



Monitoring the Philippine Economy

Second Quarter Report for 2021

Project of Angelo King Institute

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The Philippine economy bounces to a double-digit growth of 11.8 percent in second quarter 2021 after the dismal -16.9 percent growth the previous year.

The Philippines finally experiences economic expansion after five consecutive quarters of contractions; growth is among the fastest rates recorded. The country experienced an expansion during the second quarter of 2021 following earlier economic contractions during first quarter 2021, and the previous quarters of 2020. It should be noted though that the recorded growth was in comparison to the previous year when the pandemic started. Economic growth reached 11.8 percent, the highest documented growth since the Q4 1988 (at 12.0 percent growth). Improved performance was documented in most components of the demand- and supply-sides, except for government spending, balance of trade, and agricultural sector growth. The expansion reveals that an upward growth trajectory is possible, so as long as there are less obstructions to economic activity despite community lockdowns. Moving forward, upward economic trends; faster vaccine rollout; and improved methods of mitigating risks brought by the COVID-19 pandemic build hope that economic recovery will extend to the remaining quarters of 2021.

- **Major components of aggregate demand**

- **Private consumption experiences positive growth following four continuous quarterly declines.** Household Final Consumption Expenditure (HFCE) rose 7.2 percent year-on-year (y-o-y), improving from last quarter's contraction by 4.7 percent and deceleration of -15.3 percent during the same period in 2020. The upswing was the first recorded expansion after declines during the previous five quarters of negative growth, starting from the second quarter of 2020. Based on the information provided by Philippine Statistics Authority (PSA)², the HFCE components that recorded positive growth include Clothing and footwear (39.9 percent from -40.2 percent, y-o-y); Restaurants and hotels (24.5 percent from -65.7 percent, y-o-y); Transport (20.4 percent from -60.1 percent, y-o-y); Recreation and culture (15.7 percent from -66.8 percent, y-o-y); Furnishing, household equipment and routine household maintenance (14.5 percent from -27.0 percent, y-o-y); Health (14.3 percent from -12.5 percent, y-o-y); Education (10.4 percent from -15.2 percent, y-o-y); and Miscellaneous goods and services (3.5 percent from -1.2 percent, y-o-y). Meanwhile, Food and non-alcoholic beverages which composed 41.1 percent of total

¹ Report is based on latest available data as of August 10, 2021. For comments and questions, please email mitzie.conchada@dlsu.edu.ph

² <https://psa.gov.ph/sites/default/files/2nd%20Quarter%202021%20National%20Accounts%20of%20the%20Philippines.pdf>

household expenditures maintained positive growth at 2.8 percent but at a slower rate, year-on-year (2.8 percent from 4.6 percent, y-o-y). Likewise, Housing, water, electricity, gas and other fuels at 6.7 percent had also experienced the same decrease in growth, year-on-year (6.7 percent from 7.4 percent, y-o-y), while Alcoholic beverages and tobacco continued to contract at -3.4 percent, but at a slower rate from that of the same quarter during 2020 (-3.4 percent from -41.2 percent). Despite having the second strictest level of lockdown enforced in Metro Manila and its neighboring provinces during the second quarter, the Philippines still saw improvements in HFCE growth, due to less strict regulation of economic activities and operations of industries such as manufacturing and other essential sectors³. Additionally, the government also permitted exports and business process outsourcing (BPO) firms a 100 percent capacity, in order to perform export commitments⁴.

