

Consumer Pulse Survey

How has inflation affected the purchasing capacity and budget management of Filipinos?

- Summary Report -

Nomura Research Institute (NRI) Singapore Pte. Ltd.
Manila Branch

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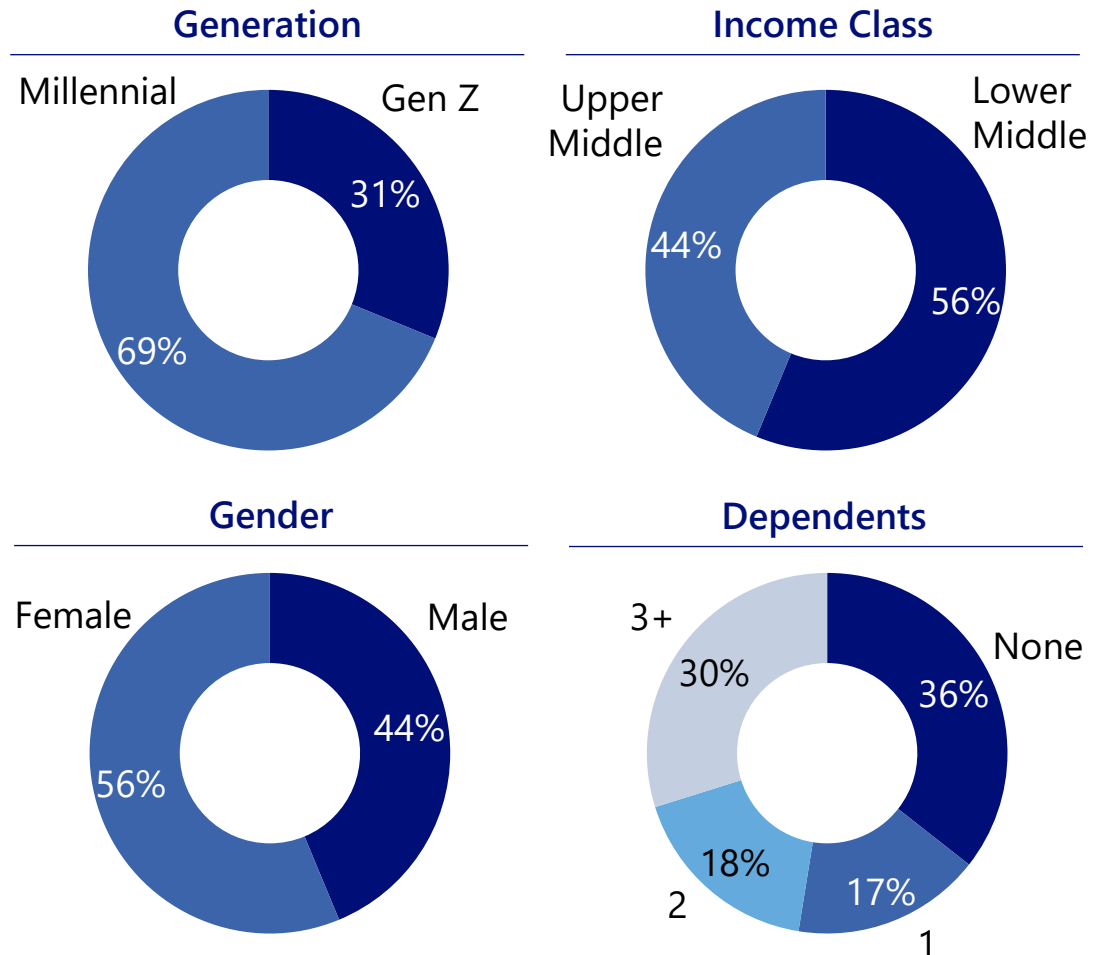
Overview of Survey

Survey was conducted online from May to June 2023, to examine the impact of recent inflation on the finances of Metro Manila's younger working force

