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Philippine Macroeconomic Update Snapshot

1st Quarter 2023
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Gross Domestic Product (GDP)

Y-o-Y GDP Growth



Seasonally adjusted Q-o-Q GDP Growth



Real GDP growth forecast, %

Agency	2023	2024
GOP DBCC*	↑ 6.0 - 7.0	↑ 6.5 - 8.0
ADB	↑ 6.0	↑ 6.2
World Bank	↑ 5.6	↑ 5.9
IMF	↑ 6.0	↑ 5.8

Sources: NEDA, ADB, World Bank, IMF
* - PH government targets - Development Budget Coordination Committee

The Philippine economy grew by 6.4% in Q1 2023, the lowest growth rate since the country started to recover from the pandemic but still well within the 6-7% target for the year. Gross Domestic Product (GDP) per capita in Q1 2023 rose to PhP49,904 from PhP44,434 in Q1 2022, an increase of 5.2%.

On a seasonally adjusted quarter-on-quarter growth basis, GDP grew by 1.1%. Net Primary Income to/from the Rest of the World, which includes remittances from Overseas Filipino Workers (OFWs), grew by 81.2%, driving Gross National Income to grow by 9.9% in the first quarter of 2023.

GDP growth by major economic sectors, %

	2022 Q1	2023 Q1
Agriculture, forestry & fishing	↑ 0.2	↑ 2.2
Industry	↑ 10.0	↑ 3.9
Services	↑ 8.4	↑ 8.4

For the year, all major economic sectors, namely agriculture, forestry and fishing, industry, and services posted growth. Industry's growth moderated to 3.9%, coming from a high base of 10%. Within industry, mining's output declined by 2.2% while that of manufacturing eased to 2%. Construction, however, grew by 10.8% on the back of the government's continuing infrastructure drive and the private sector also ramping up its capital expenditures.

The robust performance of agriculture and services also cushioned the deceleration in industry.

The services sub-sectors that posted robust growth are trade (7.0%), transport (14.3%), food services and accommodation (26.9%), finance (8.8%), and professional and business services (7.7%), the latter subsuming BPOs.

Agriculture's growth is primarily due to favorable weather conditions in the first quarter of the year - a promising beginning, but is threatened by a looming El Niño.

The sub-sectors that accounted the most for last quarter's growth were trade, financial and insurance activities, and other services, contributing 1.1 percentage points (ppts), 1.0 ppts, and 0.6 ppts, respectively.

“ Despite various risks and challenges, economic outlook for the Philippines in the near and medium term remains solid. We are confident we will reach our target for this year of 6.0-7.0 percent growth rate and 6.5-8.0 percent for 2024-2028.

Socioeconomic Planning Secretary and NEDA Director General Arsenio M. Balisacan, Ph.D.
Press Conference on the 2023 1st Quarter Performance of the Philippine Economy

GDP growth by expenditure components, %

	2022 Q1	2023 Q1
Consumer spending	↑ 10.0	↑ 6.3
Government spending	↑ 3.5	↑ 6.2
Exports	↑ 10.6	↑ 0.4
Imports	↑ 16.2	↑ 4.2
Capital Formation	↑ 17.7	↑ 12.2

Consumer spending grew by 6.3%, driven by tourism-related activities such as recreation and culture, restaurants and hotels, and transport, which grew by 28.1%, 23.8% and 14.4%, respectively.

Exports of goods decreased by 15.3% due to the decline in the exports of electronic products (24.4%) agricultural products (13.7%), among others. This decline in goods exports was offset by the 19.5% increase in services exports. Exports of travel, for instance, surged by 582.0% and transport, 70.7%.

Gross Capital Formation grew by 12.2% in Q1 2023, slower than the 17.7% growth in Q1 2022. Construction, durable equipment, and intellectual property products grew by 14.3%, 7.2% and 2.5%, respectively.

Government spending continues to increase in Q1 2023, as it grew by 6.2%, higher than the growth rate in Q1 2022 of 3.5%. Reflecting a robust public construction performance primarily driven by the road infrastructure and railway projects by the Department of Public Works and Highways and the Department of Transportation.

Inflation, %



Inflation forecast, %

Agency	2023	2024
BSP	6.1	3.1
ADB	6.2	4.0
IMF	6.3	3.2

Sources: NEDA, ADB, World Bank, IMF

The country continues to experience elevated inflation, partly on the back domestic food supply challenges. In the interim, the country looks to food importation to address the domestic food supply shortfall. Moving forward, the government intends to “modernize agriculture and agribusiness” as outlined in the 2023-2028 Philippine Development Plan. This is in addition to the provisions given to targeted transport, fertilizer, and fuel subsidies to affected sectors and address supply shocks.

Philippine labor force as of March 2023



48.6M

Employed Filipinos



40.0

Average weekly hours worked



95.3%

Employment rate



11.2%

Underemployment rate

66.0%

Labor force Participation rate



4.7%

Unemployment rate

30%



Elementary occupations

22%



Service and sales workers

12%



Agriculture, forestry and fishery workers

8%

Plant & machine operators and assemblers

7%

Craft and related trade workers

7%

Clerical support workers

5%

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