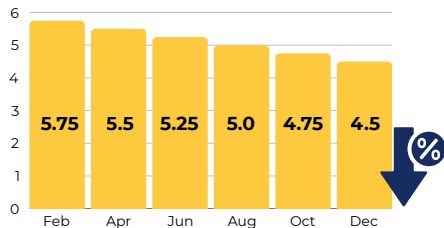


MPR SNAPSHOTS

A visual summary of the December 2025 Monetary Policy Report

11 December 2025 Monetary Policy Decision



Reduced key monetary policy rate—the target reverse repurchase (RRP) rate—by 25 basis points to **4.5 percent**. The BSP believes that reducing interest rates will support economic activities amid governance issues affecting demand.

Reason behind the decision

- Inflation outlook remains manageable.
- Decline in overall business sentiment due to governance concerns was evident.
- Impact of lingering uncertainty over global trade policy continues to temper growth.
- Lower rates help support growth.

What this mean for you?



BSP cuts the RRP rate.



Bank lending rates may ease.



Businesses and households may be encouraged to borrow more.



Investment and consumption may increase.



Overall economic activity may improve.

When inflation is low and stable, businesses and households are more confident to borrow and invest. This helps boost productivity and support economic growth.

What to expect for prices?

The BSP expects inflation to average within the target range of 3.0 percent \pm 1.0 percentage point.

2026 - 3.2% ✓

2027 - 3.0% ✓



Private-sector economists also expect inflation to stay within the target.

2026 - 2.9% ✓

2027 - 3.0% ✓



This shows broad confidence that inflation will remain manageable over the next few years.



Read the December 2025 Monetary Policy Report. Scan the QR code or visit bit.ly/December2025_MPR.

What could affect prices?

Several factors could cause inflation to be higher or lower than expected.

Supply shock scenario
(Factors that could push prices higher than expected)



higher electricity bills



higher rice tariffs



higher wages



adverse weather conditions



external developments



base effects

Demand shock scenario
(Factors that could bring prices lower than expected)



lower investment growth due to governance issues



lingering uncertainty over global trade policies

The BSP closely monitors these factors to ensure that the cost of goods and services remains manageable.

How is the economy doing?

Economic growth is significantly slower in the near term, modest through 2026, and will rebound in 2027.

Some challenges include:



slower activity in construction and investment due to governance issues



weaker business and consumer confidence



weather-related disruptions



rising real wages and higher household incomes



higher government spending



higher output in agriculture and positive net exports

However, growth is supported by:

What is the BSP's next move?



Monitor inflation and growth trends, amid emerging risks.



Adjust monetary policy settings as necessary to maintain price stability and support sustainable economic growth.