Overview of Survey

Survey Topic	How has inflation affected the purchasing capacity and budget management of Filipinos?
Period	From May 19 to June 15, 2023
Method	Online Questionnaire
Target Respondent	<ul style="list-style-type: none">• Generation:<ul style="list-style-type: none">– Working Gen Zs– Millennials• Individual Monthly Income:<ul style="list-style-type: none">– PHP 13,000 to PHP 41,000– PHP 41,001 to PHP 163,000 (Classified as per PSA)• Residence: Metro Manila

Breakdown of Survey Population (295 respondents)



Inflation has been felt by the younger working population in Metro Manila and has influenced various behavioral changes

Key Findings:

■ Impact of Inflation felt among consumers

- Majority, or 94%, of Metro Manila's middle-class Gen Zs and Millennials, felt the impact of inflation in the 2nd quarter of 2023

■ Adjustments to cope with inflation

- **Consumption:** Soaring costs impact food, transportation and fuel, and utilities, forcing cuts on non-essential goods and leisure & entertainment spending
- **Savings:** Nearly one-third have been unable to save, while others have been forced to adjust goals amid inflation challenges
- **Debts:** Almost half of respondents turn to more loans, with more than half cutting back expenses to repay existing debts
- **Investments:** Only around half have investment positions with close to a third of those investors having to liquidate at least a portion to aid with their budgeting

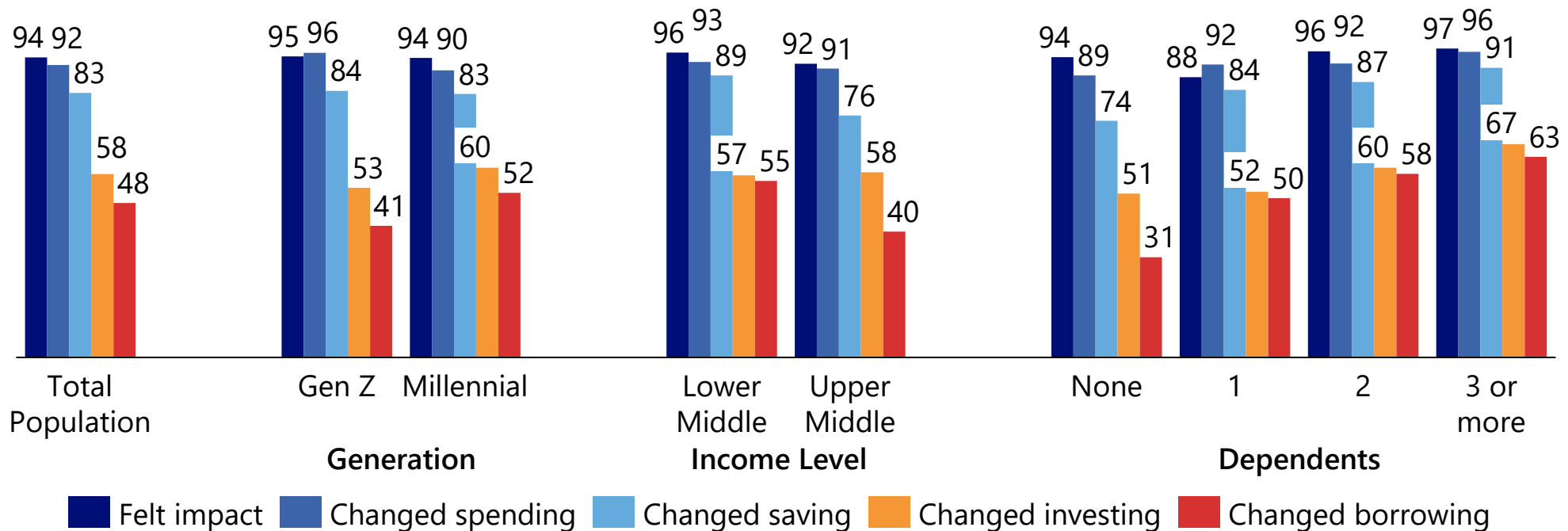
■ Outlook – Expectations and Coping strategies

- 94% have expressed concerns about sustained price hikes in the next 6 to 12 months prompting 91% to begin considering additional income streams

Key Findings – Impact of Inflation felt among consumers

94% of Metro Manila’s Middle-Class Gen Zs and Millennials felt the impact of Inflation.

