

Republic of the Philippines

Composite Rating: Baa2/BBB+/BBB

Bond/s: PHILIP 5.5 26, PHILIP 3 28, PHILIP 0.7 29,
PHILIP 1.95 32

Outlook: Positive

Country Overview

- The Philippines is one of the fastest-growing emerging market economies, though GDP per capita remains relatively low at USD 3,870 per year, comparable to Egypt.
- Key economic drivers include business process outsourcing (BPO) and tourism, alongside a manufacturing sector specializing in electronics, automotive production, and food processing.
- While the country has limited natural resources, it is a significant global supplier of nickel ore.

Macro Fundamentals

- The economy is expected to maintain strong growth in the coming years, supporting higher income per capita.
- Continued economic expansion could enhance the country's credit profile, increasing the likelihood of sovereign ratings upgrades.
- Structural improvements and sectoral diversification will play a crucial role in sustaining long-term economic resilience.

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.
- US President Donald Trump's tariffs could affect trade in the Philippines, possibly leading to wider deficits.
- The upside risks to inflation may come from persistent FX weakness, but it could be offset by weaker energy prices.
- A significant proportion of the labor force is still employed in the informal economy, which limits the tax revenues for the government.



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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 (IMF), Metrobank Research

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