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Monitoring the Philippine Economy Second Quarter Report for 2022

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The Philippine economy continued its positive growth trend at 7.4 percent in second quarter 2022 after registering a remarkable growth rate of 12.1 percent the previous year.

The Philippine economy sustained its positive growth, showing a strong performance despite considerable challenges. The economy grew 7.4 percent in second quarter 2022, slower than the 12.1 percent growth posted in the same quarter last year and the 8.2 percent growth recorded in the previous quarter. Despite this quarter's growth being the slowest since third quarter 2021, the economy still continued the trend of successive expansions this quarter. National Economic and Development Authority (NEDA) Secretary Arsenio Balisacan stated that although it is slightly off the median growth forecast of 7.5 percent, the Philippines still ranked second among emerging economies in Asia that have released their second quarter results. Continued growth in private consumption, outstanding growth in investments, and recovered growth in government expenditures drove growth to be positive, although a widened trade deficit constrained GDP growth. On the supply-side, the services sector continued to be a major source of employment and a major contributor to GDP. As the country continues to recover from the pandemic, it still faces challenges such as a persistently increasing inflation rate and an even weaker peso amid tighter monetary policies globally and locally, continued geopolitical tensions, and increased prices for vital commodities. With the Bangko Sentral ng Pilipinas (BSP) already raising the benchmark policy rate by 0.50 percent as of the second quarter's end, ongoing inflationary pressures highlight the necessity of quick monetary action to stabilize inflation expectations. As a whole, the country can sustain and even attain higher growth in succeeding quarters, but it must establish strategies to weather external and internal challenges as well as have enough room to manage its monetary policy.

- **Major components of aggregate demand**
 - **Private consumption slowed but still increased for the fifth consecutive quarter.** Household Final Consumption Expenditure (HFCE) rose 8.6 percent year-on-year (y-o-y), which was an acceleration from the 7.3 percent y-o-y growth documented in the second quarter of 2021, but was slower than the double-digit 10.0 percent growth recorded in the previous quarter. Despite this, the second quarter marked the fifth successive period that private consumption growth turned positive, showing that consumers spent more in light of a recovering economy. Based on data from the Philippine Statistics Authority (PSA, 2022b)², the HFCE components which bounced back with double-digit growth rates were still those adversely impacted by

¹ Report is based on latest available data as of September 8, 2022. For comments and questions, please email mitzie.conchada@dlsu.edu.ph

² <https://psa.gov.ph/sites/default/files/Q2%202022%20NAP%20Publication-signed.pdf>

the pandemic. These components were: Recreation and culture (35.0 percent from 14.1 percent, y-o-y); Restaurants and hotels (32.3 percent from 21.7 percent, y-o-y); Transport (25.7 percent from 19.2 percent, y-o-y); and Communication (10.3 percent from 13.7 percent, y-o-y). Meanwhile, when compared to second quarter 2021, growth was positive yet slower for: Clothing and footwear (4.5 percent from 46.7 percent, y-o-y); Furnishings, household equipment and routine household maintenance (8.5 percent from 16.7 percent, y-o-y); and Education (7.2 percent from 11.2 percent, y-o-y). Additionally, faster positive growth was recorded by: Miscellaneous goods and services (7.5 percent from 3.5 percent, y-o-y); Food and non-alcoholic beverages (5.8 percent from 2.8 percent, y-o-y); Alcoholic beverages, tobacco (2.2 percent from 0.7 percent, y-o-y); and Housing, water, electricity, gas and other fuels (7.0 percent from 6.6 percent, y-o-y). Lastly, growth turned negative for Health (-2.4 percent from 15.6 percent, y-o-y).

