

**BANGKO SENTRAL NG PILIPINAS**

Monetary and Economics Sector  
Department of Economic Statistics



# **BUSINESS EXPECTATIONS SURVEY REPORT**

March 2026



# MARCH 2026 BUSINESS EXPECTATIONS SURVEY

## OVERALL BUSINESS CONFIDENCE INDEX (CI)\*



Respondents attributed their pessimistic sentiment in March 2026 to:

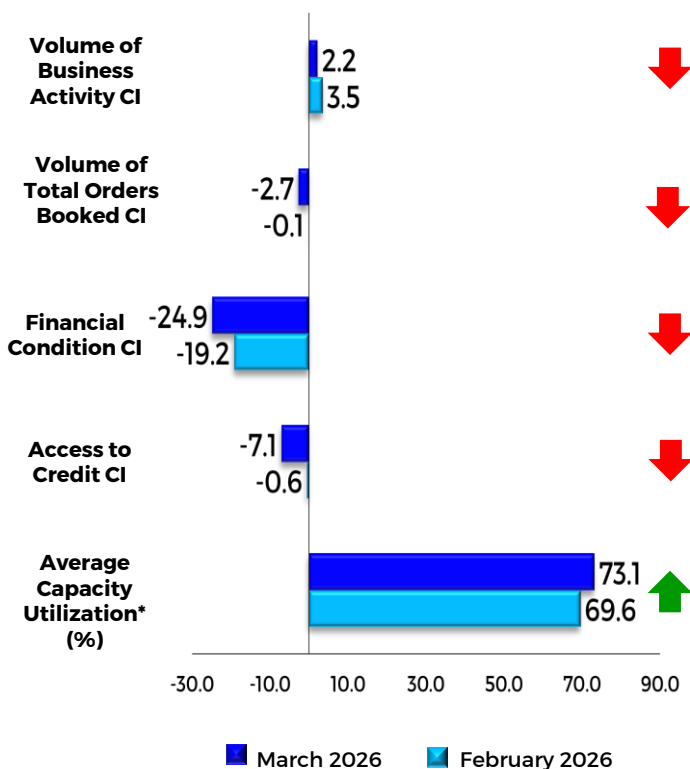


Ongoing US-Iran war, which led to a sharp increase in domestic pump prices



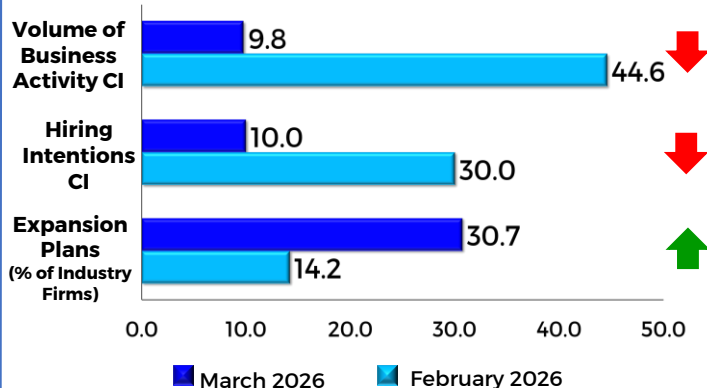
Expectations of consumer spending to slow due to higher fuel costs feeding into the prices of basic goods and services

### CURRENT-MONTH INDICATORS



### FORWARD-LOOKING INDICATORS

#### NEXT 12 MONTHS



### MACROECONOMIC EXPECTATIONS

Indicator	Period	Current Month	3 Months from Now	Next 12 Months
Inflation Rate CI	Mar '26	70.2	67.6	55.4
	Feb '26	45.4	56.0	47.1
Peso Borrowing Rate CI	Mar '26	4.0	8.4	19.4
	Feb '26	-8.4	-6.9	5.6
Exchange Rate (₱/US\$) CI	Mar '26	-28.1	-19.7	-16.2
	Feb '26	9.5	3.0	-1.1

\* Respondent firms that reported 0% capacity utilization are included in the computation of the average capacity utilization (ACU) of the industry and construction sectors for the reference month. This is in line with the PSA Board Resolution No. 13, Series of 2020, wherein the computation of the ACU rate in the Monthly Integrated Survey of Selected Industries (MISSI) considers the impact of establishments that are temporarily closed (i.e., with zero capacity utilization rate).