- **Gross domestic capital formation emerges with positive-growth performance.** Similarly, the second quarter Gross Capital Formation (GCF) also showed massive growth by up to 75.5 percent compared to the -14.8 percent rate from previous quarter. This notable increase was the highest recorded growth since the beginning of the quarterly 1981 series. Relative to the rates in first quarter 2021, growth of the components included in the fixed capital group mostly showed significant upturns. Based on the information provided by Philippine Statistics Authority, these include Construction, whose growth was stimulated by increases in household construction activities and government construction (33.4 percent from -25.3 percent), Durable equipment, whose increase contributed to the improved performance of road transport (89.2 percent from -10.3 percent), and Intellectual property products (9.2 percent from 2.6 percent). Breeding stock and orchard development on the other hand continued to contract although at a slower rate (-2.8 percent from -3.1 percent)⁵. The overall growth performance of GCF components despite the continuing community quarantine could be due to better government risk management instead of having another economic shutdown similar to that imposed during the previous year.
- **Government spending experiences decline after sixteen quarters of continuous expansion.** Government Final Consumption Expenditure (GFCE) posted a decline of -4.9 percent during the second quarter, the first contraction following the past sixteen quarters of upward GFCE growth. However, the recorded decline during the second quarter followed an expansion by 16.1 percent in the previous quarter that came in the heels of a staggering growth at 21.8 percent due to the large amount of emergency subsidies rolled-out during second quarter 2020 in response to the COVID-19 pandemic. As reported by the Department of Budget and Management (DBM)⁶, the total disbursements under the *Bayanihan to Recover as One act (Bayanihan II)* equaled P178.86 billion, showing a decrease from the *Bayanihan to Heal as One Act (Bayanihan I)* in 2020, with disbursements of P357.85 billion allocated to mitigate pandemic effects. In the second quarter, majority of the

³ <https://www.pna.gov.ph/articles/1145746>

⁴ <https://boi.gov.ph/purchasing-managers-index-breaches-50-point-mark-dti-boi-sees-strong-second-quarter-recovery/>

⁵ <https://neda.gov.ph/wp-content/uploads/2021/08/Report-on-NIA-Q2-2021.pdf>

⁶ <https://www.dbm.gov.ph/index.php/secretary-s-corner/press-releases/list-of-press-releases/1905-dbm-releases-p679-27-billion-for-covid-19-response-as-of-june-30-2021-only-p5-97-billion-expired-under-bayanihan-2>

government spending were allocated to procure vaccines and to support various agency programs organized in response to the COVID-19 pandemic.

Trade deficit narrowed amid declines in both exports and imports. Trade deficit contracted during the second quarter, declining by 81.4 percent relative to the 1.4 percent expansion from the prior quarter⁷. According to the Philippine Statistics Authority⁸, exports of goods and services grew by 27 percent during the second quarter, performing better than the contraction of -33.5 percent during previous year. Expansion of total exports covered both exports of goods, and exports of services, with growth rates of 35.4 percent and 17.3 percent, respectively. Expansion of the export of goods was accelerated by Components/Devices - Semiconductors (41.8 percent), Electronic Data Processing (30.4 percent), Other exports of goods (38 percent), Ignition wiring sets (156.7 percent), Control instrumentation (46.1 percent). Meanwhile those that contributed to the acceleration of service export growth were Travel (209.9 percent), Telecommunications, computer and information services (20.9 percent), Business Services (13.5 percent). On the other hand, total imports grew 67.6 percent in the second quarter. This was led by mineral fuels (213 percent), transport equipment (147.4 percent) and consumer electronics (144.6 percent).

- **Major components of aggregate supply**

In this report, we present results from an alternative to the “traditional” (TRAD) method of decomposing growth of GDP 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 US). 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,” i.e., 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).⁹

- **Services sector recuperates after being in a slump for four consecutive quarters.** The service sector finally accelerates by 9.6 percent in second quarter following the consecutive slowdowns induced by economic disruptions from the COVID-19 health crisis. The quarterly performance improved compared to the previously recorded 4.4 percent contraction during first quarter 2021¹⁰, as all components of the sector showed a positive performances during the period. The top contributor was Wholesale and retail trade; repair of motor vehicles and motorcycles (5.4 percent from -14.1 percent, y-o-y), whose outstanding performance may be credited to Retail trade, which expanded by 8.9 percent. Other major contributors during this quarter include Real estate and ownership of dwellings (16.7

⁷ <https://neda.gov.ph/wp-content/uploads/2021/08/Report-on-NIA-Q2-2021.pdf>

⁸ <https://psa.gov.ph/sites/default/files/2nd%20Quarter%202021%20National%20Accounts%20of%20the%20Philippines.pdf>

⁹ See the footnote to Table 3 for the source of the GDP growth contributions.

