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PH still fastest in ASEAN despite global headwinds: IMF Lowers PH growth forecast to 5.5% from 6.1%

April 23, 2025 | Jimmy Calapati | Malaya Business Insight

Outlook for PH

	Real GDP			Consumer Prices			Current Account Balance			Unemployment	
	Projections			Projections			Projections			Projections	
2024	2025	2026	2024	2025	2026	2024	2025	2026	2024	2025	2026
5.7	5.5	5.8	3.2	2.6	2.9	-3.8	-3.4	-3.2	3.8	4.5	4.5

Source: IMF WEO

THE International Monetary Fund (IMF) on Tuesday lowered its 2025 economic growth forecast for the Philippines to 5.5 percent from a previous estimate of 6.1 percent in January.

The IMF said a global economic environment that is growing increasingly more difficult has prompted the revision of its projections related to the Philippine economy, Asia and America.

The revision reflects external developments, including the direct impact of higher tariffs on Philippine goods exports to the US, the IMF said in a statement.

Still, the 5.5 percent Philippine gross domestic product (GDP) growth forecast is the second fastest in Asia, after India's 6.2 percent.

The IMF also revised downward its economic forecasts for the Philippines' trading partners, while taking into account the impact of heightened uncertainty and financial tightening. These revisions spurred the IMF to take 0.6 percentage point off the Philippines' 2025 growth prospects.

Philippine inflation is expected to average 2.6 percent this year, slower than the January forecast of 2.8 percent.

The revised inflation forecast reflects lower-than-expected inflation results in the first quarter of 2025 and the lower projections on global fuel and food prices.

The forecasts are released through the IMF's World Economic Outlook (WEO), a survey of prospects and policies by the IMF staff published twice a year with updates in between.

Relatively robust

Despite lowering its Philippine economic forecast, the IMF expects the economy to stay relatively robust this year.

"Downward revisions to growth are observed throughout the region and globally, reflecting the recent external developments," it said.

"The global economy is at a critical juncture. Signs of stabilization were emerging through much of 2024, after a prolonged and challenging period of unprecedented shocks," the IMF emphasized.

"However, major policy shifts are resetting the global trade system and giving rise to uncertainty that is once again testing the resilience of the global economy," it added.

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PH still fastest in ASEAN despite global headwinds: IMF Lowers PH growth forecast to 5.5% from 6.1%

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Global revisions

The IMF also revised its global growth forecast to 2.8 percent in 2025 from an estimated 3.3 percent in 2024. Nearly all countries are expected to post lower economic growth this year.

"Emerging and developing Asia, particularly the Association of Southeast Asian Nations (Asean) countries, has been among the most affected by the April tariffs," the IMF said.

On the upside, the IMF noted recent legislative reforms in the Philippines could facilitate an accelerated implementation of domestic infrastructure projects, including public-private partnerships that could lead to higher foreign direct investments.

"In terms of growth drivers, domestic consumption remains the key driver for growth and is expected to be supported by lower inflation and low unemployment," IMF said.

The 5.5 percent GDP growth forecast for the Philippines this year is higher than China's 4.0 percent, Japan's 0.6 percent, South Korea's 1.0 percent and Hong Kong's 1.5 percent.

Fastest in Asean

Compared with its Asean peers, the Philippines is expected to post the fastest growth rate for 2025.

Vietnam is expected to grow 5.2 percent, Indonesia 4.7 percent, Malaysia 4.1 percent, Singapore 2.0 percent and Thailand 1.8 percent.

The Philippines' GDP grew 5.7 percent in 2024, missing the government's 6 percent to 6.5 percent full-year growth assumption.

This year, Manila estimates the country's GDP growing between 6 and 8 percent.

Inflation forecast

IMF's 2.6 percent inflation forecast for the Philippines for 2025 is in line with the government's target of between 2 percent and 4 percent.

"Relative to January WEO, the headline inflation projection for 2025 has been revised down by 0.2 percentage point to 2.6 percent, reflecting a lower-than-expected inflation outturn in the first quarter of 2025, and downward revisions to global fuel and food price projections," the IMF said.

