. Market expectations of U.S. policy rates**



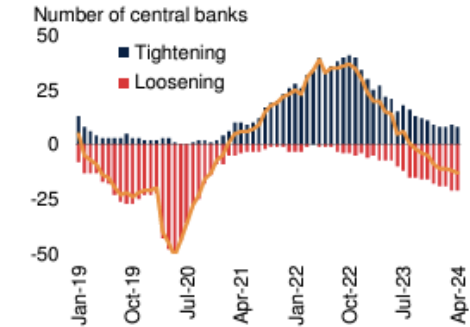
**B. Equity market valuation by percentile, 1998-2024**



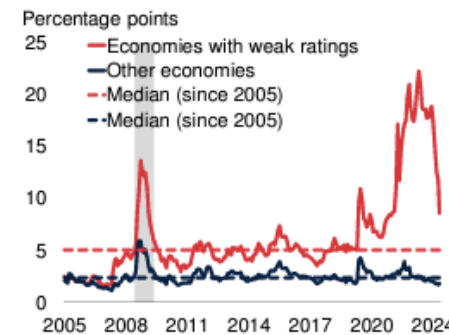
**C. Non-investment-grade corporate credit spreads**



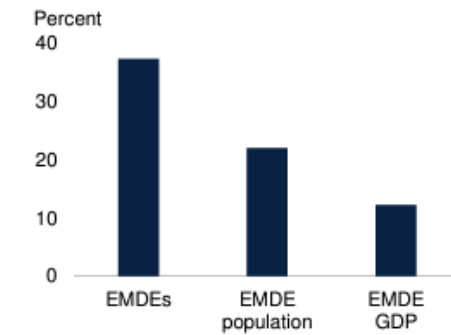
**D. EMDE monetary policy rate changes**



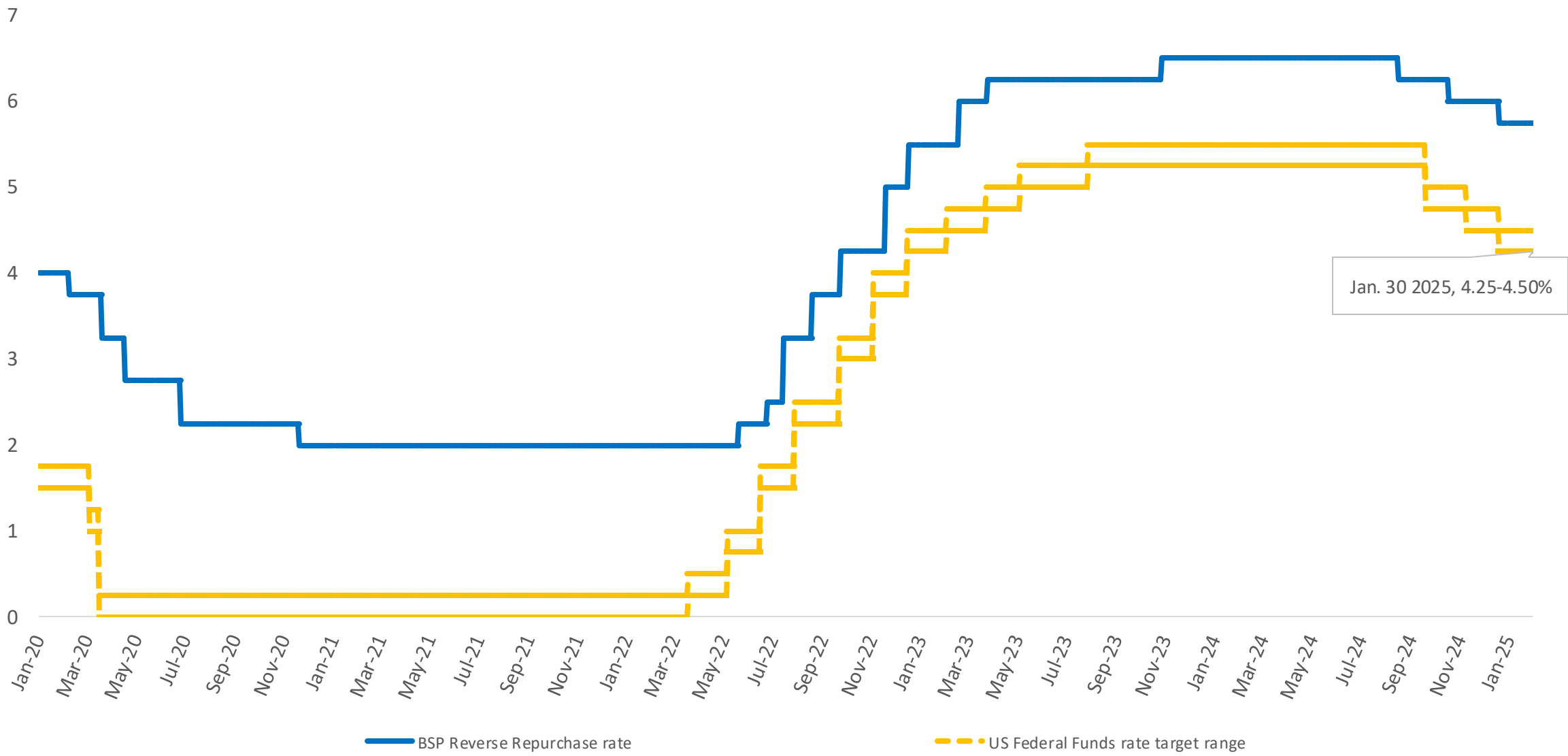
**E. EMDE sovereign spreads by credit rating**