Based on the Diffusion Index (DI) of the reference period:

- +/- Inflation Rate - more respondents expect that inflation may increase/decrease
- +/- Peso Borrowing Rate - more respondents expect that the peso borrowing rate may increase/decrease
- +/- Exchange Rate - more respondents expect that the peso may appreciate/depreciate against the US dollar

Legend: ▲ Up ▼ Down ▬ Steady (for diffusion indices with less than 1 percent absolute difference) as compared with the previous survey round

SAMPLE SIZE:

515

RESPONSE RATE:  
MARGIN OF ERROR:

51.3%  
±5.9%

SURVEY PERIOD:

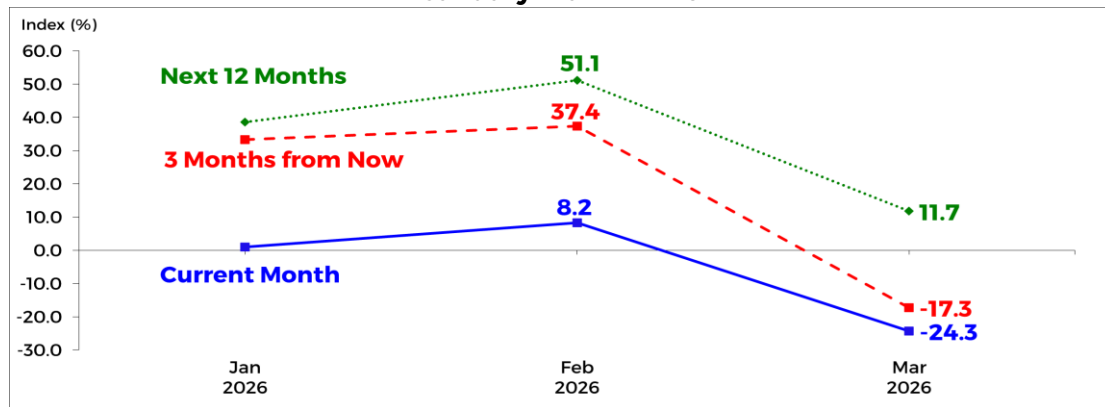
5-31 March 2026



# MARCH 2026 BUSINESS EXPECTATIONS SURVEY

## Business Confidence Turns Pessimistic in the Near Term, Less Optimistic for the Year Ahead

Figure 1. Overall Business Confidence Index (CI)\*  
January-March 2026



\*Non-seasonally adjusted

**Business sentiment in the Philippines turned pessimistic in March 2026.** The current-month confidence index (CI) declined from 8.2 percent in February 2026 to -24.3 percent in March 2026. A negative CI means more respondents are pessimistic than optimistic (see Figure 1).

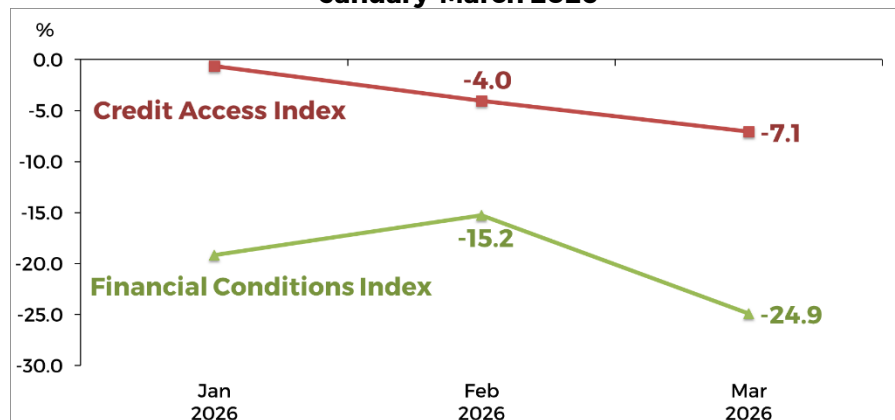
Firms attributed their pessimism in March 2026 to the ongoing Middle East conflict, which had led to a sharp increase in domestic pump prices. Businesses consequently expect consumer spending to slow, as higher fuel costs are seen to feed into the prices of other basic goods and services.

**The business outlook for the quarter ahead (June 2026) also became pessimistic, while the outlook for the year ahead was less upbeat.** The three-month-ahead CI turned negative from 37.4 percent to -17.3 percent, while the year-ahead CI declined from 51.1 percent to 11.7 percent (see Figure 1).

Respondents' outlook for both periods weakened on expectations that the adverse economic impact of the ongoing Middle East conflict may persist.

