

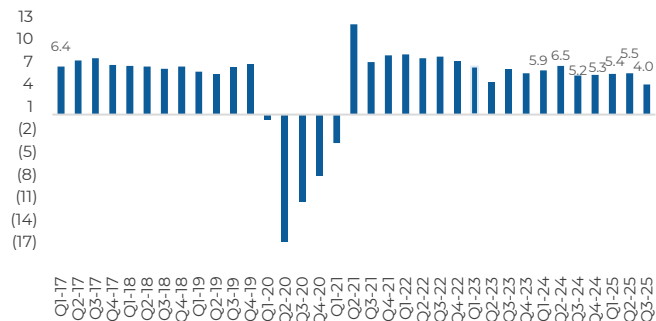
Vol. 4-2025, November 2025

## Economy continues to grow; government prioritizes addressing key domestic challenges and strengthening foundations for rapid, sustained, and inclusive growth

- Q3 2025 GDP grew 4.0% yoy
  - ✓ Growth on demand side came from household consumption +4.1%, government spending +5.8%
  - ✓ Growth across major economic sectors fueled by agriculture +2.8%, services +5.5%
    - Drivers of growth in services: Wholesale and retail trade, repair of motor vehicles and motorcycles; financial and insurance activities; professional and business services; and real estate and ownership of dwellings
  - ✓ Growth slowed from 5.2% in Q3 2024 and 5.5% in Q2 2025 in part due to the slowdown in public infrastructure spending resulting from the government's actions on a major corruption controversy. (More below.)
- IMF's 2025 GDP growth forecast: Philippines 5.4% vs. Vietnam 6.5%, Indonesia 4.9%, China 4.8%, Malaysia 4.5%, Thailand 2.0%
- Building confidence and driving recovery
  - ✓ Accelerate disaster response and recovery through restoring infrastructure and fast-tracking social protection and financial aid to communities affected by recent calamities
  - ✓ Strengthen trade, tourism, and digital services with aggressive pursuit of free trade agreements, expansion of eVisa access, full implementation of Konektadong Pinoy Act to remove barriers to entry and promote competition
  - ✓ Improve public spending and project execution with a modernized public procurement open data portal and use of digital imaging for monitoring and evaluation
  - ✓ Pursue reforms aimed at good governance and effective public financial management

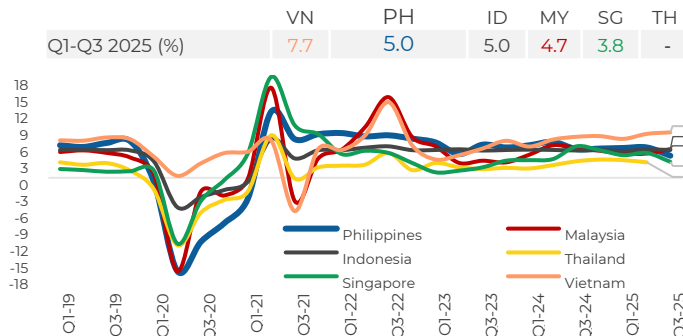
### Growth in Q3 impacted by typhoons and governance reforms in infrastructure projects

Real GDP Growth (yoy, %)



### The Philippines remains one of the fastest growing economies in Southeast Asia in the first nine months.

Real GDP Growth (yoy, %)



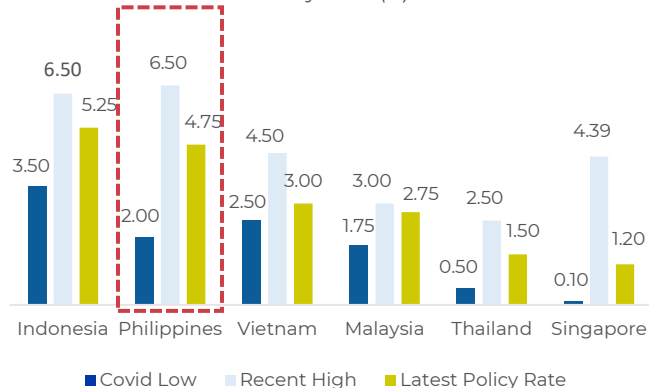
### Government investigates flood control projects; Enhances systems for greater efficiency

On September 11, 2025, the Independent Commission for Infrastructure (ICI) was established to lead the investigation in flood control projects, while subsequent congressional inquiries provided further details. Key agencies—including the Department of Budget and Management, Department of Public Works and Highways, Department of Justice, the Office of the Ombudsman, the Anti-Money Laundering Council, and the Bangko Sentral ng Pilipinas—are acting within their mandates to strengthen oversight, improve systems, and uphold accountability. These measures aim to ensure efficient use of public resources, support infrastructure development, and sustain economic growth.

