



REPUBLIC OF THE PHILIPPINES
NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY

Recent Socioeconomic Performance and Outlook

25 August 2022

*2022 Microfinance Council of the Philippines (MCPI) Annual Conference
Century Park Hotel, Manila*

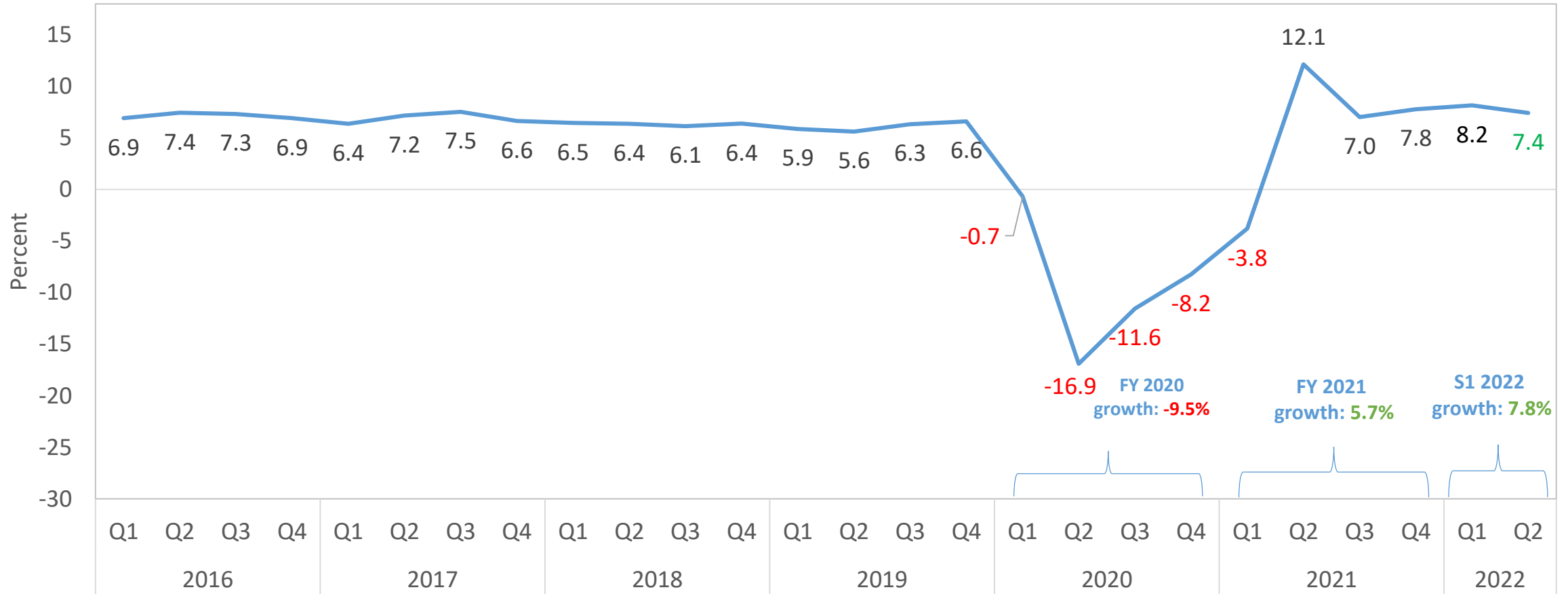
OIC-Assistant Secretary Reynaldo R. Cancio
Policy and Planning Group

Latest Socio-economic Developments



The Philippine economy grew by 7.8 percent in the first semester of 2022 as more areas in the country were de-escalated to Alert Level 1.

PH Real GDP Growth (%)



Source: PSA



GDP growth was largely driven by domestic demand on the expenditure side and by industry and services on the supply side.

Real Growth rates (%)	2021			2022		
	Q1	Q2	S1	Q1	Q2	S1
GROSS DOMESTIC PRODUCT	-3.8	12.1	3.9	8.2	7.4	7.8
<i>By Expenditure:</i>						
Household Final Consumption Expenditure	-4.8	7.3	0.9	10.0	8.6	9.3
Gov't Final Consumption Expenditure	16.1	-4.2	3.9	3.6	11.1	7.8
Capital Formation	-13.9	83.7	23.8	20.4	20.5	20.5
<i>of which: Fixed Capital Formation</i>	-18.2	39.7	6.9	11.8	13.2	12.6
Exports	-8.4	28.6	7.5	10.4	4.3	7.3
Imports	-7.5	40.3	12.4	15.4	13.6	14.5
<i>By Industrial Origin:</i>						
Agriculture, Fishery and Forestry	-1.3	0.0	-0.7	0.2	0.2	0.2
Industry	-4.2	21.3	7.8	10.5	6.3	8.3
<i>of which: Manufacturing</i>	0.8	22.4	10.5	9.8	2.1	5.9
Services	-4.0	9.9	2.8	8.3	9.1	8.7

