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## Monitoring the Philippine Economy Year-End Report for 2020

*Philippine economic growth plummeted to -9.5% in 2020 from 6.0% the previous year, reflecting the sustained economic impact of the COVID-19 pandemic during the period.*

**The Philippine economy recorded its worst annual contraction.** The Philippines posted a real GDP growth rate of -9.5% in 2020, marking the country's worst annual contraction since records began in 1946. The severe contraction reflected a sharp plunge in the country's economic performance, considering that economic growth was recorded at 6.0% in 2019. From 2019 to 2020, inflation showed a minor uptick, but unemployment more than doubled. Despite the continued impact of the COVID-19 pandemic, the country's economic managers and international organizations forecast economic growth in 2021. In conjunction with the gradual reopening of the economy, stimulus measures are expected to support Philippine economic performance in 2021. Although growth is expected, future surges in COVID-19 cases and delays in COVID-19 vaccination present immediate risks to the country's economic recovery.

### Major Components of Aggregate Demand

- **Annual private consumption plummeted.** Household final consumption expenditure (HFCE) realized a growth rate of -7.9%, which is its first recorded contraction. Only three HFCE components posted positive annual growth rates, all of which declined since 2019: Food and non-alcoholic beverages (5.0% from 5.1% in 2019); Housing, water, electricity, gas, and other fuels (5.8% from 6.3% in 2019); Communication (6.7% from 6.2% in 2019); and Miscellaneous goods and services (1.5% from 8.4% in 2019). The remaining eight components posted severe contractions, reflecting significant deterioration in growth performance since the previous year: Alcoholic beverages and tobacco (-2.7% from -25.9%); Clothing and footwear (-15.6% from 3.9%); Furnishings, household equipment, and routine household maintenance (-12.9% from 4.7%); Health (-1.9% from 5.9%); Transport (-33.3% from 5.1%); Recreation and culture (-44.2% from 7.1%); Education (-11.9% from 8.1%); and Restaurants and hotels (-42.9% from 6.7%).
- **Gross capital formation suffered the worst deterioration.** Gross capital formation (GCF) plummeted by 35.8% in 2020, reflecting the worst deterioration among the

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expenditure components in 2020. This was the first annual GCF decline since the 2.5% contraction recorded in 2011. Valuables suffered the most among the GCF components, registering a -43.1% growth rate. However, Valuables has consistently accounted for less than 1% of GDP and thus did not have a significant impact on overall productivity. On the other hand, Construction, which comprised the largest share of GDP among the GCF component, showed a deterioration in performance, from expanding 3.9% in 2019 to a declining 29.7% in 2020. Durable equipment, the second-largest GCF component, showed an even more severe downturn in performance, growing by 8.9% in 2019 to contracting by 31.3% in 2020. Other smaller accounts under GCF also showed significant deterioration in output performance, with Breeding stocks and orchard development declining 2.9% after rising 1.5% in 2019 and Intellectual property products falling 9.6% after growing 26.7% in 2019.

- **Annual government spending growth has improved since 2019.** Government final consumption expenditure (GFCE) expanded by 10.4%, showing a moderate improvement from the previous year's growth of 9.6%. The most notable fiscal stimulus programs of the year were under the Bayanihan to Heal as One Act and the Bayanihan to Recover as One Act, which were implemented in response to the local spread of COVID-19 and its economic impact. The Department of Budget and Management (DBM) reported releasing P4.31T as of late November, exceeding the national budget for the fiscal year 2020 by P209B (Department of Budget and Management, n.d.). According to the DBM, the additional releases were funds appropriated to support the government's COVID-19 response and recovery efforts (Department of Budget and Management, n.d.).
- **Trade deficit showed its largest recorded annual decrease.** The Philippine trade deficit narrowed -35.4% in 2020, after growing 0.5% in 2019. Net exports in 2018 pesos were recorded at -P1.39T, marking the country's lowest trade deficit since 2015. Imports posted a growth rate of -21.9%, reflecting a larger decrease than the export growth rate of -16.7%. In 2019, exports had grown 2.4%, whereas imports grew 1.8%. Overall, the reduction in the trade deficit was attributable to the slower contraction of exports relative to that of imports,

which reflected the faster recovery of external demand, as well as the continued constriction of domestic demand amid the pandemic. The monthly imports and exports growth showed that exports showed a much faster recovery than imports after the onset of the COVID-19 pandemic (see Table 1).