### Current-Month Sentiment Indicators

Figure 2. Financial Condition and Access to Credit CIs  
January-March 2026





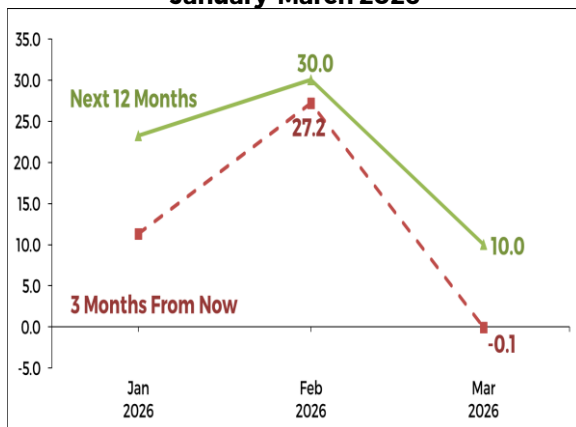
**Firms expect tighter cash position and credit access in March 2026.** The financial condition index turned more negative from -15.2 percent in February 2026 to -24.9 percent in March 2026. Similarly, the credit access index became more negative from -4.0 percent to -7.1 percent over the same period (see Figure 2).<sup>1</sup>

**Respondents in the industry and construction sectors reported higher average capacity utilization (ACU).** The ACU rate increased from 67.2 percent in February 2026 to 73.1 percent in March 2026 as a greater share of industry and construction firms reported operating at 80-100 percent capacity (see Table 2).<sup>2</sup> Firms in the electricity, gas, and water sub-sector as well as in the construction sector saw their operations pick up at the start of the summer season.

**Businesses cited stiff domestic competition, insufficient demand, and high interest rates as major constraints to their business activities** (see Table 6). They also cited the impact of oil price hikes, stemming from the ongoing Middle East conflict, as an emerging business constraint due to higher production cost.

### Future Tendencies

**Figure 3. Employment Outlook Index (%) January-March 2026**



**Figure 4. Expansion Plans (% of Industry Firms) January-March 2026**



**Hiring intentions of firms for June 2026 and the next 12 months were less favorable.** The employment outlook indices turned negative from 27.2 percent to -0.1 percent for June 2026, and declined from 30.0 percent to 10.0 percent for the year-ahead period (see Figure 3).

**Meanwhile, industry firms saw scope for expansion over the same period.** The share of industry firms with expansion plans for June 2026 and the next 12 months increased from 11.6 percent and 14.2 percent to 28.8 percent and 30.7 percent, respectively (see Figure 4). Despite prevailing uncertainties, some companies indicated that they would proceed with their expansion plans, as these were already in the pipeline even before the Middle East conflict started.

<sup>1</sup> Financial condition refers to the firm's general cash position considering the level of cash and other cash items and repayment terms on loans. Access to credit refers to the environment external to the firm, such as the availability of credit in the banking system and other financial institutions.

<sup>2</sup> Respondent firms that reported 0% capacity utilization are included in the computation of the average capacity utilization (ACU) of the industry and construction sectors for the reference month. This is in line with the PSA Board Resolution No. 13, Series of 2020, wherein the computation of the ACU rate in the Monthly Integrated Survey of Selected Industries (MISSI) considers the impact of establishments that are temporarily closed (i.e., with zero capacity utilization rate).



## Selected Economic Indicators

**Firms expected the Philippine peso to depreciate against the US dollar in March and June 2026, and over the next 12 months.** They anticipated that the peso-dollar exchange rate may average ₱59.16/US\$1 in March 2026, ₱59.60/US\$1 in June 2026, and ₱60.00/US\$1 over the next 12 months (see Tables 7-9).

Furthermore, businesses expected that peso borrowing rates may increase in March and June 2026, and over the next 12 months (see Tables 7-9).

**Business inflation expectations trended higher.** More businesses anticipated the inflation rate to rise in March 2026, June 2026, and over the next 12 months. Firms expected that inflation may average 2.8 percent in March 2026, below the Bangko Sentral ng Pilipinas (BSP)'s 3.0-percent inflation target for 2026. However, they expected that inflation may average 3.1 percent and 3.3 percent in June 2026 and over the next 12 months, respectively. These expectations are above the BSP's 3.0-percent target but remain within the tolerance range of  $\pm 1.0$ -percentage point (see Tables 7-9).

### About the Survey

The Business Expectations Survey (BES) is a monthly survey of firms drawn using stratified random sampling from the Bureau van Dijk (BvD) database of the Top 7,000 Corporations, based on total assets in 2017.

The March 2026 BES was conducted during the period **5 to 31 March 2026**. A total of 515 firms were surveyed nationwide, comprising 193 (37.5 percent) companies in the National Capital Region (NCR) and 322 (62.5 percent) firms in areas outside the NCR, covering all 18 regions across the country.

The nationwide response rate for March 2026 was higher at 51.3 percent (from 48.6 percent in February 2026) with a sampling error margin of  $\pm 5.9$  percent.