Source: Philippines Statistics Authority

National Economic and Development Authority

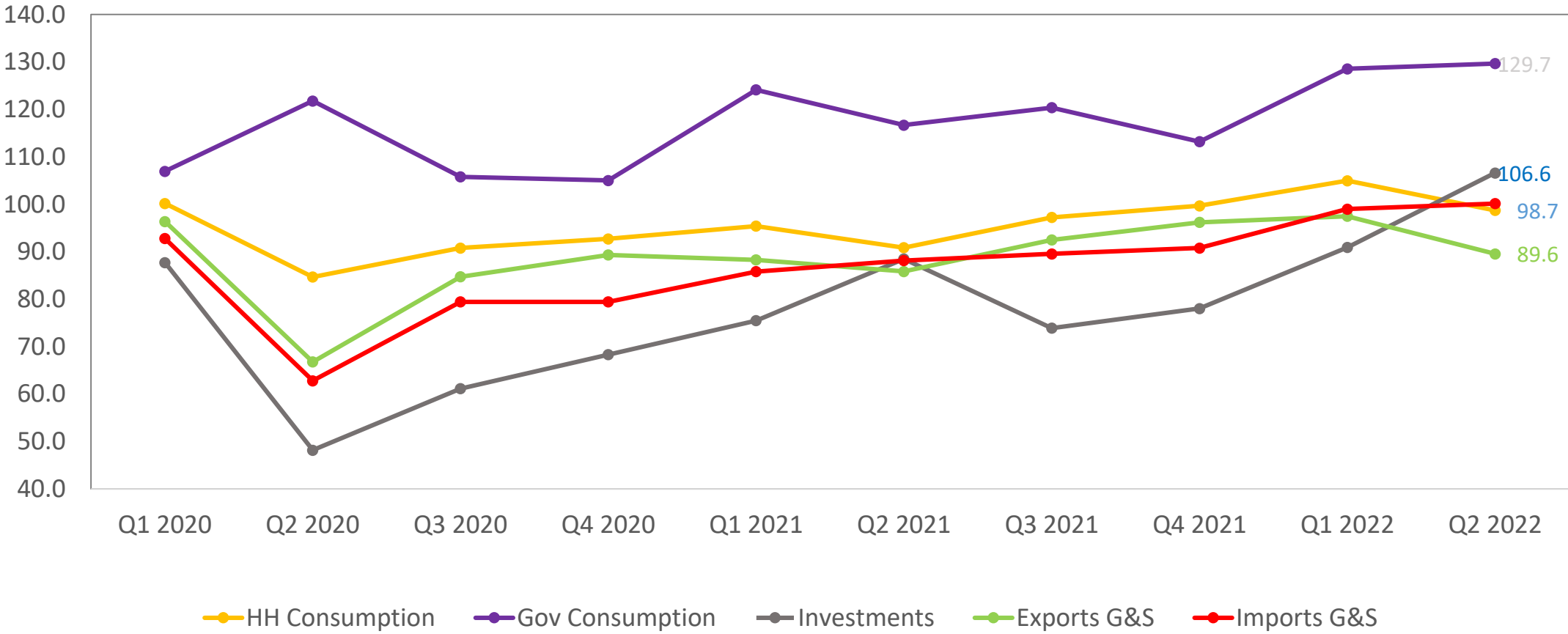


Finance and Insurance Activities have shown robust growth

Real Growth rates (%)	2021			2022		
	Q1	Q2	S1	Q1	Q2	S1
GROSS DOMESTIC PRODUCT	-3.8	12.1	3.9	8.2	7.4	7.8
Financing and Insurance activities	4.3	5.2	4.8	7.7	4.2	5.9
Banking institutions	5.1	3.0	4.1	7.4	4.8	6.2
Non-banks	3.6	5.5	4.8	10.4	5.2	7.2
Insurance and pension funding except compulsory social security	3.3	15.5	9.0	4.5	0.2	2.3
Activities auxiliary to financial services activities	2.2	1.7	2.0	7.8	2.4	4.9

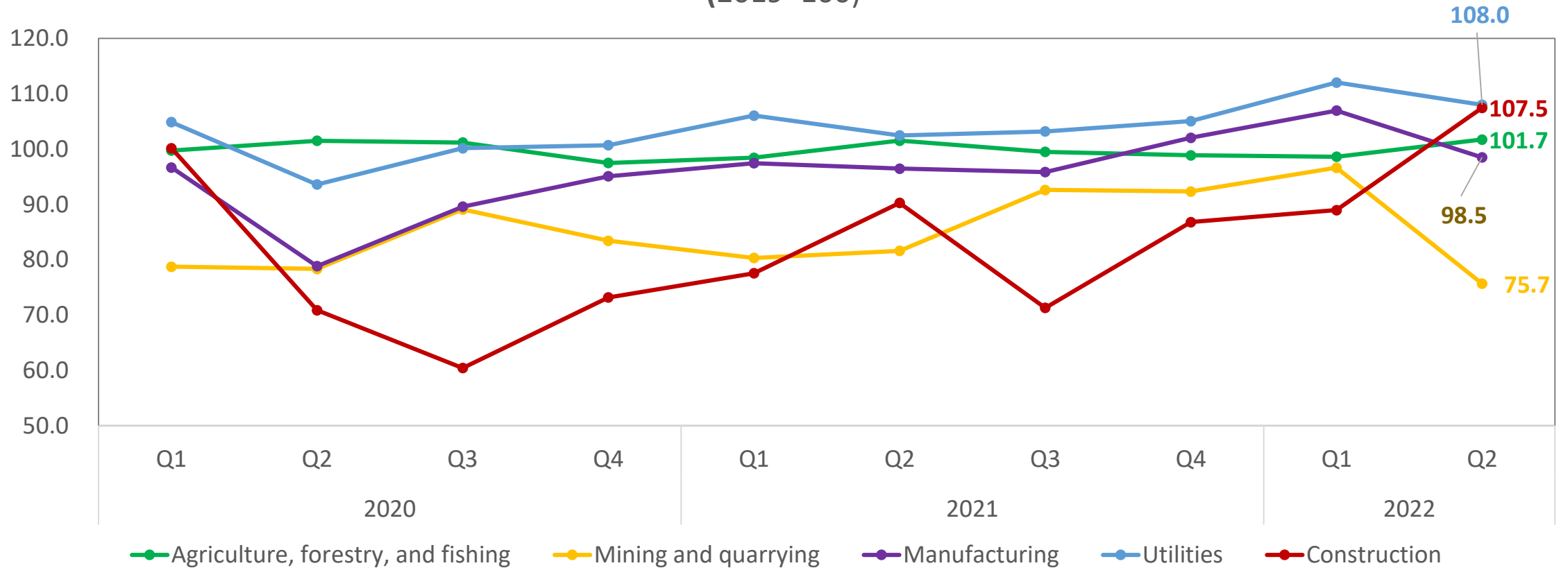
Government spending and investments have recovered, but household consumption and exports remain slightly below pre-pandemic levels.

Demand Levels (2019=100)



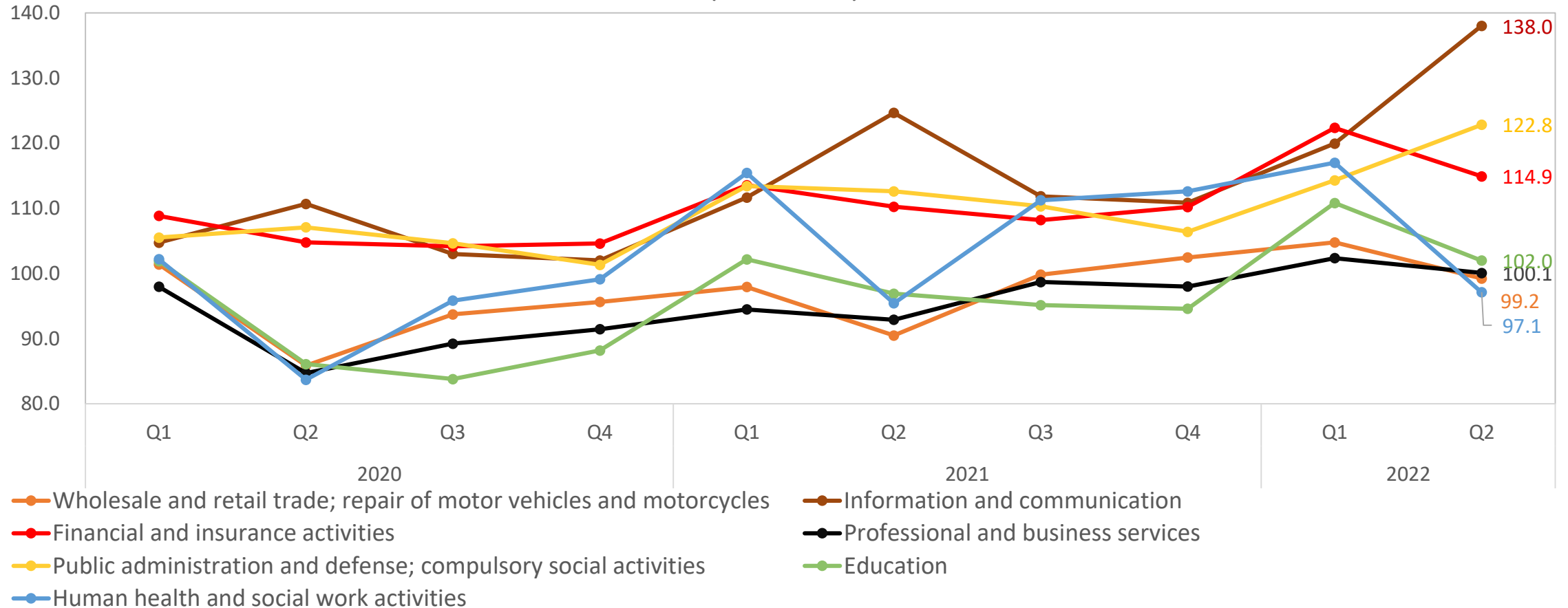
Recovery is seen in agriculture, utilities, and construction, while manufacturing and mining remain below pre-pandemic levels.