¹⁰ <https://psa.gov.ph/sites/default/files/2nd%20Quarter%202021%20National%20Accounts%20of%20the%20Philippines.pdf>

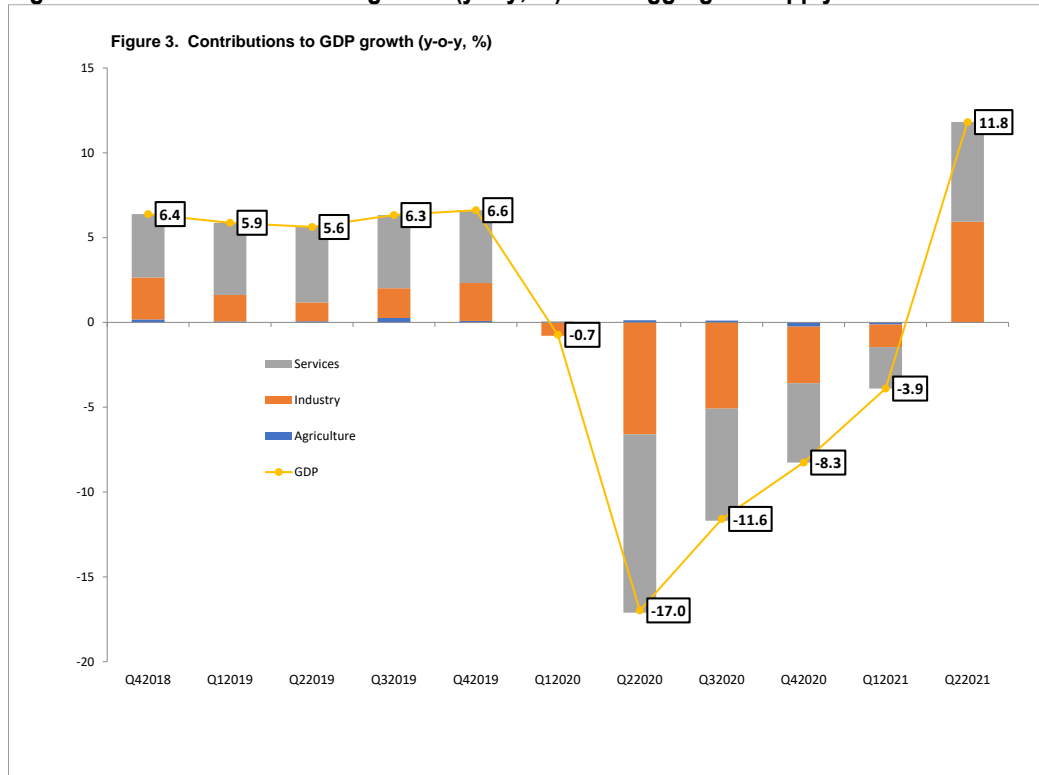
percent from -29.9 percent, y-o-y), and Professional and business services (11.7 percent from -15.7 percent, y-o-y). Meanwhile, components that also saw increases in growth include Transportation and Storage (23.4 percent from -58.45 percent, y-o-y), Education (10.0 percent from -14.47 percent, y-o-y), Accommodation and Food Services (53.4 percent from -67.14 percent, y-o-y) Other services (39.4 percent from -63.7 percent, y-o-y); and Human Health and Social Work Activities (12.1 percent from -15.4 percent, y-o-y). All the above components had recovered from their underperformance during previous year, and successfully achieved double-digit increases for second quarter 2021. Concurrently, industries like Information and communication were able to maintain their upward growth (14.2 percent from 10.7 percent, y-o-y); together with Financial and insurance activities (4.2 percent from 4.8 percent, y-o-y); and Public Administration and Defense, Compulsory Social Activities (4.0 percent from 7.1 percent, y-o-y). Overall, the Service sector contributed the highest 6.18 percentage points (including 5.89 from quantity growth) to the 11.81 percent GDP growth during the second quarter.

