



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF ECONOMY, PLANNING, AND DEVELOPMENT

RECENT ECONOMIC PERFORMANCE AND OUTLOOK



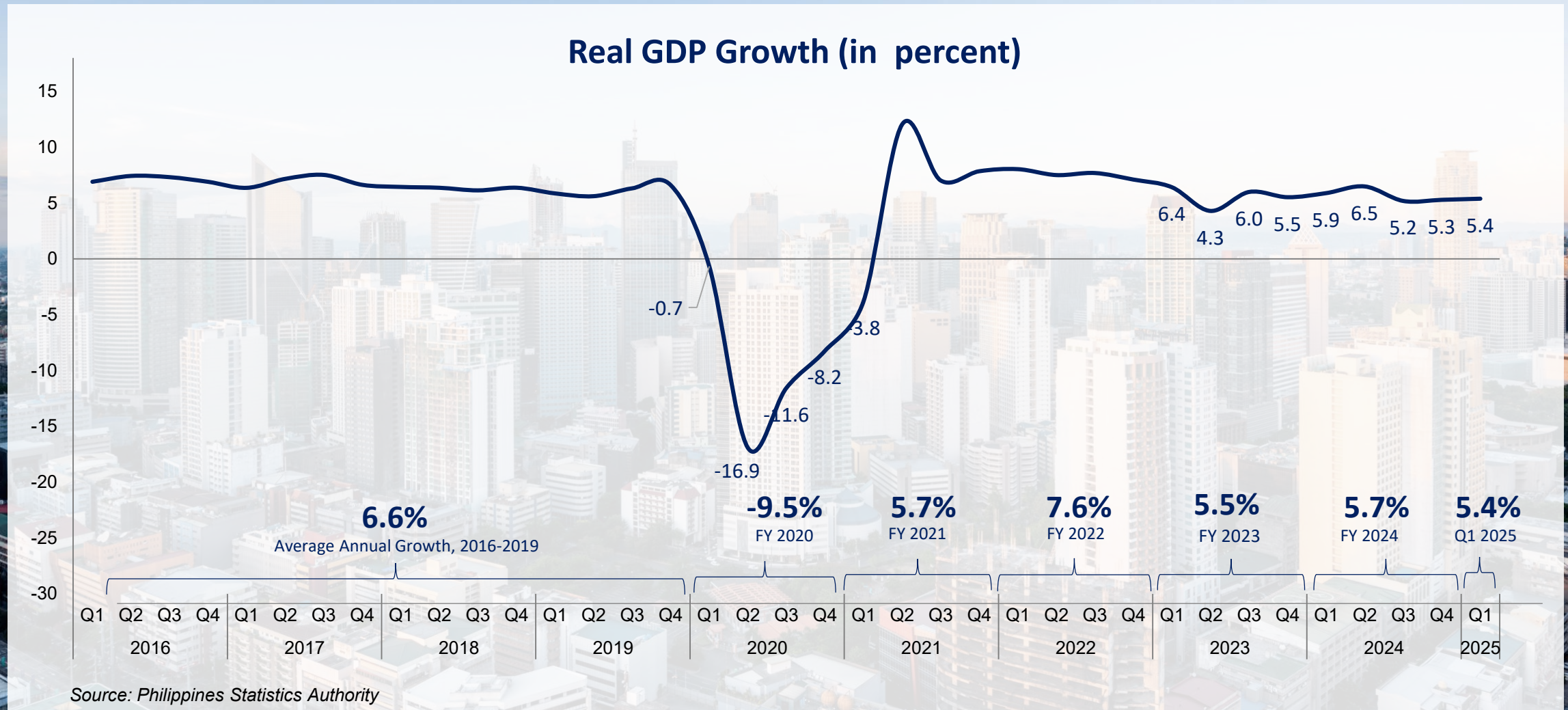
DESIREE JOY O. NARVAEZ

**Director IV
National Policy and Planning Staff**

30 July 2025



The Philippine economy grew by 5.4 percent in Q1 2025.



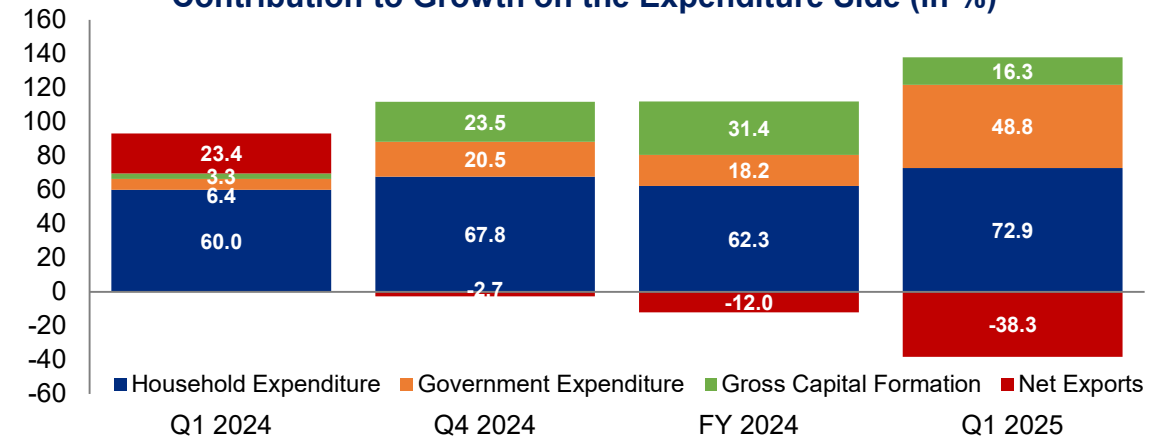
Robust domestic demand continues to boost growth in Q1 2025, particularly government and household spending.