Real Sector Index
(2019=100)

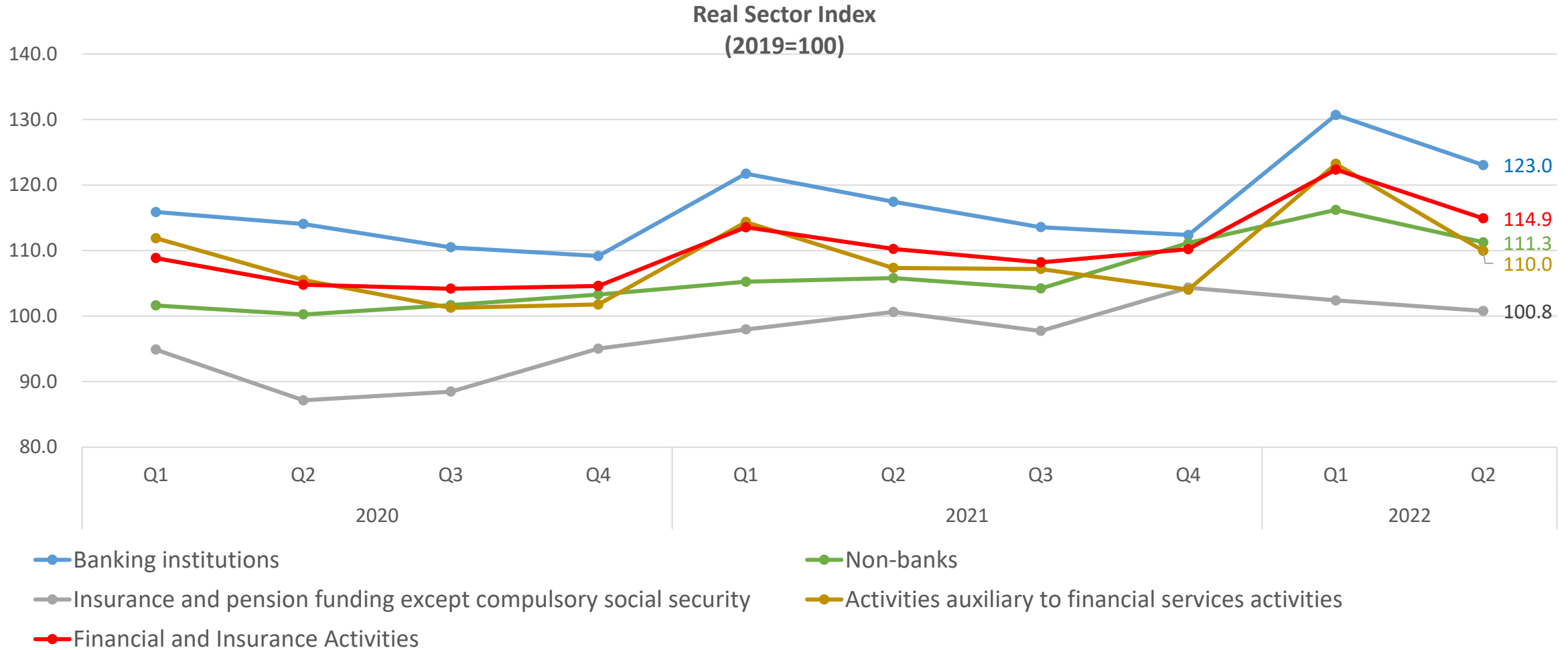


In the services sector, IT, finance, and public administration have been resilient, while professional and business services and education have recovered. Meanwhile, trade and health fell below pre-pandemic levels in Q2.

Real Sector Index
(2019=100)

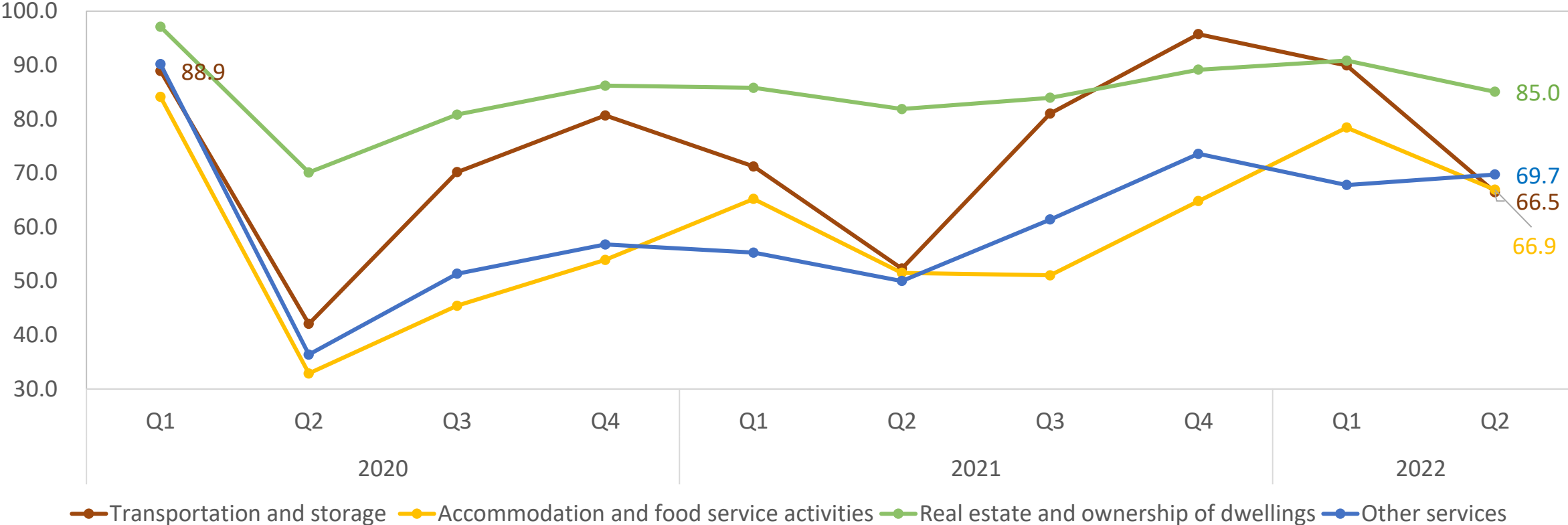


Likewise, most subsectors of the Financial and Insurance Activities have remained resilient. Insurance and pension activities have recovered to pre-pandemic levels.



Meanwhile, transport, accommodation, real estate, and other services are taking longer to recover.

Real Sector Index
(2019=100)



Employment increased by 1.5 million year-on-year, with broad-based gains across agriculture, industry, and services.

2020				2021									
JAN 42.5M Employment	APR (ECQ) 33.8M	JUL (GCQ) 41.3M	OCT (GCQ) 39.8M	JAN (GCQ) 41.2M	FEB (GCQ) 43.2M	MAR (GCQ) 45.3M	APR (ECQ) 43.3M	MAY (MECQ /GCQ) 44.7M	JUN (GCQ) 45.1M	JUL (GCR HR) 41.7M	AUG (ECQ) 44.2M	SEPT (MECQ /AL4) 43.6M	OCT (AL4 /AL3) 43.8M

2021		2022					
NOV (AL3 /AL2) 45.5M	DEC (AL2) 46.3M	JAN (AL3) 43.0M	FEB (AL2) 45.5M	MAR (AL1) 47.0M	APR (AL1) 45.6M	MAY (AL1) 46.1M	JUN (AL1) 46.6M

Net employment generation

JAN 2020 vs. JUNE 2022	JUNE 2021 vs. JUNE 2022
4.0 million	1.5 million

Source: Labor Force Survey, Philippine Statistics Authority

All major sectors posted recovery, though some are still lagging.

