

REPUBLIC OF THE PHILIPPINES

DEPARTMENT OF ECONOMY, PLANNING, AND DEVELOPMENT

RECENT ECONOMIC **PERFORMANCE AND** OUTLOOK

DESIREE JOY O. NARVAEZ

Director IV National Policy and Planning Staff

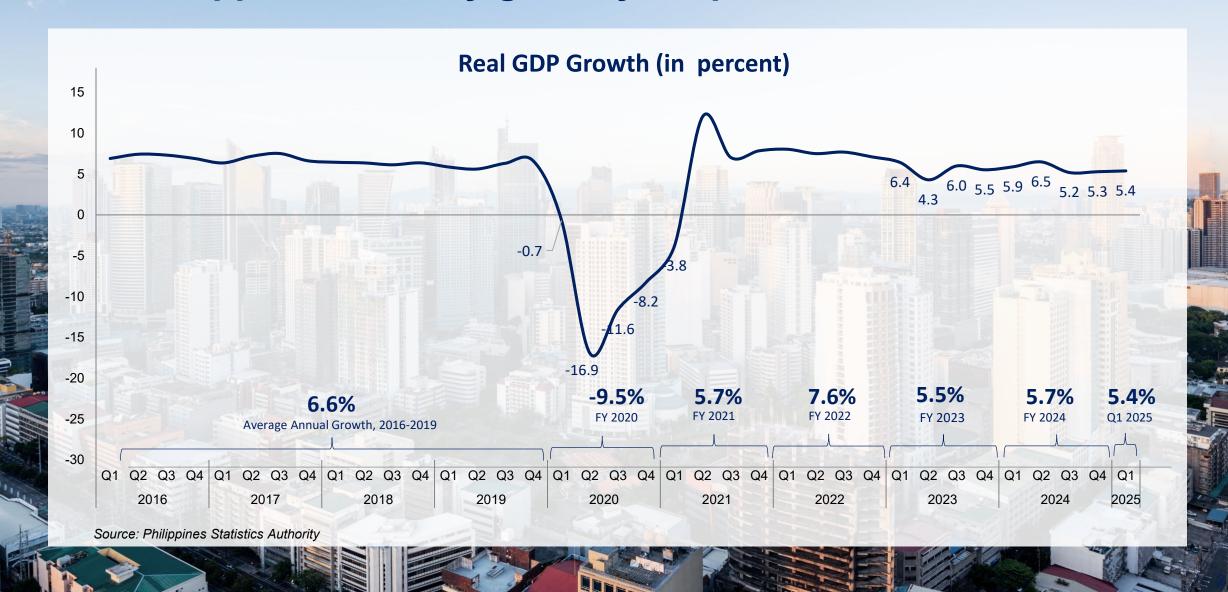
30 July 2025







The Philippine economy grew by 5.4 percent in Q1 2025.



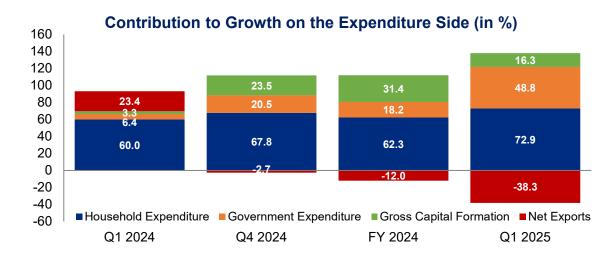
Robust domestic demand continues to boost growth in Q1 2025, particularly government and household spending.