### Inflation outlook is benign; monetary policy response will remain guided by evolving outlook for growth and inflation.

- October 2025: Inflation steady at 1.7%, same as September rate. Main contributors are housing, water, electricity, gas and other fuels, restaurants and accommodation services, and food and non-alcoholic beverages.
- October 2025: BSP reduced Target Reverse Repurchase Rate by 25bps to 4.75%. Inflation expectations remain well-anchored. Potential electricity rate adjustments and possible increases in rice tariffs could raise inflationary pressures over the policy horizon. BSP likewise noted weaker domestic growth outlook due to impact on business confidence of governance concerns over infrastructure spending. Indications of moderating demand reflect uncertainty from external environment.
- Outlook for inflation is benign and well within the target range. Central projections as of latest Monetary Board Meeting:
  - 28-Aug 9-Oct
  - ✓ 2025: 1.7% vs. 1.7%
  - ✓ 2026: 3.3% vs. 3.1%
  - ✓ 2027: 3.4% vs. 2.8%

Policy Rates (%)



Headline CPI of Selected ASEAN countries

	IN	MY	PH	SG	TH	VN
Oct-24	1.7	1.9	2.3	1.2	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	1.5	1.2	2.9
Jan-25	0.8	1.7	2.9	1.2	1.3	3.6
Feb-25	-0.1	1.5	2.1	0.9	1.1	2.9
Mar-25	1.0	1.4	1.8	0.9	0.8	3.1
Apr-25	1.9	1.4	1.4	0.9	-0.2	3.1
May-25	1.6	1.2	1.3	0.8	-0.6	3.2
Jun-25	1.9	1.1	1.4	0.8	-0.2	3.6
Jul-25	2.4	1.2	0.9	0.6	-0.7	3.2
Aug-25	2.3	1.3	1.5	0.5	-0.8	3.2
Sep-25	2.7	1.5	1.7	0.7	-0.7	3.4
Oct-25	2.9	N/A	1.7	N/A	-0.8	3.2

\*Low end of GDP growth target for 2025

### Philippines' Credit Ratings

As of 7 November 2025

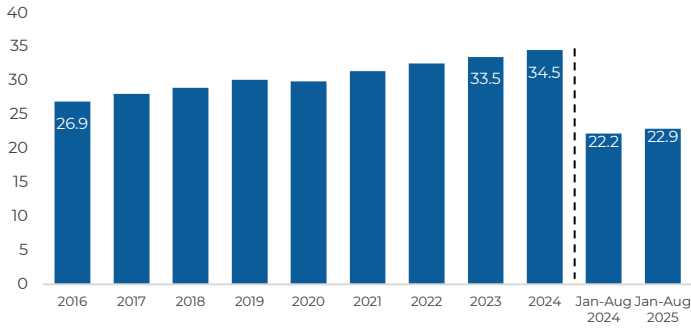
JCR	A-/Stable
R&I	A-/Stable
S&P	BBB+/Positive
Fitch	BBB/Stable
Moody's	Baa2/Stable

### Moody's Completes Periodic Review of the Philippines' Baa2 Rating (September 2025)

"Over the long run, the Philippines' young and growing population underpins its economy's robust growth potential, and reduces the burden of aging-related costs on the economy and government finances... Prudent fiscal management contributed to the significant improvement in the Philippines' fiscal metrics before the pandemic, with the trend likely to resume over the next few years, while Bangko Sentral ng Pilipinas (BSP) has established a strong track record of maintaining broad monetary and financial stability"

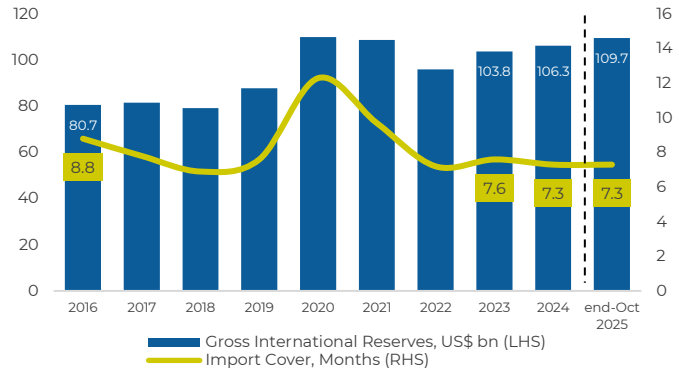
**Remittances are a steady source of income for households and stability for the Peso**

OFs' Cash Remittances (US\$ bn)