Δ Subsector Employment (June 2021 vs June 2022)			
Top contributors		Tempered by	
Construction	+386k	Wholesale & retail trade	-788k
Agriculture & forestry	+379k	Education	-132k
Admin & support services	+366k	Financial & insurance activities	-91k
Accommodation & food services	+323k	Real estate activities	-32k
Transportation & storage	+289k	Public admin & defense	-31k
Other services	+286k	Electricity, gas, steam...	-14k
Mining & quarrying	+156k		
Manufacturing	+143k		
Professional activities	+114k		



More than half of increase in employment is due to entrepreneurial activities...

Employment (in millions)	2020 ^f				2021 ^f				2022 ^p	
	Jan	Apr	Jul	Oct	Jan	Apr	Jul ^p	Oct ^p	Jan	Apr
Total Employment	42.5	33.8	41.3	39.8	41.2	43.3	41.7	43.8	43.0	45.6
by Class of Workers										
Wage and salary workers	27.8	21.4	25.0	24.9	25.9	26.4	27.9	27.4	28.2	28.7
Worked for private household	1.8	1.6	1.6	1.6	1.7	1.8	3.7	1.8	1.8	1.9
Worked for private establishment	21.9	16.2	19.5	19.5	20.2	20.5	20.2	21.3	22.2	22.5
Worked for government or government corporation	3.9	3.5	3.8	3.8	3.8	4.0	4.0	4.1	4.1	4.1
Worked with pay in own family-operated farm or business	0.12	0.10	0.09	0.10	0.11	0.16	0.14	0.17	0.16	0.15
Self-employed without any paid employee	11.1	9.7	12.1	11.7	11.8	12.3	10.8	11.9	11.4	12.6
Employer in own family-operated farm or business	1.0	0.6	1.1	1.3	1.1	1.1	1.2	1.4	1.2	1.2
Worked without pay in own family-operated farm or business (unpaid family workers)	2.6	2.1	3.2	2.0	2.4	3.4	1.6	3.2	2.1	3.2



...mainly in agriculture, manufacturing, construction...

Employment generated (Jan 2020 vs Apr 2022)

Major industry group	Self-employed without any paid employee	Employer in own family-operated farm or business
Total Employment Generated (in '000)	1,441	153
AGRICULTURE	290	184
Agriculture and Forestry	213	178
Fishing and Aquaculture	76	6
INDUSTRY	64	(18)
Mining and Quarrying	(2)	1
Manufacturing	55	(5)
Electricity Gas Steam and Air conditioning Supply	0	0
Water Supply; Sewerage Waste Management and Remediation Activities	(0)	0
Construction	12	(14)



... and wholesale & retail trade, real estate, education, and other services.

Major industry group	Self-employed without any paid employee	Employer in own family-operated farm or business
SERVICES	1,087	(13)
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	1,195	28
Transportation and Storage	(113)	3
Accommodation and Food Service Activities	(15)	(10)
Information and Communication	(12)	(1)
Financial and Insurance Activities	6	(1)
Real Estate Activities	20	1
Professional Scientific and Technical Activities	(12)	(2)
Administrative and Support Service Activities	(6)	(5)
Public Administration and Defense; Compulsory Social Security	0	0
Education	14	(3)
Human Health and Social Work Activities	8	(12)
Arts Entertainment and Recreation	(14)	1
Other Service Activities	16	(12)
Activities of Extraterritorial Organizations and Bodies	0	0



Number of microenterprises has exceeded pre-pandemic levels.

Number of Business Establishments with fixed physical location by Firm Size

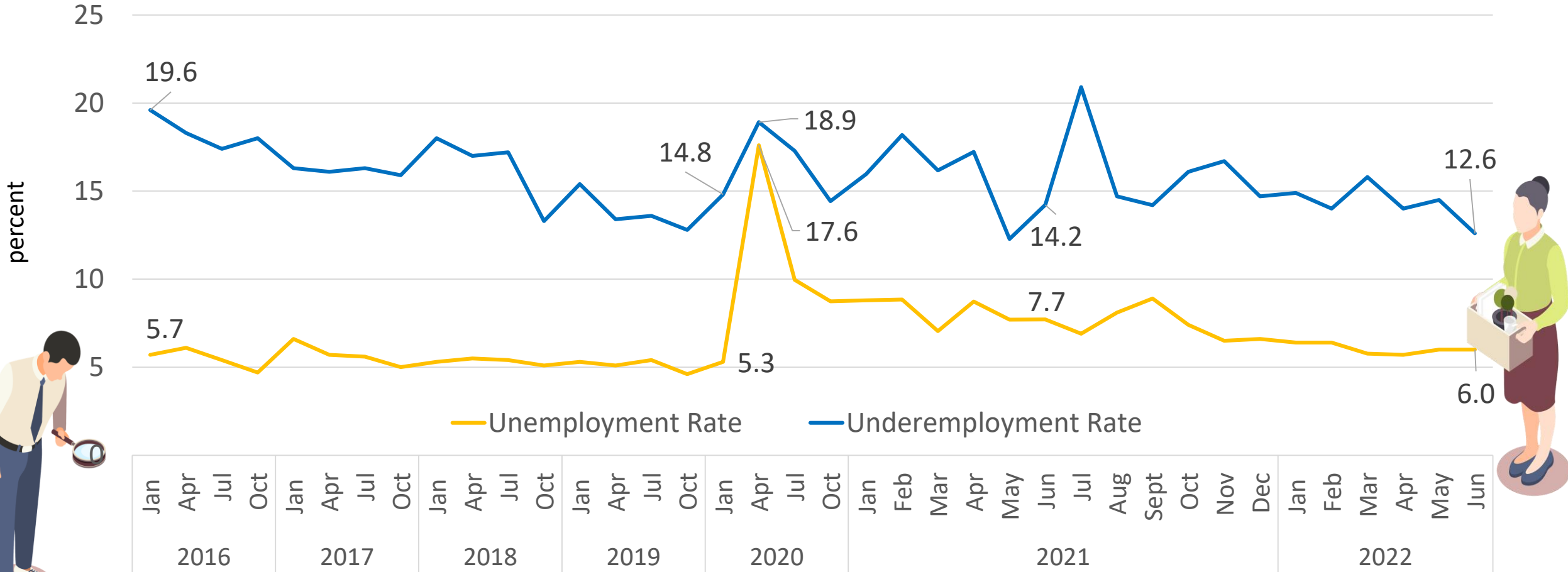
By Size	2019	2020	2021	Change (2020 vs 2021)	
				(in levels)	(in %)
Micro (1-9 TE*)	891,044	850,127	977,670	127,543	15.0%
Small (10-99)	99,936	98,126	94,008	(4,118)	(4.2%)
Medium (100-199)	4,765	4,716	4,444	(272)	(5.8%)
Large (over 200)	4,761	4,651	4,516	(135)	(2.9%)
Total	1,000,506	957,620	1,080,638	123,018	12.8%

Source: PSA



Unemployment (6.0%) and underemployment (12.6%) rates improved in June 2022.

LABOR MARKET INDICATORS



Source: PSA



Around 86% of the economy is already under Alert Level 1.