## Major Components of Aggregate Supply

This report presents the results from an alternative to the "traditional" (TRAD) method of decomposing GDP growth in constant prices into sector contributions. This alternative method is a "generalized" (GEN) growth decomposition that applies to GDP in constant prices (e.g., in the Philippines) and to GDP in chained prices (e.g., in Canada and the U.S.). While TRAD recognizes only "quantity" growth as the source of a sector's contribution to GDP growth, GEN posits that a sector's contribution comes from "quantity" growth and from "real price" growth where this price is, by definition, the ratio of a sector's deflator to the overall GDP deflator. The GDP deflator as the common denominator of the above ratio makes real GDP the numeraire and, thus, this ratio is the relative price or exchange value of the GDP of a sector in "GDP units," that is, the "real price" of a sector's GDP. Therefore, a sector's positive "quantity" growth contribution will be diminished if accompanied by a negative "real price" growth of the same sector that may even result in a negative net contribution by the sector to GDP growth. On the other hand, a sector's positive "quantity" growth contribution will be enhanced if accompanied by a positive "real price" growth (see Table 3).<sup>2</sup>

- **Services sector posted the first recorded annual decline.** The services sector posted a 9.1% contraction in gross value-added in 2020, after recording annual expansions since 1946. Growth was only reported for the Information and communication (5.1%); Public administration and defense, compulsory social activities (4.4%); and Financial and insurance activities (5.8%) subsectors. Reported growth was slower than in 2019 when these subsectors posted growth rates of 6.5%, 13.4%, and 11.9%, respectively. The other services subsectors showed worsened performance, contracting severely in 2020 after showing expansion in the previous years: Wholesale and retail trade, repair of motor vehicles and motorcycles (-5.7% from 8.1% in 2019); Transportation and storage (-31.2% from 6.3% in 2019); Accommodation and food service activities (-44.7% from 6.2% in 2019); and Real

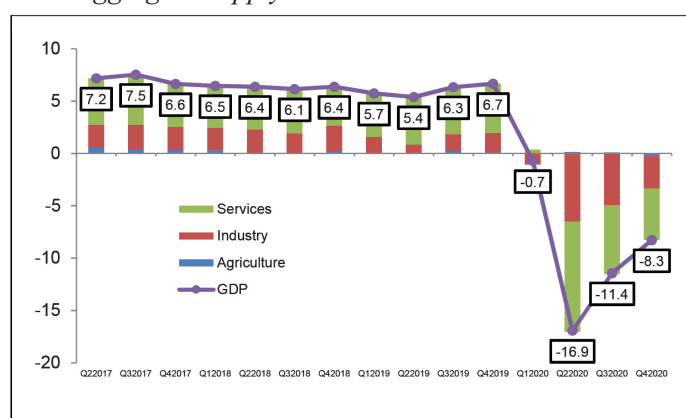
<sup>2</sup>See the footnote to Table 3 for the source of the GDP growth contributions.

estate and ownership of dwellings (-17.0% from 5.2% in 2019); Professional and business services (-9.3% from 2.3% in 2019); Education (-11.9% from 6.1% 2019); Human health and social work activities (-4.3% from 4.1% 2019); and Other services (-41.8% from 6.5% 2019). The overall sector contributed -5.54 percentage points to overall GDP growth in 2020.