Philippine inflation slowed to 1.8 percent in March 2025 from 2.1 percent in February, bringing the national average rate to 2.2 percent in the first quarter.

Risks to the inflation outlook are broadly balanced, the IMF said.

Compared with other Asean countries, IMF's 2.6 percent forecast for the Philippines is the second fastest after Vietnam's 2.9 percent, with Malaysia's 2.4 percent, Indonesia's 1.7 percent, Singapore's 1.3 percent and Thailand's 0.7 percent.

'Room' to ease rates

The IMF said the Bangko Sentral ng Pilipinas (BSP) "has room to continue to reduce the policy rate and firmly move to a neutral stance" as inflation was within the BSP's target range in 2024, and is expected to stay within the target range in 2025 and 2026.

"With inflation projected to remain around the BSP's target of 3 percent, inflation expectations are well-anchored, and amid an expected widening of the output gap, there is space for a more accommodative stance," IMF said.

After a pause in February, the policy-setting Monetary Board decided to resume its easing cycle earlier this April by reducing the Target Reverse Repurchase (RRP) Rate by 25 basis points to 5.50 percent.

In making the decision, the BSP said the more manageable inflation outlook and the risks to growth allow for a shift toward a more accommodative monetary policy stance. *[Cont. page 3]*

PH still fastest in ASEAN despite global headwinds: IMF Lowers PH growth forecast to 5.5% from 6.1%

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Widely expected

Michael Ricafort, RCBC's chief economist, said the downward revision is widely expected since Trump's higher import tariffs would slow demand for Philippine exports since the US is the biggest destination of the country's total exports.

"This would be a drag on the country's overall economic growth," Ricafort said.

He said Trump's higher US import tariffs would lead to higher US inflation and could slow down the US economy, the world's largest, and would also slow global investments, trade, employment, and overall world economic growth.

The Philippine inflation estimate by the IMF is consistent with the fact that local inflation for 2025 is seen averaging a little over 2 percent as rice prices, which accounts for the biggest share in the inflation basket, begin to go down, Ricafort added.

On the other hand, John Paolo Rivera, a senior research fellow at government think tank Philippine Institute for Development Studies, said the IMF's revisions reflect "a confluence of global headwinds that are increasingly difficult to ignore."

"The direct impact of rising US tariffs, particularly if they affect key PH exports like electronics and garments, could dampen external demand just as global trade is already slowing," he said.

"We're also feeling the spillover from weaker growth in key trading partners like China and the US, which shrinks markets for both goods and services, including business process outsourcing and tourism," Rivera said in a separate message to this paper on Tuesday.

'Silver lining'

Rivera said the inflation forecast of 2.6 percent is "a silver lining."

"This gives domestic policy makers, especially the BSP, some runway to keep rates steady or even consider cuts later this year, especially if growth softens further," Rivera said.

"Lower inflation could also support consumption and real incomes, which are vital for keeping domestic demand resilient," he added.

While the country's fundamentals are strong, the external uncertainties such as Trump's tariffs, geopolitical tensions, and global monetary tightening, could limit upside potential for now, Rivera pointed out.

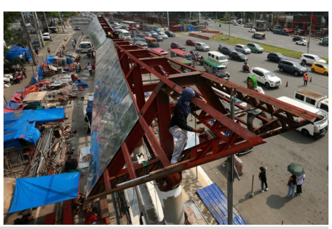
The WEO presents analyses and projections of the world economy in the near and medium term, which are integral elements of the IMF's surveillance of economic developments and policies in its member countries and of the global economic system.

IMF said that all forecasts in the latest WEO are what they call the "reference point" forecast based on information available as of April 4, 2025, including the April 2 tariffs and initial responses.

Source: https://malaya.com.ph/business/business-news/ph-still-fastest-in-asean-despite-global-headwinds-imf-lowers-2025-ph-growth-forecast-to-5-5-from-6-1/

NCR economic output jumped by 5.6% in 2024 — PSA

April 23, 2025 | Matthew Miguel L. Castillo | BusinessWorld



METRO MANILA'S economic output expanded by 5.6% in 2024, the statistics agency said. — PHILIPPINE STAR/MIGUEL DE GUZMAN

THE NATIONAL Capital Region's (NCR) economic output expanded by 5.6% in 2024, the fastest pace in two years, the Philippine Statistics Authority (PSA) said on Tuesday.

