COCOLIFE

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ECONOMIC AND MARKET UPDATE

The Philippine Economy at a Glance

GROSS DOMESTIC PRODUCT	FOREIGN EXCHANGE	INFLATION RATE	UNEMPLOYMENT RATE	BSP POLICY RATES	CREDIT RATINGS
5.70% 2024	March 2025 P57.21/$ (0.02% weaker FTM) (0.03% weaker YTD)	1.8% (MAR 2025) (based on 2018 prices)	4.3% (JAN 2025)	5.75% (lending rate) 5.50% (borrowing rate) 5.25% (overnight deposit)	BBB+ (Standard and Poor's) BBB (Fitch Ratings) Baa2 (Moody's Investor)

Macroeconomic Updates

PH GDP up 5.7% in 2024. In 2024, the GDP of the Philippines expanded more quickly than anticipated. Given the updated growth statistics in the manufacturing and agricultural sectors, the GDP for the fourth quarter of 2024 was raised from 5.2% to 5.3%. Furthermore, the GDP growth rate for the entire year 2024 went up from 5.6% to 5.7%. Meanwhile, the Development Budget Coordination Committee (DBCC) changed the target for economic growth this year from 6.5 to 7.5% to 6.0% to 8.0%. The GDP growth objective was changed from 6.5% to 8% each year for 2026–2028 from 6.5% to 8% earlier.

March inflation slowest in five years. Inflation in the nation decreased from 2.1% in February to 1.8% in March, a five-year low. March's data brought the national average inflation rate for the first three months of 2025 to 2.2%, which was considerably within the government's target range of 2.0% to 4.0% for the year. The recent figure is also significantly slower compared to 3.7% recorded in March 2024, and was also the slowest inflation rate in nearly five years, when it settled at 1.6% in May 2020. Meanwhile, core inflation eased to 2.2% in March from 2.4% in February.

Analysts expect April rate cut from the BSP. Following a further slowdown in inflation last month and with economic growth anticipated to be hindered by US President Donald Trump's tariffs, analysts anticipate that the Bangko Sentral ng Pilipinas (BSP) will likely resume lowering interest rates at its meeting on April 10. In response to Trump's hefty tariffs on US imports, the Monetary Board unexpectedly paused last February 13 and maintained the benchmark rate at 5.75%. BSP Governor Eli Remolona stated that a rate cut in April was "on the table" and that monetary authorities were awaiting additional information before making a decision.

PH unemployment increases in January. Due to the seasonal decline in labor demand, the nation's unemployment rate increased from a record low of 3.1% in December 2024 to 4.3% in January 2025. However, the most recent data was less than 4.5% in January 2024. According to the PSA, in January 2025, the labor force participation rate (LFPR) was 63.9%. This corresponds to 50.65 million Filipinos who were 15 years of age or older and employed. 48.49 million, or 95.7%, of the 50.65 million people were employed, compared to 2.16 million, or 4.3%, who were jobless.

Dollar reserves go up in February. Gross international reserves (GIR) had increased from $103.3 billion in January to $106.7 billion as of February. After successful fundraising efforts bolstered by the rise in gold prices worldwide, the national government increased its deposits with the central bank in February, resulting in a recovery of the Philippines' foreign exchange reserves. The most recent GIR level is more than sufficient as an external liquidity buffer, covering 7.5 months' worth of primary income, payments for services, and imports of products. Based on residual maturity, the end-of-February reserves likewise amount to around 3.8 times the nation's short-term external debt.

PH external debt hits $137.6B in 2024. As the higher dollar helped lower the nation's external debt last year, money owed to foreign creditors decreased by $2.02 billion to $137.63 billion by the end of December, down 1.4% from the $139.64 billion recorded three months earlier. The debt-to-GDP ratio stayed at 29.8%, down from 30.6% in September. The decrease in foreign debt levels together with the Philippines' 5.2% real GDP growth in the fourth quarter of 2024 and 5.6% growth in the entire year 2024 were the main drivers of this ratio improvement. In the final three months of last year, dollar gains reduced the value of the nation's debt stock by $1.29 billion.

Government gross borrowings rise to P213B in January. From P203.15 trillion in January of last year to P213.14 billion in January, the government's total borrowings increased by 4.9%. The majority of the debt was domestic, at P152.2 billion, up from P141.51 billion the previous year. P140 billion, or nearly all, came from the issuing of Treasury bonds with fixed rates. Program and project loans made up P56.29 billion and P4.65 billion of the P60.94 billion in foreign financing that was received in January, which was a decrease from P61.65 billion. Gross borrowings by the national government increased by 16.9% from P2.19 trillion in 2023 to P2.56 trillion in 2024. At P1.92 trillion, domestic debt made up the majority, while P641.17 billion came from international funding. As of the end of 2024, the government owed P16.05 trillion.

Trade gap widens to $5.09 billion. The Philippines' trade-in-goods deficit widened to a three-month high in January as both exports and imports picked up. From a $4.14 billion deficit in December 2024 and a $4.36 billion gap the previous year, the nation's trade balance exploded to a $5.09 billion deficit. The most recent data revealed the largest trade deficit in three months since the October 2024 shortfall of $5.81 billion. According to PSA data, merchandise exports increased 6.3% year over year to $6.36 billion in January, above the 6% growth forecast this year set by the Development Budget and Coordination Committee (DBCC).

The peso appreciates ahead of the release of the US tariff plans. The Philippine Peso closed at P57.21/dollar last March 31, 0.02% stronger month-on-month ahead of the release for Trump's proposed tariff policy. Economists shifted its focus from inflation to recessionary concerns as slowing US consumption expenditure may drag growth even further causing confidence over the dollar to fade in the short-term.

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