

Highlights of Positive Credit Ratings Actions in 2024

S&P raises rating outlook to 'Positive' from 'Stable'; affirms the Philippines' credit rating at 'BBB'

- Cites effective policymaking, fiscal reforms, and improved infrastructure, which have sustained strong economic growth over the past decade.

R&I upgrades the Philippines credit rating to 'A-'; outlook 'Stable'

- Upgrade reflects macroeconomic stability, high economic growth path, and favorable fiscal outlook.

Philippines' Credit Ratings

As of 30 January 2025

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

S&P (November 2024)

- Solid economic outlook** anchored by infrastructure drive and pro-business policies
- Ongoing ease-of-doing-business, investment, and tax reforms should **benefit growth** over the next 3-4 years.
- Expectation that the administration will **continue** to adhere to **well-established medium-term fiscal framework**

R&I (August 2024)

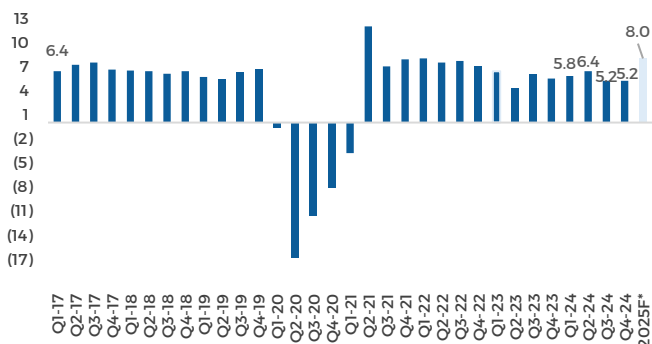
- Economy's fast growth** with service industry and manufacturing bases expanding
- OF remittances and FDI inflows remain stable.** FX reserves stand at a sufficient level. Thus, **external risk is limited.**
- Administration has been working on **initiatives to secure economic stability,** accelerate infrastructure development, expand investments, and create employment.
- Fiscal deficit/GDP to decline** to a level almost in line with the government target

Economy continues to be strong underpinned by robust domestic demand

- 2024 GDP growth of 5.6%:
 - Government spending: +7.2%
 - Investments on public and private construction: +7.5%
 - Household consumption: +4.8%
 - Industry on robust construction: +5.6%
 - Services on accommodation and food services, human health, and social activities, financial and insurance activities, and transportation and storage: +6.7%
 - Lower than 6.0-6.5% target due to typhoon-related disruptions in the last quarter of the year
- Growth drivers for 2025: easing inflation, infrastructure Flagship Projects, Luzon Economic Corridor, strategic free trade agreements, tapping green minerals, Electric Vehicle Incentives Strategy, among others
- Robust labor situation: 3.2% unemployment rate in Nov 2024 vs 3.6% in the same period in 2023; 10.8% underemployment rate in Nov 2024 vs 11.7% in Nov 2023, 12.6% in Oct 2024.

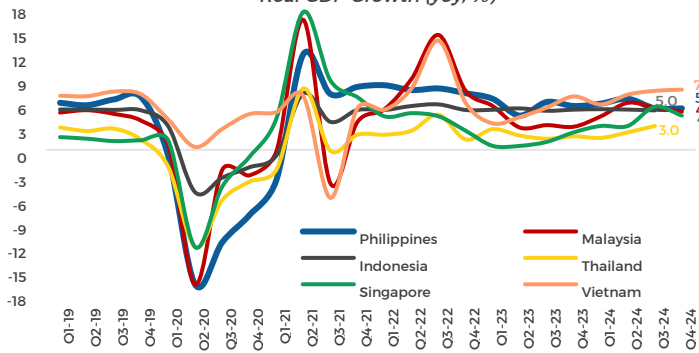
Economy sustains steady growth in Q4 2024 amid domestic and external challenges

Real GDP Growth (yoy. %)



