

## Economy continues remarkable resilience; positioned to achieve rapid, sustained, and inclusive growth for the medium-term

- GDP expanded by 5.7% in Q1 2024, same as Vietnam but better than China (5.3%), Indonesia (5.1%), and Malaysia (3.9%).
- Agriculture posted growth of 0.4% due to pre-emptive measures to mitigate the impact of El Niño. Industry grew 5.1% driven by manufacturing on improved demand for goods. Services sector grew 6.9% bolstered by the recovery of tourism-related services.
- The turnaround in net exports, which grew 9.5% from -11.8% in Q1 2023 and -14.9% in Q4 2023 was on account of quicker recovery of electronics exports. Meanwhile, domestic demand moderated as household consumption and investments grew at a slower pace due to elevated prices of major food items and less favorable business sentiment. Government consumption also slowed down.
- Government continues to implement strategic actions to alleviate the impact of El Niño and increase domestic production to ensure food security as well as establish mechanisms to empower consumers to combat inflation.
- Food security is committed to achieve the growth target of 6.0%-7.0% this year, 6.5%-7.5% in 2025, and 6.5%-8.0% in 2026-2028 as it pushes for strategies to boost economic growth and ensures that the country remains on track with its medium- to long-term goals.

## BSP keeps monetary policy settings tight in view of the upside risks to inflation outlook

- Inflation edged higher at 3.8% year-on-year in April from 3.7% in March, consistent with BSP's inflation forecast of 3.5-4.3% for the month. This brings the year-to-date average to 3.4%, still within the Government's 2-4% target range. Inflation is projected to rise temporarily above the target range in the next three months due to the adverse impact of weather conditions on agricultural production and positive base effects.
- Looking ahead, the BSP deems it appropriate to maintain its tight monetary policy settings. The BSP also continues to support the National Government's policies and programs to address supply-side pressures on the prices of key food commodities and remains ready to adjust its monetary policy settings as necessary, in keeping its primary mandate to safeguard price stability.

### Philippines' Credit Ratings

As of 13 May 2024

JCR	Affirmed at A-/Stable - Mar 2024
Fitch	Affirmed at BBB/Stable - Nov 2023
S&P	Affirmed at BBB+/Stable - Nov 2023
Moody's	Affirmed at Baa2/Stable - Sep 2022
R&I	Affirmed at BBB+/Positive - Aug 2023

### Moody's assigns Baa2 ratings to the Philippines' first global USD bond offering for the year

07 May 2024

#### Macroeconomic Performance

Notwithstanding risks, Moody's views that the Philippines is likely to sustain strong economic growth relative to regional and rating peers amid an uncertain global environment.

#### Structural Features

Philippines has a low probability of emergence of political stress and escalation of diplomatic tensions that could have a moderate impact on the country's economic and fiscal performance.

#### Public Finances

Moody's expects a gradual narrowing of the fiscal deficit, to underpin a moderation in government debt as a share of GDP.

#### External Finance

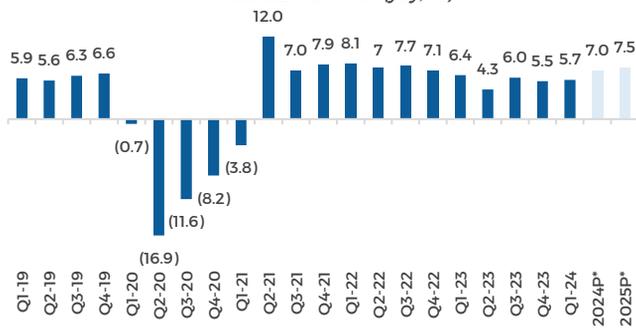
As an issuer, Philippines has sustained strong access to domestic and international funding markets and has ample foreign-currency reserves to weather global capital flow volatility.

Source: Moody's

## Commitment toward a sustained rapid, solid, and inclusive economy

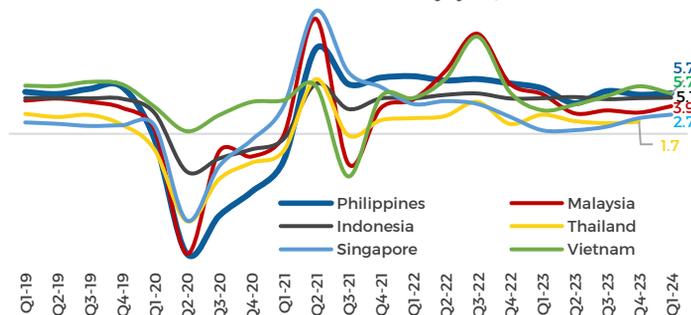
### Sustained solid growth anchored on sound fundamentals

Real GDP Growth (yoy, %)