Share of economy under each community quarantine (CQ) type					
	Alert Level 5	Alert Level 4	Alert Level 3	Alert Level 2	Alert Level 1
Jan 1-8	0%	0%	46%	54%	0%
Jan 9-15	0%	0%	58%	42%	0%
Jan 16-20	0%	0%	95%	5%	0%
Jan 21-31	0%	0.4%	98.4%	1.2%	0%
Feb 1-15	0%	0%	58%	42%	0%
Feb 16-28	0%	0%	4%	96%	0%
Mar 1-15	0%	0%	0%	38%	62%
Mar 16-31	0%	0%	0%	30%	70%
Apr 1-8	0%	0%	0%	21%	79%
Apr 9-15	0%	0%	0%	20%	80%
Apr 16-30	0%	0%	0%	21%	79%
May 1-15	0%	0%	0%	19%	81%
May 16-31	0%	0%	0%	19%	81%
June 1-15	0%	0%	0%	17%	83%
June 16-30	0%	0%	0%	15%	85%
July 1-31	0%	0%	0%	15%	85%
August 1-15	0%	0%	0%	15%	85%
August 16-31	0%	0.0%	0%	14%	86%

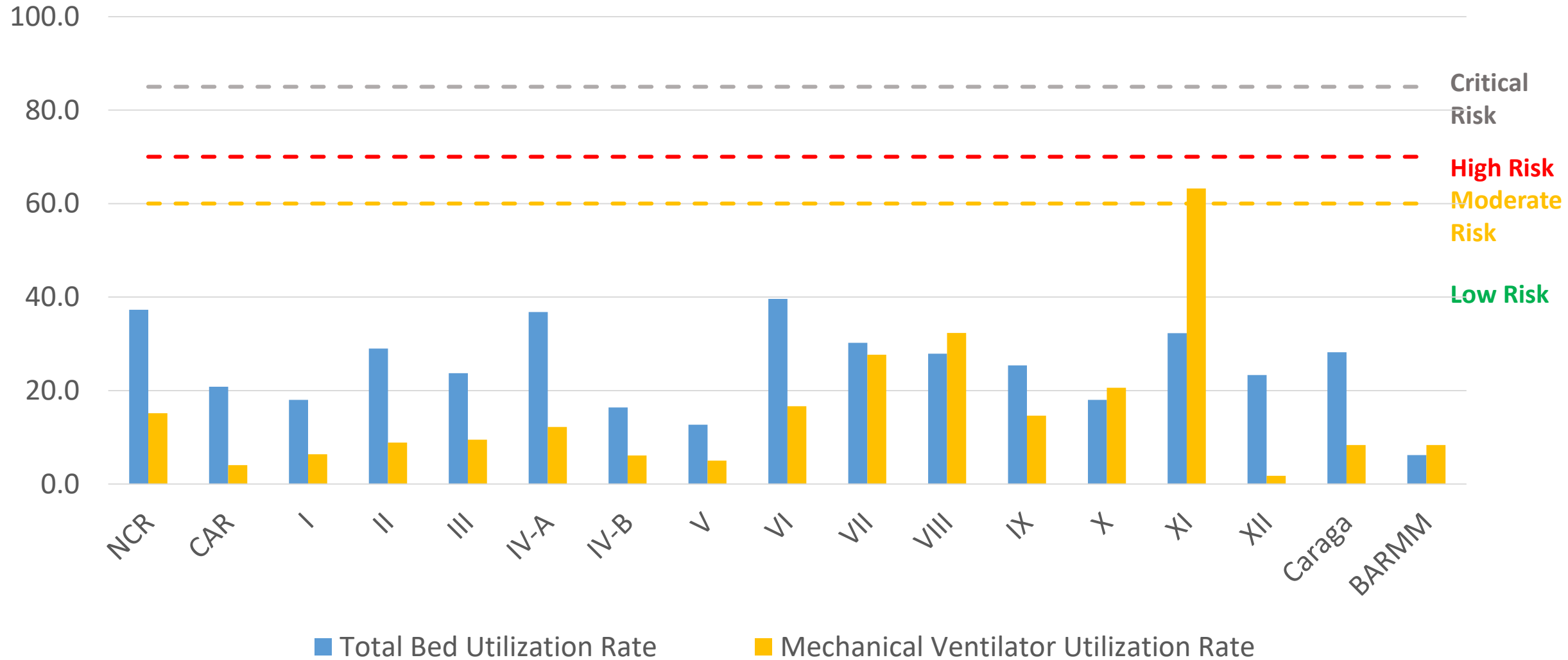
Sources: PSA and NEDA staff estimates

*AL status based on the level of restriction imposed in HUCs and provinces only.



Most regions are currently at low risk based on health capacity utilization

Regional Health Capacity Utilization Rates



Over 72 million Filipinos have been fully vaccinated; more than 17 million have already received their booster shots.

Group	Targets	Vaccination Coverage (as of August 21)	
		In levels and in percent of target population	
		Fully vaccinated	With booster/ additional dose
Total PH	78,100,578	72,323,766	17,489,964
		(92.6%)	(22.4%)
Senior Citizens (A2)	8,721,357	6,803,680	2,429,299
		(78.0%)	(27.9%)

Source: National COVID-19 Case Bulletin & DOH COVID-19 Vaccination Dashboard



Mobility is now above pre-pandemic levels

How did the number of visitors change since the beginning of the pandemic?, Philippines

Our World
in Data

This data shows how community movement in specific locations has changed relative to the period before the pandemic.

↔ Change country



Source: Google COVID-19 Community Mobility Trends - Last updated 21 August 2022

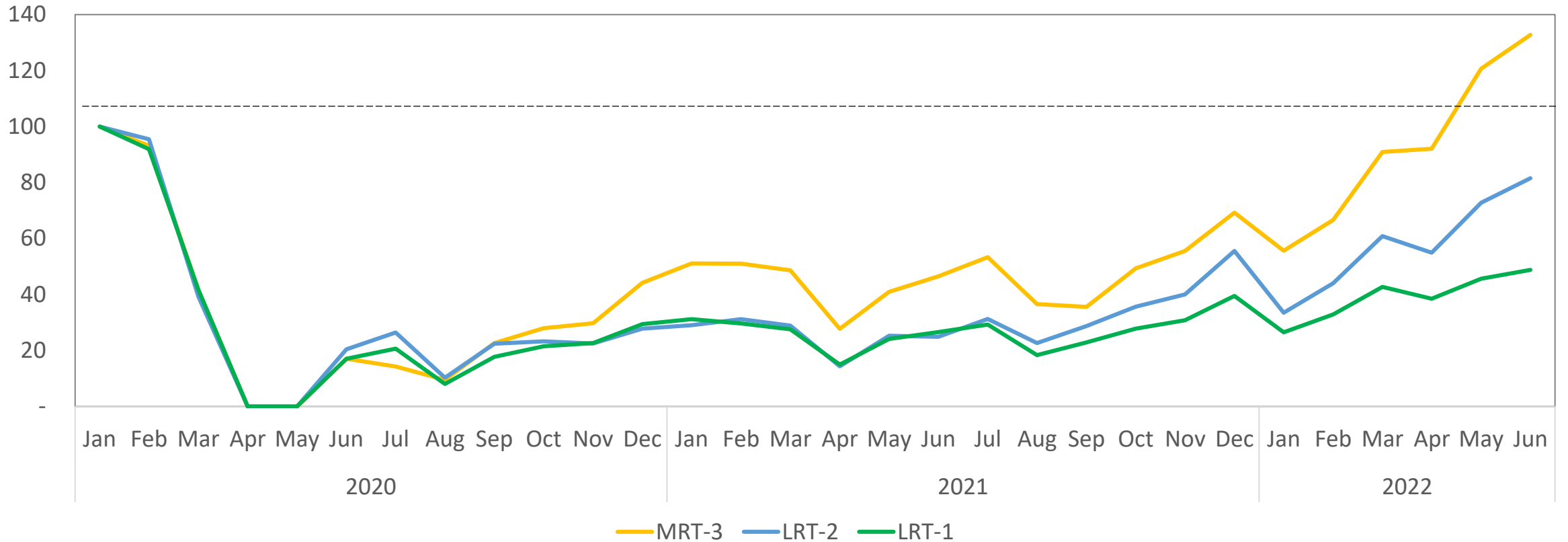
OurWorldInData.org/coronavirus • CC BY

Note: It's not recommended to compare levels across countries; local differences in categories could be misleading.