The Philippines remains among the fastest growing economies in Southeast Asia

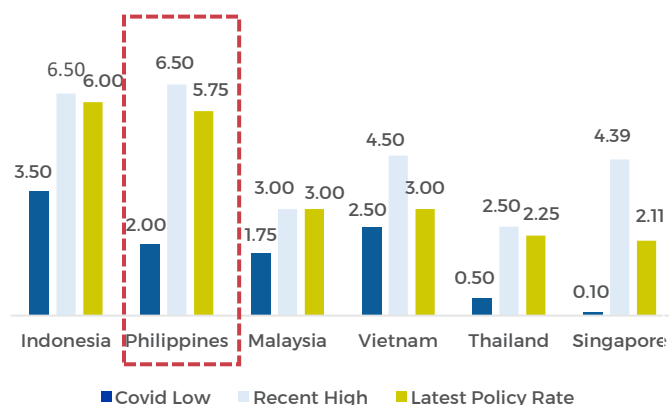
Real GDP Growth (yoy. %)



2024 inflation within target; BSP continues easing cycle

- 2024 average inflation rate of 3.2% falls within BSP's target range of 2.0-4.0%. Headline inflation rose to 2.9% year-on-year in December 2024 from 2.5% in November owing to faster increases in rent and energy prices.
- BSP reduced policy rate by 25 basis points to 5.75% in December 2024. Total of 75 basis points starting August 2024. Balance of risks to the inflation outlook continues to lean to the upside; due largely to potential upward adjustments in transport fares and electricity rates.
- Risk adjusted inflation forecasts as of December vs. October:
 - 2025: 3.4% vs. 3.3%
 - 2026: 3.7% vs. 3.7%

Policy Rates (%)



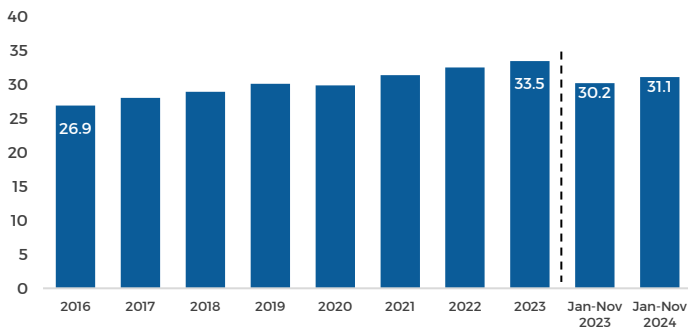
Headline CPI of Selected ASEAN countries

	IN	MY	PH	SG	TH	VN
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	1.8	3.8	2.7	0.2	4.4
May-24	2.8	2.0	3.9	3.1	1.5	4.4
Jun-24	2.5	2.0	3.7	2.4	0.6	4.3
Jul-24	2.1	2.0	4.4	2.4	0.8	4.4
Aug-24	2.1	1.9	3.3	2.2	0.4	3.5
Sep-24	1.8	1.8	1.9	2.0	0.6	2.6
Oct-24	1.7	1.9	2.3	1.4	0.8	2.9
Nov-24	1.5	1.8	2.5	1.6	0.9	2.8
Dec-24	1.6	1.7	2.9	1.6	1.2	2.9

*High end of GDP growth target for 2025

Remittances are a steady source of income for households and stability for the Peso

OFs' Cash Remittances (US\$ bn)



Foreign exchange reserves continue to provide strong external buffer

Gross International Reserves (US\$ bn); Import Cover (months)