- Industry sector value-added regressed by three years.** The industry sector reported a 13.1% decline in 2020, the sector's first contraction since 2009. In 2020, industry sector output was recorded at P5.08T in 2018 pesos, which amounts to the sector's lowest real annual output since 2016. Construction value-added growth was -26.0% in 2020, down from 7.8% in 2019, registering the worst decline among all subsectors in the supply side. On account of this severe decline, Construction contributed -1.99 percentage points to the overall GDP growth rate. Manufacturing, on the other hand, declined by 9.5%, contributing -1.77 percentage points to overall economic growth in 2020. Mining and quarrying also experienced a significant deterioration in value-added as well, shrinking 19.9% in 2020 after expanding 3.6% in 2019. The more severe contraction in Mining and quarrying had a less severe effect on overall growth, -0.17 percentage points, compared to the contraction in Manufacturing because the Mining and quarrying subsector's 0.9% share of GDP in 2019 is much smaller than the Manufacturing subsector's 18.6% share. The overall Industry group contributed -3.95 percentage points to GDP growth in 2020.
- Agriculture, forestry, and fishing sector output showed a small downtick.** The agriculture, forestry, and fishing sector realized a contraction of 0.2% in 2020. The annual decline reflected the destructive effects of the Taal Volcano eruption, the spread of the African swine fever, and the barrage of typhoons. Although the sector's output growth rate in 2020 showed poorer sectoral performance when compared to the growth rates recorded in the previous three years (4.2% in 2017; 1.1% in 2018; 1.2% in 2019), the deterioration during the period was less severe than in 2016 (-1.0%). Considering the challenging circumstances that the sector faced in 2020, together with the sector's higher base level of output following three consecutive years of growth, the 0.2% contraction was rather

minor. Department of Agriculture (DA) Secretary William Dar saw the annual drop in sectoral performance as negligible, and he expressed the department's optimism for 2021, citing the DA's projection of 2.5% sectoral growth in 2021 as well as the department's programs and policies in place that would enable a strong recovery (Department of Agriculture, 2021). The sector's contraction reflected a GDP growth contribution of -0.02 percentage points.

**Figure 1**  
*Quantity Growth Contributions to GDP Growth (y-o-y, %)  
 From Aggregate Supply*



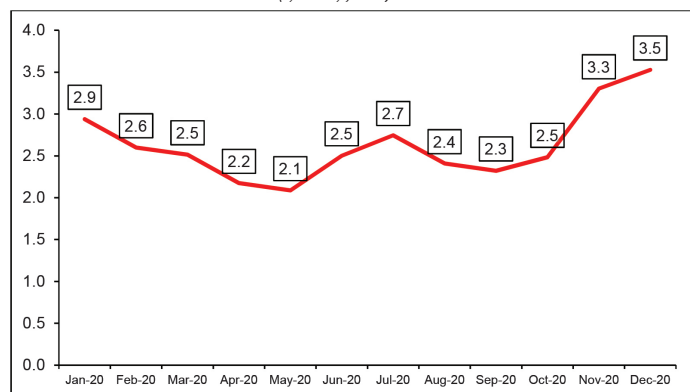
Source: Author's calculations of PGE\* based on data in Table 3

### Other Economic Developments in 2020

- Average headline inflation for the year reflected minor acceleration.** Headline inflation averaged at 2.6% in 2020, accelerating by 0.1 percentage point since 2019. Some of the commodity subindices showed significant increases in average inflation from 2019 to 2020. Specifically, these were the subindices for Food and Non-Alcoholic Beverages (2.1% to 2.7%), Alcoholic Beverages and Tobacco (12.8% to 16.1%), Transport (1.0% to 3.2%), and Education (0.2% to 2.5%). Less severe acceleration was shown for Furnishing, Household Equipment, and Routine Maintenance of the House (3.1% to 3.8%). The overall effect of the upticks was moderated by the slower average markups recorded for Clothing and Footwear (2.6% to 2.2%); Housing, Water, Electricity, Gas, and Other Fuels (1.9% to 0.9%); Health (3.5% to 2.7%); Communication (0.4% to 0.3%); Recreation and Culture (2.5% to 0.6%); and Restaurant and Miscellaneous Goods and Services (3.4% to 2.4%). The overall average inflation for 2020 was benign,

falling near the lower end of the government’s annual 2.0% to 4.0% inflation rate target for the years 2019 to 2022. Furthermore, the inflation rate was half of the most recent high of 5.2% in 2018. However, year-on-year monthly inflation began to pick up in the last quarter of 2020, beginning an uptrend that has continued 2021, realizing 4.2% and 4.7% year-on-year inflation rates in January 2021 and February 2021, respectively. The 2021 rapid acceleration, which the Bangko Sentral ng Pilipinas (BSP) attributed to faster food inflation and higher domestic fuel prices (Bangko Sentral ng Pilipinas, 2021a, 2021b). In spite of this, the Monetary Board of the BSP decided to maintain policy settings given the downside inflation risk from the recent surge of COVID-19 infections and delays in mass vaccination efforts that weaken domestic demand growth (Bangko Sentral ng Pilipinas, 2021c). BSP Officer-in-Charge Francisco G. Dakila, Jr. noted that the factors that led to the recent inflation spike, such as the effects of the series of typhoons that struck later last year, were mainly transitory and that BSP projects a 3.2 average inflation rate in 2021 (Villanueva, 2021).

