

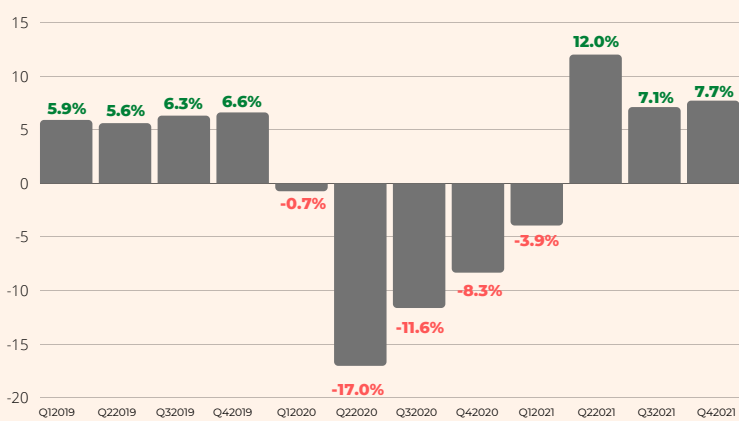
PHILIPPINE ECONOMIC REPORT

FOURTH QUARTER REPORT FOR 2021

THE PHILIPPINES RECORDS THIRD CONSECUTIVE QUARTER GROWTH

The economy ends the year on a positive note and continues bouncing back as it posts a 7.7 percent GDP growth after expanding in the two previous quarters. All major components of aggregate demand and supply also improved.

GDP Growth Rate (in %)