- **Industry sector surges from manufacturing double-digit growth.** Industry sector growth was spurred by a revitalized manufacturing that posted double-digit growth in the second quarter 2021. After a series of contractions during the last 5 quarters, the sector grew by 20.8 percent after having contracted by 4.7 percent during the previous quarter. Manufacturing, which encompasses 61.9 percent of total Industry, contributed the most with growth of 22.3 percent (22.3 from -21.16 percent). The uptrend was spurred by increases among all its sub-industries, in particular, the manufacturing of Computer, electronic and optical products (by 47.5 percent), Food products (by 6.7 percent), Chemical products (by 42.3 percent), Other non-metallic mineral products (by 87.2 percent), and Basic metals (by 55.1 percent). As for other industries, Construction also saw an increase by 25.7 percent (25.7 percent from -24.2 percent, y-o-y), accounting for both public and private construction activities. Similarly, Electricity, steam, water and waste management also improved by 9.8 percent (9.8 percent from -6.4 percent, y-o-y), while Mining and quarrying also gradually increased by 0.8 percent (0.8 percent from -21.7 percent, y-o-y). During the second quarter, Industry sector composed 30.8 percent of GDP, which was improvement from the same period of the previous year at 28.5 percent¹¹.
- **Agriculture sector posts second contraction for the year.** This sector recorded successive quarterly declines as livestock, poultry, and egg production downturn continued. The agriculture, forestry, and fishing (AFF) sector posted a decline of 0.1 percent during the second quarter, making this the third consecutive quarter decline since its upward growth in the third quarter of 2020. The second quarter contraction was better compared to the 1.2 percent contraction in the previous quarter and 3.0 percent in third quarter 2019. The slowdown in growth of was primarily caused by the decline in livestock, particularly in the production of pork (-19.5 percent); Fishing and aquaculture (-1.0 percent), Cassava (by -4.4 percent), Mango (-0.5 percent), and Tobacco (-2.2 percent). Meanwhile, the highest performing contributors to the growth of AFF include Sugarcane (32.2 percent from -7.4 percent), Corn (6.3 percent), and Palay (1.2 percent). Aside from these crops, Support activities to agriculture, forestry and fishing contributed 4.7 percent, and Other agricultural crops, n.e.c (4.7 percent from -4.1 percent). In the middle of the second quarter, Pres.

¹¹ <https://psa.gov.ph/sites/default/files/2nd%20Quarter%202021%20National%20Accounts%20of%20the%20Philippines.pdf>

Rodrigo Duterte released Proclamation No. 1143, putting the country under a state of calamity caused by the increase of hogs infected with the African swine fever (ASF). This had detrimental effects on the supply of pork, which ultimately led to a decline in livestock¹². Altogether, AFF had the lowest share out of the three major sectors that make up total GDP, at 9.0 percent during the second quarter¹³.

Figure 1. Contributions to GDP growth (y-o-y, %) from Aggregate Supply



Source: Author's calculations based on data in Table 3 below.

¹² <https://www.rappler.com/business/duterte-declares-state-calamity-over-african-swine-fever-may-2021>

¹³ <https://psa.gov.ph/sites/default/files/2nd%20Quarter%202021%20National%20Accounts%20of%20the%20Philippines.pdf>