**Figure 2.**  
*Consumer Price Index (y-o-y, %)*



Source: Graph prepared by author based on Philippine Statistics Authority data.

- Unemployment worsened substantially.** The annual estimates of the Labor Force Survey (LFS) administered by the Philippine Statistics Authority (PSA) showed that the unemployment rate more than doubled from 5.1% in 2019 to 10.3% in 2020. The annual estimate reflects the highest annual unemployment rate since April 2005 (PSA, 2021b). Results of the January 2020 LFS reflected a relatively normal unemployment rate of 5.3%, which was the same unemployment rate recorded in the January 2019 round of the LFS (PSA, 2020a). The April

2020 round of the LFS revealed that unemployment spiked to 17.6%, reflecting the effects of the first COVID-19 community quarantine measures that were implemented during the month (PSA, 2020b). The unemployment rate tempered in the July 2020 round at 10.0% but remained significantly high in comparison to the 5.4% rate in July 2019 (PSA, 2021a). Unemployment further improved in October 2020, registering at 8.7% (PSA, 2020c), and remained unchanged in January 2021 (PSA, 2021c). The February 2021 estimate showed a slight uptick to 8.8% (PSA, 2021d), which National Statistician Claire Dennis Mapa attributed to an increase in the labor force participation rate from 60.5% in January 2021 to 63.5% in February 2021 (Info Center, 2021).

- PSEi reached the lowest level since 2012.** The PSEi averaged 6,876.72 points in the first quarter of 2020, declining 12.4% from the average of the previous quarter. Market pessimism during the period was driven by the Taal volcano eruption, COVID-19 infections, and uncertainty about the renewal of a television network’s legislative franchise (Bangko Sentral ng Pilipinas, 2020a). The index’s quarterly average further declined by 15.2% quarter-on-quarter (q-o-q) to 5,832.17 points in the second quarter. During this period, the index reached a daily low of 4623.42 points on March 19, 2020, which was the lowest since 2011. This decline was attributed to market sentiment on the economic impact of the COVID-19 pandemic and the resulting implementation of community quarantine measures (Bangko Sentral ng Pilipinas, 2020b). The third quarter average then realized an uptick of 2.7% q-o-q to 5,990.40 points, which was buoyed by market optimism on the easing of quarantine measures in certain areas of the country and for certain industries, implementation of monetary stimulus measures, the enactment of a fiscal stimulus package, and news of COVID-19 vaccines (Bangko Sentral ng Pilipinas, 2020c). In the fourth quarter, the index further rallied by an average of 12.20% to a 6,721.75-point average in the fourth quarter, owing to expectations of near-term economic recovery amid efforts to reopen the economy, the decline in daily domestic COVID-19 cases, increased company earnings in the previous quarter, and greater optimism on ending the COVID-19 pandemic owing to announcements of viable COVID-19 vaccines (Bangko Sentral ng Pilipinas, 2021d).



