

Republic of the Philippines

Credit Rating: BBB

Country: Philippines

Bond/ YTM (as of 01-13-2025):

Outlook: Positive

ROP 4.625 28 5.061%

ROP 4.375 30 5.158%

ROP 1.648 31 5.276%

Country Overview

- The Philippines is the world's 34th largest economy, with an estimated gross domestic product (GDP) of about USD 470 billion. As of 2024, services accounted for approximately 65.8% of the total GDP, while manufacturing contributed 17.9%. Electronic products made up 56.9% of its export goods, followed by agricultural products (8.7%) and minerals (4.7%). The country's natural resources include timber, petroleum, nickel, cobalt, silver, gold, salt, and copper.
- As of 2023, the Philippines' main export partners are the USA (15.7%), ASEAN (15.2%), China (14.8%), and Japan (14.2%).

Macro Fundamentals

- The Philippines is one of the fastest-growing economies in the world, expected to grow by an annual rate of 6.2% in 2025 and 2026. This growth is underpinned by a resurgence in capital formation, increased infrastructure spending, and robust consumer spending.
- A 75-basis-point rate cut to 5.00% is projected by end 2025, given the steady improvement in the inflation rate, which is expected to decline to 3% in 2025 due to lower retail prices.
- The current account deficit is expected to narrow, driven by a lower fiscal deficit as the government targets a reduced debt-to-GDP ratio in the coming years.

Risk & Catalysts

- The economy is driven by strong consumer spending, bolstered by a young population and remittances sent home by 10.2 million overseas Filipino migrant workers.
- Tariffs imposed by US President-elect Trump could affect Philippine trade, potentially leading to wider deficits.
- Upside risks to inflation may arise from persistent foreign exchange weakness, although this could be offset by weaker energy prices.
- A significant proportion of the labor force is still employed in the informal economy, which limits tax revenues for the government.

Key Macro Indicators

	FY2021	FY2022	FY2023	FY2024	2025F
Real GDP Growth	5.70%	7.60%	5.50%	5.80%	6.20%
Inflation Rate	3.90%	5.80%	6.00%	3.30%	3.00%
Policy Rate	2.00%	5.50%	6.50%	5.75%	4.25%
Fiscal Balance/GDP	-6.20%	-5.50%	-4.40%	-3.90%	-
Debt-to-GDP	60.40%	60.90%	60.10%	62.05%	-
Reserves/Import	8.55x	7.68x	7.78x	7.43x	-

Sources: International Monetary Fund, Metrobank Research

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