- **Gross capital formation marked its fifth successive double-digit growth.** Gross Capital Formation (GCF) registered a growth of 20.5 percent in second quarter 2022, similar to the 20.4 percent growth rate from the previous quarter. This quarter marked the fifth consecutive time that GCF grew by double-digit figures since the phenomenal 83.7 percent rise posted in second quarter 2021. According to the PSA (2022b), Gross Fixed Capital Formation (GFCF) drove this quarter's GCF growth as it grew 13.2 percent. Specifically, on a quarter-on-quarter (q-o-q) basis, growth picked up for Construction (15.7 percent from 14.7 percent, q-o-q) and Durable equipment (11.7 percent from 9.9 percent, q-o-q). Meanwhile, growth in Breeding stocks and orchard development remained erratic, improving compared to second quarter 2021 but worsening relative to the previous quarter (-0.8 percent from -2.7 percent y-o-y, 3.5 percent q-o-q). Additionally, positive yet slower growth was posted by Intellectual property products (6.0 percent from 10.7 percent y-o-y, 10.8 percent q-o-q).
- **Growth in government spending returned to the double digits.** Government Final Consumption Expenditure (GFCE) grew 11.1 percent in second quarter 2022, its fourth successive increase since the 4.2 percent decline that broke a sixteen-quarter uptrend in second quarter 2021. It was also a sharp increase compared to the 3.6 percent growth posted in the previous quarter. According to the Bureau of the Treasury (2022)³, the government's budget deficit widened to PHP 215.5 billion pesos by the end of second quarter 2022, which is a 43.8 percent y-o-y increase. The government's disbursements exceeded receipts because of increased spending on infrastructure programs such as the road and transport construction projects of the Department of Public Works and Highways and the Department of Transportation. Furthermore, the government released PHP 10 billion as a first tranche for the Coconut Farmers and Industry Development Plan to revitalize the coconut industry. Other vital programs the government funded include the Revised Armed Forces of the Philippines Modernization Program and the social protection programs of the Department of Social Welfare and Development.
- **Trade deficit widened even further.** The trade deficit widened from PHP 600 million in second quarter 2021 to PHP 1.05 billion in second quarter 2022 as growth in exports slowed more than growth in imports (PSA, 2022b). Growth in exports of goods and services slowed to 4.3 percent from 28.6 percent y-o-y, while growth in

³ https://www.treasury.gov.ph/wpcontent/uploads/2022/02/NG-Debt-Press-Release-Dec-2021_final.pdf

imports of goods and services slowed to 13.6 percent from 40.3 percent y-o-y. Specifically, the exports of goods declined by 2.1 percent in second quarter 2022, a downturn not seen since fourth quarter 2020. Meanwhile, although imports of goods rose slower (11.3 percent from 48.4 percent, y-o-y) and imports of services rose much faster (29.9 percent from 1.0 percent, y-o-y). The decline in exports was driven by a decrease in the exports of: Electronic products (-5.4 percent from 41.8 percent, y-o-y) particularly in Components/devices (semiconductors) (-3.3 percent from 30.4 percent, y-o-y) and Electronic data processing (-21.9 percent from 87.5 percent, y-o-y), and Control instrumentation (-0.9 percent from 46.2 percent, y-o-y); Ignition wiring sets (-10.6 percent from 157.2 percent, y-o-y); and Metal components (-21.7 percent from 48.9 percent, y-o-y). Meanwhile, the slower increase in imported goods can be attributed to: Electronic products (2.3 percent from 58.2 percent, y-o-y) specifically in Components/devices (semiconductors) (14.7 percent from 30.6 percent, y-o-y) and Control instrumentation (18.8 percent from 76.2 percent, y-o-y); Mineral fuels, lubricants and related materials (35.5 percent from 57.2 percent, y-o-y); Transport equipment (45.7 percent from 158.4 percent, y-o-y); Base metals (7.3 percent from 37.7 percent, y-o-y); and Chemical and chemical products (6.7 percent from 26.3 percent, y-o-y). Additionally, the expansion in imported services can be ascribed to: Transport (30.9 percent from 47.0 percent, y-o-y); Travel (92.3 percent from -51.5 percent, y-o-y); and Business services (24.7 percent from 19.3 percent, y-o-y).