Allocations Most Impacted by Inflation (in %)



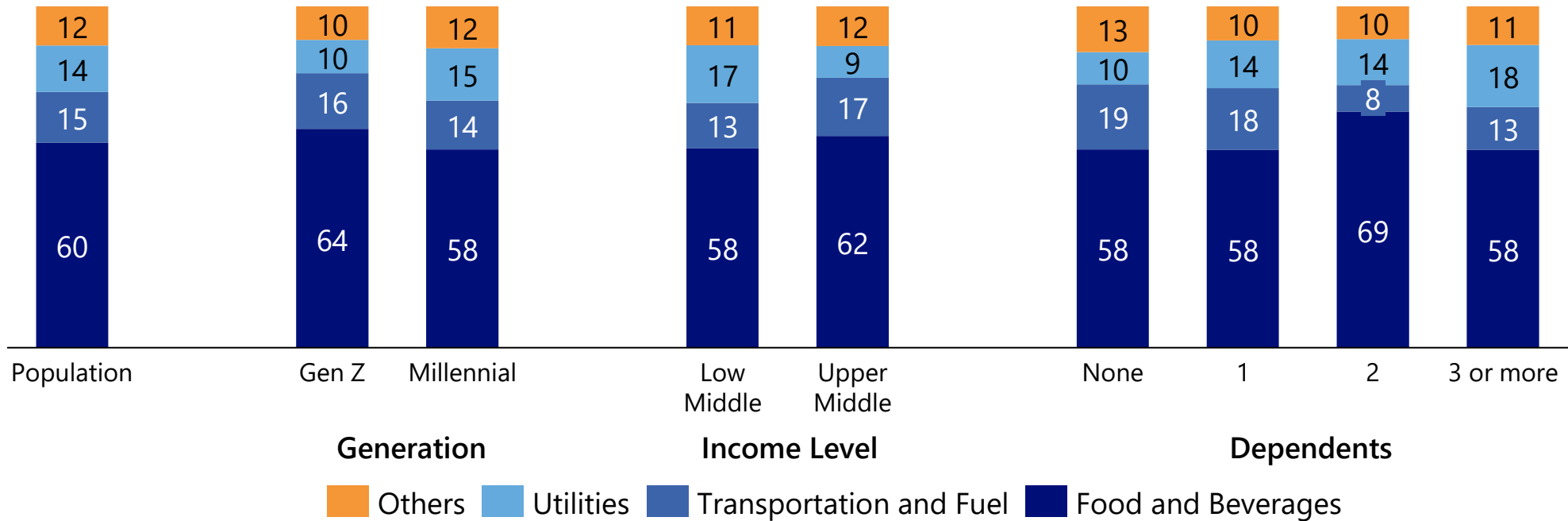
- **Elevated prices** in recent months was almost **unanimously felt by all** respondents across different categorizations
- Majority of coping strategies revolved around **adjustments to their consumption** followed by changes to their saving and investing habits
 - Working Gen Zs comparatively reported higher consumptions changes while Millennials reported relatively more adjustments to their investments and debt
 - Upper middle-income earners and respondents with no dependents proved more resilient by reporting lower values across the board

Note: All respondents were asked to select only one option

Key Findings – Adjustments to cope with inflation – Consumption (Impacted Goods)

Consumers across all categories experienced inflation the most amongst essentials, especially food and beverages

Expense Category Most Impacted by Inflation (in %)