Preliminary PSA data from the latest regional accounts showed Metro Manila's economic expansion in 2024 was faster than 4.9% in 2023, and the fastest since the 7.6% print in 2022.

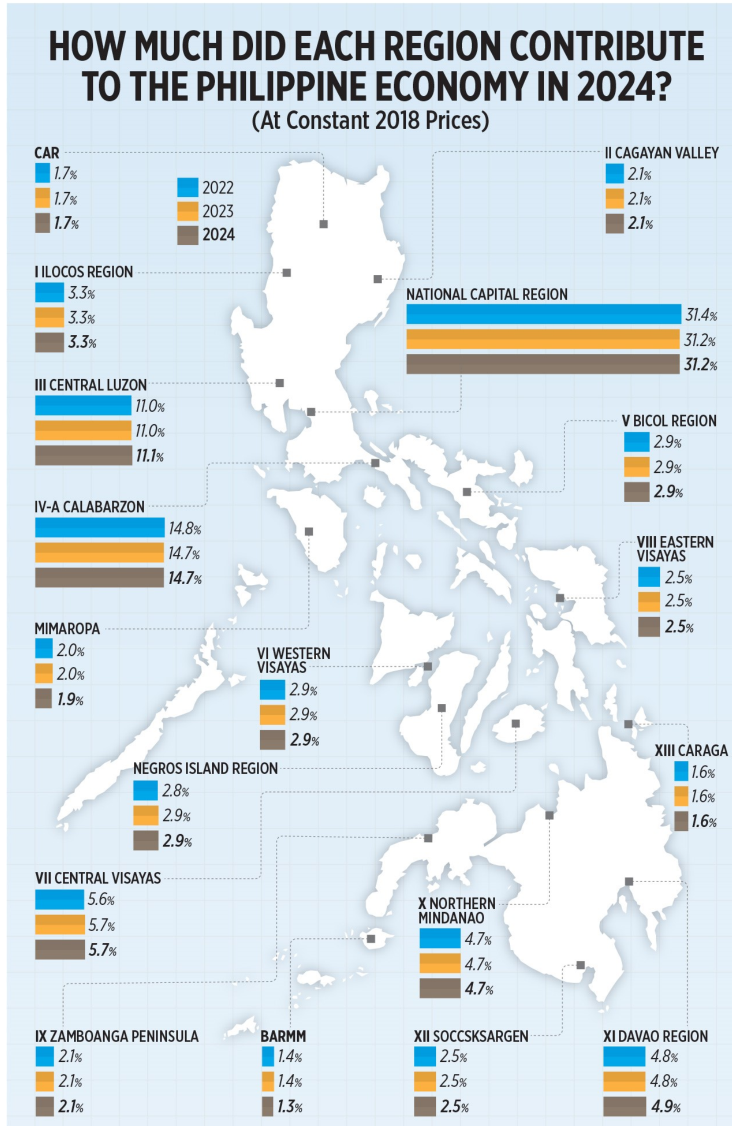
However, NCR's economic output was a tad slower than the revised 5.7% national gross domestic product (GDP) in 2024.

"[The NCR's] economy's growth rate is not remarkable, but it is enough to see that we are not in a downward trend," PSA-NCR Regional Director Paciano B. Dizon said during the briefing.

The size of NCR's economy at constant 2018 prices reached P6.94 trillion last year, higher than P6.57 trillion in 2023. *[Cont. page 4]*

NCR economic output jumped by 5.6% in 2024 — PSA

[Cont. from page 3]