- **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).⁴

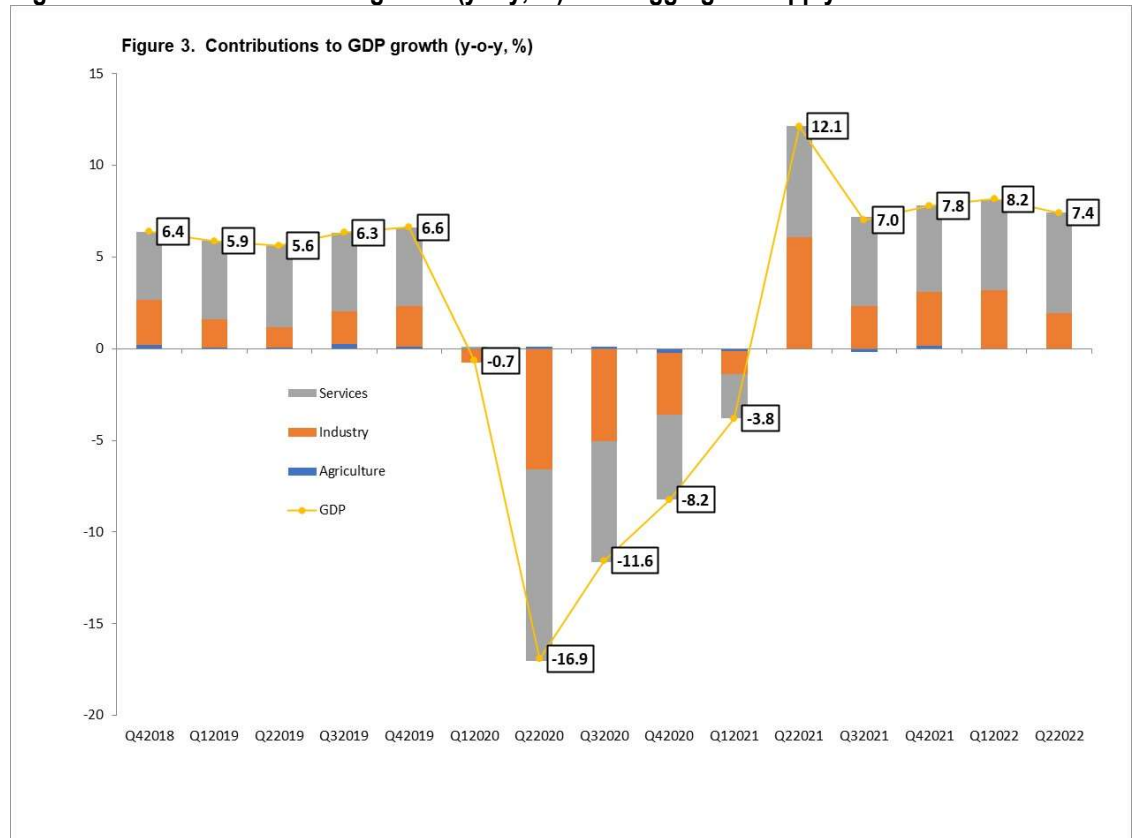
- **Services sector continued to grow.** The services sector accelerated by 9.1 percent in second quarter 2022, which was slightly slower than the 9.9 percent growth posted in the same period last year, but larger than the 8.3 percent growth registered in the previous quarter. When considering its “quantity” growth contribution of 5.47 percentage points and its negative “real price” growth contribution of -0.65 percentage points, the net contribution of the services sector to GDP is 4.81 percentage points. This indicates that the Philippine economy is still mainly driven by the services sector. All services subsectors grew in this quarter according to the PSA (2022b), and the subsectors that contributed the most to GDP include: Wholesale and retail trade, repair of motor vehicles and motorcycles (1.41

⁴ See the footnote to Table 3 for the source of the GDP growth contributions.

percentage points); Transportation and storage (0.99 percentage points); and Financial and insurance activities (0.80 percentage points). When considering y-o-y growth, the subsectors that both recovered from the pandemic and grew even faster include: Wholesale and retail trade, repair of motor vehicles and motorcycles (9.7 percent from 5.4 percent, y-o-y); Transportation and storage (27.1 percent from 24.3 percent, y-o-y); Public administration and defense, compulsory social activities (9.1 percent from 5.1 percent, y-o-y); and Other services (39.5 percent from 37.6 percent, y-o-y). At the same time, the subsectors that retained positive growth but unable to retain the same level of growth from second quarter 2021 were: Accommodation and food service activities (29.9 percent from 56.7 percent, y-o-y); Information and communication (10.7 percent from 12.6 percent, y-o-y); Financial and insurance activities (4.2 percent from 5.2 percent, y-o-y); Real estate and ownership of dwellings (3.9 percent from 16.8 percent, y-o-y); Professional and business services (7.7 percent from 9.7 percent, y-o-y); Education (5.3 percent from 12.5 percent, y-o-y); and Human health and social work activities (1.8 percent from 14.0 percent, y-o-y).