**F. Share of EMDEs vulnerable to debt-related stress**



Source: World Bank





# Local and Global Events

# Key trends in the Philippine market (2025)

*Why it matters: Rising investor focus on ESG principles.*

## Sectors of interest:

- 1. Renewable energy:** Transition to sustainability.
- 2. Infrastructure:** Key projects under "Build Better More" initiative.
- 3. Digital transformation:** E-commerce, fintech, and AI-driven businesses.
- 4. Healthcare:** Demand for affordable and accessible healthcare solutions.



# Key trends in the Philippine market (2025):

## *Digital transformation and technology integration*

---

**Adoption of AI:** AI applications are expanding across sectors such as BPO, retail, and healthcare, enhancing productivity and innovation.

- **BPO sector:** Companies are integrating AI for customer service, process automation, and analytics.
- **Retail sector:** Growth in e-commerce platforms is driving demand for logistics, fintech, and AI-driven personalization.

**Fintech growth:** With more Filipinos embracing digital payments, fintech companies are scaling operations, particularly in underserved rural areas.

- **Investment opportunities:** Digital banking, blockchain applications, and lending platforms.

# Key trends in the Philippine market (2025):

## *Infrastructure development*

---



### **"Build Better More" program**

The government continues to prioritize infrastructure investment, including roads, bridges, airports, and railways, with increased PPPs.



### **Key projects**

Expansion of Metro Manila Subway, Mindanao Rail Project, and major airport upgrades.



### **Opportunities**

Construction, engineering, and real estate sectors stand to benefit from ongoing projects.

# Key trends in the Philippine market (2025):

## *Energy transition and sustainability*

---



### **Renewable energy investments**

The shift toward renewable energy sources is gaining momentum, driven by the Renewable Energy Act and global sustainability commitments.

### **Solar and wind energy**

Increased interest in solar farms and wind energy projects.

### **Opportunities**

Investments in energy storage, grid modernization, and green financing.



### **Sustainability across industries**

Real estate developers are focusing on green building certifications and energy-efficient designs.

# Key trends in the Philippine market (2025):

## *Consumer spending and middle-class growth*

---



### **Resilient domestic demand**

A growing middle class and young population will drive demand for consumer goods, real estate, and financial products.

#### **Key sectors**

Retail, FMCG, and automotive.



### **Digital spending**

E-commerce and online retail continue to thrive as more Filipinos embrace online shopping platforms.



# Key trends in the Philippine market (2025):

## *Tourism growth*

---

### **Return of international tourists**

With relaxed travel restrictions and increased airline connectivity, inbound tourism is expected to rebound.

### **Focus on domestic tourism**

Continued promotion of local destinations will sustain growth in the hospitality sector.

### **Opportunities**

Hotel investments, eco-tourism, and digital platforms for travel services.

# Key trends in the Philippine market (2025):

## *Agribusiness modernization*

---



### **Tech integration in agriculture**

Agri-tech innovations such as smart farming, drone technology, and IoT are being implemented to improve productivity.