- Peso showed continuous quarterly appreciation against the dollar in 2020.** The Philippine dollar exchange rate averaged at PHP/USD 50.83 in the first quarter of 2020, reflecting a 0.39% year-on-year appreciation from the first quarter 2019 average of PHP/USD 51.03. This strengthening was linked to the decline of global oil prices, the country's improved credit rating by Fitch Ratings, and the policies implemented by the government in response to the economic impact of COVID-19 (BSP, 2020a). In the second quarter, the quarterly average rate further decreased to PHP/USD 50.45, reflecting an average appreciation of 0.75%, which was supported by domestic reports of slower inflation, higher international reserves, improved trade performance, and COVID-19 vaccine prospects (BSP, 2020b). In the third quarter, the peso showed a remarkable average appreciation of 3.09%, registering an exchange rate of PHP/USD 48.94 on account of market optimism surrounding developments in the country's recovery plan in response to the pandemic, the country's better-than-expected external performance, and external factors such as trade tensions between the U.S. and China, the general weakening of the dollar, and the US Federal Reserve's dovish policy stance. Average quarterly appreciation continued in the fourth quarter, moderating to 1.39% appreciation with an average peso-dollar rate of PHP/USD 48.27. The continued appreciation was attributed to improved prospects for COVID-19 vaccination, continued improvements of the country's external performance and position, and developments in the 2021 national budget deliberations (BSP, 2021d).
- Q2 2020:** The economy experienced the full impact of the COVID-19 pandemic in the second quarter of 2020, as reflected by the 16.9% quarterly contraction, which was the worst contraction ever recorded. Domestic economic activity was restrained for the entire quarter as the entire country had been placed under varying levels of community quarantine amid rising cases. The implementation of ECQ shut down approximately 75% of the country's economy (National Economic and Development Authority [NEDA], 2020a). Due to restrictions that resulted in business closures and suspensions and workforce reductions, unemployment spiked to a record high of 17.6% in April 2020 from 5.3% in January 2020.
- Q3 2020:** The country saw an improvement in economic performance in the third quarter of the year as the contraction tempered to 11.4%. Several areas in the country reverted to lighter community quarantine classifications, and the government eased community quarantine measures in an attempt to reopen the economy. With the government's expanded capacity to deal with the pandemic, the country's economic managers assured that the country had begun its path to economic recovery (NEDA, 2020b).
- Q4 2020:** Contraction continued in the fourth quarter but remained on the path of improvement as GDP growth was recorded at -8.3%. In addition to the continued quarantine measures implemented in response to COVID-19, a series of typhoons also hindered productivity during the quarter. On account of the typhoons, the agriculture sector saw its worst quarterly deterioration since the first quarter of 2016, measuring at 2.5%. The industry sector, on the other hand, saw a major improvement in performance from a growth rate of -17.3% in the third quarter of 2020 to -9.9% in the fourth quarter.

### Quarterly Highlights of 2020

- Q1 2020:** In the first quarter of the year, economic growth was recorded at a rate of -0.7%. This was the first quarterly contraction since the fourth quarter of 1998. The quarter reflected the effect of the Taal Volcano eruption as well as the beginning effects of the COVID-19 pandemic. The Taal Volcano eruption had destructive effects on the output of the agriculture, forestry, and fishing sector, which declined for the first time since the fourth quarter of 2016 at a rate of -0.3%. The domestic spread of COVID-19 also led to the declaration of an enhanced community quarantine (ECQ) in Luzon during the last month of the quarter, entailing business and mobility restrictions that halted the economic activity.

### Prospects and Challenges for 2021

- Government and international organizations forecast growth in 2021.** Despite having downgraded their forecasts, local economic managers, as well as international financial institutions and economic analysts, see the Philippines on the path to recovery in 2021, based on the latest forecasts. The Development Budget Coordination Committee (DBCC) expects 6.5% to 7.0% growth in 2021, citing the gradual reopening

of the economy, expectations of improved trade performance, and the implementation of stimulus packages (NEDA, 2020c). The International Monetary Fund (IMF), the World Bank (WB), and the Asian Development Bank (ADB) are also optimistic about Philippine economic growth in 2021, though with varied expectations. The IMF (2021) forecast aligns with the DBCC forecast at 6.9%, whereas the WB and ADB are less bullish with below-target forecasts of 5.5% (Manuel, 2021) and 4.5% percent (ADB, n.d.), respectively. S&P Global, Fitch Solutions, and Moody's Analytics are similarly expecting growth in 2021, with S&P Global being the most optimistic of the three with its above-target growth forecast of 7.9% (Roache & Rana, 2021). Fitch Ratings and Moody's Analytics, on the other hand, are expecting below-target growth at 5.8% (Fitch Solutions, 2021) and 6.3% (Noble, 2021), respectively.