**Foreign reserves continue to provide strong external buffer**

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

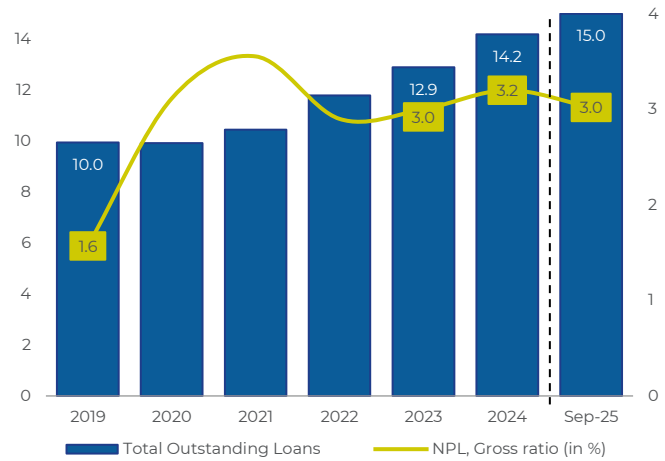


**Strong loan expansion led by household consumption**

Sectors	Sep 2025 (PHP bn)	Share to Total (in %)	Growth (%)
<b>Loans to Productive Sector</b>	<b>11,570.6</b>	<b>77.0</b>	<b>9.1</b>
Real Estate Activities	2,780.8	18.5	9.2
Wholesale and Retail Trade, Repair of Motor Vehicles, Motorcycles	1,566.3	10.4	9.2
Manufacturing	1,160.3	7.7	(10.4)
Electricity, Gas, Steam and Air-Conditioning Supply	1,688.5	11.2	27.1
Financial and Insurance Activities	1,103.3	7.3	8.8
Construction	502.1	3.3	3.5
Information and Communication	717.8	4.8	8.6
Transportation and Storage	540.1	3.6	15.4
Agriculture, Forestry and Fishing	242.4	1.6	7.9
Others	1,269.0	8.4	10.8
<b>Loans to Household Consumption</b>	<b>1,820.2</b>	<b>12.1</b>	<b>23.5</b>
<b>Loans to Residents</b>	<b>14,625.9</b>	<b>97.3</b>	<b>9.2</b>
<b>Loans to Non-Residents</b>	<b>404.9</b>	<b>2.7</b>	<b>-3.1</b>
<b>Total Loans to Residents and Non-Residents</b>	<b>15,030.8</b>	<b>100.0</b>	<b>8.8</b>

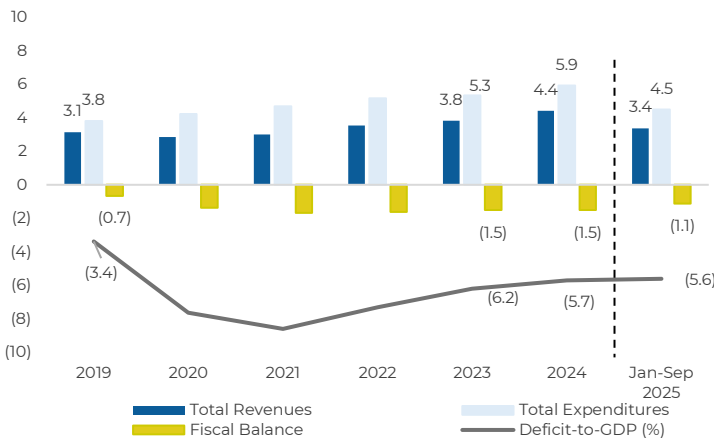
**Improving loan demand; keeping asset quality manageable**

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



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

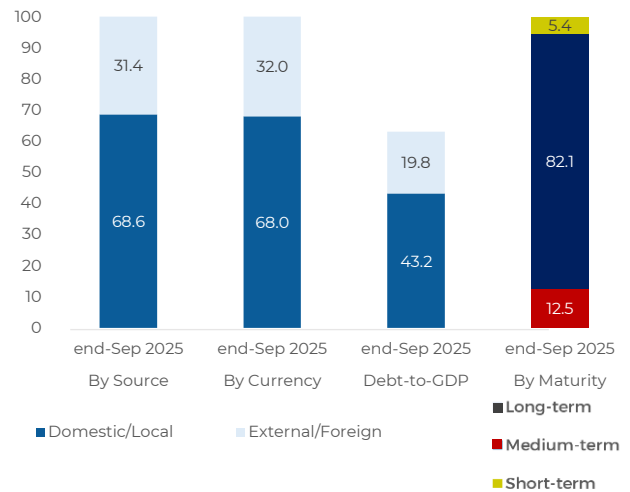
National Government (NG) Expenditure, Revenue, and Deficit (PHP tn)



Note: Figures may not add up due to rounding off

**Debt structure remains resilient**

National Government Outstanding Debt (% share)



For further information, please refer to the contact details below. We strive for accuracy; please let us know if there are errors.

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