Real Growth Rates (in %)

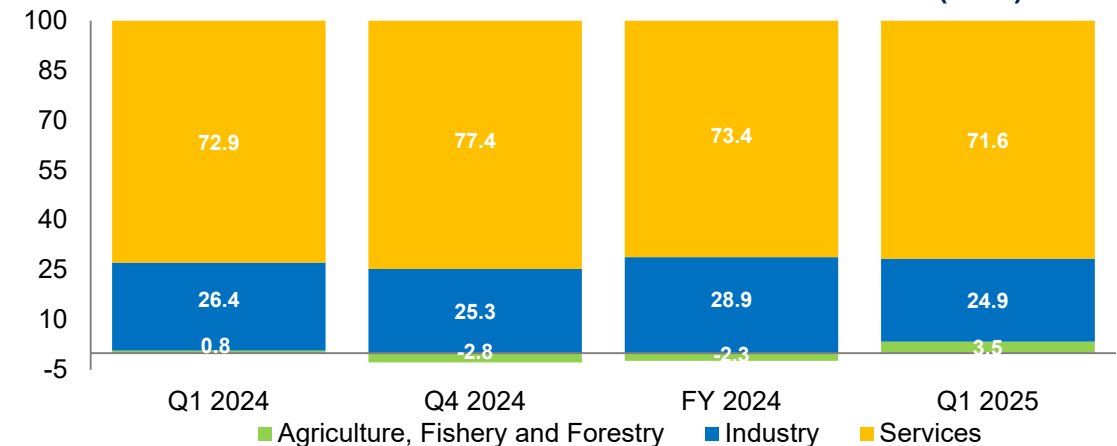
	Q1 2024	Q4 2024	FY 2024	Q1 2025
GROSS DOMESTIC PRODUCT	5.9	5.3	5.7	5.4
<i>By Expenditure Item</i>				
Household Expenditure	4.7	4.7	4.9	5.3
Government Expenditure	2.6	9.0	7.3	18.7
Gross Capital Formation	0.8	5.5	7.7	4.0
<i>of which: Public Construction</i>	12.6	4.2	12.2	8.2
Exports	8.1	3.2	3.3	6.2
Imports	2.2	2.7	4.2	9.9
<i>By Industrial Origin</i>				
Agriculture, Fishery and Forestry	0.5	-1.6	-1.5	2.2
Industry	5.2	4.5	5.6	4.5
<i>of which: Manufacturing</i>	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 Expenditure Side (in %)

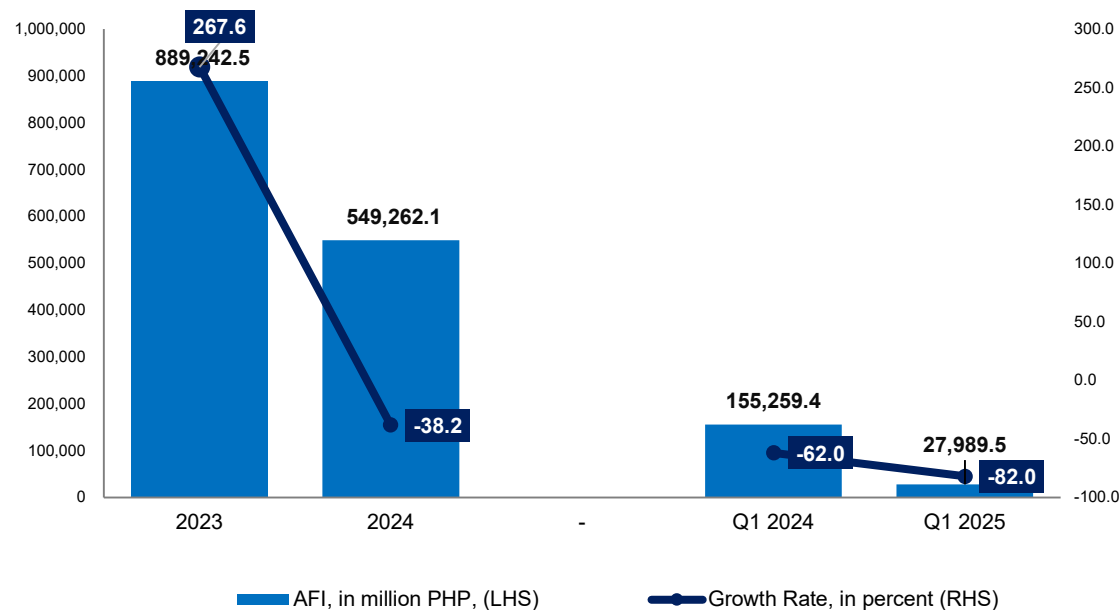


Contribution to Growth on the Production Side (in %)