- **Additional stimulus measures are being implemented to support economic growth.** Due to the pandemic's impact on domestic business activity, lawmakers have focused on providing additional stimulus to aid businesses' recovery. In February, the Financial Institutions Strategic (FIST) Act was signed into law to free up capital and funds in the financial sector, allowing for additional lending to businesses with liquidity issues (National Economic and Development Authority, 2021). The House of Representatives also approved in February the Government Financial Institutions Unified Initiatives to Distressed Enterprises for Economic Recovery (GUIDE) Act, which provides state-run banks with P10B for lending to qualified micro, small, and medium enterprises that were affected by the pandemic (Cortez, 2021). Furthermore, the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act was put into effect in April to reduce tax burdens on businesses and promote investment. The law entails a five-percentage point reduction in the corporate income tax rate starting July 2020, which the Department of Finance (n.d.) expects in the second half of the year to generate P37B in tax savings that will help businesses recover and retain their employees.
- **Risk of COVID-19 surges threatens recovery goals for 2021.** The rate of COVID-19 infection increased rapidly in the first quarter of 2021, based on data from the Department of Health (DOH). On a weekly basis, domestic COVID-19 cases reached

an all-time high of almost 62,000 cases at the end of March (Department of Health, n.d.). Though infections have moderately slowed since then, weekly cases have continued to be higher than in 2020. Due to the spike in cases, the NCR Plus area, comprised of Metro Manila, Rizal, Bulacan, Cavite, and Laguna, was placed under a stricter general community quarantine (GCQ) from March 22 to April 4 (Ranada & Tomacruz, 2021). The area was then temporarily placed under enhanced community quarantine (ECQ), the most stringent quarantine classification, from April 5 to 11 (Rappler, 2021). The government then announced that the area would transition to a modified ECQ (MECQ), which is less strict than ECQ, from April 12 to 30 (CNN Philippines Staff, 2021). In a news briefing, Acting Socioeconomic Planning Secretary Karl Chua stated that an estimated P19.6B was lost for every week that the area was placed under ECQ and approximately P14.7B for every week under MECQ (Lalu, 2021). Given the necessity of stricter community quarantines to prevent further acceleration in COVID-19 infections, the risk of future surges in COVID-19 cases presents a challenge in achieving the country's goal of economic recovery in 2021.

- **Slow COVID-19 vaccination prolongs the need for quarantine measures.** Mass immunization against COVID-19 is crucial in securing the Philippines' goal of economic recovery in 2021 as the risk of future COVID-19 surges threatens the government's efforts to reopen the economy. By protecting the public against safety risks from future surges, ensuring the swift and effective implementation of the national vaccination program will reduce the need for restrictive community quarantine measures that hinder economic growth. Based on COVID-19 case data from the COVID-19 Data Repository by the Center for Systems Science and Engineering (CSSE) at Johns Hopkins University (n.d.) and vaccination data from official reports consolidated by the online scientific publication Our World in Data (n.d.), the Philippines surpasses all other ASEAN member countries, except Malaysia, in daily confirmed COVID-19 cases per 1M people by a significant margin ("Daily new confirmed COVID-19 cases," n.d.) but is surpassed by all ASEAN countries in COVID-19 vaccines administered per 100 people ("Cumulative confirmed COVID-19 cases," n.d.)

except for Vietnam, which has recorded the lowest cumulative cases per 1M people in the region (“COVID-19 vaccine doses administered,” n.d.). Considering the continued spread of COVID-19 in the country and the economic impact of community quarantines, accelerating the procurement and administration of COVID-19 vaccines, especially for high-risk groups, will be instrumental in achieving the country’s economic growth target.

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**Table 1**  
*Philippine Economic Indicators*

