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DLSU Quarterly Report of the Philippine Economy (November 2024 Report)

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DLSU-AKI POLICY BRIEF
2024-11-047, NOVEMBER 2024

DLSU QUARTERLY REPORT OF THE PHILIPPINE ECONOMY

Authors: Neriza Chow, Jesus Felipe, and Mariel Monica Sauler (*)

The Philippine High Frequency Model of De La Salle University (DLSU) generates monthly and quarterly forecasts of the Quarterly National Accounts, reported by the Philippine Statistics Authority. The model uses Quarterly National Accounts and over 50 monthly indicators. The process involves pooling the indicators into factors used for predicting both the National Accounts and the indicators themselves. The predicted values of the National Accounts undergo disaggregation and benchmarking to obtain the forecasts. This report presents the actual and forecast year-on-year (y-o-y) and quarter-on-quarter (q-o-q) percentage changes of the National Accounts, and y-o-y growth rates of the indicators, based on the latest available information.

PHILIPPINE ECONOMIC PERFORMANCE IN THE THIRD QUARTER OF 2024

GDP

The Philippines registered a 5.2 percent y-o-y growth in the third quarter of 2024, down from 6.4 percent growth in Q2 of 2024. The Q3 2024 growth rate is also lower than the 6.0 percent registered in Q3 of 2023 (see Figure 1).

Given the recorded 5.2 percent y-o-y growth, the Philippine economy registered its slowest growth rate since the second quarter of 2023. This was due to the severe weather disruptions that hampered government spending and affected agricultural production.

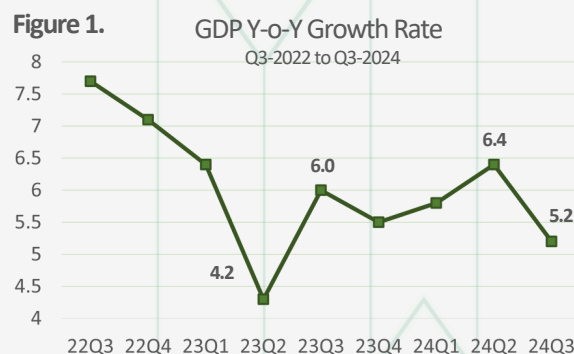


Table 1 provides the y-o-y percentage change.

The largest contributors to growth in the third quarter were Household Final Consumption Expenditure and Gross Capital Formation, which registered y-o-y growth rates of 5.1 percent and 13.1 percent, respectively. Government spending registered an annual growth rate of 4.96 percent in Q3 of 2024. Exports of Goods and Services experienced a y-o-y contraction of 1.0 percent in Q3 of 2024, following a growth rate of 4.2 percent in Q2 of 2024. In contrast, Imports continued expanding, posting a y-o-y growth rate of 6.4 percent in Q3 of 2024.

Table 1. Year-on-Year Percentage Change, Q1 '23 to Q3 '24.

	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3
Gross Domestic Product	6.43	4.31	6.00	5.53	5.76	6.40	5.22
Private Consumption	6.38	5.48	5.12	5.33	4.58	4.70	5.11
Government Expenditure	6.18	(7.13)	6.67	(1.05)	1.71	11.87	4.96
Gross Capital Formation	12.81	0.68	(0.34)	11.63	0.54	11.63	13.07
Exports of Goods and Services	1.15	4.65	2.54	(2.52)	8.44	4.16	(1.00)
Imports Goods and Services	4.18	(0.56)	(1.60)	2.05	2.18	5.29	6.42
Agriculture, Forestry and Fisheries	2.24	0.21	0.93	1.29	0.47	(2.26)	(2.79)
Industry	4.13	1.98	5.60	3.08	5.05	7.89	5.02
Services	8.26	6.03	6.84	7.45	6.89	6.79	6.30

Agriculture, Forestry and Fisheries contracted in Q3 2024 by 2.8 percent, following a contraction in Q2 2024. The Industrial sector registered a y-o-y growth rate of 5 percent, below the 7.9 percent growth rate registered in the second quarter of 2024. The Service sector recorded a 6.3 percent growth rate, down from 6.8 percent in the previous quarter.