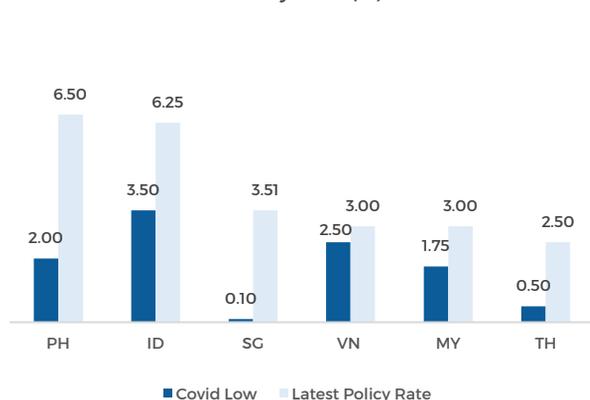
### The Philippines remains among the fastest growing economies in Southeast Asia

Real GDP Growth (yoy, %)



## BSP maintains tight monetary policy settings amid prevailing conditions<sup>1/</sup>

Policy Rates (%)



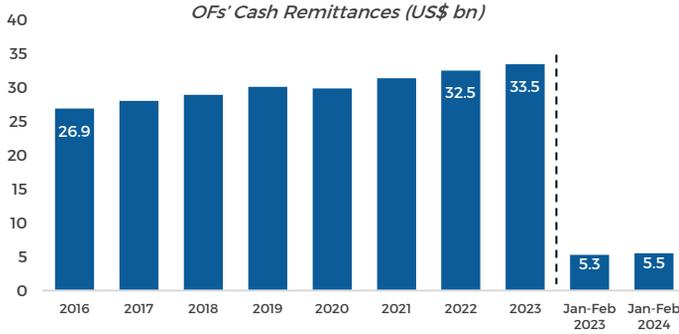
Headline CPI of Selected ASEAN countries

	ID	MY	PH	SG	TH	VN	
Jan-22	2.2	2.3	3.0	4.0	3.2	1.9	
Feb-22	2.1	2.2	3.0	4.3	5.3	1.4	
Mar-22	2.6	2.2	4.0	5.4	5.7	2.4	
Apr-22	3.5	2.3	4.9	5.4	4.6	2.6	
May-22	3.6	2.8	5.4	5.6	7.1	2.9	
Jun-22	4.3	3.4	6.1	6.7	7.7	3.4	
Jul-22	4.9	4.4	6.4	7.0	7.6	3.1	
Aug-22	4.7	4.7	6.3	7.5	7.9	2.9	
Sep-22	6.0	4.5	6.9	7.5	6.4	3.9	
Oct-22	5.7	4.0	7.7	6.7	6.0	4.3	
Nov-22	5.4	4.0	8.0	6.7	5.5	4.4	
Dec-22	5.5	3.8	8.1	6.5	5.9	4.5	
Jan-23	5.1	3.7	8.7	6.6	5.0	4.9	
Feb-23	5.4	3.7	8.6	6.3	3.8	4.3	
Mar-23	5.0	3.4	7.6	5.5	2.8	3.4	
Apr-23	4.4	3.3	6.6	5.7	2.7	2.8	
May-23	4.1	2.8	6.1	5.1	0.5	2.4	
Jun-23	3.5	2.4	5.4	4.5	0.2	2.0	
Jul-23	3.1	2.0	4.7	4.1	0.4	2.1	
Aug-23	3.4	2.0	5.3	4.0	0.9	3.0	
Sep-23	2.3	1.9	6.1	4.1	0.3	3.7	
Oct-23	2.6	1.8	4.9	4.7	-0.3	3.6	
Nov-23	3.0	1.5	4.1	3.6	-0.4	3.4	
Dec-23	2.8	1.5	3.9	3.7	-0.8	3.6	
Jan-24	2.6	1.5	2.8	2.9	-1.1	3.4	
Feb-24	2.8	1.8	3.4	3.4	-0.8	4.0	
Mar-24	3.0	1.8	3.7	2.7	-0.5	4.0	
Apr-24	3.0	N/A	3.8	N/A	0.2	4.4	

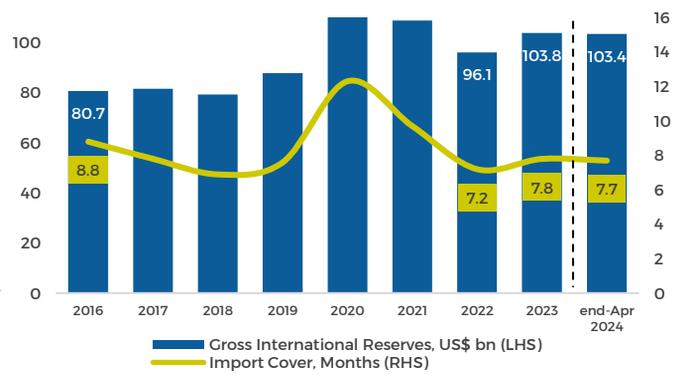
<sup>1/</sup> Since May 2022, the BSP has increased its policy rate by 450 bps.

\*High end of GDP growth target for 2024 and 2025.