- **Industry sector expanded for the fifth successive quarter.** The industry sector, which comprised 30.5 percent of GDP this quarter (PSA, 2022b), grew by 6.3 percent, which was slower both on a y-o-y (21.3 percent) and q-o-q (10.5 percent) basis. This was due to a contraction in Mining and quarrying (-7.3 percent from 4.2 percent y-o-y, 20.3 percent q-o-q) and to a much slower growth in Manufacturing (2.1 percent from 22.4 percent y-o-y, 9.8 percent q-o-q). The sector's net contribution to GDP growth was 1.99 percentage points, driven largely by Construction (2.83 percentage points) and Electricity, steam, water and waste management (1.35 percentage points). Growth in construction activities relevant to General government (22.7 percent) and Financial and non-financial corporations (16.2 percent) allowed Construction to drive the Industry sector. In the case of Manufacturing, its negative "real price" growth contribution more than offset its meager "quantity" growth contribution, netting -2.66 percentage points. Nevertheless, what drove Manufacturing growth this quarter are the manufactures of: Wood, bamboo, cane, rattan articles and related products (23.5 percent); Fabricated metal products, except machinery and equipment (20.1 percent); Paper and paper products (17.0 percent); and Food products (2.1 percent).
- **Agriculture sector posted third positive growth for the year.** The agriculture, forestry, and fishing (AFF) sector posted a small yet positive growth of 0.2 percent during second quarter 2022, making this the third consecutive quarter it has grown since its downturn in the third quarter of 2021. Growth in this quarter was a slight improvement to the near-zero growth in second quarter 2021 and similar to the 0.2 percent growth registered in the previous quarter. This was mainly caused by growth in the production of Poultry and egg production (7.8 percent), Corn (10.2 percent), Other animal production (4.8 percent), and Support activities to agriculture, forestry and fishing (4.7 percent). Meanwhile, the AFF sector's limited growth was due to the decline in the production of Sugarcane including muscovado sugar-making in the farm (-50.1 percent), Coffee (-7.2 percent), and Other agricultural crops, n.e.c. (-4.8 percent). The sector's net contribution to GDP growth was mainly driven by its "real price" growth contribution of 0.59 percentage points to which "quantity" growth added only 0.02 percentage points.

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



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

Road towards slow economic recovery

- The Philippines continued to grow favorably, but faces significant challenges.** Amid improving health and economic conditions, NEDA Secretary Arsenio Balisacan stated that similar or improved risk management protocols must be implemented to continue its recovery from the COVID-19 pandemic (Balisacan, 2022)⁵. With its 7.4 percent growth, the Philippines performed well enough to place second to Vietnam (7.7 percent) among the region's emerging economies in second quarter 2022. In line with this, Secretary Balisacan stated that poverty reduction and employment creation were the two main objectives that need to be achieved. Additionally, based on the economic outlook of the BSP (2022c)⁶, over the short term, it is anticipated that the economic recovery would gain momentum. With the relaxation of global economic restrictions and increased consumer mobility, domestic economic activity has accelerated. Hence, by the middle of 2022, the economy is expected to reach its pre-pandemic level. Accordingly, the Development Budget Coordination Committee targeted GDP to stabilize within the range of 7.0 to 9.0 percent for 2022, an upgraded forecast because of above-average growth registered in first quarter 2022. However, accelerating inflation rates and a depreciating peso remain as large threats that the national government must deal with. Given the erratic price movement of vital commodities and spillovers from global conflicts, the

⁵ <https://neda.gov.ph/statement-of-neda-secretary-arsenio-m-balisacan-on-the-philippine-economic-performance-for-the-second-quarter-of-2022/>

⁶ https://www.bsp.gov.ph/Price%20Stability/MonetaryPolicyReport/FullReport_2022_2.pdf