Data Source: Philippine Statistics Authority

+7.7%

4th Quarter GDP Growth

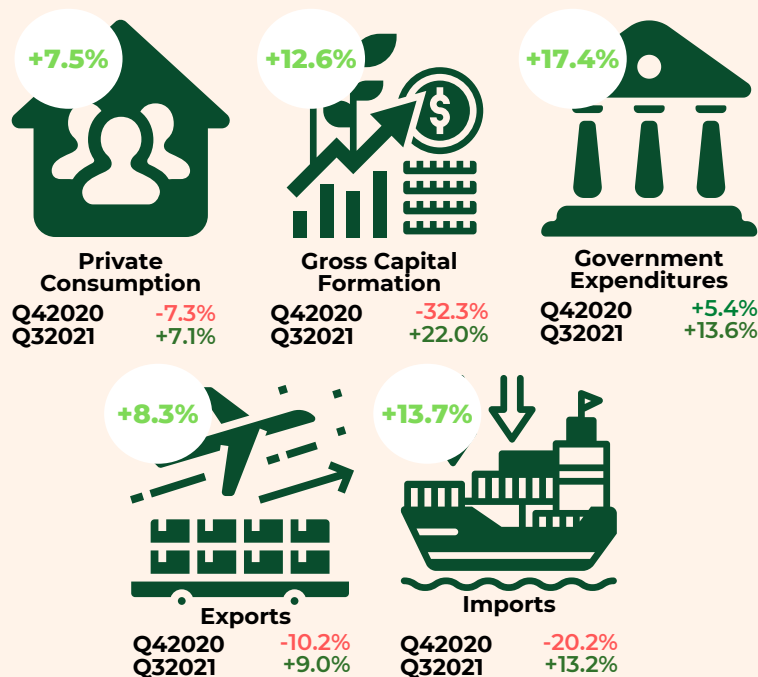
-8.3%

4Q 2020

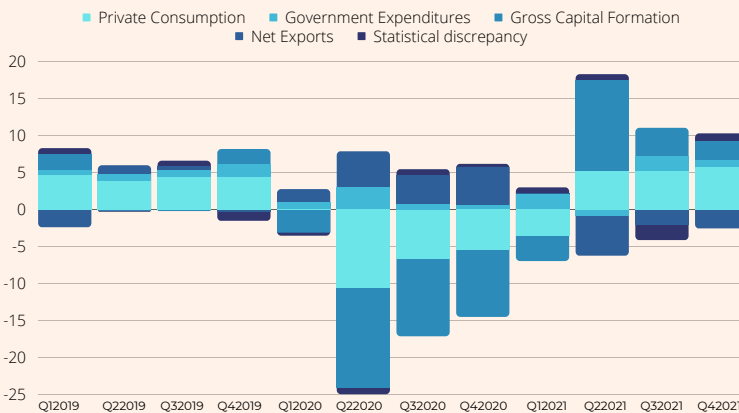
+7.1%

3Q 2021

AGGREGATE DEMAND

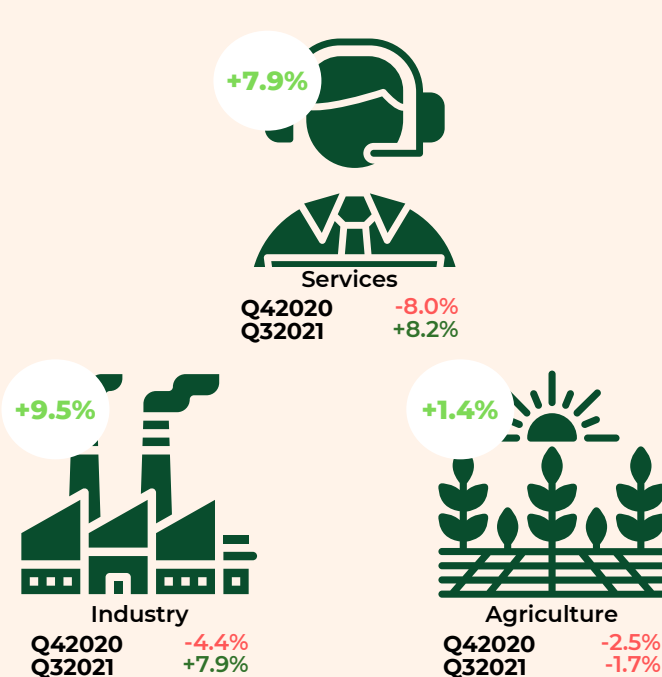


Contributions to GDP Growth (y-o-y, in %)

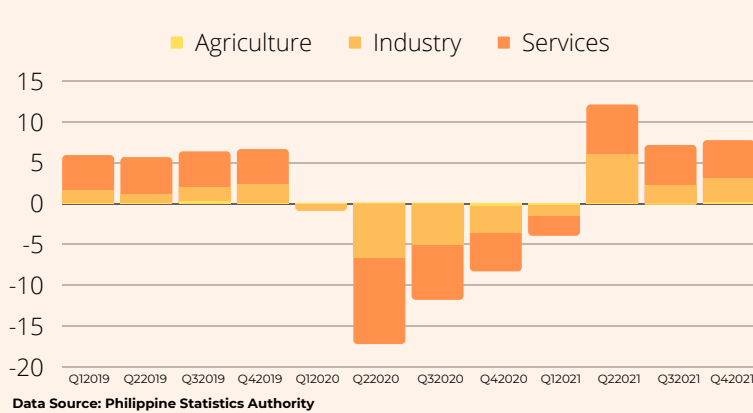


Data Source: Philippine Statistics Authority

AGGREGATE SUPPLY



Contributions to GDP Growth (y-o-y, in %)



Data Source: Philippine Statistics Authority

ROAD TOWARDS SLOW ECONOMIC RECOVERY

HIGHLIGHTS



Less strict mobility guidelines and the holiday season is expected to power the economy to pre-pandemic levels

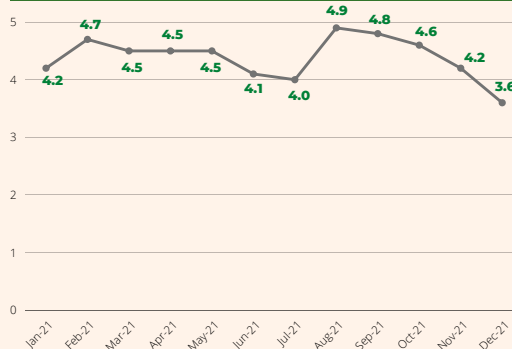


More Filipinos find job, but pay is still not enough, as unemployment rate recovers to 6.6% in December after the eight-month high of 8.9% in October, underemployment rate is at 16.1% in December



Headline inflation slows down and posts an average of 4.2%, while core inflation rate remains steady at 3.2%

INFLATION RATES (in %)



Data Source: Philippine Statistics Authority

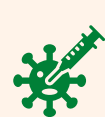
OTHER DEVELOPMENTS



Banks eased rules for households and tightened standards for businesses considering the more favorable economic outlook due to the improved performance of the economy, vaccination efforts in the past two quarters, and improvements in borrower profiles for both household and enterprise borrowers.



Business expectations record the highest level since the pandemic, powered by a favorable economic outlook, while consumer expectations decline due to unemployment and underemployment



COVID-19 Vaccination rates continue to grow, with 44.1 percent of the population now fully vaccinated; vaccines for minors are now also approved.



Typhoons dampen growth as it affects agriculture and creates losses in the tourism sector, resulting in a total estimated damage of P33.4 billion



Alert level systems are now implemented nationwide, imposing less-strict age-based mobility restrictions, allowing more in person holiday activities



Peso continues to depreciate in the middle of the US Federal Reserve's tightening. Behind this depreciation is also the relatively high unemployment rates, global oil prices, and inflation

