

SGV Government and Infrastructure (G&I) Bulletin  
No. 08 Series of 2025

# Philippine Macroeconomic Update

Third Quarter 2025

07 November 2025

■ ■ ■  
The better the question. The better the answer.  
The better the world works.



Image from Alexes Gerard

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# Real GDP Growth

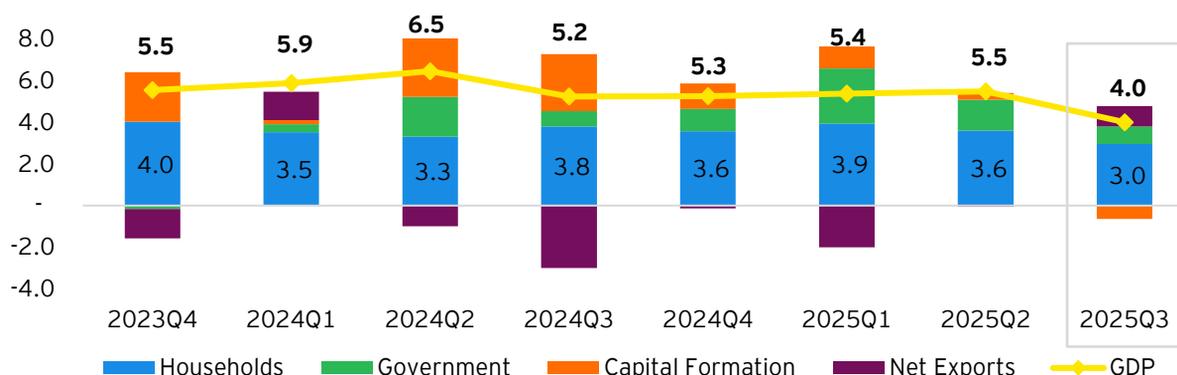
- The Philippine economy grew by 4.0% in the third quarter of 2025, year-on-year. The third-quarter result, which is below market expectations, comes on the back of a string of natural calamities and governance issues but was supported by lower inflation, more accommodative monetary policy, and external demand. In the first three quarters of the year, growth averaged 5.0%. The government's minimum growth target for the year is 5.5%.
- Quarter-on-quarter, on a seasonally-adjusted basis, the economy grew by 0.4%, decelerating from the 1.5% expansion in the prior quarter.

“ Despite these challenges, we remain optimistic... We are committed to rebuilding investor confidence and restoring public trust by upholding sound economic governance towards inclusive growth and raising further the potential of our economy by accelerating momentum for transformative reforms. Let us remain united in working towards a *matatag, maginhawa, at panatag na buhay* for every Filipino.

**Arsenio M. Balisacan, Ph.D.**

Department of Economy, Planning, and Development (DEPDev) Secretary  
Press Conference on the 2025 3<sup>rd</sup> Quarter Performance of the Philippine Economy, 7 November 2025

## GDP Growth and Contribution to Growth by Expenditure Component (%), Past 8 Quarters



Source: PSA

- The production side saw a slowdown in all sectors. While agriculture's expansion slowed to 2.8%, it reversed the decline of 2.7% in the same quarter of last year.
- Industry's growth of 0.7% was dragged down by the 0.5% decline in construction activities. Manufacturing output, meanwhile, posted modest expansion of 1.2%.
- Services growth decelerated to 5.5% with the slowdown in growth of tourism-related activities (such as transportation and hotels and restaurants), finance, and real estate. The growth in public administration, education, and health & social work, however, partly muted the slowdown in services growth. This is reflected by the 5.8% growth in government consumption.
- From the expenditure side, the domestic economy saw a slowdown in household consumption growth to 4.1% and a decline in capital formation by 2.8%. Since many Filipinos rely on employment income, the temporary loss of jobs in the third quarter due to inclement weather partly weighed on consumption.
- Government construction expenditure fell by 26.2%, reducing GDP growth by 1.3 percentage points. The growth in private sector construction expenditure, however, tempered this decline.
- Despite a challenging external environment, exports of goods grew by 11.6%. Electronics exports rose by 18%, reversing the 10.6% decline in the same quarter last year. Agricultural exports, meanwhile, grew by 6.3%.