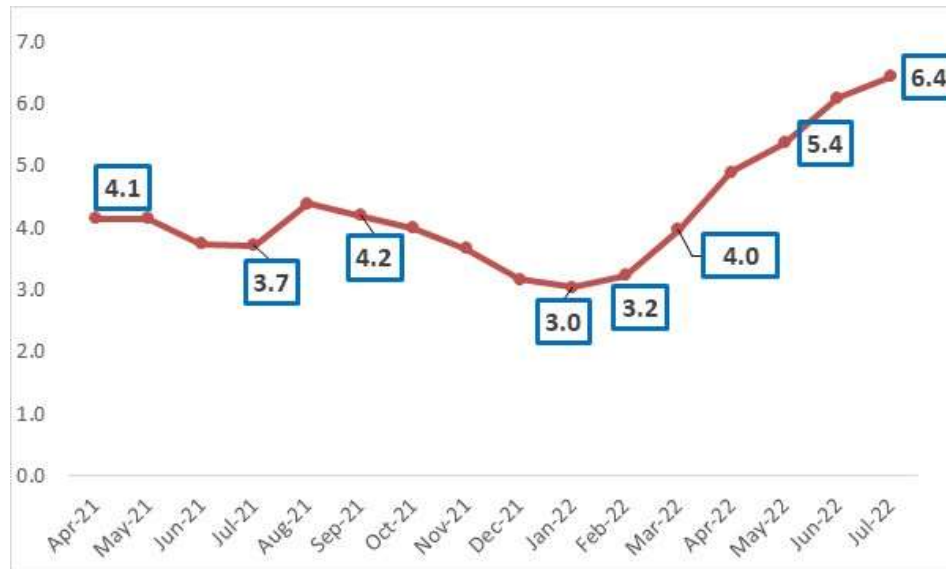
country faces tighter monetary conditions that must be dealt with by the BSP as the year progresses.

- **Average unemployment decreased towards second quarter end.** Unemployment in this quarter declined on average, with the rates being 5.7 percent in April, 6.0 percent in May, and 6.0 percent in June (PSA, 2022a)⁷. The average unemployment rate decreased to 5.9 percent in the second quarter, a preferable decline from the 6.2 percent unemployment rate posted in the previous quarter and the 8.0 percent rate registered in second quarter 2021. Based on the June 2022 round of the Labor Force Survey, 2.99 million Filipinos remained unemployed out of those part of the labor force, an improvement relative to the 3.76 million Filipinos recorded as unemployed in the June 2021 round. The services sector is still the major source of employment in June 2022, comprising about 56.5 percent of total employed persons. Meanwhile, the industry and AFF sectors comprise about 19.0 percent and 24.5 percent of total employment, respectively. On a month-on-month (m-o-m) basis, the subsector that absorbed the most unemployed persons from May to June 2022 was Agriculture and forestry (1.26 million), with Public administration and defense; compulsory social security (164 thousand) and Education (141 thousand) following thereafter. Meanwhile, there were declines in employment for the services and industry sector m-o-m, which include: Wholesale and retail trade, repair of motor vehicles and motorcycles (-1.22 million); Manufacturing (-101 thousand); and Accommodation and food service activities (-91 thousand).
- **Philippines' headline inflation spiked, breaching the BSP's inflation target range for 2022.** Headline inflation sped up to 4.9 percent in April, 5.4 percent in May, and 6.1 percent in June, indicating an average headline inflation rate of 5.5 percent for this quarter (PSA, 2022c)⁸. This is much steeper compared to the 3.3 percent inflation rate in the previous quarter and the 4.0 percent inflation rate in second quarter 2021. Year-to-date, inflation already averaged 4.4 percent, breaching the BSP's inflation target range of 2-4 percent for 2022. Driven further by the Russia-Ukraine crisis as well as supply chain disruptions from the reimposition of lockdowns in China, inflation for food and non-alcoholic beverages as well as non-food inflation were both pegged at 6.0 percent for June 2022. Inflation for Corn (24.7 percent), Oils and fats (15.5 percent), and Sugar, confectionery and desserts (10.9 percent) were major contributors to inflation for food and non-alcoholic beverages. Meanwhile, the acceleration of inflation for Electricity, gas and to 18.3 percent and inflation for Transport to 17.1 percent contributed to non-food inflation. The BSP forecasts inflation to settle at 4.6 percent in 2022, above its intended range.

