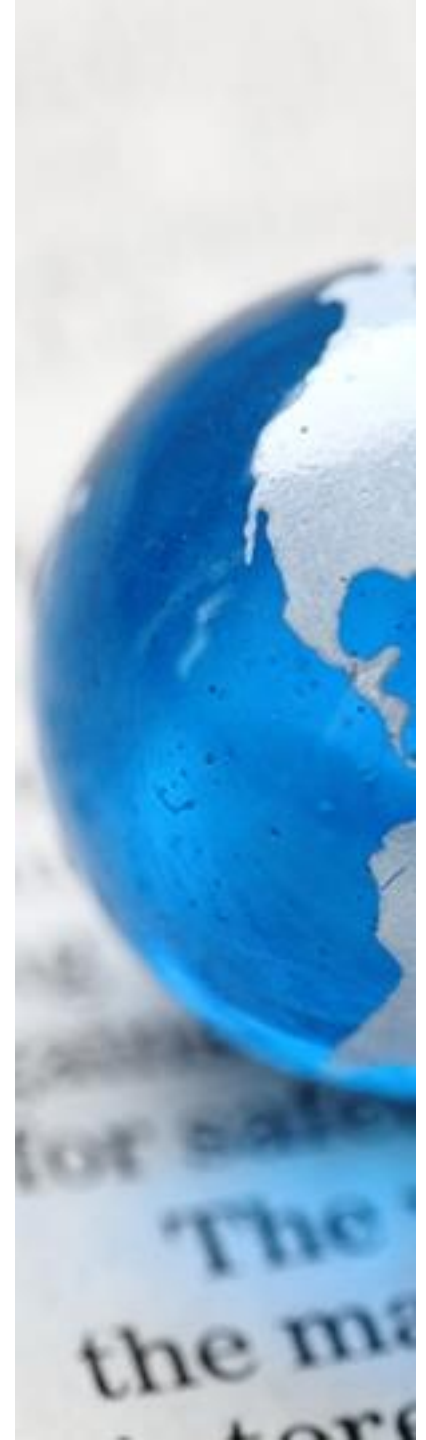


# Philippine Macroeconomy (2022 H1 Update and Outlook)

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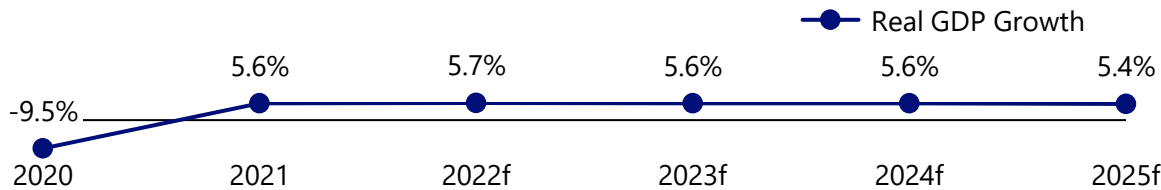
July 2022



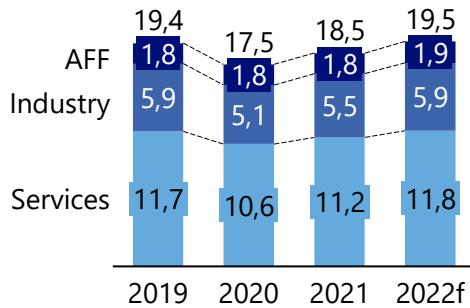
## 1) Macroeconomy Overview

The Philippine economy has continued on its forecasted road to recovery despite a depreciating currency and rising prices.