Real Growth Rates (in %)

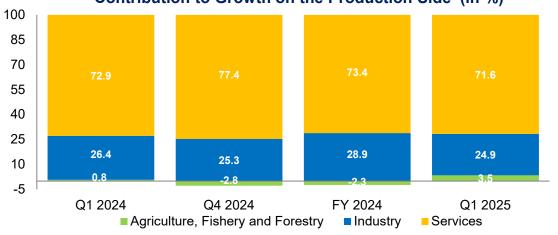
	Q1 2024	Q4 2024	FY 2024	Q1 2025
GROSS DOMESTIC PRODUCT	5.9	5.3	5.7	5.4
By Expenditure Item				
Household Expenditure	4.7	4.7	4.9	5.3
Government Expenditure	2.6	9.0	7.3	18.7
Gross Capital Formation	8.0	5.5	7.7	4.0
of which: Public Construction	12.6	4.2	12.2	8.2
Exports	8.1	3.2	3.3	6.2
Imports	2.2	2.7	4.2	9.9

By Industrial Origin				
Agriculture, Fishery and Forestry	0.5	-1.6	-1.5	2.2
Industry	5.2	4.5	5.6	4.5
of which: Manufacturing	4.6	3.3	3.7	4.1
Services	7.0	6.7	6.7	6.3

Source: Philippines Statistics Authority



Contribution to Growth on the Production Side (in %)



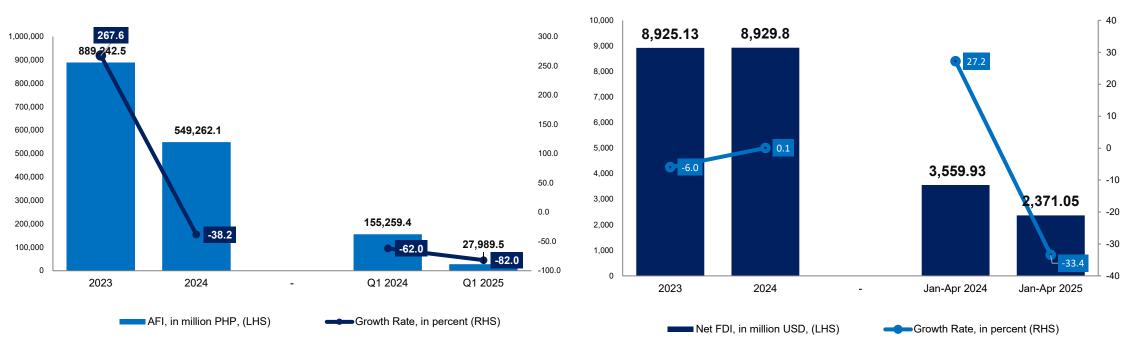




Approved foreign investments reached PHP27.9 billion in Q1 2025 while net FDI inflows was recorded at USD 2.37 billion in January-April 2025.

Approved Foreign Investments (AFI)

Net Foreign Direct Investments (FDI)



Source: Philippines Statistics Authority





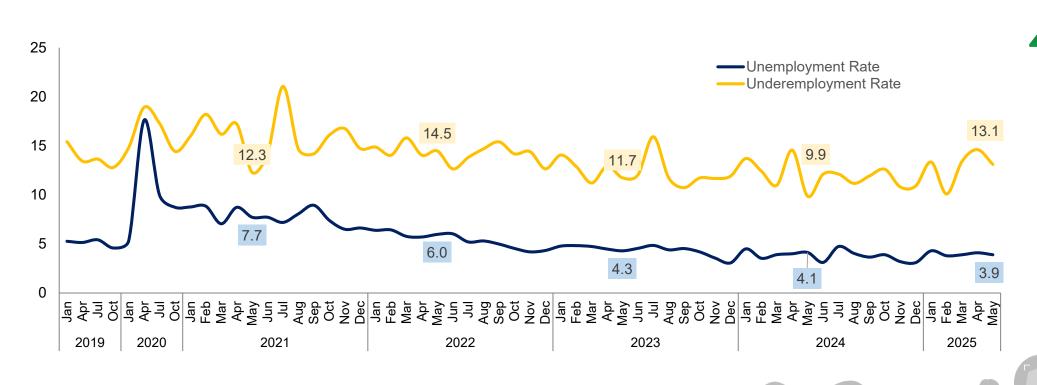


Unemployment rate declined to 3.9 percent in May 2025, while underemployment rate climbed to 13.1 percent