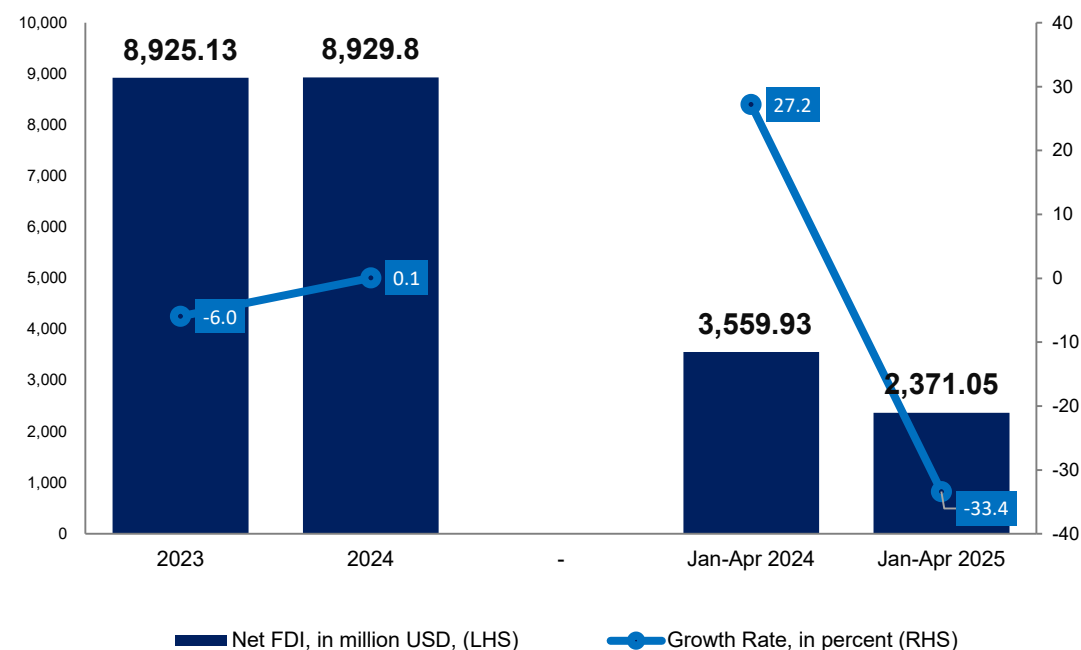
Approved foreign investments reached PHP27.9 billion in Q1 2025 while net FDI inflows was recorded at USD 2.37 billion in January-April 2025.

Approved Foreign Investments (AFI)



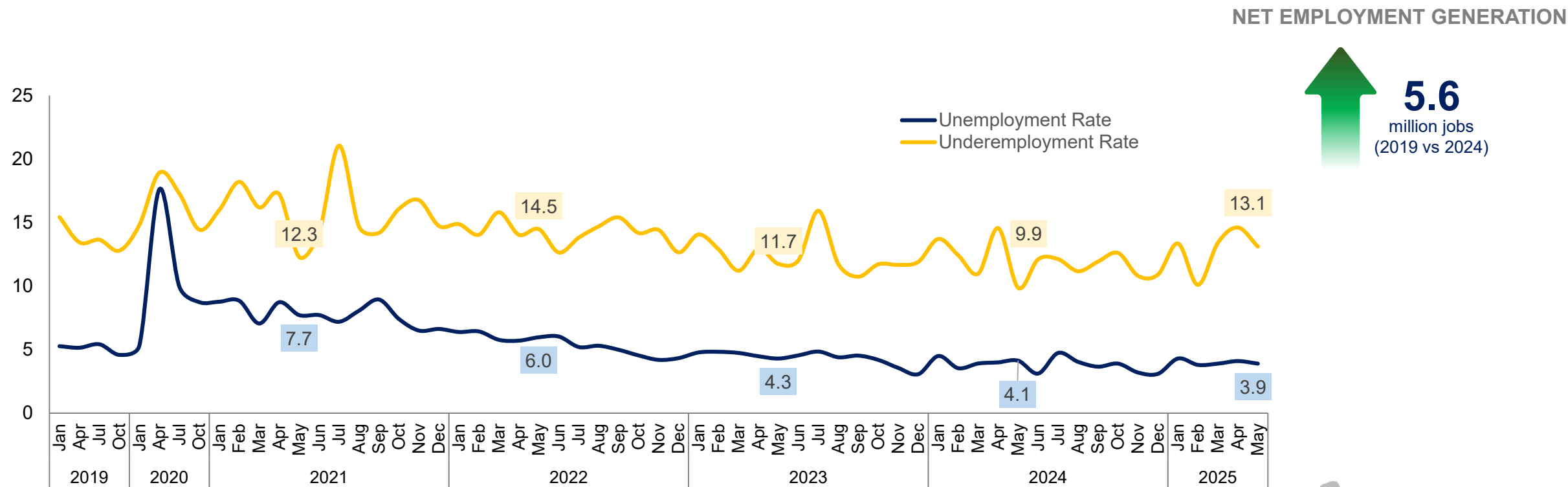
Source: Philippines Statistics Authority