## Growth by Industrial Source (%), year-on-year

Production Sector	24Q3	25Q2	25Q3
<b>Agriculture</b>	(2.7)	7.0	2.8
<b>Industry</b>	5.0	2.1	0.7
Mining & Quarrying	1.3	(1.3)	4.4
Manufacturing	2.9	2.5	1.2
Utilities	7.1	0.7	0.6
Construction	9.0	2.1	(0.5)
<b>Services</b>	6.3	7.0	5.5
Trade	5.0	5.3	5.0
Transportation	6.4	8.8	3.3
Food and accommodation	10.7	6.8	5.7
Information & Communication	3.9	4.3	3.1
Finance	6.9	5.4	5.5
Real Estate	5.2	5.9	4.7
Professional & Business Services	8.1	6.0	6.2
Public Administration	3.7	12.9	6.6
Education	4.1	12.0	6.8
Health & Social Work	12.7	10.5	12.2
Other Services	6.0	7.5	5.1

Source: PSA

# Inflation and Monetary Policy

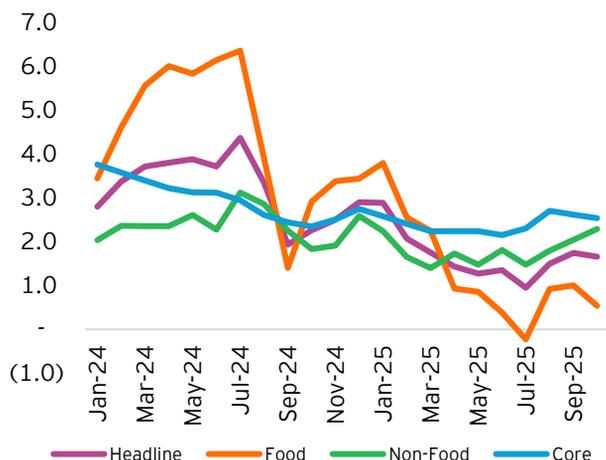
- Headline inflation bottomed out from its multi-month low of 0.9% in July and accelerated to 1.7% in September as high base effects fade out and low base effects kick in. The October inflation print held steady at 1.7% as the easing in food inflation tempered the acceleration in non-food inflation.
- Core inflation, which excludes volatile items (such as food and energy) to provide an indicator of the persistent component of inflation, stood at 2.5% in October, easing from the prior month's 2.6% rate.
- In its 09 October Monetary Policy Meeting, the Monetary Board of the Bangko Sentral ng Pilipinas (BSP) reduced further the reverse repurchase rate by 25 basis points (bps), citing stable inflation expectations and weakened domestic growth outlook.

“...[T]he risks to the inflation outlook are limited as price pressures are expected to ease. The Monetary Board likewise noted that the outlook for domestic economic growth has weakened. This outlook reflects in part the impact on business confidence of governance concerns about public infrastructure spending. Indications of moderating demand also reflect lingering uncertainty from the external environment. On balance, the Monetary Board sees scope for a more accommodative monetary policy stance. The favorable inflation outlook and moderating domestic demand provide room to further support economic activity.

## Bangko Sentral ng Pilipinas

Press release following the Policy Meeting of the Monetary Board  
9 October 2025

Inflation Rate (%)



Source: PSA

**1.7%**

Headline inflation, Jan-Oct Average, vs. low-end target of 2%

**2.4%**

Core inflation, Jan-Oct Average

**4.75%**

Reverse repurchase rate (RRP), end-October

**175bps**

Cumulative rate cut since last year

# Employment Situation

As of September 2025

**51.56M** Labor Force

64.5% of the population aged 15 years and above who are either employed or unemployed

**1.96M** unemployed  
3.8% Unemployment Rate

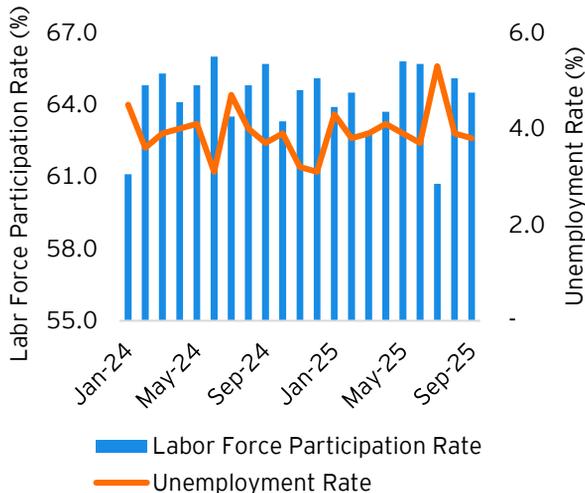
**49.60M** employed  
96.2% Employment Rate

**5.52M** underemployed  
11.1% of employed

Source: PSA

- The third quarter saw some shedding of jobs and a rise in unemployment on inclement weather conditions. The unemployment rate hit a 3-year high in July, at 5.3%, before improving to 3.8% in September.