### **Government support**

Programs to enhance food security and reduce import dependence.



### **Opportunities**

Investments in cold storage, supply chain logistics, and high-value crops.

# Key trends in the Philippine market (2025): *Healthcare and pharmaceuticals*

---



## **Expanding universal healthcare coverage**

Increased healthcare funding and a growing demand for medical services will boost hospital and pharmaceutical investments.



## **Medical tourism**

The Philippines is positioning itself as a hub for affordable medical services, particularly in cosmetic and wellness treatments.

# Key trends in the Philippine market (2025): *Real estate and urbanization*

---



## **Rise of mixed-use developments**

Urban centers are witnessing increased demand for integrated residential, commercial, and retail spaces.



## **Suburban growth**

Remote work trends are driving demand for homes in suburban areas near Metro Manila.



## **Opportunities**

Logistics hubs, industrial parks, and data centers.

# Key trends in the Philippine market (2025):

## *ASEAN integration and regional trade*

---

### **RCEP participation**

The Philippines' ratification of the RCEP is expected to boost exports, particularly in manufacturing and agriculture.

### **Opportunities for exporters**

Enhanced market access to ASEAN and East Asian economies.

# Key trends in the Philippine market (2025):

## *Financial market resilience*

---



### **Rise of ESG investing**

ESG factors are becoming critical for investors evaluating Philippine companies.



### **Robust capital markets**

The Philippines is expected to see more IPOs in sectors like technology, real estate, and consumer goods.

# Economic Risks

## *Domestic*



1. INFLATIONARY  
PRESSURES



2. HIGH INTEREST  
RATES



3. LABOR SHORTAGES  
AND WAGE GROWTH



4. POLICY AND  
REGULATORY RISKS



5. INFRASTRUCTURE  
GAPS



6. POLITICAL  
INSTABILITY AND  
GOVERNANCE ISSUES

# Economic Risks

## *International*

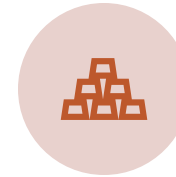
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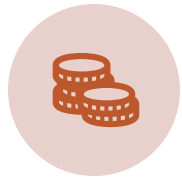
1. Global recession and slowdown



2. Supply chain disruptions



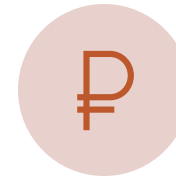
3. Volatility in commodity prices



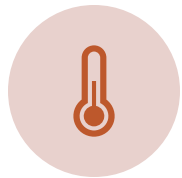
4. Currency fluctuation



5. Geopolitical tensions



6. Changes in FDI and trade policies



7. Climate change and environmental regulations



# Key takeaways (1/3)

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## Slower-than-expected growth amid external and domestic headwinds

- 2024 GDP growth came in at 5.6%, below the government's 6-7% target, as economic activity was weighed down by high inflation, tight monetary policy, and external uncertainties.
- Q4 2024 growth rate of 5.2% was particularly sluggish due to weaker household consumption, adverse weather events, and slower global trade.
- In 2025, the government expects a rebound to 6%+ growth, aided by lower inflation, planned fiscal stimulus, and improved infrastructure spending.



# Key takeaways (2/3)

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## **Inflation and interest rates continue to shape the economic outlook**

- Inflationary pressures remained in 2024, although moderating toward the end of the year, prompting BSP to remain cautious with interest rates.
- High borrowing costs constrained business expansion and investments, affecting private sector growth.
- In January 2025, as the Fed held interest rates steady, the BSP will likely remain cautious.



# Key takeaways (3/3)

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## Government spending and investment trends to drive growth

- The PHP 1 trillion allocation for climate change adaptation in the 2025 GAA signals a strong push for sustainability-related investments.
- Infrastructure development under the “Build Better More” program remains a growth driver, but the budget bill's constitutional issues could create fiscal uncertainties.
- The government’s push for semiconductor industry incentives and a revamped privatization strategy could enhance investment flows and capital market performance in 2025.



# MARAMING SALAMAT

Dakal a  
salamat

Daghang  
salamat

Damo nga  
salamat

Bong  
salamat

Dios  
mabalos

Salamat  
guid

Muchas  
gracias

Agyamanak

Iyaman