Net Foreign Direct Investments (FDI)



Source: Bangko Sentral ng Pilipinas

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

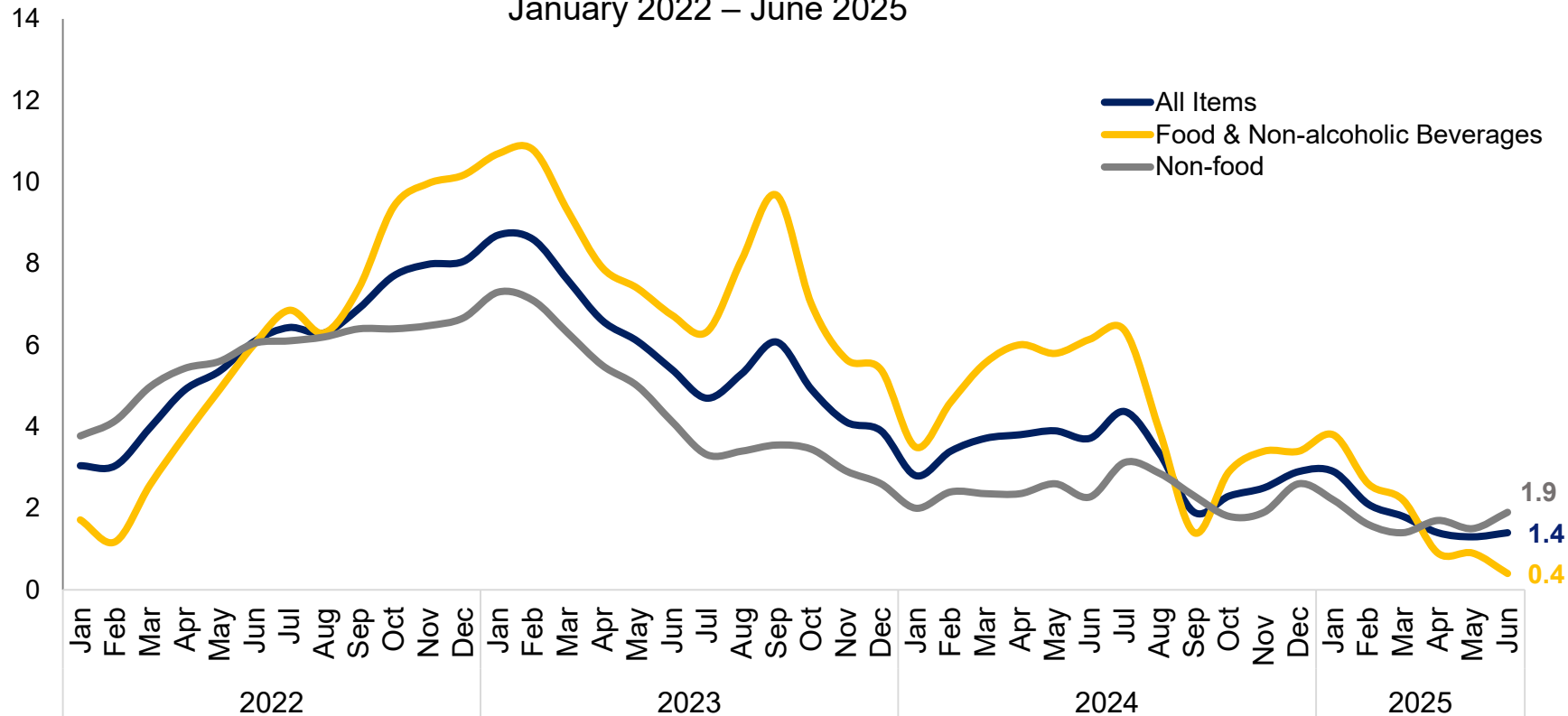


Note: Starting February 2021, monthly LFS will be conducted in between quarterly/regular LFS to generate national level labor and employment statistics from the survey. The monthly rounds do not produce regional estimates