NET EMPLOYMENT GENERATION

million jobs

(2019 vs 2024)



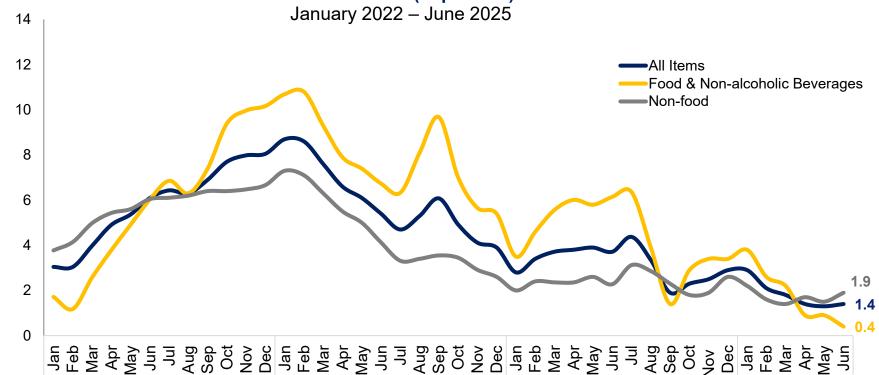
Note: Starting February 2021, monthly LFS will be conducted in between quarterly/regular LFS to generate national level labor and employment statistics from the survey. The monthly rounds do not produce regional estimates

Source: PSA-Labor Force Survey





Inflation Rate for All Items, Food & Non-alcoholic Beverages, and Non-food (in percent)



2024

2025

Overall inflation slightly picked up to 1.4 percent in June 2025.

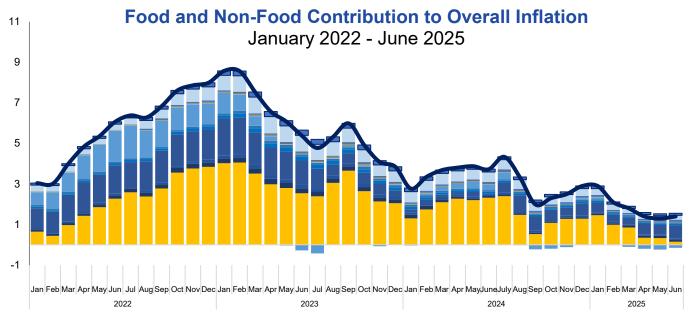
Source: Philippine Statistics Authority

2022



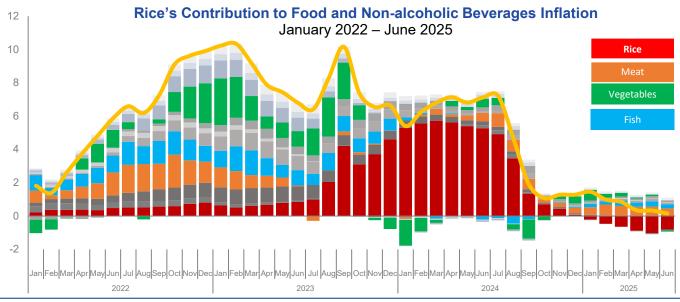


2023



Inflation has been mainly driven by food inflation since S2 2022.

In June 2025, meat ranked as the top driver of food inflation, followed by fish.



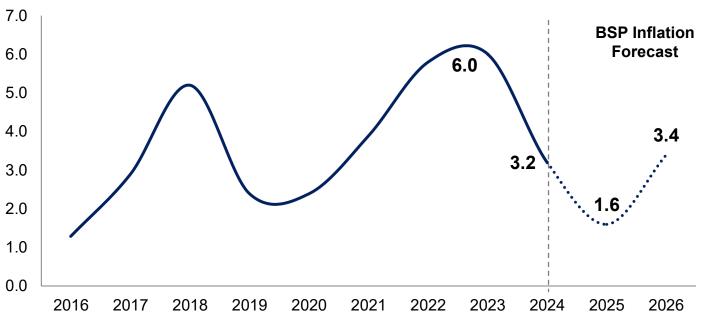




INFLATION OUTLOOK

Potential increase in oil prices, electricity charges and rice tariffs could drive up inflation. Meanwhile, slower global economic activity put downward pressure on inflation.