Gross Regional Domestic Product Growth Rates *(At Constant 2018 Prices, in %)*

	2023	2024		2023	2024
PHILIPPINES	5.5	5.7	NIR Negros Island Region	7.8	5.9
NCR National Capital Region	4.9	5.6	VII Central Visayas	7.3	7.3
CAR	6.9	4.8	VIII Eastern Visayas	6.3	6.2
I Ilocos Region	7.0	4.9	IX Zamboanga Peninsula	4.5	4.2
II Cagayan Valley	6.1	5.3	X Northern Mindanao	5.2	6.0
III Central Luzon	6.1	6.5	XI Davao Region	6.7	6.3
IV-A Calabarzon	5.2	5.6	XII Soccsksargen	3.5	5.5
Mimaropa	4.6	4.4	XIII Caraga	4.8	6.9
V Bicol Region	4.5	4.9	BARMM	4.0	2.7
VI Western Visayas	6.8	4.3			

Source: Philippine Statistics Authority (Preliminary data as of April 22, 2025)
BusinessWorld Research: Abigail Marie P. Yraola *BusinessWorld* Graphics: Bong R. Fortin

Metro Manila was still the largest contributor to the overall Philippine economy with a 31.2% share, followed by Calabarzon (14.7%) and Central Luzon (11.1%).

Central Visayas grew by 7.3% in 2024, the fastest among 18 regions. This was followed by Caraga (6.9% from 4.8% in 2023), and Central Luzon (6.5% from 6.1%).

On the other hand, the Bangsamoro Autonomous Region in Muslim Mindanao posted the slowest growth among the 18 regions with 2.7% in 2024 from 4% in 2023. It was followed by Zamboanga Peninsula (4.2% from 4.5%) and Western Visayas (4.3% from 6.8%).

In 2024, nearly 83% of NCR's output was driven by the services sector. The sector grew by 5.9%, slightly faster than 5.7% in 2023.

The growth of the wholesale and retail trade sector, which accounted for 22.5% of the services sector, eased to 4.1% last year from 4.4% in 2023.

Financial and insurance activities expanded by 8.4%, slightly faster than 8% in 2023, followed by professional and business services which rose by 7% from 5.9% in 2023.

Nicholas Antonio T. Mapa, a senior economist at the Metropolitan Bank & Trust Co., said that slower inflation contributed to the faster growth in NCR last year.

"Sustainability in the region's services sector also helped boost the regional economy. However, it was slightly offset by the slowdown in the agricultural sector brought by extreme weather conditions," he said in an e-mail.

In 2024, headline inflation averaged 3.2%, lower than the 6% average in 2023. In NCR, inflation also eased to 2.6% last year from 6.2% in 2023.

The total value of Metro Manila's service industry reached P5.76 trillion in 2024, higher than P5.44 trillion in 2023.

Meanwhile, the industry sector, which accounted for 17.1% of the NCR economy, rose by 4% last year, faster than 1.3% in 2023.

The growth of agriculture, which accounted for 0.01% of Metro Manila's economy, eased to 0.8% in 2024 from 5.4% in 2023.

By sectoral output, the Negros Island Region had the fastest growth in services with 8.5% in 2024 (from 7.9% in 2023), followed by Caraga (8% from 7.5%) and Central Visayas (7.6% from 8.6%).

At the same time, the Negros Island Region's industry sector posted the quickest growth at 9.8% expansion in 2024 from 8% in 2023.

Meanwhile, Central Visayas' agricultural output grew by 5.4% last year (from 4.5% in 2023), the fastest among the regions.

[Cont. page 5]

NCR economic output jumped by 5.6% in 2024 — PSA
[Cont. from page 4]

On the expenditure side, Central Visayas logged the highest growth in household spending with 7.7% in 2024 from 6.2% in 2023.

Meanwhile, government spending growth was the fastest in NCR at 9.9% last year, a turnaround from the 2.1% contraction in 2023.

Davao Region had the quickest expansion in gross capital formation at 17% last year, slower than 6.3% in 2023.

On a per-capita basis, Metro Manila still had the largest gross regional domestic product at P503,483 last year, up 5% from P479,415 in 2023.

"Economic growth in NCR and the rest of the Philippines will remain robust as long as domestic demand is sustained — lower interest rates and easing inflation will definitely help boost domestic demand," Mr. Mapa said.