Monthly Leading Indicators	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Industrial Production (y-o-y, %)	1.9	5.1	-15.7	-63.2	-72.7	-80.4	-72.6	-82.0	-55.7	-22.6	-20.1	-12.0
Consumer Price Index (y-o-y, %)	2.9	2.6	2.5	2.2	2.1	2.5	2.7	2.4	2.3	2.5	3.3	3.5
Retail Sales (y-o-y, %)	7.8	3.9	-14.9	-45.1	-32.8	-16.8	-10.0	-9.4	-6.5	-12.0	-9.9	-4.6
Exports (y-o-y, %)	9.4	2.8	-24.7	-49.9	-26.9	-12.5	-9.1	-12.8	2.9	-1.2	4.0	-0.2
Imports (y-o-y, %)	-2.8	-11.6	-26.2	-65.3	-40.6	-23.1	-23.8	-21.3	-15.3	-18.8	-18.3	-9.1
Trade Balance, US\$ million	-3,504	-1,656	-2,368	-449	-1,321	-1,375	-1,860	-1,831	-1,783	-1,786	-1,726	-2,181
Total Reserves (less gold), US\$ billion	79	80	81	83	85	85	86	87	89	92	94	98
Policy Rate	4	3.75	3.25	2.75	2.75	2.25	2.25	2.25	2.25	2.25	2	2
Fiscal Balance (million pesos)	23,045	-37,595	-59,479	no info	-202,136	1,766	no info	-40,074	-138,525	no info	-128,278	...
Quarterly/Annual Economic Indicators	2015	2016	2017	2018	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	3Q2020	4Q2020
Real GDP (y-o-y, %)	6.3	7.1	6.9	6.3	5.7	5.4	6.3	6.7	-0.7	-16.9	-11.4	-8.3
- Private Consumption	6.4	7.1	6.0	5.8	6.2	5.6	6.0	5.7	0.2	-15.3	-9.2	-7.2
- Government Consumption	7.9	9.4	6.5	13.4	6.4	6.8	8.8	17.0	7.0	21.8	5.8	4.4
- Gross Capital Fixed Formation	13.4	20.8	10.9	11.3	9.8	-0.8	-0.1	2.5	-17.4	-53.7	-41.6	-29.0
Current Account (% of GDP)	2.9	-0.4	-0.7	-2.6	-2.1	0.2	-0.4	-0.3	0.1	2.6	4.8	3.9
Financial Account (US\$ million)	2,523	175	-2,798	-9,332	-4,584	572	391	-1,630	3,796	3,938	646	-6,502
- Net Direct Investments, US\$ million	-122	-5,883	-6,952	-5,833	-1,053	-692	-825	-2,172	-1,116	-2,168	-1,111	-282
- Net Portfolio Investments, US\$ million	4,757	1,480	2,454	1,448	1,257	481	474	1,459	555	1,481	2,887	-2,539
Overall BOP position (US\$, million)	2,616	-1,038	-863	-2,306	3,797	991	778	2,277	-68	4,109	2,769	9,144
Unemployment rate	6.0	5.1	5.7	5.1	5.2	5.1	5.1	5.1	5.3	17.6	10.0	8.7
Others	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Overseas Filipinos' Remittances (US\$, million)	2,648	2,358	2,397	2,046	2,106	2,465	2,783	2,483	2,601	2,747	2,379	2,890

... = not available

Source: Bangko Sentral ng Pilipinas, Philippine Statistics Authority, Asian Development Bank

**Table 2**  
*Level of Philippine GDP, 2019-2020*

	Nominal GDP (million current pesos)		Real GDP (million constant pesos)	
	2019	2020	2019	2020
<b>Agriculture</b>	<b>1,722,211</b>	<b>1,827,882</b>	<b>1,783,855</b>	<b>1,780,544</b>
<b>Industry</b>	<b>5,887,300</b>	<b>5,102,686</b>	<b>5,843,934</b>	<b>5,077,912</b>
Mining and quarrying	161,826	133,104	169,221	135,477
Manufacturing	3,603,368	3,168,782	3,600,183	3,257,501
Electricity, steam, water and waste management	610,411	611,385	593,917	589,535
Construction	1,511,695	1,189,416	1,480,612	1,095,399
<b>Services</b>	<b>11,906,907</b>	<b>11,045,429</b>	<b>11,740,724</b>	<b>10,667,531</b>
Wholesale and retail trade; repair of motor vehicles and motorcycles	3,529,389	3,337,938	3,500,918	3,300,309
Transportation and storage	757,358	546,386	742,105	510,433
Accommodation and food service activities	434,567	254,895	428,425	236,870
Information and communication	555,190	585,912	549,423	577,487
Financial and insurance activities	1,681,740	1,827,309	1,676,292	1,773,115
Real estate and ownership of dwellings	1,268,749	1,089,212	1,251,294	1,039,030
Professional and business services	1,223,307	1,147,599	1,186,078	1,075,338
Public administration and defense; compulsory social activities	889,986	947,807	870,878	908,824
Education	789,490	716,532	776,443	684,203
Human health and social work activities	327,526	324,344	320,936	307,149
Other services	449,605	267,495	437,932	254,772
<b>Sum = GDP</b>	<b>19,516,418</b>	<b>17,975,997</b>	<b>19,368,513</b>	<b>17,525,987</b>