⁷ <https://psa.gov.ph/content/employment-rate-june-2022-estimated-940>

⁸ <https://psa.gov.ph/price-indices/cpi-ir/title/Summary%20Inflation%20Report%20Consumer%20Price%20Index%20%282018%3D100%29%3A%20June%202022>

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



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

Other recent developments

- **Policy rate hikes abound both globally and locally amid surging inflation.** Following on its promise in the first quarter, the United States Federal Reserve continued to increase its benchmark interest rates by 0.50 percent on May and by 0.75 percent on June, its most aggressive rise since 1994 (Cox, 2022)⁹. These successive interest rate hikes were implemented to fight inflation mainly caused by supply-side imbalances in light of supply chain disturbances and global geopolitical tensions. In response to these swelling inflation pressures, the BSP increased its policy rate by 0.25 percent in May (Villanueva, 2022a)¹⁰ and another 0.25 percent in June (Villanueva, 2022b)¹¹. With crude oil prices continuing to skyrocket and downgraded global recovery prospects, more policy rate hikes are expected to be implemented both globally and locally.

⁹ <https://www.cnbc.com/2022/05/04/fed-raises-rates-by-half-a-percentage-point-the-biggest-hike-in-two-decades-to-fight-inflation.html>

¹⁰ <https://www.pna.gov.ph/articles/1174914>

¹¹ <https://www.pna.gov.ph/articles/1177428>

- **Minimum wage increased to restore workers' buying power.** To account for increasing commodity prices, the Regional Tripartite Wage and Productivity Boards increased the minimum wage of NCR workers to PHP 570 for the non-agricultural sector and PHP 533 for the agricultural sector, an increase of PHP 33 (Philippine News Agency, 2022)¹². This increase for NCR workers has not been done since 2018. Wage increases for thirteen more regions were set as of June, which include: Ilocos (PHP 372-400); Cagayan (PHP 400-420); Central Luzon (PHP 414-460) with minimum wages in Aurora ranging from PHP 344-409; Calabarzon (PHP 390-470 for non-agriculture, PHP 350-429 for agriculture, and PHP 350 in retail and service establishments with less than 11 workers); Mimaropa (PHP 329 for establishments with employees no more than nine workers, PHP 355 for establishments with at least ten workers); Bicol (PHP 365 in all sectors); Western Visayas (PHP 410-450 for workers in private sector); Central Visayas (PHP 382-435); Northern Mindanao (PHP 378-405); Davao (PHP 443 in non-agriculture, PHP 438 in agriculture, PHP 443 for establishments with less than 11 workers); Soccsksargen (PHP 368 for non-agriculture, PHP 347 for agriculture/service/retail establishments); Caraga (PHP 350); and the Cordillera Administrative Region (PHP 380). More pay increases are expected to take effect for this year and the next.
- **PSEi lost momentum amid internal and external challenges.** The Philippine Stock Exchange index (PSEi) closed at 6,155.43 index points in June 2022, a 10.82 percent decline y-o-y and a 9.14 percent decline m-o-m. Investor sentiment was less optimistic as a result of successive policy rate increases by the US Fed, a persistently depreciating peso, the reimposition of lockdowns in China amid their Zero-COVID strategy, and the Russia-Ukraine crisis. Nevertheless, the index still retained its position above the 6,000.00-index point support level, implying a level of trust that the PSEi's downtrend will reverse in the future. Certain factors can upgrade expectations for the index, which includes the forecast-beating growth the country has been experiencing and the consistent decline in COVID cases that led to the lowering of restrictions to Alert Level 1.
- **Peso-dollar exchange rate depreciated further.** The peso averaged PHP 52.64/USD in second quarter 2022, depreciating by 2.1 percent q-o-q from the previous quarter's average of PHP 51.53/USD, and depreciating by 8.5 percent from the second quarter 2021 average of PHP 48.18/USD (BSP, 2022d)¹³. While the peso appreciated by 0.19 percent m-o-m in April due to an increase in vaccine stocks and higher Gross International Reserves, it was soon reversed as it averaged PHP 52.36/USD and PHP 53.57/USD in May and June, respectively. With already expensive global commodity prices such as oil and grain becoming pricier due to the increased cost of imports, this trend of depreciation will likely weaken the peso's purchasing power even more. While groups such as families of Overseas Filipino Workers would gain more from exchanging dollars for pesos, Rizal Commercial Banking Corporation Chief Economist Michael Ricafort states that higher commodity prices locally can more than offset this perceived advantage (Villanueva, 2022c)¹⁴. As a whole, the resolution of supply-side disruptions occurring globally and locally need to occur soon as it can create less uncertainty and inhibit central banks from more aggressive monetary policy decisions that can further weaken the peso.

