

Philippines: Brief Profile

2025

Domestic Economy

- ❖ Real GDP of Philippines was recorded at an estimated 5.7% during 2024 as compared to a growth of 5.5% in 2023.
- ❖ In absolute terms, GDP of Philippines stood at an estimated US\$ 461.6 billion in 2024, with per capita GDP at US\$ 4,079 in 2024.
- ❖ The average consumer price inflation decreased to an estimated 3.2% in 2024 from 6% recorded in the preceding year.
- ❖ Services sector dominated the economy, accounting for 62.4% of Philippines' GDP in 2023, followed by industry sector (28.2% of GDP) and agriculture sector (9.4%).

BASIC FACTS

Land area: 300,179 sq km

Population: 113.2 mn (2024; estimate)

Language: Filipino (Tagalog), English and Spanish

Currency: Peso (P)

GDP: US\$ 461.6 bn (2024; estimate)

Exports: US\$ 76.4 bn (2024; estimate)

Imports: US\$ 141.5 bn (2024; estimate)

Sovereign Rating: BBB+ (S&P's)

Trade and Current Account Balance

- ❖ Philippines' exports increased to an estimated US\$ 76.4 billion in 2024, as compared to US\$ 75.7 billion recorded in the preceding year.
- ❖ Philippines' imports also increased to an estimated US\$ 141.5 billion in 2024, as compared to US\$ 138.1 billion recorded in 2023.
- ❖ Accordingly, Philippines' trade deficit widened to US\$ 65.1 billion in 2024, as compared to US\$ 62.4 billion recorded a year ago.
- ❖ Electrical machinery and equipment were the major item exported by Philippines in 2024, accounting for 50.3% of the total exports. Other principal items exported by Philippines in 2024 included machinery and mechanical appliances (9.8% of total exports), optical, photographic and medical apparatus (4.7%), ores, slag and ash (3.8%) and animal, vegetable fats and oils (3.2%).

- ❖ Electrical machinery, equipment and parts were also the principal import items of Philippines, accounting for 20.6% of the total imports in 2024. Other major items imported by Philippines in 2024 include mineral fuels, oils and products of distillation (15% of total imports), machinery and mechanical appliances (8.2%), vehicles other than railway and tramway (7.2%), cereals (3.8%) and plastics and articles (3.3%).
- ❖ USA was the leading export destination for Philippines, accounting for 16.6% of total exports in 2024. Other major destinations of exports in the same year include Japan (14.1% of total exports), Hong Kong (13.2%), China (12.9%), South Korea (4.9%), Thailand (4%) and Singapore (3.9%).
- ❖ China was the major source of Philippines' imports, accounting for 25.6% of the total imports in 2024. Other important origins of imports in the same year included Indonesia (8.4% of total imports), Japan (7.9%), South Korea (7.4%), USA (6.6%), Thailand (5.8%) and Malaysia (4.6%).
- ❖ Philippines' current account deficit widened to an estimated US\$ 17.5 billion (3.8% of GDP) in 2024, from US\$ 12.4 billion (2.8% of GDP) in 2023.

Foreign Direct Investment, Foreign Exchange Reserves, and Exchange Rate

- ❖ According to UNCTAD's World Investment Report 2024, foreign direct investment (FDI) inflows to Philippines increased in 2023 to US\$ 6.2 billion, compared to US\$ 5.9 billion in 2022.
- ❖ According to the same source, foreign direct investment outflows from Philippines also increased to US\$ 1.3 billion in 2023 from US\$ 308 million in 2022.
- ❖ Philippines's foreign exchange reserves increased to an estimated US\$ 110.2 billion in 2024 from US\$ 103.8 billion recorded in 2023. Reserves reflected an import cover of over 8.4 months.
- ❖ The local currency of Philippines is Peso (P). The peso depreciated to an estimated P 57.3: US\$ 1 in 2024 from P 55.6: US\$ 1 in 2023.