Results of the BES provide advance indication of the direction of the change in overall business activity in the economy and in the various measures of companies' operations as well as in selected economic indicators.

### About the Confidence Index

The business confidence index (CI) is computed as the percentage of firms that answered in the affirmative less the percentage of firms that answered in the negative regarding their views on the overall business outlook. A positive CI means more respondents are optimistic than pessimistic.

The expectations on financial condition and access to credit are also expressed in terms of CIs, which were computed as the percentage of firms expecting "easy" conditions minus those expecting "tight." A positive CI signals more firms anticipate easier access while a negative CI signals tighter conditions.

The expectations on key economic indicators are likewise expressed in terms of CIs, which were computed as the percentage of firms that answered "up" less the percentage of firms that answered "down" with respect to their views on a given key economic indicator. A positive CI indicates a favorable view, except for the inflation rate and the peso-borrowing rate, where a positive CI indicates the opposite.

**Business Expectations Survey**

Jan - Mar 2026

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**Business Expectations Survey<sup>1</sup>**  
for periods indicated

	2026		
	Jan	Feb	Mar
<b>1. Overall business outlook index on the macroeconomy</b>			
<b>Confidence Index: All Sectors</b>			
<b>Current Month</b>	<b>0.9</b>	<b>8.2</b>	<b>-24.3</b>
NCR	-8.0	6.6	-26.4
AONCR	20.6	11.7	-19.9
<b>3 Months from Now</b>	<b>33.3</b>	<b>37.4</b>	<b>-17.3</b>
NCR	35.3	35.5	-23.2
AONCR	28.8	41.5	-4.3
<b>Next 12 Months</b>	<b>38.6</b>	<b>51.1</b>	<b>11.7</b>
NCR	35.9	51.3	8.3
AONCR	44.3	50.8	19.2
<b>2. Business Outlook Index on Own Operations: Current Month</b>			
Volume of Business Activity Index	3.5	10.8	2.2
Volume of Total Order Book Index	-0.1	12.4	-2.7
Credit Access Index	-0.6	-4.0	-7.1
Financial Condition	-19.2	-15.2	-24.9
Average Capacity Utilization <sup>2</sup> (in percent)	69.6	67.2	73.1
<b>3. Business outlook index on own operations: 3 Months from Now</b>			
Volume of Business Activity Index	39.1	41.1	3.9
Employment Outlook Index	11.3	27.2	-0.1
<b>4. Business outlook index on own operations: Next 12 Months</b>			
Volume of Business Activity Index	45.5	44.6	9.8
Employment Outlook Index	23.3	30.0	10.0
<b>5. Companies with expansion plans (in percent of total respondents)</b>			
3 Months from Now	14.1	11.6	28.8
Next 12 months	24.3	14.2	30.7
<b>6. Business constraints (in percent to total respondents): Current Month</b>			
High Interest Rate	21.6	20.5	18.3
Unclear Economic Laws	18.7	14.5	14.9
Lack of Equipment	6.0	8.6	8.1
Insufficient Demand	39.7	33.2	34.4
Access to Credit	8.4	12.2	7.9
Financial Problems	18.7	11.6	13.3
Domestic Competition	62.2	70.0	53.3
Labor Problems	10.0	15.1	10.0
Lack of Materials Input	5.9	5.4	5.8
Others	28.9	28.1	29.9
None	6.1	9.5	7.2
<b>7. Business expectations index on selected economic indicators: Current Month</b>			
P/\$ Exchange Rate	-24.3	9.5	-28.1
Inflation Rate	38.3	45.4	70.2
Peso Borrowing Rate	-6.3	-8.4	4.0
Inflation Rate Expectations (in %)	2.2	2.3	2.8
Exchange Rate Expectations (Php: \$1.00)	58.88	58.68	59.16
<b>8. Business expectations index on selected economic indicators: 3 Months from Now</b>			
P/\$ Exchange Rate	-7.3	3.0	-19.7
Inflation Rate	44.6	56.0	67.6
Peso Borrowing Rate	3.8	-6.9	8.4
Inflation Rate Expectations (in %)	2.4	2.5	3.1
Exchange Rate Expectations (Php: \$1.00)	58.88	58.76	59.60
<b>9. Business expectations index on selected economic indicators: Next 12 Months</b>			
P/\$ Exchange Rate	-2.9	-1.1	-16.2
Inflation Rate	44.7	47.1	55.4
Peso Borrowing Rate	2.8	5.6	19.4
Inflation Rate Expectations (in %)	2.6	2.7	3.3
Exchange Rate Expectations (Php: \$1.00)	58.99	58.94	60.00
<b>10. Distribution of respondent firms by Sector</b>			
<b>All Sectors</b>	<b>244</b>	<b>244</b>	<b>264</b>
Industry (including Agriculture, Fishery and Forestry)	66	59	69
Construction	15	8	15
Wholesale and Retail Trade	54	54	48
Services	109	123	132
<b>11. Percentage distribution of respondent firms by Sector</b>			
<b>All Sectors</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Industry (including Agriculture, Fishery and Forestry)	27.0	24.2	26.1
Construction	6.1	3.3	5.7
Wholesale and Retail Trade	22.1	22.1	18.2
Services	44.7	50.4	50.0