¹² <https://www.pna.gov.ph/articles/1175928>

¹³ <https://www.bsp.gov.ph/SitePages/Statistics/ExchangeRate.aspx>

¹⁴ <https://www.pna.gov.ph/articles/1177514>

- **Consumer sentiment was less pessimistic, while business sentiment improved.**
The overall confidence index for consumers was at -5.2 percent in second quarter 2022, an improvement compared to the index of -15.1 percent in the previous quarter and -30.9 percent in second quarter 2021 (BSP, 2022b)¹⁵. Respondents stated that they were less pessimistic about their economic outlook because there was more employment available, there were signs that the country is recovering from the pandemic such as lessened mobility restrictions and fewer COVID-19 cases, and they had more income. The more favorable sentiment was similar across all income classes, particularly lower-income classes as they expect good governance this quarter. Meanwhile, the overall business confidence index was 35.4 percent in second quarter 2022 (BSP, 2022a)¹⁶, an improvement relative to previous quarter (32.9 percent) and second quarter 2021 (1.4 percent). Respondents were more confident that the economy is reopening and that firm activities will continue to grow. Furthermore, they perceive that demand is picking up as consumers purchase more goods and services. On balance, the sentiment of consumers and businesses continued to show the sustained recovery of the country from the COVID-19 pandemic.

¹⁵ https://www.bsp.gov.ph/Lists/Consumer%20Expectation%20Report/Attachments/21/CES_2qtr2022.pdf

¹⁶ https://www.bsp.gov.ph/Lists/Business%20Expectations%20Report/Attachments/20/BES_2qtr2022.pdf

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Table 1. Philippine Economic Indicators

Monthly Leading Indicators	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22
Industrial Production (y-o-y, %)	533.7	124.3	27.0	28.6	19.2	12.0	70.3	345.9	-0.2	0.9	2.4
Consumer Price Index (y-o-y, %)	4.2	4.0	3.7	3.2	3.0	3.2	4.0	4.9	5.4	6.1	6.4
Retail Sales (y-o-y, %)	8.8	10.7	28.2	20.7	10.9	16.6	15.4	13.3 ...	...	...	...
Broad Money (y-o-y, %)	14.5	14.6	15.2	13.4 ...	...	...	...	...	13.5	13.4 ...	...
Exports (y-o-y, %)	6.4	2.0	6.6	7.3	9.0	15.8	5.9	6.2	6.4	1.0 ...	...
Imports (y-o-y, %)	22.8	22.8	36.8	37.2	25.3	26.3	23.4	29.0	30.2	26.0 ...	...
Trade Balance, US\$ million	-3,811	-3,823	-4,711	-5,117	-4,513	-3,983	-4,589	-5,309	-5,556	-5,843 ...	...
Total Reserves (less gold), US\$ billion	98	99	99	99	99	98	98	96	95	92	90
Policy Rate	2	2	2	2	2	2	2	2	2.25	2.5	3.25
Fiscal Balance (million pesos)	...	...	...	...	...	...	-458,697 ...	...	...	...	...
Quarterly/Annual Economic Indicators	2019	1Q2020	2Q2020	3Q2020	4Q2020	1Q2021	2Q2021	3Q2021	4Q2021	1Q2022	2Q2022
Real GDP (y-o-y, %)	6.0	-0.7	-16.9	-11.6	-8.2	-3.8	12.1	7.0	7.8	8.2	7.4
- Private Consumption	5.9	0.2	-15.3	-9.2	-7.3	-4.8	7.3	7.1	7.5	10.0	8.6
- Government Consumption	9.6	7.0	21.8	5.8	5.0	16.1	-4.2	13.8	7.8	3.6	11.1
- Gross Capital Fixed Formation	2.5	-12.3	-51.8	-38.8	-31.7	-13.9	83.7	20.8	14.2	20.4	20.5
Current Account (% of GDP)	-0.8	0.3	6.2	4.8	3.9	-0.7	-1.2	-1	-3.5	-5 ...	...
Financial Account (US\$ million)	-8,034	2,973	-442	646	-6,502	4,089	-2,940	-1,133	-4,973	34 ...	...
- Net Direct Investments, US\$ million	-5,320	-883	-917	-1,111	-282	-1,691	-1,400	-2,177	-2,138	-329 ...	...
- Net Portfolio Investments, US\$ million	-2,474	793	234	2,887	-2,539	7,884	-807	954	161	105 ...	...
Overall BOP position (US\$, million)	7,843	-68	4,177	2,769	9,144	-2,844	905	1,274	2,009	-78 ...	...
Unemployment rate	5.1	5.3	17.6	10	8.7	7.1	7.7	8.9	6.5	5.8	6.0
Others	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22
Overseas Filipinos' Remittances (US\$, million)	2,853	2,609	2,737	2,812	2,502	2,987	2,668	2,509	2,594	2,395	2,425