Similarly, MRT-3 passenger ridership has breached pre-pandemic levels in May, ridership in other main train lines in NCR have significantly improved as well.

Train Ridership
(Jan 2020 = 100)

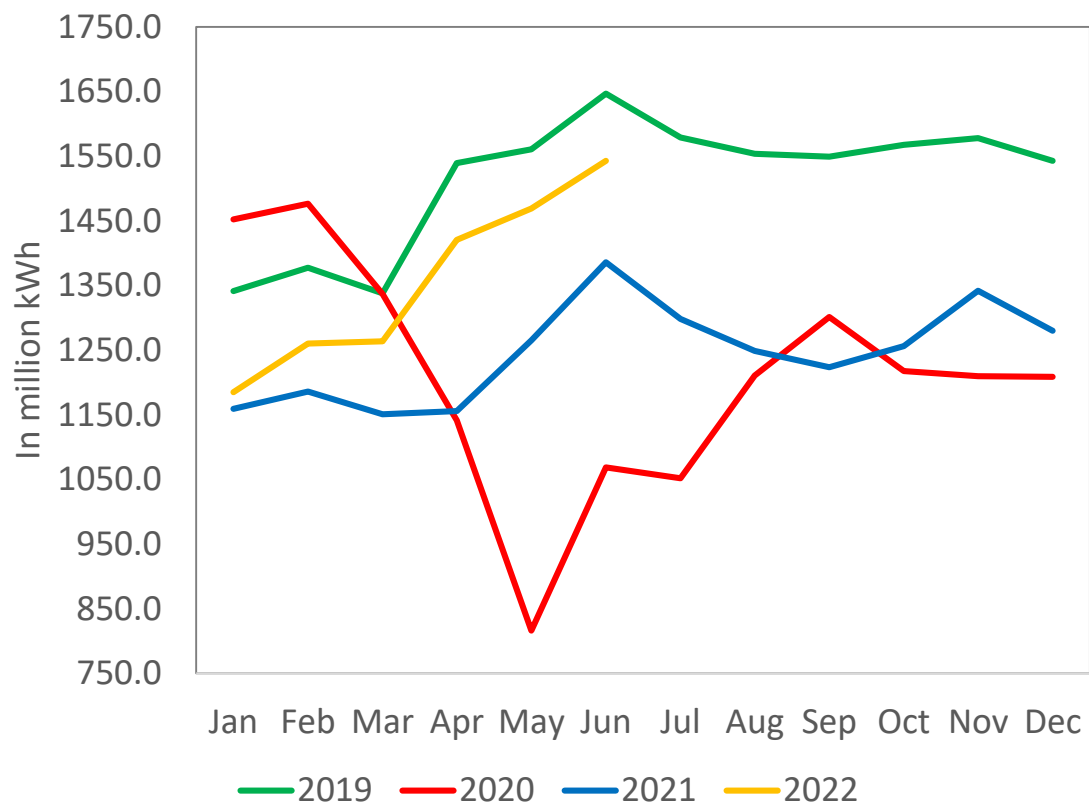


Source: Department of Transportation and NEDA staff estimates

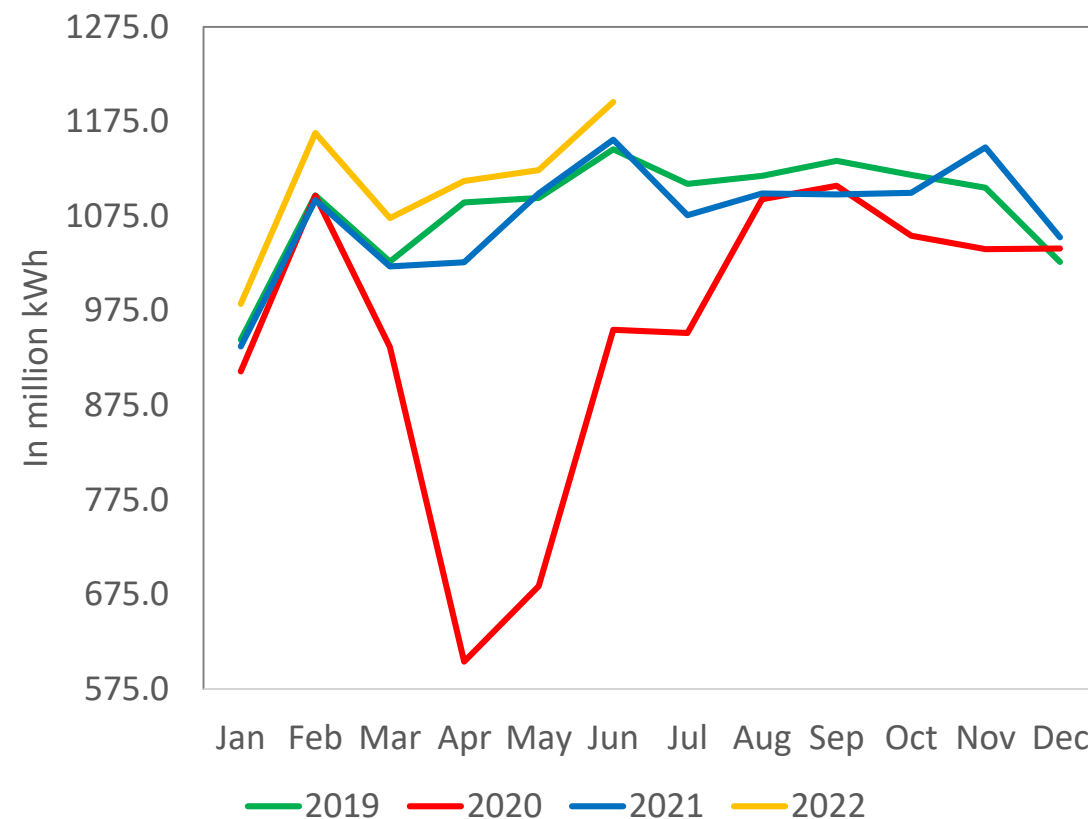


Both commercial and industrial demand for electricity increased as more economic activities resume.