Road towards slow economic recovery

- **State of COVID-19 sees glimmer of hope during second Community Lockdown, however threats abound.** Toward the end of the first quarter, the national government imposed the second enhanced community quarantine (ECQ), which covered the whole National Capital Region (NCR) as well as some neighboring provinces¹⁴. Compared to the initial community quarantine administered during March of the year prior during the earlier stages of the COVID-19 outbreak, regulations of economic and business activities were less stringent. At the same time, public transport were permitted to operate, granting continuous services during the lockdown. According to Secretary Karl Chua of the National Economic and Development Authority (NEDA)¹⁵, the performance of the economy as seen today is greatly influenced by the policies and restrictions implemented to manage economic risk. Still, the Philippine economy is expected to grow at 6 to 7 percent in 2021 given the governments' effort to improve risk mitigation schemes. As result of the enhanced community quarantine (ECQ), later changed to modified enhanced community quarantine (MECQ), daily confirmed COVID-19 cases reduced compared to the quarter prior, with 4,509 cases on June 30 quarter end¹⁶. However halfway into the second quarter, the country also detected their first case of the Delta strain, a recently identified variant of SARS-CoV-2¹⁷. In response to the occurrence, Health Undersecretary of the DOH Maria Vergerie implored stricter border control to prevent the rise of Delta variant cases in the country¹⁸.
- **Unemployment slightly increased amid ECQ lockdown.** By the end of the second quarter, the unemployment rate rose to 7.7 percent, a bit worse than the prior 7.1 percent recorded during the quarter before but still significantly better than the 17.6 percent in the same quarter, 2020. Based on the recent labor force survey (LFS)¹⁹ around 3.76 million Filipinos in the labor force were unemployed, which increased marginally from the 3.73 million recorded in May. Slowdown in economic activity following the imposition of the ECQ in NCR Plus areas caused the growth in unemployment, weakening the labor market further from the previous quarter. Regarding forecasts of unemployment, the National Economic Development Authority (NEDA) states in their updated development plan²⁰ that targets for unemployment rate should be between 7 to 9 percent for 2021 and 2022 as the economy continues to recover from the pandemic.
- **Philippines' headline inflation decelerates towards second quarter end²¹.** Inflation rate slowed down to 4.1 percent following a series of 4.5 percent monthly rates. For the first semester, inflation stood at 4.4 percent, which slowed from the first quarter average of 4.5 percent but remained higher than the 2.5 inflation during June 2020. The pace of inflation weakened by the end of the quarter due to the transport index's lower annual increase at 9.6 percent, compared to 16.5 percent in previous month. Additionally, inflation slowed down for certain commodity groups such as Alcoholic beverages and tobacco (11.2 percent), Clothing and footwear (1.6 percent), Health (2.9 percent), and Communication (0.2 percent). Likewise, food price inflation at a national level was 4.9 percent, up from the 2.7 percent y-o-y, as annual

¹⁴ <https://www.pna.gov.ph/articles/1135111>

¹⁵ <https://neda.gov.ph/q2-recovery-expected-with-gradual-lifting-of-quarantine-restrictions-continuous-vaccination-rollout-neda/>

¹⁶ <https://cnnphilippines.com/news/2021/6/30/PH-COVID-19-cases-June-30-.html>

¹⁷ <https://www.hopkinsmedicine.org/health/conditions-and-diseases/coronavirus/a-new-strain-of-coronavirus-what-you-should-know>

¹⁸ <https://cnnphilippines.com/news/2021/6/19/DOH-pushes-strict-border-control-amid-Delta-variant-threat-.html>

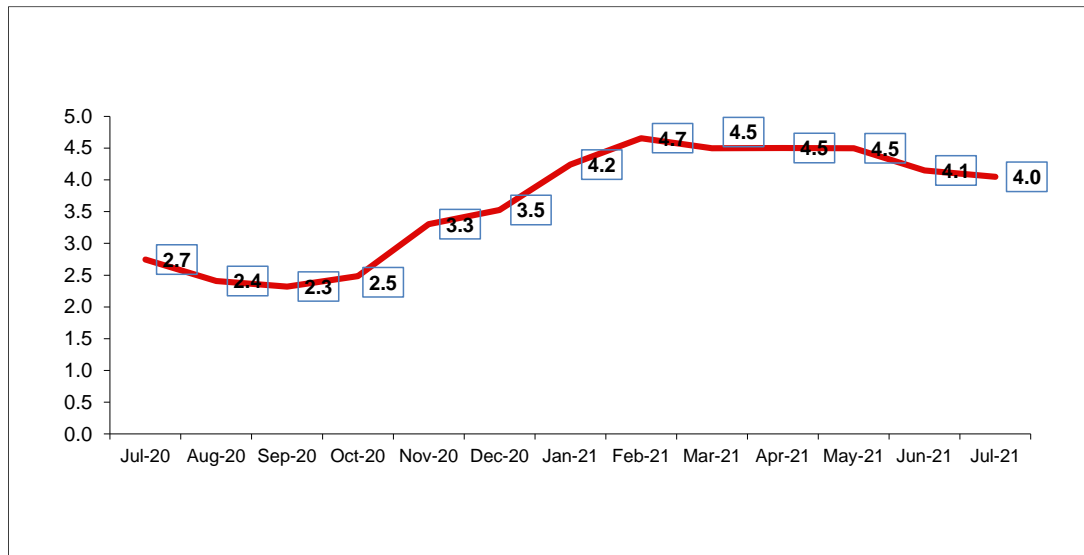
¹⁹ <https://psa.gov.ph/content/unemployment-rate-june-2021-estimated-77-percent>