### Remittances are a strong source of growth and stability for the Peso



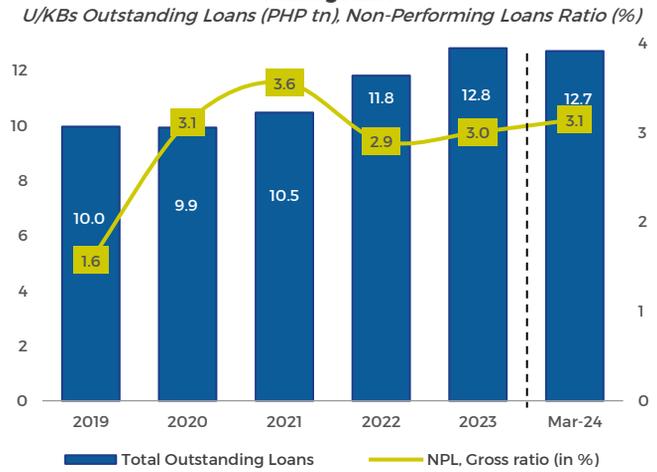
### Ample reserves support solid external position



### Strong loan expansion led by household consumption

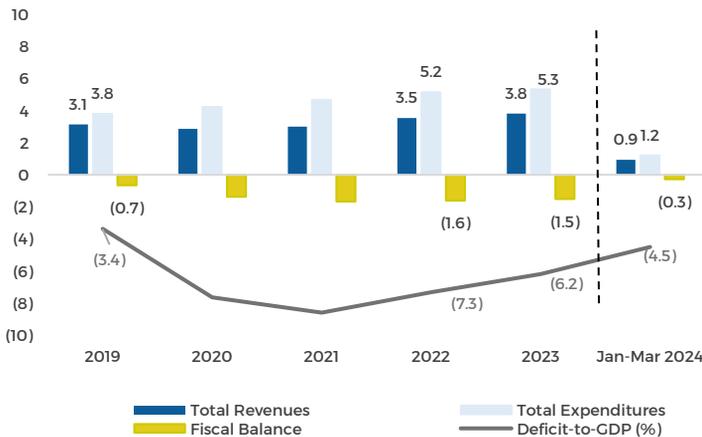
Sectors	Mar 2024 (PHP bn)	Share to Total (Net of RRP, %)	Growth (%)
<b>Loans to Productive Sector</b>	<b>10,129.1</b>	<b>85.9</b>	<b>7.7</b>
Real Estate Activities	2,429.0	20.6	11.5
Wholesale and Retail Trade, Repair of Motor Vehicles, Motorcycles	1,331.3	11.3	6.6
Manufacturing	1,233.4	10.5	4.9
Electricity, Gas, Steam, and Air-Conditioning Supply	1,301.5	11.0	10.1
Financial and Insurance Activities	981.3	8.3	(4.1)
Construction	507.3	4.3	18.3
Information and Communication	626.6	5.3	7.0
Transportation and Storage	409.2	3.5	14.3
Agriculture, Forestry, and Fishing	215.1	1.8	5.7
Others	1,094.5	9.3	6.9
<b>Loans to Household Consumption</b>	<b>1,324.4</b>	<b>11.2</b>	<b>25.4</b>
<b>Loans to Residents, net of RRP Agreements</b>	<b>11,453.5</b>	<b>97.1</b>	<b>9.5</b>
<b>Loans to Non-Residents</b>	<b>342.3</b>	<b>2.9</b>	<b>9.1</b>
<b>Total Loans to Residents and Non-Residents, net of RRP</b>	<b>11,795.8</b>	<b>100.0</b>	<b>9.4</b>

### Improving loan demand while keeping asset quality manageable



### Efficient mobilization and utilization of resources to help achieve fiscal sustainability

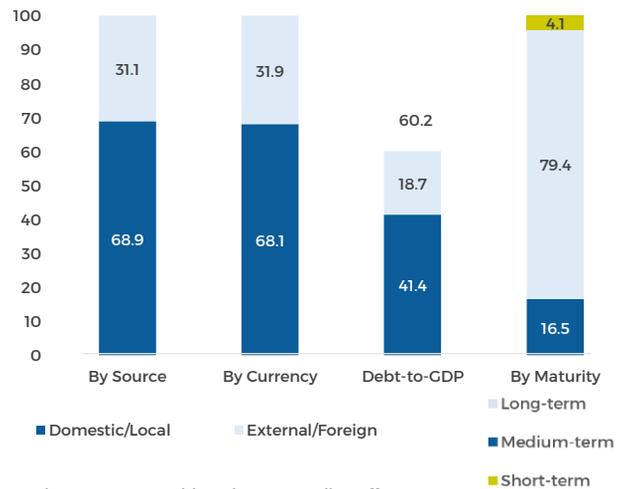
*National Government (NG) Expenditure, Revenue, and Deficit (PHP tn)*



Note: Figures may not add up due to rounding off

### Debt structure remains resilient; on track with fiscal consolidation goal

*National Government Outstanding Debt as of end-March 2024 (% share)*



Note: Figures may not add up due to rounding off

### Contact Information

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