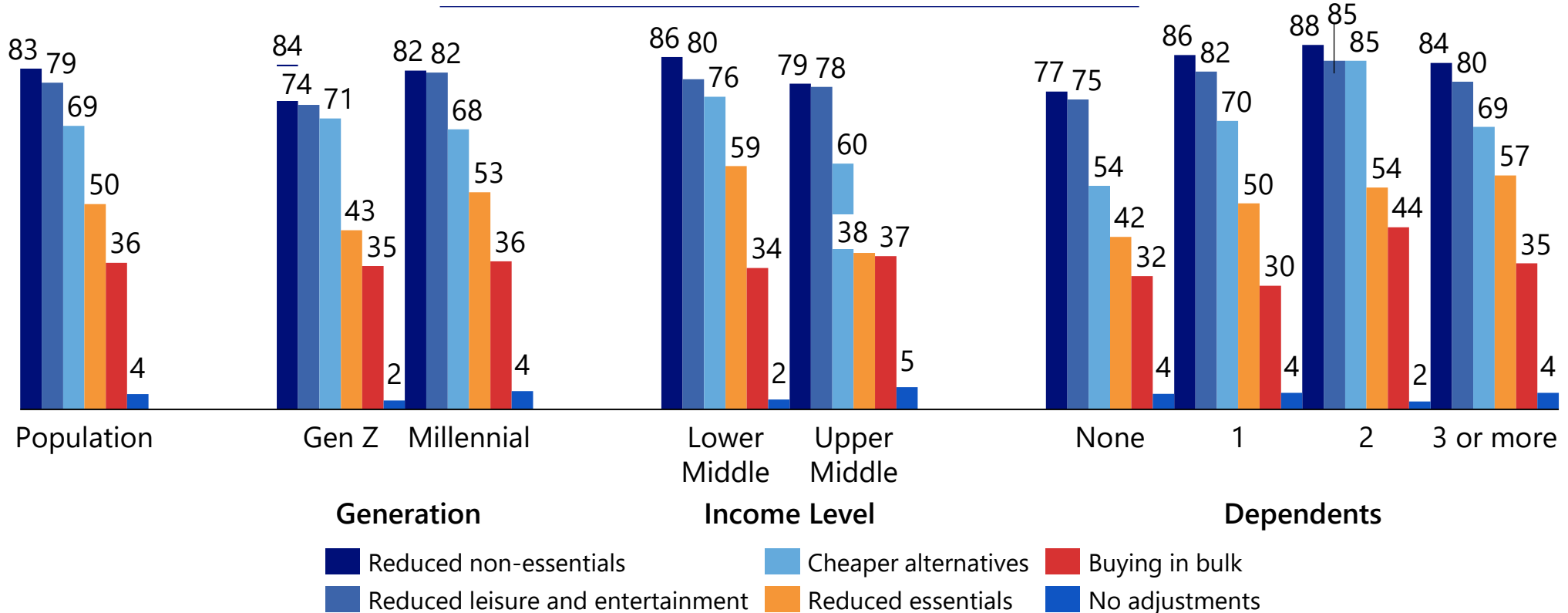
- Elevated prices were **most felt in food and beverages** across all segments followed by transportation and utilities albeit at varying ratios
 - Working Gen Zs ranked transportation higher as compared to Millennials who experienced bigger price impacts to utility prices
 - Lower income earners and individuals with dependents felt burdened more by utilities as well as compared to transportation costs

Note: All respondents were asked to select only one option

Key Findings – Adjustments to cope with inflation – Consumption (Adjustments Made)

Consumers all opted to reduce spending on their non-essentials and entertainments expenses to cope with rising prices

Adjustments Made (in %, by category)