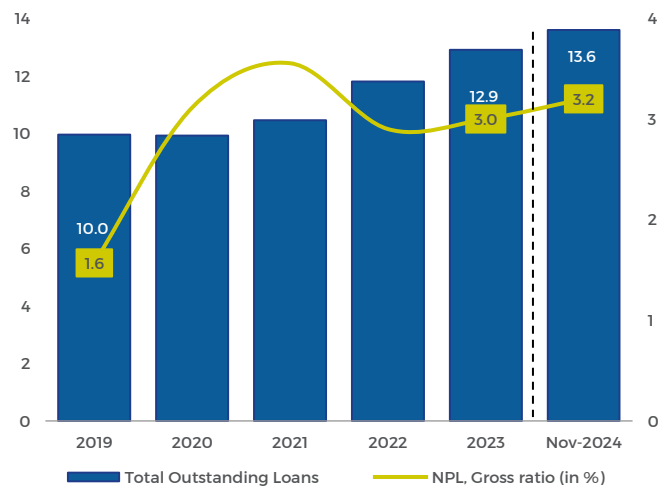


Strong loan expansion led by household consumption

Sectors	Nov 2024 (PHP bn)	Share to Total (Net of RRP, %)	Growth (%)
Loans to Productive Sector	10,814.6	85.3	9.8
Real Estate Activities	2,568.7	20.3	10.1
Wholesale and Retail Trade, Repair of Motor Vehicles, Motorcycles	1,444.1	11.4	9.0
Manufacturing	1,296.1	10.2	5.2
Electricity, Gas, Steam and Air-Conditioning Supply	1,394.7	11.0	9.6
Financial and Insurance Activities	1,042.7	8.2	4.4
Construction	508.7	4.0	11.9
Information and Communication	674.4	5.3	9.8
Transportation and Storage	484.2	3.8	28.6
Agriculture, Forestry and Fishing	229.3	1.8	7.1
Others	1,171.7	9.2	14.1
Loans to Household Consumption	1,539.7	12.1	23.3
Loans to Residents, net of RRP Agreements	12,354.3	97.5	11.4
Loans to Non-Residents	321.7	2.5	3.9
Total Loans to Residents and Non-Residents, net of RRP	12,676.0	100.0	11.1

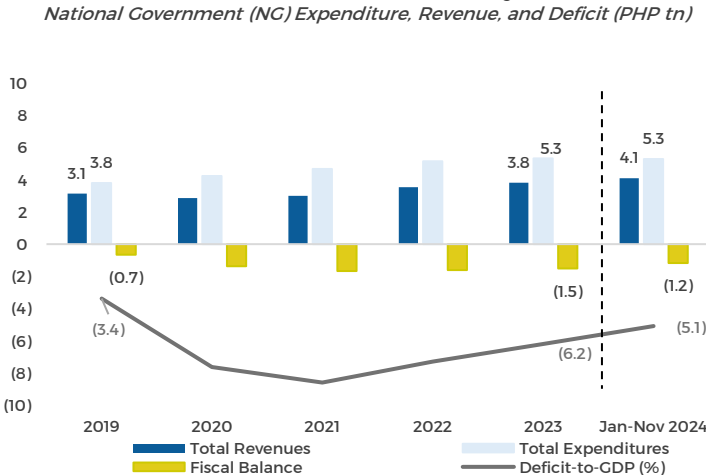
Improving loan demand; keeping asset quality manageable

U/KBs Outstanding Loans (PHP tn), Non-Performing Loans Ratio (%)



Efficient mobilization and utilization of resources to help achieve fiscal sustainability

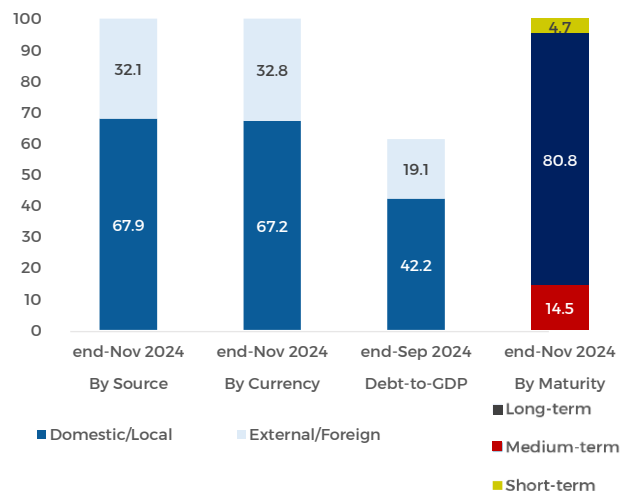
National Government (NG) Expenditure, Revenue, and Deficit (PHP tn)



Note: Figures may not add up due to rounding off
Deficit-to-GDP ratio is as of Sept 2024

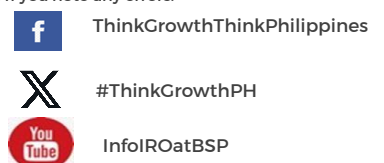
Debt structure remains resilient

National Government Outstanding Debt (% share)



For further information, please reach out to us at the contact details below. We strive for accuracy, but please contact us if you note any errors.

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