Source: https://www.bworldonline.com/top-stories/2025/04/23/667448/ncr-economic-output-jumped-by-5-6-in-2024-psa/

Philippines in top 3 fastest growing economies in 2023 and 2024
April 24, 2025 | ENERGY, INFRA AND ECONOMICS - Bienvenido Oplas Jr. | The Philippine Star

The IMF released the World Economic Outlook (WEO) April 2025 last Tuesday. I downloaded the database Excel files, I checked the numbers on GDP size both in current values and purchasing power parity (PPP) values and GDP growth. When comparing countries' economic size, I prefer to use the PPP because valuation is adjusted for standard of living of countries.

In 2024, there were 53 countries and economies which have at least $500 billion GDP size in PPP values. Comparisons below are limited to those 53 economies and here are the results for 2024:

One, in GDP size at PPP values, China remains number one with $38.15 trillion, followed by the US with $29.18 trillion, India with $16.19 trillion. Fourth to sixth are Russia, Japan and Germany with $6 trillion to $6.9 trillion.

Two, in current values the US remains number one with $29.18 trillion, followed by China with $18.75 trillion, third to fifth are Germany, Japan and India with $3.9 trillion to $4.7 trillion.

Three, among the ASEAN-6 GDP size at PPP values, Indonesia is 8th with $4.66 trillion, Thailand is 22nd with $1.77 trillion, Vietnam is 25th with $1.65 trillion, Malaysia is 30th with $1.38 trillion, Philippines is 31st with $1.37 trillion, Singapore is 34th with $910 billion.

Four, in GDP size at current values, Indonesia is 16th, Singapore is 27th, Thailand is 30th, Philippines is 33rd with $462 billion, Vietnam is 34th, Malaysia is 37th.

Five, in GDP growth, the fastest economies in the world in 2023 were India with 9.2 percent, Bangladesh with 5.8 percent, Philippines is third with 5.5 percent, China with 5.4 percent, Turkey and Vietnam with 5.1 percent. All Asians except Turkey.

Six, the fastest growing economies in 2024 were all Asians: Vietnam with 7.1 percent, India with 6.5 percent, third is Philippines with 5.7 percent, then Malaysia with 5.1 percent, China and Indonesia with 5.0 percent.

Seven, the worst economic contraction (or negative growth) in 2023 were Ireland with 5.5 percent, Argentina with 1.6 percent, and Austria with 1.0 percent. Those with smaller contraction were Germany, Czech Republic, Sweden, Pakistan, Peru, Saudi Arabia.

Eight, three countries still suffered economic contraction in 2024: Argentina with 1.7 percent, Austria with 1.2 percent, and Germany with 0.2 percent. So two Europeans suffered back to back contraction, Austria and Germany.

Nine, the average growth the past four years 2021-2024, three largest economies of G7 – US, Japan and Germany – have mediocre growth: 3.6, 1.3 and 1.1 percent respectively. In contrast, the three largest economies of BRICS – China, India, Russia – have growth of 5.5, 8.2 and 3.2 percent, respectively.

Ten, average growth also in 2021-2024 in ASEAN 6 were: Philippines 6.1 percent, Vietnam 5.8 percent, Malaysia 5.2 percent, Singapore 5.0 percent, Indonesia 4.8 percent, Thailand 2.2 percent.

In 2020 though, the Philippines has the worst contraction in Asia with 9.5 percent, also our worst economic performance since World War II. The Philippines has the worst lockdown dictatorship policies in Asia that year. So the high growth in 2021-2022 were merely recoveries from the deep contraction of 2020. *[Cont. page 6]*

Philippines in top 3 fastest growing economies in 2023 and 2024

[Cont. from page 5]

Nonetheless, the Philippines has recovered and it should be a lesson to us – that killing economic freedom is wrong, that the people's right to work and do business, right to mobility should be non-negotiable.

The Philippines economic team led by the DOF, DBM and NEDA (now DEPDev) is successful in providing policy directions to have fast growth, especially with recent economic liberalization laws including the CREATE MORE law that cut corporate income tax from 25 percent to 20 percent, and the PPP Code.

The big challenge now for the economic team is how to significantly reduce our public debt, which significantly expanded from only P8.22 trillion in 2019 to P10.25 trillion in 2020, P14.96 trillion in 2023 and P16.40 trillion in 2024. High debt means high interest payment, P763 billion in 2024 alone or equivalent to P2.1 billion per day. Again, interest payment alone, principal amortization not included yet.