Source: PSA-Labor Force Survey



**Inflation Rate for All Items, Food & Non-alcoholic Beverages,
and Non-food (in percent)**
January 2022 – June 2025

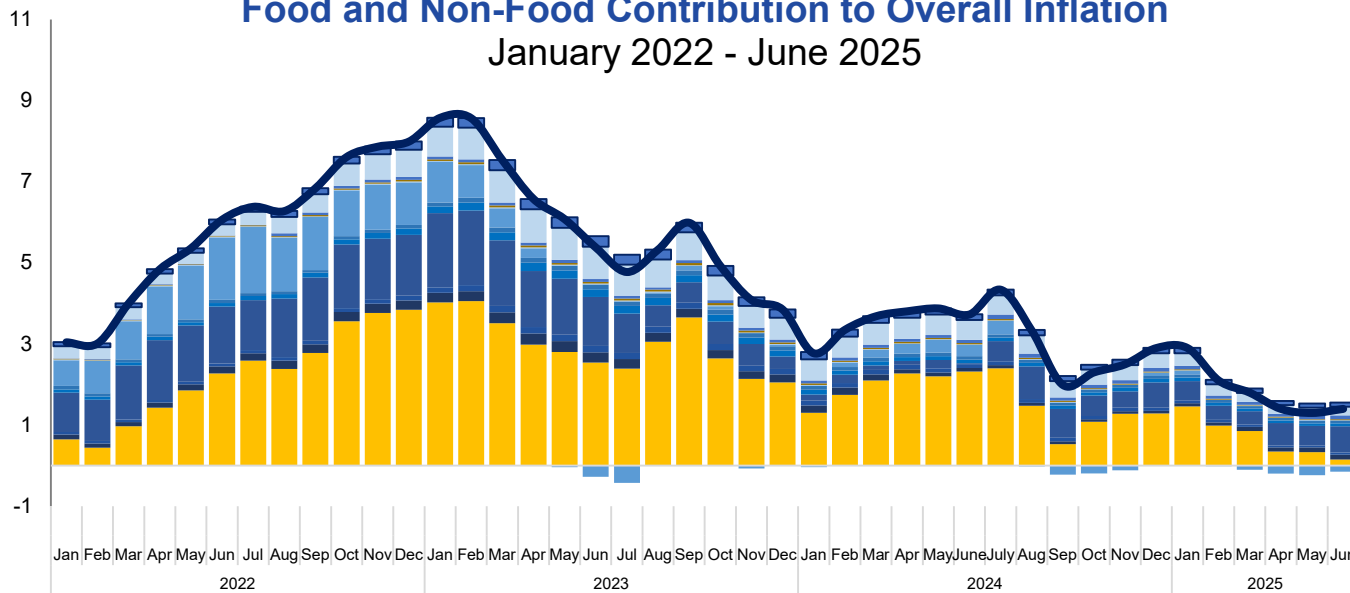


**Overall inflation
slightly picked up
to 1.4 percent in
June 2025.**

Source: Philippine Statistics Authority



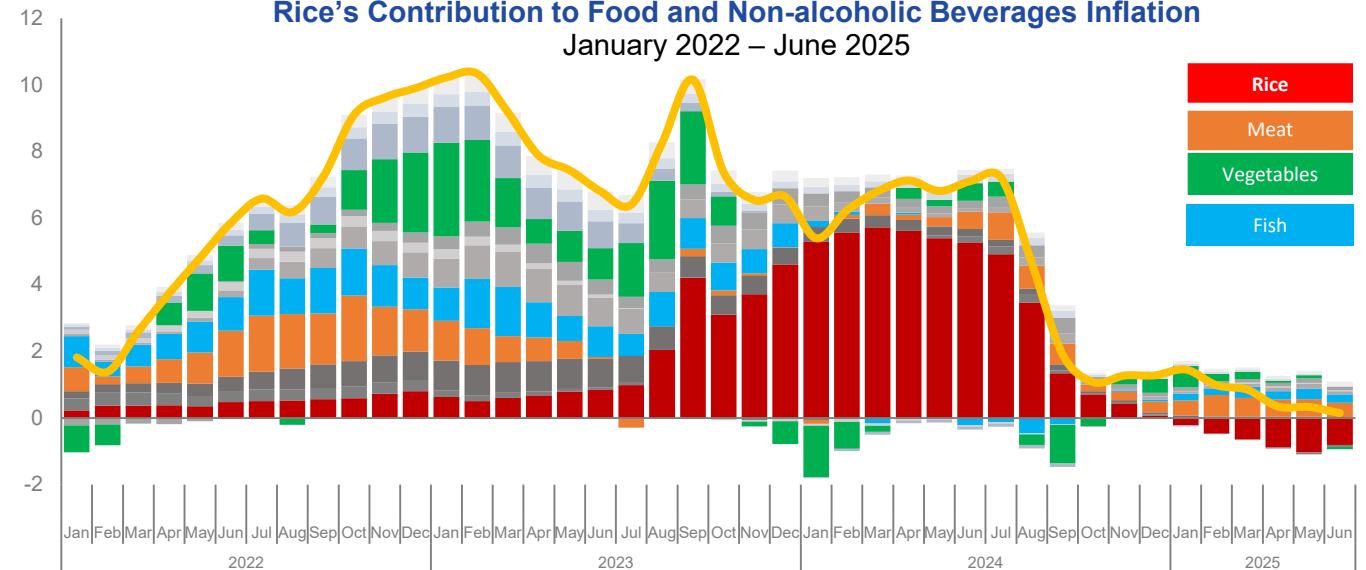
Food and Non-Food Contribution to Overall Inflation
January 2022 - June 2025