... = not available

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



Table 2. Level of Philippine GDP, 2021Q2 – 2022Q2

	Nominal GDP		Real GDP	
	(million current pesos)		(million constant pesos*)	
	2021Q2	2022Q2	2021Q2	2022Q2
Agriculture	453,933	480,456	416,058	416,885
Industry	1,432,448	1,649,022	1,433,000	1,522,720
Mining and quarrying	48,531	73,686	46,406	43,026
Manufacturing	770,606	821,392	883,270	901,808
Electricity, steam, water and waste management	205,181	236,341	155,967	164,401
Construction	408,131	517,602	347,358	413,485
Services	2,885,261	3,264,614	2,796,474	3,050,535
Wholesale and retail trade; repair of motor vehicles and motorcycles	806,132	919,115	784,584	860,509
Transportation and storage	128,120	169,319	110,482	140,424
Accommodation and food service activities	57,636	79,533	50,871	66,099
Information and communication	171,226	190,638	175,324	194,114
Financial and insurance activities	515,833	567,952	488,305	508,946
Real estate and ownership of dwellings	278,156	298,210	258,321	268,390
Professional and business services	291,341	318,537	302,246	325,601
Public administration and defense; compulsory social activities	267,427	304,942	268,395	292,761
Education	220,819	239,685	217,136	228,557
Human health and social work activities	86,872	90,526	82,889	84,357
Other services	61,700	86,157	57,921	80,777
Sum = GDP	4,771,642	5,394,091	4,645,533	4,990,139

Source: Philippine Statistics Authority

*Base year 2018



Table 3. Industry Contributions to Philippine GDP Growth, 2021Q2 – 2022Q2

	TRAD	GEAD		GEAD
	GDP Growth PGE* (percent)	PGE* (1) (percent)	PCE* (2) (percent)	GDP Growth PGE* + PCE* (1)+(2) (percent)
GDP Growth	7.42	7.42	0.00	7.42
Industry Growth Contribution				
Agriculture	0.02	0.02	0.59	0.61
Industry	1.93	1.93	0.06	1.99
Mining and quarrying	-0.07	-0.07	0.54	0.47
Manufacturing	0.40	0.40	-3.06	-2.66
Electricity, steam, water and waste management	0.18	0.18	1.17	1.35
Construction	1.42	1.42	1.41	2.83
Services	5.47	5.47	-0.65	4.81
Wholesale and retail trade; repair of motor vehicles and motorcycles	1.63	1.63	-0.22	1.41
Transportation and storage	0.64	0.64	0.35	0.99
Accommodation and food service activities	0.33	0.33	0.16	0.49
Information and communication	0.40	0.40	-0.38	0.02
Financial and insurance activities	0.44	0.44	0.35	0.80
Real estate and ownership of dwellings	0.22	0.22	0.16	0.38
Professional and business services	0.50	0.50	-0.67	-0.16
Public administration and defense; compulsory social activities	0.52	0.52	-0.23	0.30
Education	0.25	0.25	-0.15	0.10
Human health and social work activities	0.03	0.03	-0.01	0.02
Other services	0.49	0.49	-0.02	0.47

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.