Headline inflation (in %)



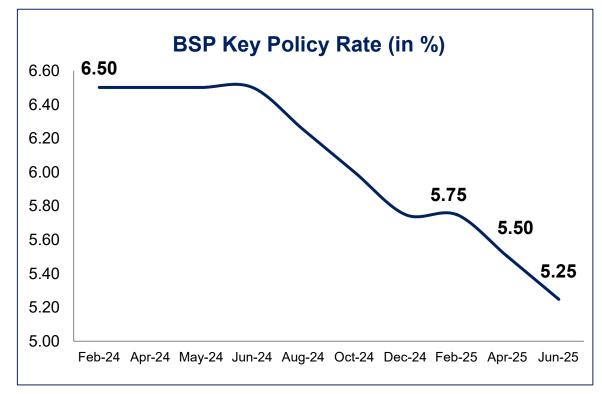






More accommodative policy rate amid easing inflation

The Monetary Board reduced the key policy rate in its latest monetary policy meeting, citing moderation in inflation outlook and deceleration in global economic activity



Source: Bangko Sentral ng Pilipinas







GROWTH OUTLOOK III AND STRATEGIES

DBCC-Approved **Growth Targets**

2026- 2028

6.0% - 7.0%

2025

5.5% - 6.5%





Risks to the Growth Outlook



Domestic Risks

Extreme natural disasters (climate change)

Possible spread of other highly-infectious animal diseases.

Adjustments in fare, wage, and service utilities fees that are above expectations

Passage of tax/revenue eroding measures; Delays in the enactment of critical reforms

Weak absorptive capacity of implementing agencies and LGUs





Strategic Imperatives for Sustained Economic Growth

Manage inflation to protect purchasing power of households and provide space for more accommodative monetary policy.

- Deploy strategic trade policy tools to ensure stable food supply and prices
- Expedite the rollout of ASF vaccines.
- · Increase resilience of agri sector

Expand trade partnership and enhance productivity of domestic industries.

- Prioritize negotiations with major trade partners
- Enhance trade facilitation thru digital systems
- Assist local firms in broadening the product mix and upgrading technological capacity to meet new product demands.



Ensure effective and efficient delivery of government program, activities, and projects (PAPs).

- Prioritize catch-up plans for delayed programs and capacity-building for newlyelected officials
- Enhance efforts in M&E

Increase productivity of industry and capitalize on higher-value adding activities in the services sector.

- Upskill and reskill workforce in the use of Al and technology
- Enhance connectivity, both physical and digital
- Attract investments to crucial sectors, such as energy and utilities and manufacturing





Fully implement and accelerate the enactment of key structural reforms toward economic diversification in the medium to long term



Human Capital

- Enterprise-Based Education and Training (EBET) Act (enacted)
- Amendments to the Universal Health Care (UHC) Act (pending)
- Trabaho para sa Bayan (TPB) Act (enacted)
- Digital workforce and Al integration programs



Infrstructure

- Public-Private Partnership (PPP) Code of the Philippines (enacted)
- Accelerated and Reformed Right-of-Way (ARROW) Act (ratified)



Digitalization

- E-Government/ E-Governance Act (ratified)
- Konektadong Pinoy Act (ratified)



Water

 Department of Water Resources (pending)



Agriculture

- Amendments to the Agricultural Tariffication Act (enacted)
- National Land Use Act (pending)



Energy

- Power Sector Assets and Liabilities Management (PSALM) Extension (enacted)
- Energy Regulatory Commission Strengthening (pending)