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

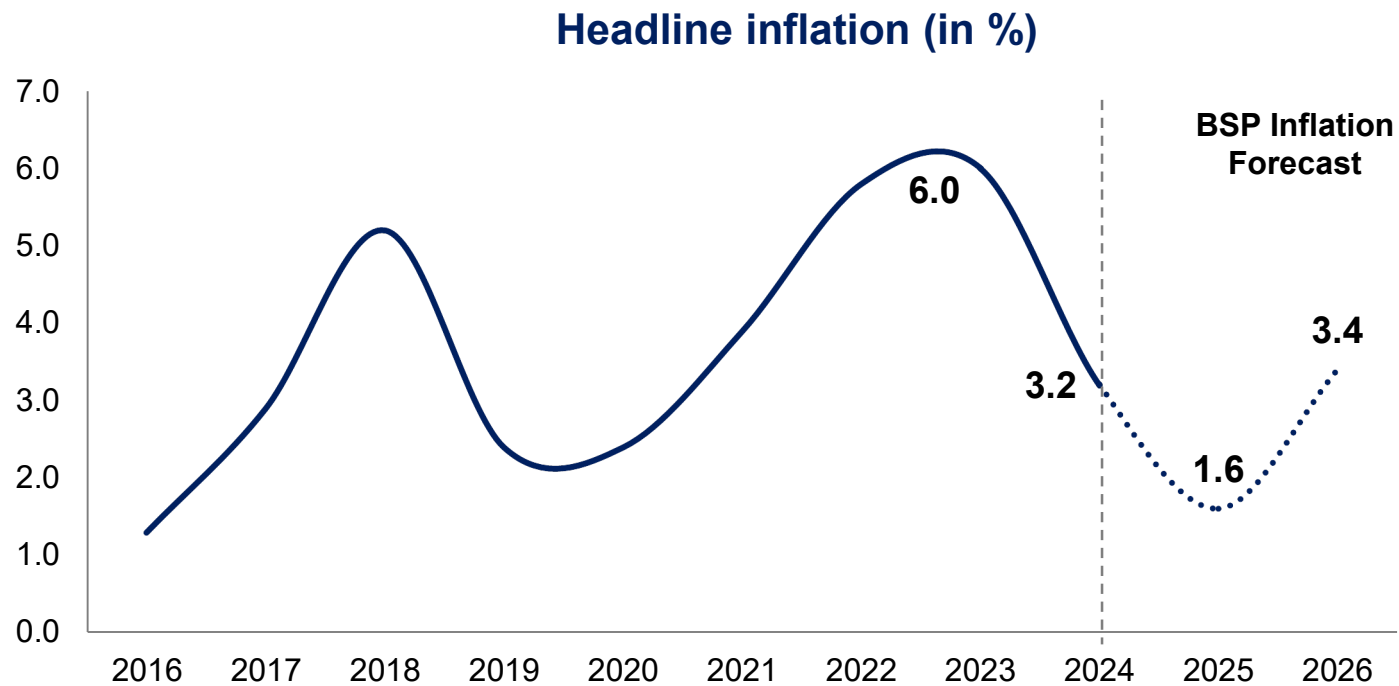
In June 2025, meat ranked as the top driver of food inflation, followed by fish.

Rice's Contribution to Food and Non-alcoholic Beverages Inflation
January 2022 – June 2025