MERALCO Sales (Commercial)



MERALCO Sales (Industrial)

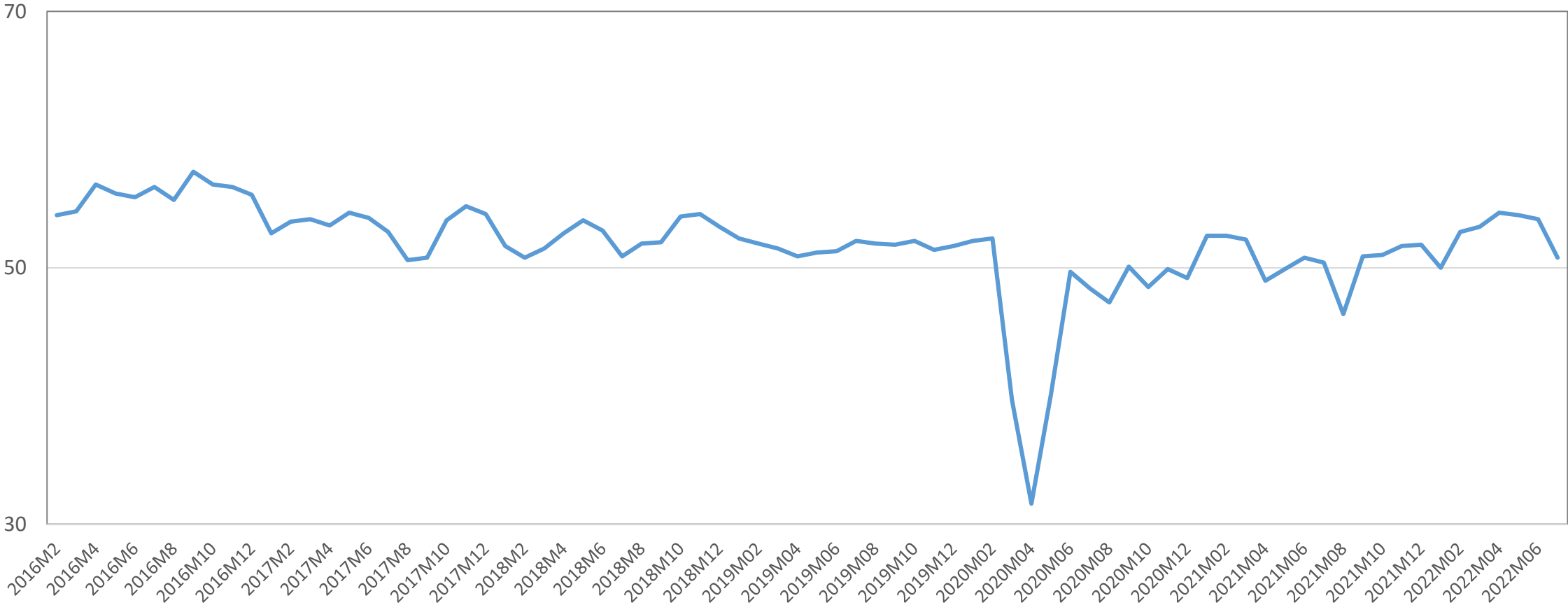


Source: MERALCO

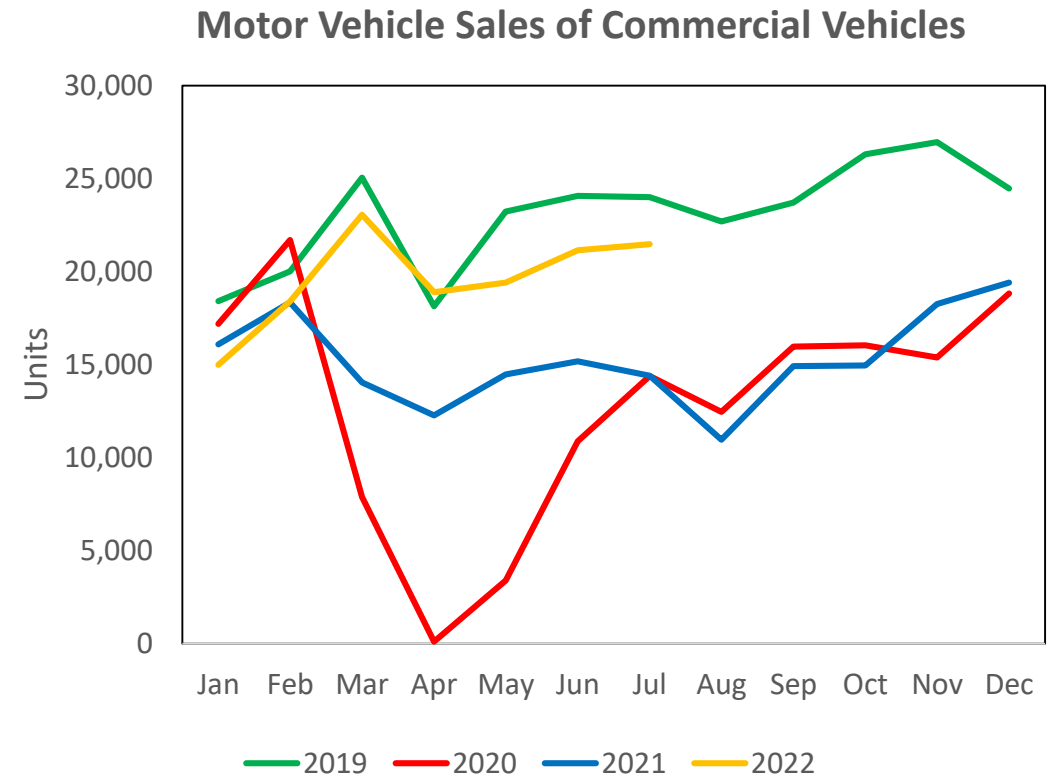
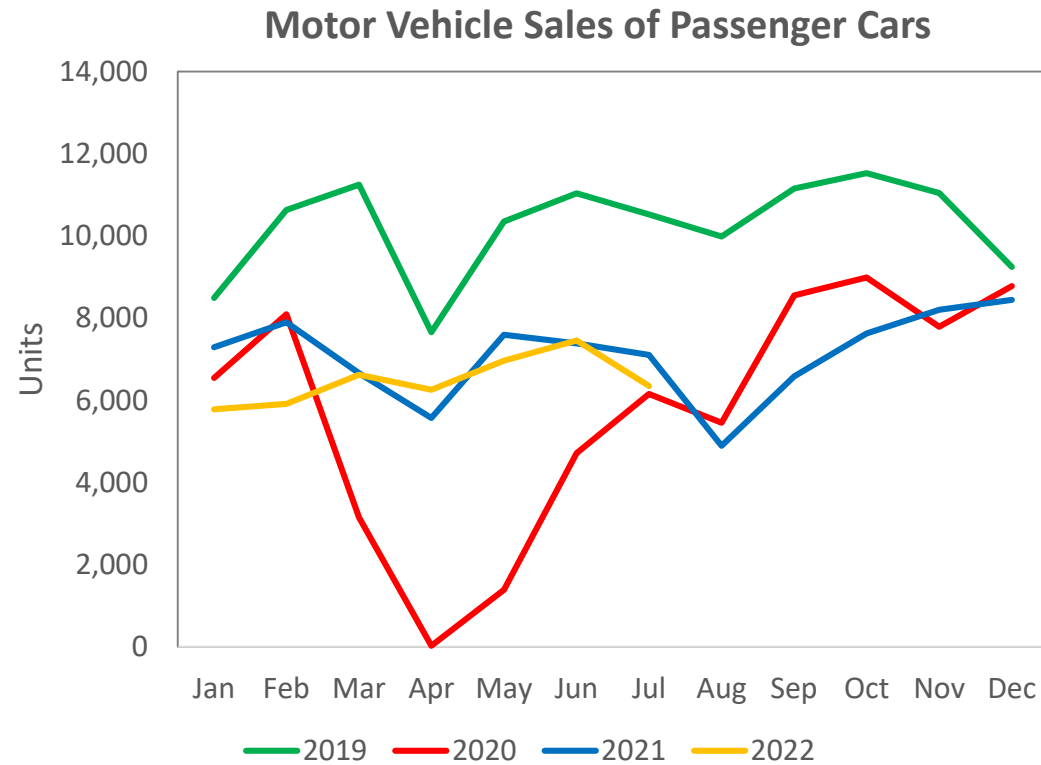


The country's PMI eases to 50.8 in July 2022 amid inflationary pressures, weak global demand, and supply chain disruptions brought by lockdowns in China.