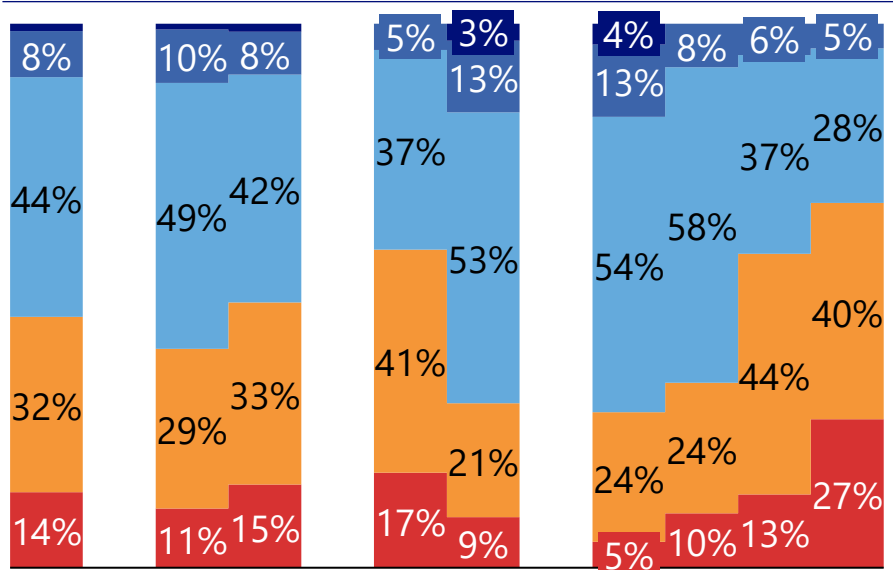
- Changes made were relatively similar across generations but varied across income levels and number of dependents
- There were less individuals with higher incomes reporting reductions in expenses as well as those with no dependents
 - This aligns with the hypothesis that **those with less resources (i.e., lower incomes, more dependents to support) had stricter budget allocations**

Note: All respondents were asked to select all applicable options

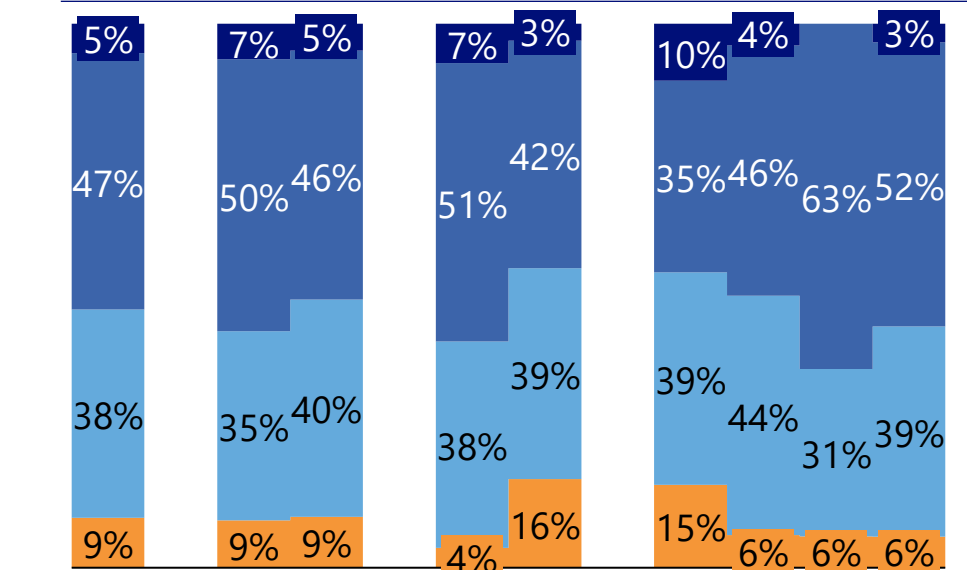
Key Findings – Adjustments to cope with inflation – Savings

Savings were generally reduced across all categories with potential for individual goals being delayed further

Savings History (in %, by category)



Savings Goals (in %, by category)



Population Gen Mill. Z Low Up Mid Mid None 1 2 3 or more
 Generation Income Level Dependents

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 Generation Income Level Dependents

■ Save more
■ Save same amount
■ Save less
■ No savings in last 6 to 12 months
■ No savings experience