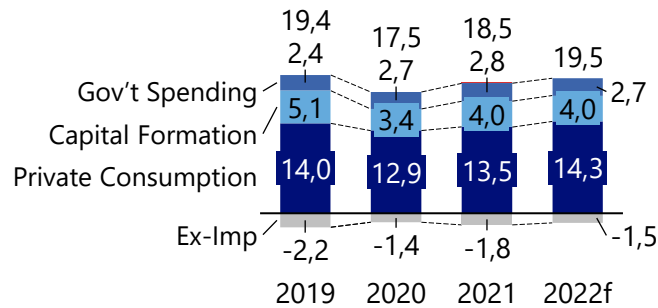
Historical Real GDP Growth Rate (2020 to 2025f)



Output  
(Figures in PHP Trillion)

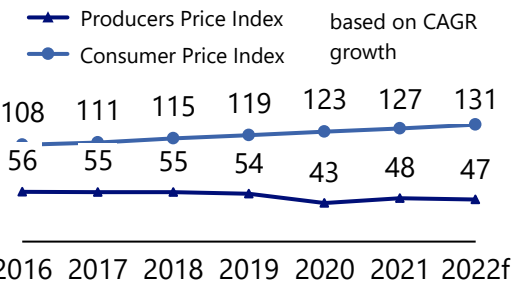


Expenditure  
(Figures in PHP Trillion)

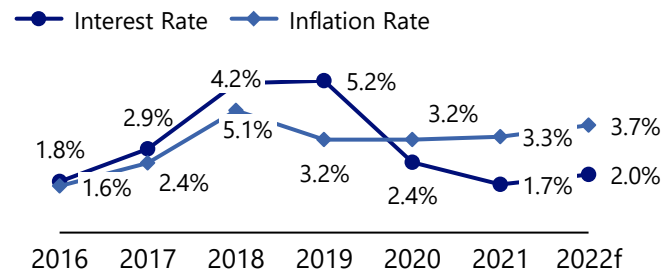


Price Indices

CPI and PPI forecast is based on CAGR growth



Interest & Inflation



## Key Developments in H1 2022



A new administration led by Ferdinand Marcos Jr. has been elected and these leaders will be looking to continue the country's path to recovery from the pandemic.



The Philippine Peso has depreciated by 7.8% since the start of 2022 to around PHP 55 per dollar, its weakest level since 2005.

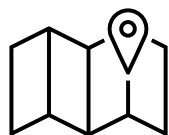


Headline inflation rose to 6.1% in June 2022, its highest since December 2018. Key contributors were price increases in food (4.9%) and transportation (14.6%).

With average inflation at 4.4% YTD, which is beyond the 2-4% target of the central bank, the BSP has raised interest rates in both May and June.

## 2) Outlook on the Rest of 2022

# The new administration's economic plan is crucial to attaining sustainable growth amidst rising commodity prices and global economic uncertainty.



### The New Administration's Structuring of an Economic Roadmap

Agricultural development has been the new president's focus in his speeches as he seeks to address the country's food sufficiency issues. He has also addressed support for the continuation of the infrastructure programs set forward by former president Duterte. As per press releases, a detailed six year fiscal plan can be expected from the appointed economic managers in the coming weeks.



### The Country's Continued Domestic Economic Recovery

The country's GDP is expected to expand by 5.7% on average by the end of 2022. This growth will mainly be driven by the continued decline of COVID-19 cases, increase in public mobility, and reopening of establishments. Such developments are foreseen to further aid the services, trade, and tourism sectors with the increase in expected economic activity. However, the government must continue to be wary given the challenges that the global financial system is facing and the economic slowdown of key trading partners such as China and the USA.



### The Central Bank's Tempering of Inflation

The BSP expects that prices will continue to rise mainly due to increased prices of global commodities such as food and other agricultural products which have been further aggravated by domestic shortages in pork supply, higher fish prices, and increases in the cost of transportation due to spikes in the global oil prices. However, the developments in global commodity prices could further be aggravated by the continuing conflict between Ukraine and Russia.

## About the Authors



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Josh joined NRI Manila in 2021. He has worked on projects in the food and beverage, healthcare, and financial services industries. He has a Bachelor's Degree in Management Engineering from the Ateneo de Manila University.

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