Strategy Framework of the Philippine Development Plan 2023-2028



MATATAG, MAGINHAWA, AT PANATAG NA BUHAY



ECONOMIC AND SOCIAL TRANSFORMATION FOR A PROSPEROUS, INCLUSIVE, AND RESILIENT SOCIETY

DEVELOP AND PROTECT CAPABILITIES OF INDIVIDUALS AND FAMILIES

TRANSFORM PRODUCTION SECTORS TO GENERATE MORE QUALITY JOBS AND COMPETITIVE PRODUCTS



PROMOTE HUMAN AND SOCIAL DEVELOPMENT



VULNERABILITIES AND PROTECT PURCHASING POWER



INCREASE INCOME-EARNING ABILITY



MODERNIZE AGRICULTURE AND AGRIBUSINESS



REVITALIZE INDUSTRY



REINVIGORATE

BOOST HEALTH

IMPROVE EDUCATION AND LIFELONG LEARNING

ESTABLISH LIVABLE COMMUNITIES ENSURE FOOD SECURITY AND PROPER NUTRITION

STRENGTHEN SOCIAL PROTECTION

INCREASE EMPLOYABILITY

EXPAND EMPLOYMENT OPPORTUNITIES

ACHIEVE SHARED LABOR MARKET GOVERNANCE PROMOTE TRADE AND INVESTMENTS

ADVANCE R&D, TECHNOLOGY, AND INNOVATION

ENHANCE INTER-INDUSTRY LINKAGES

PROMOTE COMPETITION AND IMPROVE REGULATORY EFFICIENCY



PRACTICE GOOD GOVERNANCE AND IMPROVE BUREAUCRATIC EFFICIENCY



ENSURE MACROECONOMIC STABILITY AND EXPAND INCLUSIVE AND INNOVATIVE FINANCE



ENSURE PEACE AND SECURITY, AND ENHANCE ADMINISTRATION OF JUSTICE



EXPAND AND UPGRADE INFRASTRUCTURE



ACCELERATE CLIMATE ACTION AND STRENGTHEN DISASTER RESILIENCE





PDP Chapter 11.1 Strategy Framework



ENSURE MACRO ECONOMIC STABILITY AND EXPAND INCLUSIVE AND INNOVATIVE FINANCE



PROMOTE AN INCLUSIVE, INNOVATIVE, AND HEALTHY FINANCIAL SECTOR



FINANCIAL INCLUSION BROADENED AND DEEPENED



FINANCIAL INNOVATION ACCELERATED AND STRENGTHENED



FINANCIAL SECTOR HEALTH ENSURED

- Promote financial literacy
- Improve access to financial services, including digital services, among previously excluded sectors
 - Develop alternative platforms for financial literacy programs
 - Increase ubiquity and affordability of cash agent services
 - Enhance awareness campaigns on financial products and services
 - Sustain and complete digital transformation

- Adopt regulatory sandbox approach for fintech innovators
- Encourage efficiency and innovation in small and medium enterprises (SME) financing, microfinance, and microinsurance
- Mainstream sustainable finance
 - Support capacity building and digital transformation of microfinance and microinsurance companies
 - Continuously improve the sustainable finance definition, its principles-based taxonomy, and establish a sustainable pipeline database
 - Adopt insurance technology to develop affordable and responsive financial products
 - Increase investments of retail and institutional players in sustainable finance

- Pursue financial stability through macro and micro prudential measures
- Intensify consumer protection
 - Strengthen the effectiveness of the Financial Stability Coordination Council
 - Enhance supervision and regulation of the financial system
 - Enhance awareness campaigns on financial frauds, scams, and recourse measures

- Leverage data and address information gaps among stakeholders
- Promote safe and efficient National Payment System (NPS)
- Foster capital market development
- Promote regtech development
 - Develop, enhance, and promote the use of credit database
 - Adopt regulatory framework and policies that remain relevant amidst innovation and digitalization

- Incentivize SMEs, Corporates, and PPPs to publicly list
- Promote enabling regulations for fintech
- Support and adopt open financing
- Support and adopt the BSP Roadmap for the NPS
- Promote new equity and bond issues for investment
- Adopt regulatory technology for digital finance innovations





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