■ No goals
■ Delay goals
■ Lower goals
■ No changes

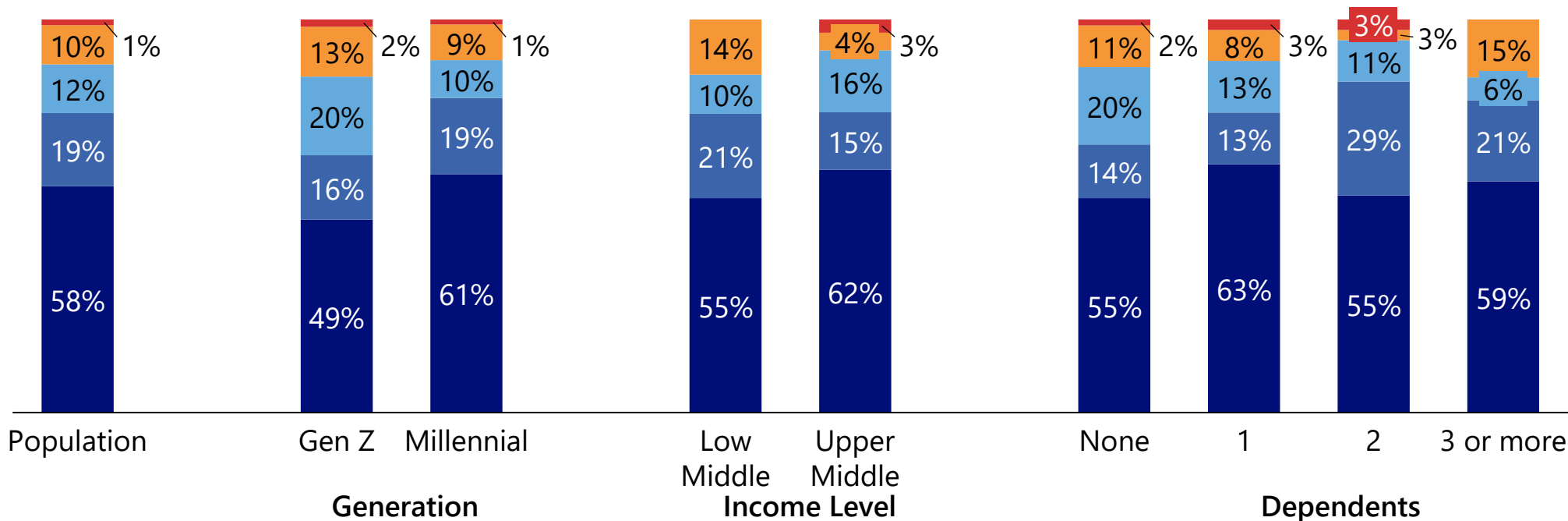
- Consistently, the saving capabilities of those with higher incomes and less dependents proved more resilient, reporting less changes to their saving behavior
- Differing generations exhibited varying stances on savings: a bigger proportion of Millennials opted to lower their goals while working Gen Zs prefer to delay their goals completely

Note: All respondents were asked to select only one option

Key Findings – Adjustments to cope with inflation – Debt

For those with loans, the main adjustment made has been to reduce on other expenses

Repayment Adjustments (in %)



■ No existing loans
 ■ Borrowed to pay existing loans
 ■ No impact
 ■ Delayed payments
 ■ Reduce expenses to pay loans