²⁰ <https://pdp.neda.gov.ph/wp-content/uploads/2021/02/20210218-Pre-publication-copy-Updated-Philippine-Development-Plan-2017-2022.pdf>

²¹ <https://psa.gov.ph/statistics/survey/price/summary-inflation-report-consumer-price-index-2012100-june-2021>

price increases were recorded for maize, fish, and sugar products. By the end of the quarter, the rate of inflation for households with incomes at the bottom 30 percent group was recorded at 4.3 percent, slower than the 4.5 percent recorded during the month prior²².

Figure 2. Consumer price index (y-o-y, %)



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

²² <https://www.bworldonline.com/june-inflation-eases-to-six-month-low/>

Other recent developments

- **Bangko Sentral ng Pilipinas ratifies Open finance framework.** On 17th of June, the Monetary Board of the BSP signed and approved Circular No. 1122, establishing the guidelines of the Open finance framework as part of their Digital Payments Transformation Road Map²³. Open finance, as defined by the BSP²⁴ involves the sharing of customer-consented information among various financial institutions, which will allow them to create financial solutions (products or services) specific to the needs of their client. The overarching purpose of the open finance framework under the BSP's Digital Payments Transformation Roadmap is to promote financial inclusion as well as the digitalization of banking products and services, shifting the country to become cash-lite economy. Considering the increase in demand for e-Commerce platforms, and the surge of mobile wallet users over the COVID-19 pandemic, the Philippines has started to shift towards a more digital economy. Therefore, transformation of banking products and services induced by the open finance framework is not far off from occurring.
- **COVID-19 vaccines rollout picks up during second quarter.** By the end of the second quarter, the total number of doses that arrived in the country equaled 17,455,470, only 4.4 million doses short of the expected 21,829,050 doses by quarter end²⁵. In addition, the government commenced the vaccination of essential workers or those belonging to the A4 cluster in areas that were experiencing frequent case surges towards the end of the quarter. According to the Department of Health (DOH), their memorandum prioritized the vaccination of older citizens (ages 40 to 59 years old) belonging A4 category²⁶. During the earlier half of the second quarter, only 0.35 percent of the population (70 million Filipino citizens) were able to receive their full vaccination. This, however, increased to 3.6 percent of the population (70 million Filipino citizens) at the end of the quarter with an average of 350,000 shots administered per day²⁷. Due to the sudden surge of COVID-19 cases during the second quarter, efficient vaccine administration is essential in reducing the number of fatalities, and helping the overall health situation of the country.
- **House of Representatives approve *Bayanihan Arise as One Act (Bayanihan 3)***²⁸. The House of Representatives approved the third version of the Bayanihan. Following Bayanihan I and II, Bayanihan to Arise as One Act is the third stimulus response to the COVID-19 pandemic, worth ₱ 401 billion. The House bill allocates a distribution of ₱ 216 billion as financial aid for all Filipino citizens and allots a portion to be given as one-time cash subsidies to those households in communities with stricter quarantine restrictions. Micro, small, and medium enterprises (MSMEs) affected by the pandemic may also receive a small business wage subsidy, while medical front-liners will continue to receive their special risk allowance under this bill. An additional measure under this bill gives power to the President to assign any hotel, lodging, and other private facilities to operate as quarantine spaces, or temporary medical stations, and owners of the respective

²³ <https://mb.com.ph/2021/06/21/bsp-approves-open-finance-framework/>

²⁴ <https://www.bsp.gov.ph/Regulations/Issuances/2021/1122.pdf>

²⁵ <https://www.cnnphilippines.com/news/2021/3/25/TIMELINE-COVID-19-vaccines-deliveries-rollout-Philippines.html>

²⁶ <https://www.pna.gov.ph/articles/1142843>

²⁷ <https://www.cnnphilippines.com/news/2021/3/25/TIMELINE-COVID-19-vaccines-deliveries-rollout-Philippines.html>

²⁸ <https://www.cnnphilippines.com/news/2021/6/1/House-OKs-Bayanihan-3-third-reading-.html>

private facilities are to be compensated accordingly. As of June 1, Senate President Vicente Sotto III stated that there is no rush in passing Bayanihan 3 since there are still existing funds under Bayanihan 2.