Selected Employment Indicators



# Fiscal Sector

## Fiscal Performance of the National Government, January to September

Item	Level* (billion pesos)		% Change
	2024	2025	
<b>Revenues</b>	<b>3,292.9</b>	<b>3,366.7</b>	<b>2.2</b>
Tax	2,811.9	3,052.6	8.6
Non-Tax	481.0	314.1	(34.7)
<b>Expenditures</b>	<b>4,263.1</b>	<b>4,484.0</b>	<b>5.2</b>
Interest	583.3	665.8	14.2
Non-interest Expenditures	3,679.8	3,818.1	3.8
<b>Primary Balance</b>	<b>(386.9)</b>	<b>(451.4)</b>	<b>16.7</b>
<b>Overall Balance</b>	<b>(970.2)</b>	<b>(1,117.3)</b>	<b>15.2</b>

Note: \* - Details may not add up to total due to rounding off  
Source: Bureau of Treasury

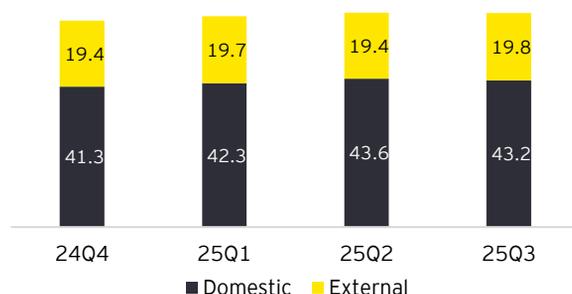
## 5.6% Deficit-GDP Ratio

Jan-Sep of 2025 | vs. full-year target 5.5%

## PhP17.46 trillion

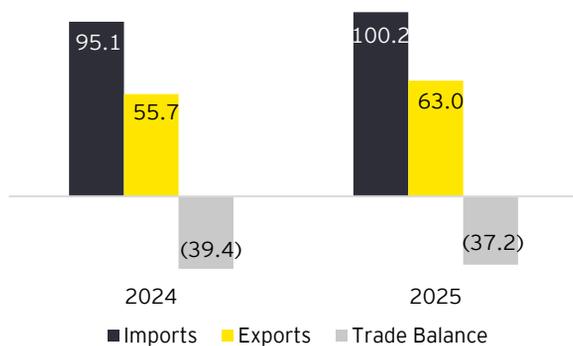
Outstanding National Government Debt  
End-Sep of 2025 | 8.7% higher vs. end-2024

### Debt-GDP Ratio (%)



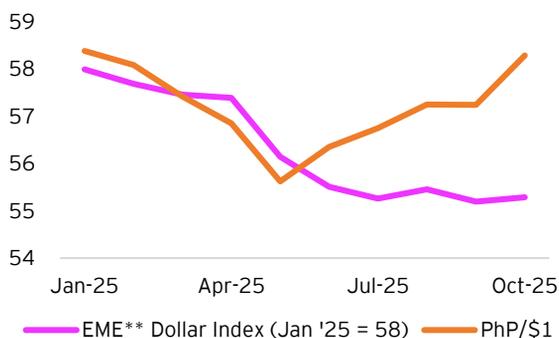
# External Sector

## Philippine International Merchandise Trade Performance (\$Bn), Jan-Sep



Source: PSA

## Exchange Rates\* (monthly average)



Note: \* - An increase in the value of the exchange rate indicates appreciation of the dollar; otherwise, depreciation.; \*\* - EME - Emerging Market Economies  
Sources: BSP, St. Louis Fed



## \$15.0 billion BPO export revenues

Jan-Jun of 2025 | 3.6% higher vs. same period of 2024



## \$25.5 billion OFW remittances

Jan-Aug of 2025 | 3.1% higher vs. same period of 2024



## \$109.1 billion

### Gross International Reserves

End-Sep | Equivalent to 7.3 months' worth of imports



## \$4.4 billion Foreign Direct Investment

Jan-Jul 2025 | 20% lower vs. same period of 2024



## \$9.2 billion Current Account Deficit

Jan-Jun 2025 | Equivalent to 3.9% of GDP



When we do participate in the market, it is largely to dampen inflationary swings in the exchange rate over time rather than to prevent day-to-day volatility. The recent peso depreciation may reflect market concerns over a potential moderation in economic growth due in part to the infra spending controversy, as well as expectations of additional monetary policy easing by the BSP.