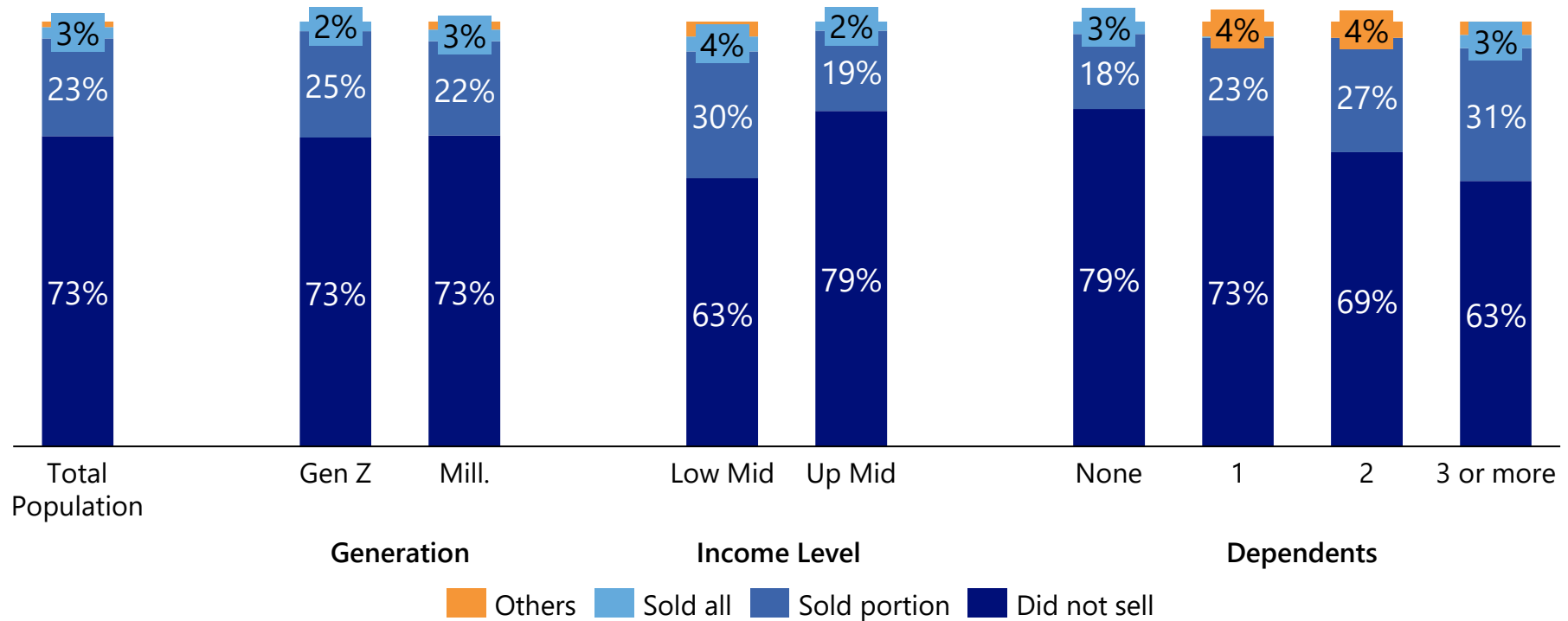
- All segments are consistent in **preferring expense reduction** to address existing loan obligations
- Segments most vulnerable to their loan payments either through delaying or acquiring other loans to pay off existing ones are those with 2 or more dependents and low middle-income households
 - There is a chance these segments are those experiencing relatively more struggle with month-to-month cashflows

Note: All respondents were asked to select only one option

Key Findings – Adjustments to cope with inflation – Investment

Having higher incomes and less dependents reveal patterns of more resilient investment holdings

Adjustments to Investments (in %, by category)