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2024 and 2025 FORECASTS

Table 2 provides the y-o-y growth forecast from Q4 2024 to Q4 2025 and the y-o-y growth for 2024 and 2025. For the fourth quarter of 2024, we forecast a growth rate of 6.2 percent (y-o-y). This implies an annual growth rate for 2024 of 5.9 percent, below the government target of 6.0 to 7.0 percent.

We forecast Household Final Consumption Expenditure, Gross Capital Formation and Imports to decline (with respect to Q3) to 3.92, 10.69 and 3.9 percent, respectively, in the fourth quarter of 2024. In contrast, we expect Government Spending and Exports to grow by 8.38 and 6.5 percent, respectively. This combination is likely to contribute to a higher y-o-y GDP growth rate with respect to Q3 2024. We forecast an increase for all sectors in Q4 2024, with 0.98 percent for Agriculture, Forestry, and Fisheries, 7.81 percent for Industry, and 6.72 percent for Services.

Table 2. Year-on-Year Percentage Change Forecast, Q4 '24 to Q4 '25.

	2024 Q3 ^A	2024 Q4	2024	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2025
Gross Domestic Product	5.22	6.23	5.92	5.96	6.98	5.74	5.93	6.15
Private Consumption	5.11	3.92	4.55	3.98	2.25	3.91	3.95	3.55
Government Expenditure	4.96	8.38	6.92	6.21	5.82	3.08	5.18	5.09
Gross Capital Formation	13.07	10.69	9.12	8.85	9.25	6.41	4.31	7.16
Exports of Goods and Services	(1.00)	6.50	4.34	2.98	3.01	4.03	5.59	3.90
Imports Goods and Services	6.42	3.90	4.46	0.75	(0.64)	(1.45)	(0.01)	(0.36)
Agriculture, Forestry and Fisheries	(2.79)	0.98	(0.75)	1.43	1.72	1.74	1.43	1.57
Industry	5.02	7.81	6.55	6.98	5.72	4.63	4.50	5.43
Services	6.30	6.72	6.67	6.68	8.21	6.65	6.78	7.08

A - Actual values, for reference

Table 3. Quarter-on-Quarter Percentage Change Forecast, Q4 '24 to Q4 '25.

	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4
Gross Domestic Product	17.56	(12.02)	7.75	(5.11)	17.77
Private Consumption	18.55	(12.52)	(4.49)	4.91	18.60
Government Expenditure	(3.09)	1.96	28.47	(18.79)	(1.11)
Gross Capital Formation	21.36	(15.53)	33.31	(22.14)	18.98
Exports of Goods and Services	(4.51)	3.48	(0.60)	5.91	(3.08)
Imports Goods and Services	(4.30)	(0.83)	2.88	0.93	(2.90)
Agriculture, Forestry and Fisheries	34.75	(15.70)	(8.35)	(2.27)	34.34
Industry	32.87	(12.48)	7.25	(16.10)	32.70
Services	9.88	(11.20)	9.53	(0.21)	10.01

Our y-o-y forecast of 6.2 percent for Q4 2024 requires a 17.56 percent growth rate in that quarter with respect to Q3 2024 (see Table 3). Such a q-o-q percentage change has only been attained in the fourth quarter of 2021 since 2000.

In addition, we forecast a decline in q-o-q government spending and exports. Following this scenario, private consumption and gross capital formation must increase by 18.6 percent and 21.36 percent, respectively, to support GDP growth.



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2024 and 2025 FORECASTS

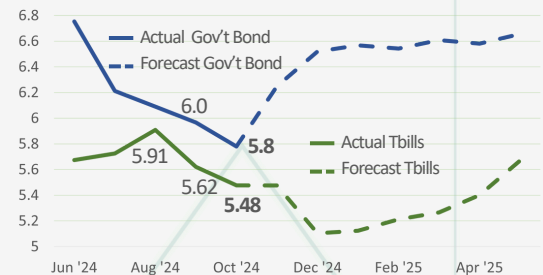
GOVERNMENT SECURITIES

The 91-day T-bill rate decreased from 5.62 percent in September to 5.48 percent in October. We forecast that the rates for November 2024 to May 2025 will be lower than the 5.91 percent reported in August 2024.