There should be significant spending cut, subsidies and freebies including elegant pension system for military and uniformed personnel (MUP), all at taxpayers' burden.

As former US president Ronald Reagan said something like "the success of a welfare program is how many people are exiting it, not added to it." Our subsidies and freebies are permanent with no timetable. Meaning burden to taxpayers and businesses. It is time to discontinue this to enable us to have meaningful fiscal consolidation, so that public resources are better spent on useful infrastructure that help improve our people's productivity and mobility.

Source: https://www.philstar.com/business/2025/04/24/2437823/philippines-top-3-fastest-growing-economies-2023-and-2024

Approved construction permits down in February

April 24, 2025 | Louella Desiderio | The Philippine Star

Workers are seen at a construction site in Manila on January 8, 2025.

STAR / Ryan Baldemor

MANILA, Philippines — Construction activities in the Philippines are slowing down as the number of building permits approved nationwide dipped by 2.5 percent in February.

Preliminary data from the Philippine Statistics Authority showed that the number of construction projects from approved building permits declined to 14,440 in February from 14,809 in the same month in 2024.

The total value of construction projects also fell by 16.9 percent to P41.6 billion in February from P50.05 billion in the same month last year.

Of the total, residential buildings accounted for the biggest share at 63.9 percent.

There were 9,223 residential projects in February, up by 1.2 percent from 9,115 projects in the same month a year ago.

While the number of residential building projects increased, the value fell by 24.9 percent to P17.38 billion from P23.13 billion.

Likewise, non-residential construction projects declined by 4.7 percent to 3,290 from 3,454 projects. In terms of value, non-residential projects dipped slightly to P21.29 billion from P21.39 billion.

Additions or projects involving increases in the height or area of an existing building slipped by four percent to 532 projects from 554 projects.

The value of addition projects dropped by 44 percent year-on-year to P561.32 million in February.

Alterations and repair of existing structures declined by 14.2 percent year-on-year to 1,058 projects in February.

These projects amounted to P2.04 billion in February, down by 49.8 percent from P4.07 billion in the same month last year.

The number of other construction projects also fell by 25.6 percent to 337 in February from 453 in the same month in 2024.

Other construction projects in February amounted to P320.13 million, 29.2 percent lower than the P451.92 million in the same month a year ago.

https://www.philstar.com/business/2025/04/24/2437829/approved-construction-permits-down-february

Tax exemption rules simplified for education, training investments

April 23, 2025 | Luisa Maria Jacinta C. Jocson | BusinessWorld


Students answer test questions at a state high school in Manila. — REUTERS

The Bureau of Internal Revenue (BIR) said it simplified the tax exemption application process for education and upskilling projects.

BIR Revenue Regulations No. 13-2025 aim to "simplify and consolidate outdated procedures that have hampered access to tax incentives granted under existing laws for education and training."

The revenue regulations were signed in March and took effect on April 17.

"The new regulations enhance the ease of doing business, while supporting investments in primary to tertiary education, technical education, and skills development," the Department of Finance said.
The intent is to "spur private sector investment in human capital development," it added.

The new rules are targeted at private companies participating in programs outlined in Republic Act (RA) No. 8525 or the Adopt-a-School Act of 1998, as well as RA No. 12063 or the Enterprise-Based Education and Training (EBET) Framework Act to ensure "efficient and effective implementation of tax incentives."

For example, private entities that enter into an agreement with a public school to provide assistance will be entitled to tax incentives and exemptions, such as deductions from the gross income of the amount contributed that was directly and ex-clusively used for the program.

Technical-vocational institutions that implement a registered EBET program can also avail of certain perks.

"By prioritizing education, we are accelerating not only national development, but more importantly, we are creating more opportunities to uplift lives through strategic human capital investments," Finance Secretary Ralph G. Recto said.

Source: https://www.bworldonline.com/economy/2025/04/23/667917/tax-exemption-rules-simplified-for-education-training-investments/

UPCOMING EVENT

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