Bangko Sentral ng Pilipinas  
Statement on the peso  
28 October 2025

# Legislative Updates

## Structural Reforms Enacted in the Third Quarter of 2025



**RA No. 12231** Government Optimization Act



**RA No. 12254** E-Governance Act



**RA No. 12234** An act establishing a comprehensive and inclusive data transmission and connectivity framework for the Philippines (Konektadong Pinoy Act)



**RA No. 12289** Accelerated and Reformed Right-of-Way (ARROW) Act



**RA No. 12252** An act liberalizing the lease of private lands by foreign investors, establishing the stability of long-term lease contracts, amending for the purpose Republic Act No. 7652, otherwise known as the "Investors' Lease Act"



**RA No. 12290** Virology and Vaccine Institute of the Philippines (VIP) Act



**RA No. 12253** Enhanced fiscal regime for large-scale metallic mining Act



**RA No. 12305** Philippine Nuclear Energy Safety Act

## Legislative Executive Development Advisory Council (LEDAC) Common Legislative Agenda (CLA)\* for the 20<sup>th</sup> Congress

1. Amendments to the Coconut Farmers and Industry Trust Fund Act
2. Amendments to the Pantawid Pamilyang Pilipino Program (4Ps) Act
3. Department of Water Resources (DWR) Bill
4. Waste-to-Energy Bill
5. EPIRA Amendments: Energy Regulatory Commission (ERC) Strengthening Bill
6. National Land Use Act
7. Excise Tax on Single Use Plastics
8. Blue Economy Act
9. Amendments to the Bank Deposits Secrecy Law
10. Progressive Budgeting for Better and Modernized Governance Act
11. Right to Information Act
12. Amendments to the Anti-Money Laundering Act
13. Philippine Civil Registration and Vital Statistics Act
14. Amendments to the Universal Health Care Act
15. National Center for Geriatric Health
16. Assistance to Individuals in Crisis Situations (AICS) Act
17. Amendments to the Masustansyang Pagkain Para sa Batang Pilipino Act
18. Amendments to the Government Assistance to Students and Teachers in Private Education Act
19. Amendments to the Universal Access to Quality Tertiary Education Act
20. Amendments to the Teachers Professionalization Act
21. Amendments to the Local Government Code
22. General Tax Amnesty
23. Extension of Tax Amnesty Act
24. Amendments to the Fisheries Code
25. Amendments to the Rice Tariffication Law
26. Amendments to the Downstream Oil Deregulation Law
27. Amendments to the Biofuels Act
28. Cybersecurity Act
29. Amendments to the National Building Code
30. Amendments to the Magna Carta for MSMEs
31. National Reintegration Bill
32. Reprogramming of Seal of Good Local Governance
33. Digital Payments Act
34. Masterplan for Infrastructure and National Development
35. Classroom-Building Acceleration Program Act
36. Requiring Civil Servants to Waive Bank Secrecy
37. Law on Online Gambling
38. Disaster Risk Financing Insurance
39. Strengthening the Bases Conversion and Development Authority
40. Presidential Merit Scholarship Program
41. Disqualifying Relatives of Officials (4<sup>th</sup> Degree) in Government Contracts
42. Fair Use of Social Media, AI and Internet Technology in Elections
43. Modernizing the Bureau of Immigration
44. Magna Carta for Barangays

Note: \* - As of 30 September  
Source: DEPDev

# Macroeconomic Assumptions and Targets

## Growth Targets and Macroeconomic Assumptions\*, 2025-2028

Parameter	2025	2026-28
 Real GDP Growth (%)	5.5 - 6.5	6.0 - 7.0
 Inflation (%)	2.0 - 4.0	2.0 - 4.0
 364-day T-Bill Rate (%)	5.0 - 6.0	4.5 - 5.5
 Dubai Crude Oil (\$/barrel)	60 - 70	60 - 70
 Foreign Exchange (PHP/\$1)	56 - 58	56 - 58
 Growth of Goods Exported (%)	(2.0)	2.0
 Growth of Goods Imported (%)	3.5	4.0

Note: \* - As of 23 June 2025  
Source: DBM

With growth targets adjusted downward, fiscal consolidation is seen to take longer than initially planned.

