April 2025

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	April 2025 **P55.85/$** (2.38% stronger FTM) (4.73% stronger YTD)	**1.4% (APR 2025)** **(based on 2018 prices)**	**3.8%** **(FEB 2025)**	**5.50%** (lending rate) **5.25%** (borrowing rate) **5.00%** (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 gross domestic product (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 8.0% earlier.

April inflation records slowest in five years. The country's inflation rate significantly dropped in April to a rate of 1.4% amid slower growth of food prices, following the 1.8% rate in March. This brought the year-to-date figure at 2.0%, seating well at the lower end of the 2.0% -4.0% target, alluding to stronger chances of a rate cut in the upcoming Monetary Board meeting in June.

BSP cuts policy rate by 25 bps to 5.5%. The Bangko Sentral ng Pilipinas (BSP) cut the key policy rate by a quarter point last April 10, as softer inflation allowed monetary authorities to resume its easing cycle in the face of global headwinds from sweeping US tariffs. The decision of the powerful Monetary Board (MB) lowered the overnight rate that banks use as a guide when pricing loans to 5.5%. The meeting happened hours after Trump announced a 90-day pause for countries hit by higher US tariffs. While the whole world was worried about the impact of heightened trade protectionism on economic growth, BSP Governor Eli Remolona Jr. said the Philippines was experiencing something that many countries do not, which is tamed inflation.

PH unemployment rate drops to 3.8%. The country's unemployment rate dropped to 3.8% in February from 4.3% in January translating to 1.94 million jobless Filipinos. The number of Filipinos without jobs or livelihoods saw a decline in February 2025, amid an induced seasonality due to election-related demand for labor and hot dry season-driven activities. The Statistics agency also saw that election-related activities had driven an increase in employment. The country's unemployment figures remained at par with its Asian peers, including Malaysia at 3.1% and Vietnam with 2.2%, and lower than China's 5.4% and India's 6.4% unemployment rate.

Dollar reserves drop to $106.2B in March. The country's gross international reserves (GIR) fell in March to $106.2 billion, from $107.4 billion as of end-February, due to foreign exchange transactions by the BSP and as the government paid off debt. The month-on-month decrease in the GIR level reflected mainly the drawdowns by the government in its foreign currency deposits with the central bank to meet its external debt obligations and BSP's net foreign exchange operations. Despite the drop, the central bank said the GIR level remained robust, equivalent to 7.3 months' worth of imports of goods and payments of services and primary income. It is also about 3.7 times the country's short-term external debt based on residual maturity.

PH remittance growth slows in Feb to 2.7%. Cash remittances from Filipinos abroad posted a slower growth in February amid global uncertainties. Cash inflows from overseas workers grew by 2.7% to $2.72 billion in the second month of the year. This growth, however, was slower than the 2.9% expansion seen in January. Despite this, in the first two months of 2025, remittances amounted to $5.63 billion, up by 2.8%.

Trade gap widens to $4.13 billion in March 2025. The country's balance of trade in goods saw a wider deficit in March this year as growth in imports outpaced the increase in exports during the month. Data released by the Philippines Statistics Authority (PSA) showed the Philippines' external goods stood at a shortfall of $4.127 billion in March, up 23.1% year-on-year. The total value of imported goods that came into the country amounted to $10.72 billion, up 11.9% from $9.579 billion year-on-year. Export receipts, meanwhile, grew by 5.9% to $6.593 billion from $6.225 billion in the same month last year. The relatively higher exports volume could be partly attributed to some frontloading of overseas sales before higher US import tariffs/reciprocal tariffs that increase export selling prices take effect.

FDI net inflows reach more than $700-M in January. Net inflows of foreign direct investments (FDI) reached $731 million in January, lower by 20% from the $914 million net inflows recorded in January 2024. The BSP said the decline in net inflows in January was due to a decrease in non-residents' net investments in debt instruments to $519 million from $833 million. This was, however, partly tempered by the shift in non-residents' net investments in equity capital, which turned to net inflows of $88 million from net outflows of $11 million.

The peso on its strongest close in over a year. The Philippine Peso closed at P55.84/dollar last April 30, as it appreciated 1.27% from last week's close as the economy shows sign of relief following de-escalation between US and China trade war. This was the peso's best close in more than a year or since its P55.53-a-dollar finish on March 15, 2024. The peso sustained strength following weak US gross domestic product (GDP) and manufacturing data due to the Trump administration's shifting policies.

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