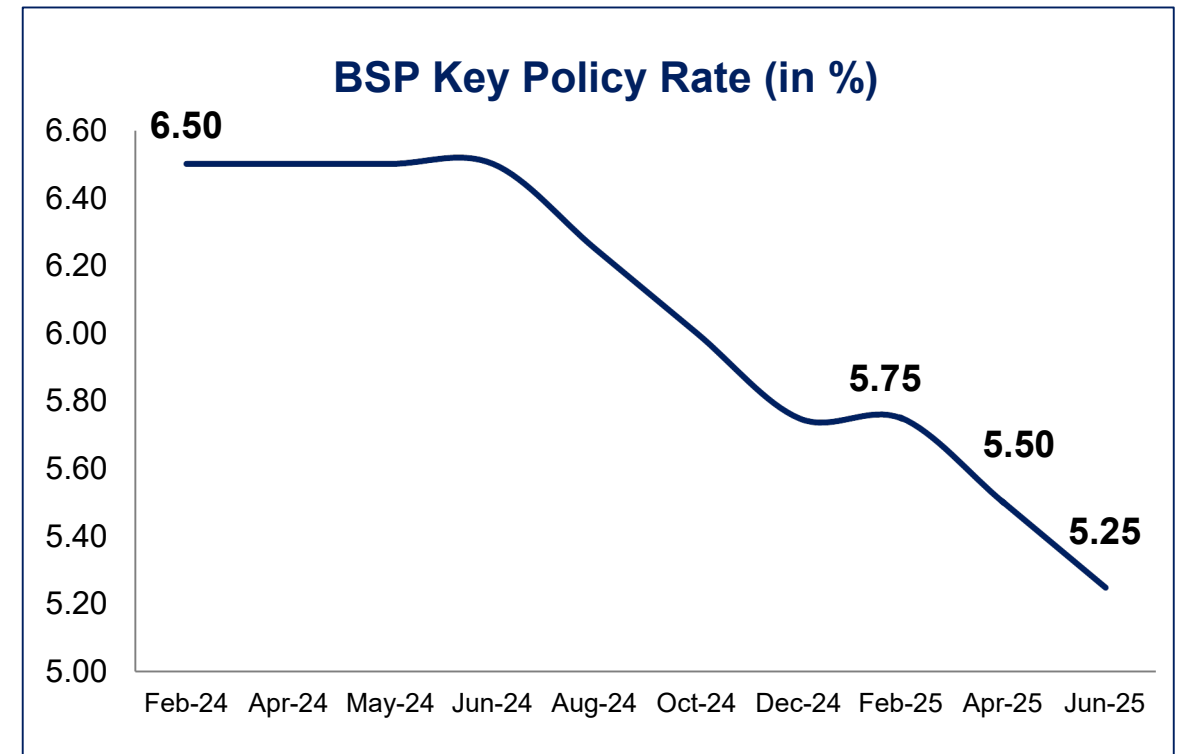
INFLATION OUTLOOK

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



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

A nighttime photograph of a city skyline, likely New York City, featuring prominent skyscrapers like the Empire State Building. The image is framed by large, semi-transparent geometric shapes in shades of blue and grey. A large white downward-pointing triangle is positioned over the left side of the skyline. On the right, the title text is set against a dark blue background with faint, stylized building silhouettes.

GROWTH OUTLOOK AND STRATEGIES

DBCC-Approved Growth Targets

2025

5.5% – 6.5%

**2026-
2028**

6.0% – 7.0%

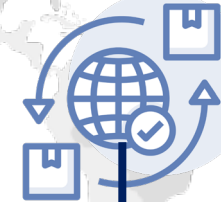


Risks to the Growth Outlook



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



External Risks

- Trade policy uncertainties in major economies
- Geopolitical tensions and conflicts

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 newly-elected 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 AI 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



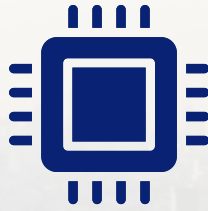
Human Capital

- 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 AI integration programs



Infrastructure

- 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

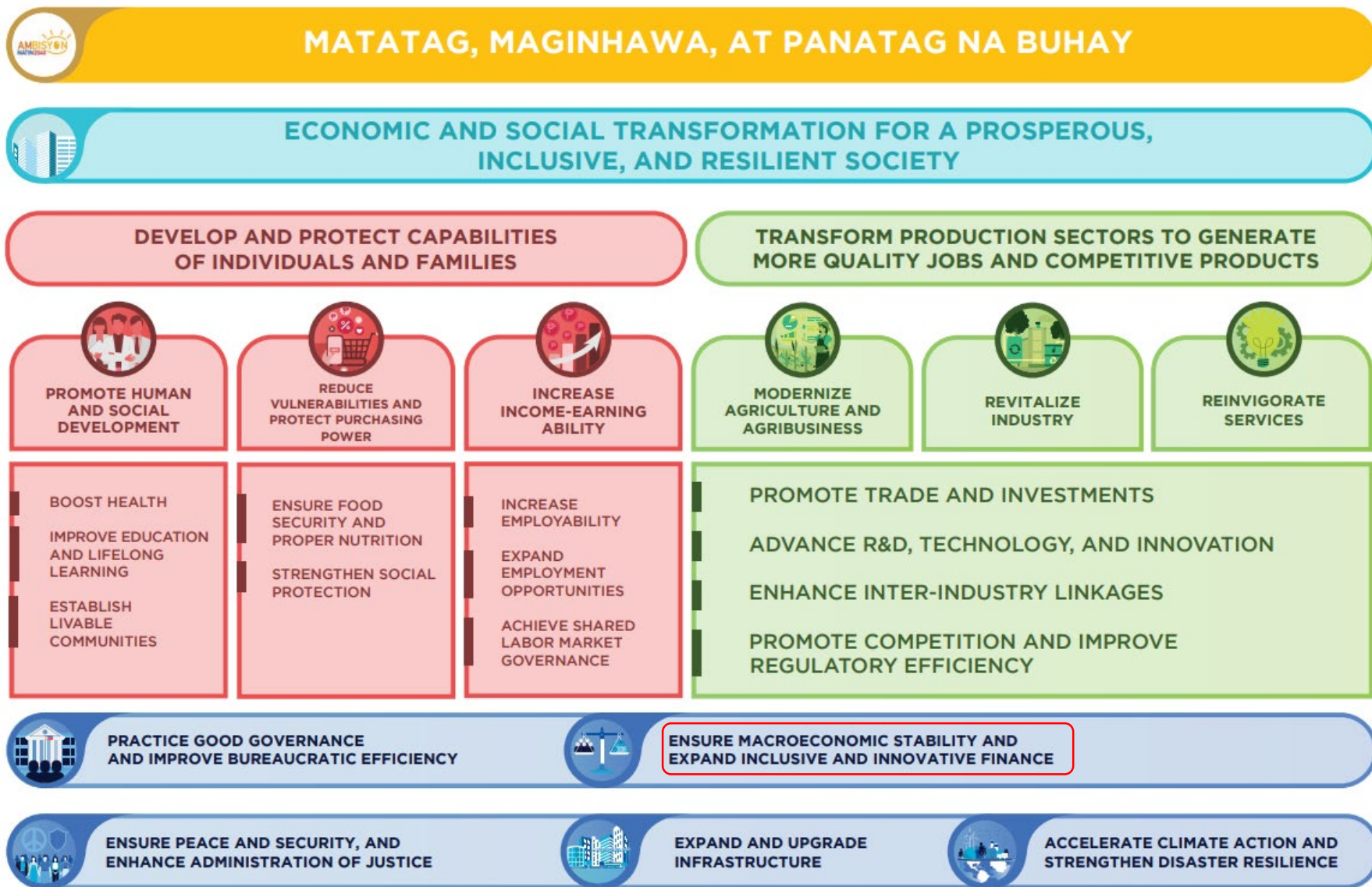
- Amendments to the Agricultural Tariffication Act (**enacted**)
- National Land Use Act (**pending**)