PH Purchasing Managers' Index



Commercial car sales has been consistently higher compared to last year since February 2022.



Source: Chamber of Automotive Manufacturers of the Philippines/CEIC

DBCC- Approved Growth targets

Year	GDP growth target (as of July 8, 2022)
2022	6.5 - 7.5
2023 -2028	6.5 – 8.0

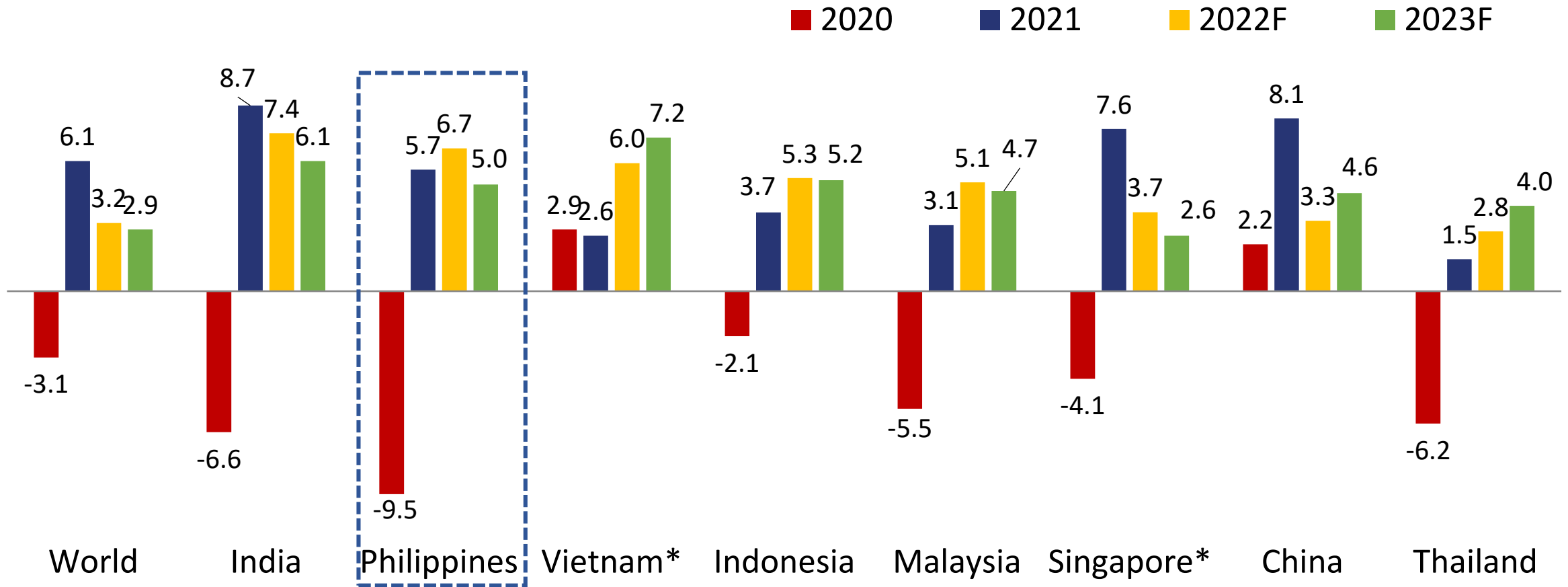
2022 target is broadly in line with recent private sector forecasts.

Institution	As of	2022	2023
Barclays	19-Aug	6.8	4.8
JPMorgan Chase	19-Aug	6.2	5.5
Standard Chartered	19-Aug	6.8	5.3
Capital Economics	16-Aug	6.5	6
Fitch Ratings	16-Aug	6.5	6.3
Fitch Solutions	16-Aug	6.6	6.2
Goldman Sachs Group	16-Aug	7.1	6.4
Moody's Analytics	16-Aug	7.1	5.9
International Monetary Fund	26-Jul	6.7	5
Asian Development Bank	21-Jul	6.5	6.3
World Bank	8-Jun	5.7	5.6
	Mean	6.6	5.8
	Median	6.6	5.9

Source: Various sources



Philippines is expected to be among the fastest growing economies in the region.



Source: IMF WEO July 2022; *Article IV Consultation July 2022



PhilSys Accomplishments

71,005,264

Biometrics capture
(as of 29 July 2022)

77.2% of target for 2022

14,760,500

PhilIDs delivered
(as of 29 July 2022)

49.0% of target for 2022

8,050,213

Individuals onboarded for
bank accounts
(as of 01 June 2022)

59.6% of target



2022 TARGET: 50 million PhilIDs issued

DIGITAL ID

(which can be printed, downloaded, or generated in the mobile app)



20 million

30 million

PHYSICAL ID



Source: PSA



Economic Transformation for a Prosperous, Inclusive and Resilient Society



Social and Economic Targets

- The economy is targeted to grow by 6.5 to 8 percent through 2028.
- Unemployment rate will be reduced from about 8 percent in 2021 to a range of 4 to 5 percent in 2028. To reflect the increase in quality jobs, the percentage of wage and salaried workers in private establishments to total employed workers will increase from 48 percent in 2021 to a range of 53 to 55 percent in 2028.
- We will attain upper middle income status.
- Poverty is targeted to decline to 9 percent of the population by 2028.



The Philippine Development Plan (PDP) 2023-2028 remains anchored on *AmBisyon Natin 2040*, the 2030 Sustainable Development Goals, and the Administration's 8-point Socioeconomic Agenda.

Preliminary

MATATAG, MAGINHAWA AT PANATAG NA BUHAY

ECONOMIC TRANSFORMATION FOR A PROSPEROUS, INCLUSIVE, AND RESILIENT SOCIETY

DEVELOP AND PROTECT CAPABILITIES OF INDIVIDUALS AND FAMILIES

PROMOTE HUMAN CAPITAL AND SOCIAL DEVELOPMENT

INCREASE INCOME EARNING ABILITY

PROTECT PURCHASING POWER



BOOST HEALTH AND NUTRITION



EXPAND TRAINING AND SKILLS DEVELOPMENT



ENSURE FOOD SECURITY



IMPROVE EDUCATION AND LIFELONG LEARNING



INTENSIFY EMPLOYMENT FACILITATION



RATIONALIZE SOCIAL PROTECTION



ESTABLISH LIVABLE COMMUNITIES



ENSURE MACROECONOMIC STABILITY



EXPAND AND UPGRADE INFRASTRUCTURE



PROMOTE COMPETITION AND REGULATORY EFFICIENCY



ATTAIN PEACE AND SECURITY



PRACTICE GOOD GOVERNANCE



ACCELERATE CLIMATE ACTION AND STRENGTHEN DISASTER RESILIENCE

TRANSFORM PRODUCTION SECTORS TO GENERATE MORE QUALITY JOBS AND COMPETITIVE PRODUCTS

MODERNIZE AGRICULTURE AND AGRI-BUSINESS

REVITALIZE INDUSTRY

REINVIGORATE SERVICES



ADVANCE R&D, TECHNOLOGY, AND INNOVATION



ENHANCE INTER-INDUSTRY LINKAGES



PROMOTE TRADE AND INVESTMENTS

***We look forward to working with you to
promote an innovative, inclusive, and healthy
financial sector!***





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