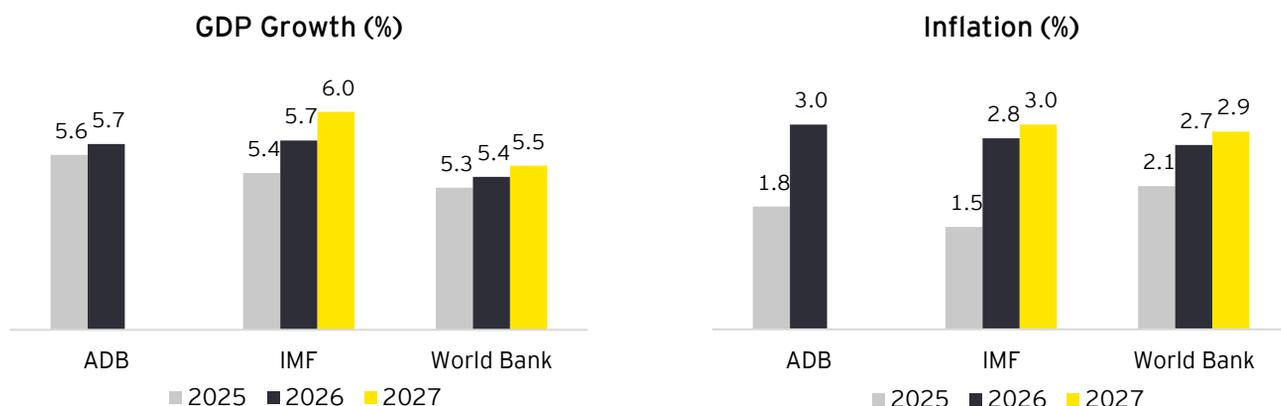
## Medium-Term Fiscal Program (in billion pesos)\*, 2025-2028

Particulars	2025	2026	2027	2028
<b>Revenue</b>	<b>4,520.4</b>	<b>4,983.4</b>	<b>5,366.4</b>	<b>5,914.8</b>
Tax	4,213.9	4,633.4	5,091.3	5,612.2
Non-Tax	306.5	350.1	275.1	302.6
<b>Disbursements</b>	<b>6,082.1</b>	<b>6,630.0</b>	<b>6,970.2</b>	<b>7,466.4</b>
Interest	848.0	950.0	1,071.4	1,177.7
Non-interest	5,234.1	5,680.0	5,898.8	6,288.7
Primary Deficit	(713.7)	(696.6)	(532.4)	(373.9)
<b>Deficit</b>	<b>(1,561.7)</b>	<b>(1,646.4)</b>	<b>(1,603.8)</b>	<b>(1,551.6)</b>
Deficit (in % of GDP)	(5.5)	(5.3)	(4.8)	(4.3)
Infra Program (in % of GDP)	5.3	5.1	5.1	5.2
National Government Debt (in % of GDP)**	61.3	61.8	61.3	60.3

Notes: \* - As of 23 June 2025; \*\* - As of 14 October 2025  
Sources: DBM, DOF

## Outlook

### GDP Growth and Inflation Outlook for the Philippines by Financial Institutions



Sources: ADB, IMF, World Bank

### Commodity Price Outlook

Commodity	2024	2025	2026	2027
Brent Crude Oil (\$/barrel)	81	68	60	65
Coal, Australia (\$/MT)	136	107	100	105
Urea (\$/MT)	338	440	410	375
Rice, Thai 5% (\$/MT)	588	406	401	409
Gold (\$/troy ounce)	2,388	3,400	3,575	3,375

Source: Commodity Markets Outlook (October 2025), World Bank

- Multilateral financial institutions see the Philippine economy growing between 5.3-5.6% this year. This below-6% growth outlook comes on the heels of global trade policy uncertainties which dimmed global growth outlook. Still, the Philippine growth prospects are seen to be among the highest in the region.
- Lower global growth is expected to weigh on energy demand and, consequently, energy prices. Global food prices are also expected to follow suit.
- Inflation is seen to settle within the 2-4% target range, consistent with the outlook on global energy and food prices.

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