Country Rating

- ❖ Standard & Poor's Sovereign Ratings rated Philippines as BBB+ (adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments on the obligation) with a 'positive' outlook.
- ❖ *Dun and Bradstreet's (DB) Country Risk Indicator*¹, February 2025, rates Philippines as DB4c (slight risk: significant uncertainty over expected returns. Risk-averse customers are advised to protect against potential losses). The trend of D&B's ratings for Philippines falls under the 'stable' category.
- ❖ *Moody's Investor services*² as of March 2025, rated Philippines as Baa2 (moderate level of credit risk: obligations are judged to be of the medium grade which may possess certain speculative characteristics) with a 'stable outlook'.
- ❖ According to *Organization for Economic Co-operation and Development (OECD)*³ country risk classifications of January 2025, Philippines was placed at 'category 3'.

Macroeconomic Outlook

- ❖ Real GDP is expected to grow by 5.5% in 2025. Exports of goods and services would maintain positive momentum in 2025, underpinned by still-resilient global electronics demand. However, potential implementation of strict tariffs by the Trump administration in the US will likely weigh on the Philippines' export growth in late 2025.
- ❖ Inflation is forecasted to moderate to 2.6% in 2025, from 3.2% in 2024, within the Bangko Sentral ng Pilipinas's (BSP, the central bank) target range of 2-4%. Still,

¹ The DB risk indicator is divided into seven bands (DB1 to DB7, in the increasing order of risk). Each band is further divided into quartiles (a-d, ranging low to high), except the DB7 band.

² Moody's Investor services ranks countries in nine categories Aaa, Aa, A, Baa, Ba, B, Caa, Ca and C, according to increasing order of risk. Numerical modifiers 1, 2, and 3 are appended to each generic rating classification. The modifiers 1, 2 and 3, respectively indicate that the obligation ranks in the higher end, mid-range, and lower end of its generic rating category.

³ The OECD Country Risk Classification measures country credit risk, i.e. the likelihood that a country will service its external debt, on a scale of 0 -7 (where 0 is the lowest risk category and 7 is the highest).

it would take some time for consumers' expectations for inflation to re-anchor after an extended period of high price growth. Volatility is therefore likely to persist. Risks to the forecast emanate from currency depreciation and shocks to agricultural production caused by extreme weather events.

- ❖ Peso is forecasted to depreciate slightly to an average of P 60.1:US\$1 in 2025, from P 57.3.01:US\$1 a year earlier. Geopolitical tensions in the South China Sea and election-related uncertainty will likely keep the currency under pressure.
- ❖ The key challenge for the country's external sector over the coming years would be invigorating goods exports to compensate for a likely slowdown in the growth of service exports. Tourism is unlikely to be the large driver it once was, given capacity constraints and geopolitical tensions. Overall current-account deficit is expected to remain around 3.4% in 2025.

Philippines: Economic Structure

Economic Indicators	2020	2021	2022	2023	2024 ^e	2025 ^f	2026 ^f
Nominal GDP (US\$ bn)	361.8	394.1	404.4	437.1	461.6	497.5	538.8
Real GDP growth (%)	-9.5	5.7	7.6	5.5	5.7	5.5	5.8
Consumer price inflation (av; %)	2.4	3.9	5.8	6.0	3.2	2.6	2.9
Population (mn)	109.2	110.1	110.9	111.9	113.2	114.4	115.6
Exports of goods fob (US\$ bn)*	65.2	74.7	78.8	75.7	76.4	80.8	82.6
Imports of goods fob (US\$ bn)*	95.2	123.5	145.1	138.1	141.5	145.2	157.6
Current-account balance (US\$ bn)	11.6	-5.9	-18.3	-12.4	-17.5	-17.0	-17.0
Total international reserves (US\$ bn)*	110.1	108.8	96.1	103.8	110.2	112.3	117.8
Average Exchange Rate (P: US\$). Local Currency is Peso (P)*	49.6	49.3	54.5	55.6	57.3	60.1	59.2

Note: * Sourced from EIU, ^e Estimate; ^f Forecast

Source: WEO, IMF (April 2025) & EIU Country Report.