\*base year 2018

Source: Philippine Statistics Authority

**Table 3**  
 Industry Contributions to Philippine GDP Growth, 2019-2020

	TRAD	GEAD		GEAD
	GDP Growth PGE* (percent)	PGE* (percent) (1)	PCE* (percent) (2)	GDP Growth PGE* + PCE* (percent) (1)+(2)
<b>GDP Growth</b>	<b>-9.51</b>	<b>-9.51</b>	<b>0.00</b>	<b>-9.51</b>
<b>Industry Growth Contribution</b>				
<b>Agriculture</b>	<b>-0.02</b>	<b>-0.02</b>	<b>-1.21</b>	<b>-1.23</b>
<b>Industry</b>	<b>-3.95</b>	<b>-3.95</b>	<b>1.08</b>	<b>-2.88</b>
Mining and quarrying	-0.17	-0.17	0.05	-0.12
Manufacturing	-1.77	-1.77	-0.11	-1.88
Electricity, steam, water and waste management	-0.02	-0.02	-0.21	-0.24
Construction	-1.99	-1.99	1.35	-0.64
<b>Services</b>	<b>-5.54</b>	<b>-5.54</b>	<b>0.13</b>	<b>-5.41</b>
Wholesale and retail trade; repair of motor vehicles and motorcycles	-1.04	-1.04	-0.68	-1.71
Transportation and storage	-1.20	-1.20	0.88	-0.32
Accommodation and food service activities	-0.99	-0.99	0.79	-0.20
Information and communication	0.14	0.14	-0.41	-0.26
Financial and insurance activities	0.50	0.50	-1.36	-0.86
Real estate and ownership of dwellings	-1.10	-1.10	0.52	-0.58
Professional and business services	-0.57	-0.57	0.12	-0.45
Public administration and defense; compulsory social activities	0.20	0.20	-0.57	-0.37
Education	-0.48	-0.48	0.13	-0.35
Human health and social work activities	-0.07	-0.07	-0.07	-0.14
Other services	-0.95	-0.95	0.77	-0.18

Source: DLSU-AKI Philippine Economic Monitor calculations by applying the data in Table 2 to a “generalized exactly additive decomposition” (GEAD) of GDP growth into pure growth effect (PGE\*) and price change effect (PCE\*) as an alternative to the “traditional” (TRAD) GDP growth decomposition that recognizes PGE\* but not PCE\*. PGE\* is the result of real GDP or “quantity” growth holding relative price (real price) constant, and PCE\* is the result of “real price” growth holding quantity constant. PCE\* measures the change in the value of an industry’s output when outputs of all industries are converted to the same unit of measure in terms of the economy’s “GDP basket.” The GEAD formulas for PGE\* and PCE\* and the TRAD formula (which equals PGE\*) are given, respectively, by equations (39), (40), and (46) in Dumagan, Jesus C. (2018), “Modifying the ‘Generalized Exactly Additive Decomposition’ of Growth of GDP and Aggregate Labor Productivity in Practice for Consistency with Theory,” Working Paper Series No. 2018-07-053, Angelo King Institute for Economic and Business Studies, De La Salle University, Manila. The paper by Dumagan, Jesus C. (2013), “A Generalized Exactly Additive Decomposition of Aggregate Labor Productivity Growth,” Review of Income and Wealth, 59 (Issue 1): 157-168 decomposed growth of aggregate labor productivity (ALP), which is the ratio of GDP to total labor employment. Thus, by removing the labor variable, the decomposition of ALP growth becomes a decomposition of GDP growth into the modified PGE\* and PCE\* formulas which were implemented in this Table 3.

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