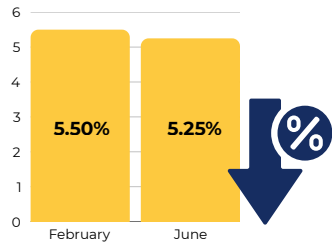
MPR SNAPSHOTS

A visual summary of the June 2025 Monetary Policy Report

Monetary Policy Decision



During its policy meeting on 19 June 2025, the Monetary Board decided to reduce the Bangko Sentral ng Pilipinas' (BSP) key monetary policy rate—the target reverse repurchase (RRP) rate—by 25 basis points to **5.25 percent.** The BSP believes it had room to lower interest rates, which will help boost the economy, amid a favorable inflation outlook.

Reason behind the decision

The Monetary Board saw the need for a more accommodative stance given that inflation was expected to stay below target through 2025. The BSP also noted the slower-than-expected economic growth and global uncertainties.

What this means for you

BSP cuts the RRP rate

Lower bank lending rates

Businesses and households are encouraged to borrow more

Investment and consumption increases

Overall economic activity improves

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 2.0 to 4.0 percent.

- 2025 - 1.6% ✗
- 2026 - 3.4% ✓
- 2027 - 3.3% ✓

✗ below target
✓ within target

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

- 2025 - 2.1% ✓
- 2026 - 2.9% ✓
- 2027 - 3.1% ✓

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

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What could affect prices

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

Factors that could push prices higher than expected


higher oil prices


higher electricity bills


higher rice tariffs


global tensions


trade disruptions

Factors that could bring prices lower than expected


lower rice prices


lower growth in domestic and global economies

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

How is the economy doing

Economic growth remains firm, but at a slower pace in early 2025.

Some challenges include:


lower investments


slowdown in exports


weaker global growth

However, growth is supported by:


strong household consumption


high government spending


BSP's monetary policy easing

What is the BSP's next move


Ensure monetary policy settings remain appropriate for prevailing conditions.


Closely monitor inflation amid global risks and tensions.


Continue to assess the impact of past monetary policy adjustments.

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