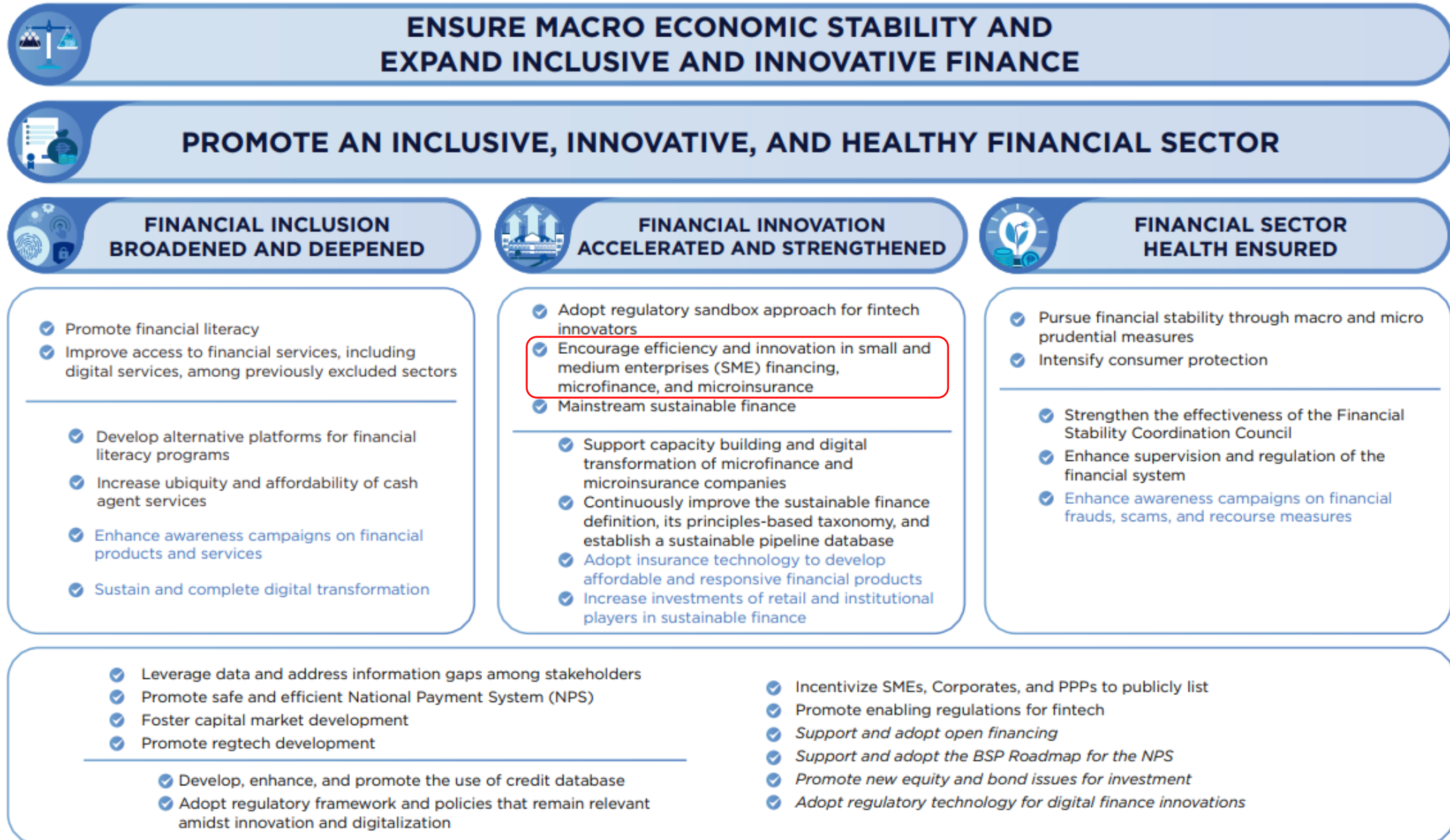
Energy

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

Strategy Framework of the Philippine Development Plan 2023-2028



PDP Chapter 11.1 Strategy Framework



Note: Sample sub-strategies for government and private sector (italicized) participation in achieving main strategies were indented.



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