**Business Expectations Survey<sup>1</sup>**  
for periods indicated

	2026		
	Jan	Feb	Mar
<b>12. Overall business outlook on the macroeconomy (by type of trading group): Current Month</b>			
Importer	19.2	4.5	-34.3
Exporter	11.1	-30.0	0.0
Both (Importer and Exporter)	-8.0	3.8	-34.6
Domestic-Oriented	11.2	15.6	-28.3
<b>13. Overall business outlook on the macroeconomy (by type of trading group): 3 Months from Now</b>			
Importer	57.7	45.5	-20.0
Exporter	22.2	70.0	-8.3
Both (Importer and Exporter)	32.0	50.0	-11.5
Domestic-Oriented	27.6	34.6	-14.7
<b>14. Overall business outlook on the macroeconomy (by type of trading group): Next 12 Months</b>			
Importer	42.3	40.9	-8.6
Exporter	33.3	50.0	-8.3
Both (Importer and Exporter)	48.0	65.4	15.4
Domestic-Oriented	43.5	48.0	19.0
<b>15. Number of respondents (by type of trading group)</b>			
<b>Total</b>	244	244	264
Importer	26	22	35
Exporter	9	10	12
Both (Importer and Exporter)	25	26	26
Domestic-Oriented	170	179	184
Not Specified	14	7	7
<b>16. Percentage distribution of respondent firms (by type of trading group)</b>			
<b>Total</b>	100.0	100.0	100.0
Importer	10.7	9.0	13.3
Exporter	3.7	4.1	4.5
Both (Importer and Exporter)	10.2	10.7	9.8
Domestic-Oriented	69.7	73.4	69.7
Not Specified	5.7	2.9	2.7
<b>17. Overall business outlook on the macroeconomy (by size of employment): Current Month</b>			
Small (<100)	10.9	8.7	-23.7
Medium (100-<500)	14.5	12.3	-33.3
Large (500 & up)	6.1	27.3	-40.0
<b>18. Overall business outlook on the macroeconomy (by size of employment): 3 Months from Now</b>			
Small (<100)	27.3	28.3	-13.2
Medium (100-<500)	37.3	49.3	-9.7
Large (500 & up)	33.3	54.5	-28.6
<b>19. Overall business outlook on the macroeconomy (by size of employment): Next 12 Months</b>			
Small (<100)	40.0	40.9	18.4
Medium (100-<500)	44.6	57.5	9.7
Large (500 & up)	57.6	54.5	8.6
<b>20. Number of respondents (by size of employment)</b>			
<b>Total</b>	244	244	264
Small (<100)	110	127	114
Medium (100-<500)	83	73	93
Large (500 & up)	33	22	35
Not Specified	18	22	22
<b>21. Percentage distribution of respondent firms (by size of employment)</b>			
<b>Total</b>	100.0	100.0	100.0
Small (<100)	45.1	52.0	43.2
Medium (100-<500)	34.0	29.9	35.2
Large (500 & up)	13.5	9.0	13.3
Not Specified	7.4	9.0	8.3
<b>22. Distribution of sampled firms by Geographic Area</b>			
<b>All Areas</b>	244	244	264
NCR	82	84	89
AONCR	162	160	175

Unless otherwise stated, all numbers are in diffusion indices, i.e., Confidence Index (CI) is computed as the percentage of firms that answered in affirmative less the percentage of firms that answered in the negative with respect to their views on a given indicator.

<sup>1</sup> A monthly survey conducted by the Department of Economic Statistics

<sup>2</sup> Respondent firms that reported 0% capacity utilization are included in calculating the average capacity utilization (ACU) for the industry and construction sectors for the reference month. This is in line with PSA Board Resolution No. 13, Series of 2020, which provides that the computation of the ACU rate in the Monthly Integrated Survey of Selected Industries (MISSI) takes into account the impact of establishments that are temporarily closed (i.e., with zero capacity utilization rate).

Source: Bangko Sentral ng Pilipinas