- **PSEi²⁹.** The Philippine Stock Exchange index (PSEi) exhibited mixed trends during second quarter, posting downturn of the main index by 4.7 percent, on a quarter-on-quarter, with an average of 6,561.31 index points, representing a 9.8 percent decline from 7,139.71 in end-2020. Initial market expectations of recovery weakened due to the re-imposition of the community quarantine measures among the NCR PLUS areas from end of March until mid-May, as well as the entry of new COVID-19 variants in the country. However President of Summit Securities, Inc., Harry Liu, reports³⁰ that despite the community quarantine during the second quarter, most listed companies reported improved earnings, and are forecasted to show better recovery during the third quarter.
- **Peso-dollar exchange rate appreciation fizzles as economic conditions recover³¹.** During Q2, the peso averaged P48.18/USD, slightly decreasing by 0.21 percent on a quarter-on-quarter basis, from the previous quarter's average of ₱48.28/USD. However, based on the peso-dollar exchange rate average of ₱50.46/USD during the previous year, the peso increased by 4.52 percent. Throughout the quarter, the factors reinforcing peso performance include increases in the supply of vaccines, higher Gross International Reserves (GIR), and increased monitoring of the Financial Action Task Force (FATF) on the imposed anti-money laundering (AML) and counter-terrorism financing (CTF) measures. By the end of June 2021, the peso weakened against the dollar and closed at ₱48.80/USD, depreciating by 3.29 percent on a y-t-d basis. Looking forward, there are expectations held on the possibility of monetary adjustments, considering the recent changes in the foreign exchange market³².

²⁹ https://www.bsp.gov.ph/Lists/Inflation%20Report/Attachments/22/IR2qtr_2021.pdf

³⁰ <https://www.bworldonline.com/psei-extends-rally-on-firms-positive-q2-results/>

³¹ https://www.bsp.gov.ph/Lists/Inflation%20Report/Attachments/22/IR1qtr_2021.pdf

³² <https://www.philstar.com/business/2021/07/08/2110905/weak-peso-easing-prices-may-force-bsp-hike-rates>



Table 1. Philippine Economic Indicators

Monthly Leading Indicators	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21
Industrial Production (y-o-y, %)	-56.7	-25.4	-21.8	-14.8	-14.8	-14.1	-43.7	-73.1	154.3	263.2 ...	
Consumer Price Index (y-o-y, %)	2.3	2.5	3.3	3.5	4.2	4.7	4.5	4.5	4.5	4.1	4.0
Exports (y-o-y, %)	3.4	-0.9	4.6	1.8	-4.4	-1.4	33.4	74.1	30.8	17.6 ...	
Imports (y-o-y, %)	-9.9	-15.9	-13.5	-4.7	-11.8	9.0	22.1	153.1	55.6	34.2 ...	
Trade Balance, US\$ million	-2,266	-2,048	-2,144	-2,450	-2,878	-2,707	-2,758	-3,098	-3,171	-2,826 ...	
Total Reserves (less gold), US\$ billion	89	92	94	99	98	96	95	98	97	97	98
Policy Rate	2.25	2.25	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0 ...	
Quarterly/Annual Economic Indicators	2018	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	3Q2020	4Q2020	1Q2021	2Q2021
Real GDP (y-o-y, %)	6.3	5.9	5.6	6.3	6.6	-0.7	-17.0	-11.6	-8.3	-3.9	11.8
- Private Consumption	5.8	6.2	5.6	6.0	5.7	0.2	-15.3	-9.2	-7.3	-4.7	7.2
- Government Consumption	13.4	5.9	6.3	8.3	16.5	7.0	21.8	5.8	5.1	16.1	-4.9
- Gross Capital Fixed Formation	11.3	8.5	-0.6	-0.7	7.4	-12.1	-51.5	-39.5	-32.2	-14.8	75.5
Current Account (% of GDP)	-2.6	-2.1	0.2	-0.4	-0.3	0.3	2.6	4.8	3.9	-0.7 ...	
Financial Account (US\$ million)	-9,332	-4,584	572	391	-1,630	2,973	3,938	646	-6,502	4,089 ...	
- Net Direct Investments, US\$ million	-5,833	-1,053	-692	-825	-2,172	-883	-2,168	-1,111	-282	-1,691 ...	
- Net Portfolio Investments, US\$ million	1,448	1,257	481	474	1,459	793	1,481	2,887	-2,539	7,884 ...	
Overall BOP position (US\$, million)	-2,306	3,797	991	778	2,277	-68	4,109	2,769	9,144	-2,844 ...	
Unemployment rate	5.1	5.2	5.1	5.1	5.1	5.3	17.6	10	8.7	7.1	7.7
Others	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21
Overseas Filipinos' Remittances (US\$, million)	2,483	2,601	2,747	2,379	2,890	2,603	5,078	7,593	9,898	12,280	14,918