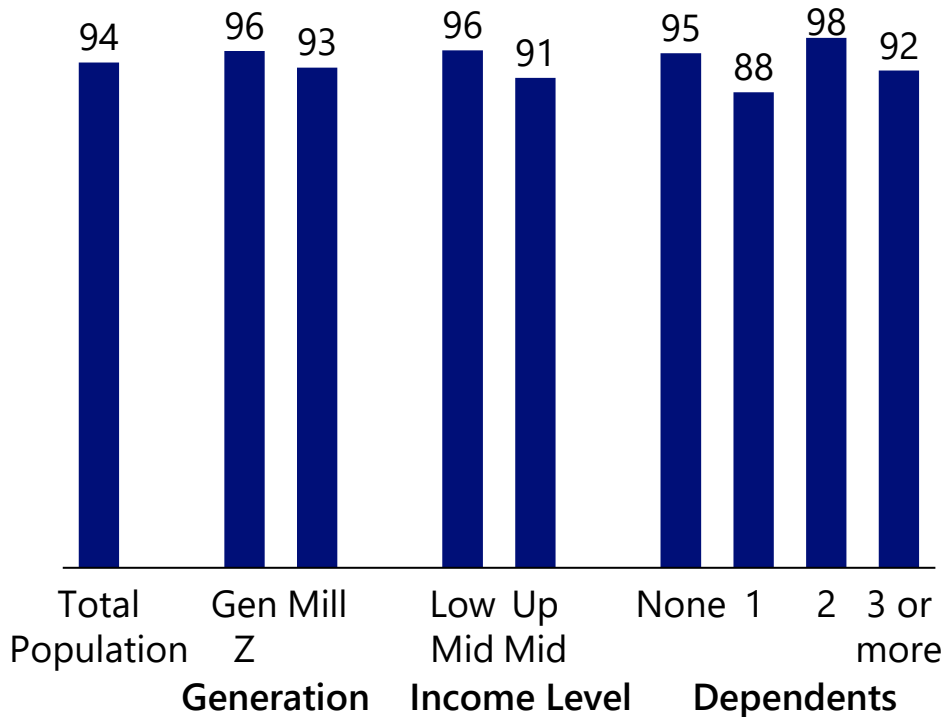


- Behavior across Millennials and working Gen Zs are very similar when it comes to their investments
- Higher earning individuals not only had bigger portfolios, but were also able to maintain it without liquidating for cash
- The same can be said for individuals only supporting themselves, as having dependents appear to reduce one's capacity to maintain their positions

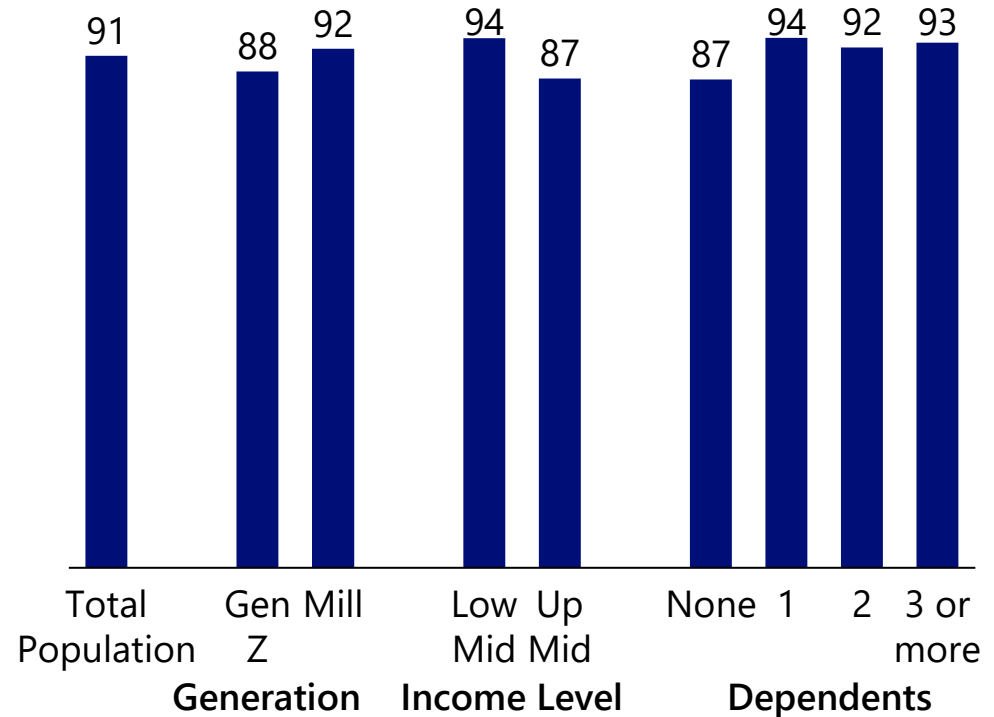
Key Findings – Outlook – Expectations

There is nearly a consensus that inflation is expected to stay elevated in the future pushing respondents to consider seeking additional income sources

% that Expect Inflation to Persist



% that Believe They Need to Find More Income Sources



- Almost all respondents believe that prices are expected to increase faster than usual and from recent experience, created the need to augment their current incomes
 - Impact of inflation has been felt across all segments with individuals with higher incomes or no dependents displaying relatively lower albeit still elevated need to pursue more income sources

Note: All respondents were asked to select only one option

Contact Information (for inquiries about this report)

For the full version of the report and/or inquiries about the report, please contact us below:

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Empower the change**