... = not available

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



Table 2. Level of Philippine GDP, 2020Q1 – 2021Q1

	Nominal GDP (million current pesos)		Real GDP (million constant pesos*)	
	2020Q2	2021Q2	2020Q2	2021Q2
Agriculture	424,010	456,336	416,182	415,945
Industry	1,145,116	1,421,660	1,180,472	1,425,798
Mining and quarrying	32,450	46,345	44,545	44,888
Manufacturing	622,353	769,446	721,736	882,946
Electricity, steam, water and waste management	182,834	205,710	142,477	156,464
Construction	307,478	400,159	271,714	341,500
Services	2,565,538	2,872,346	2,542,596	2,786,333
Wholesale and retail trade; repair of motor vehicles and motorcycles	752,324	805,715	744,589	784,861
Transportation and storage	95,461	125,955	87,787	108,311
Accommodation and food service activities	34,032	56,089	32,462	49,797
Information and communication	156,662	173,571	155,663	177,714
Financial and insurance activities	476,895	511,173	464,073	483,738
Real estate and ownership of dwellings	231,553	278,298	221,212	258,145
Professional and business services	256,054	293,244	274,217	306,362
Public administration and defense; compulsory social activities	250,730	264,455	255,312	265,413
Education	192,519	214,591	191,676	210,904
Human health and social work activities	74,828	86,629	73,499	82,401
Other services	44,481	62,626	42,105	58,688
Sum = GDP	4,134,663	4,750,342	4,139,250	4,628,075

Source: Philippine Statistics Authority

*Base year 2018



Table 3. Industry Contributions to Philippine GDP Growth, 2020Q1 – 2021Q1

	TRAD	GEAD		GEAD
	GDP Growth	PGE*	PCE*	GDP Growth
	PGE*	PGE*	PCE*	PGE* + PCE*
	(percent)	(percent)	(percent)	(percent)
		(1)	(2)	(1)+(2)
GDP Growth	11.81	11.81	0.00	11.81
Industry Growth Contribution				
Agriculture	-0.01	-0.01	0.69	0.69
Industry	5.93	5.93	-0.98	4.94
Mining and quarrying	0.01	0.01	0.01	0.01
Manufacturing	3.89	3.89	-3.22	0.67
Electricity, steam, water and waste management	0.34	0.34	1.06	1.40
Construction	1.69	1.69	1.17	2.85
Services	5.89	5.89	0.29	6.18
Wholesale and retail trade; repair				
of motor vehicles and motorcycles	0.97	0.97	0.00	0.98
Transportation and storage	0.50	0.50	0.35	0.84
Accommodation and food service activities	0.42	0.42	0.12	0.54
Information and communication	0.53	0.53	-0.21	0.32
Financial and insurance activities	0.48	0.48	0.34	0.82
Real estate and ownership of dwellings	0.89	0.89	0.31	1.21
Professional and business services	0.78	0.78	-0.50	0.28
Public administration and defense;				
compulsory social activities	0.24	0.24	-0.19	0.06
Education	0.46	0.46	-0.04	0.42
Human health and social work activities	0.22	0.22	0.05	0.26
Other services	0.40	0.40	0.06	0.46

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 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.