The 10-Yr Gov't. bond has been on a decline since May of 2024, standing at 5.8 percent in October. We forecast rates above 6 percent in the coming months. See Figure 2.

Figure 2.

Actual (Jun '24 to Oct '24) and Forecast (Nov '24 to May '25) of 91-day T-bill rate and 10-Yr Gov't Bond



TRADE

Total exports (in billions USD), from January to August 2024, reported a 2.27 percent y-o-y increase, while total imports (in billions USD), from January to August 2024, reported a negative 0.55 percent y-o-y change. We forecast that total exports and total imports in 2024 will record an annual increase of 3.12 and 0.06 percent, respectively. See Figures 3 and 4.

Figure 3. January to August Value, 2023 vs 2024

January - August

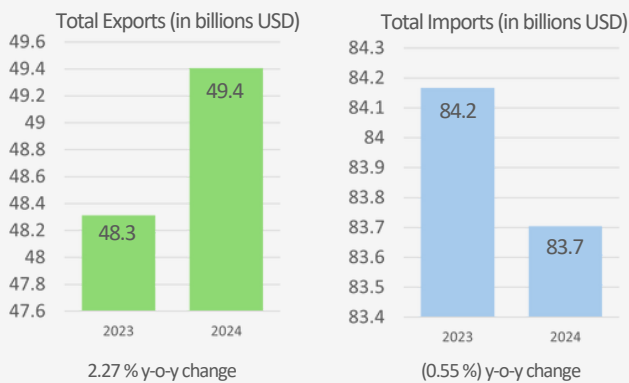
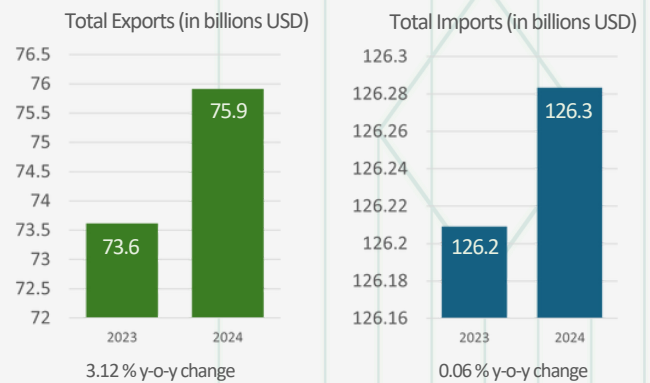


Figure 4. Total Value of 2023 vs Total Value of 2024

January - December*



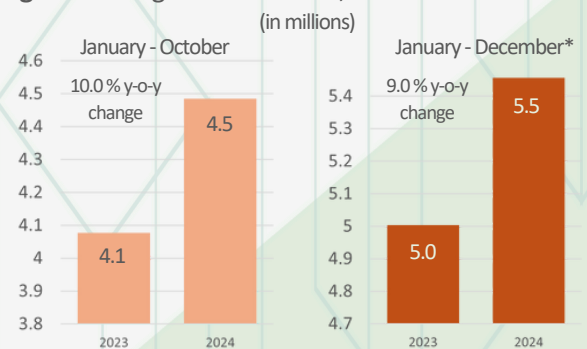
*September to December 2024 are forecast values.

TOURISM

As of November 1, the country recorded a total of 4.49 million foreign tourists from January to October 2024. This total is 10.0 percent higher compared to the number of foreign tourists reported from January to October 2023.

We forecast 5.5 million tourists for 2024 which is 9.0 percent higher with respect to the 5.0 million tourists in 2023 (see Figure 5); with only one month remaining, tourist arrivals are expected to fall short of the Government's target of 7.7 million for the year.

Figure 5. Foreign Tourist Arrivals, 2023 vs 2024



*November to December 2024 are forecast values.



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2024 and 2025 FORECASTS

LABOR

The unemployment rate decreased to 4.01% in August 2024 from 4.73% in July (see Figure 6). We forecast an average unemployment rate of 3.9% for Q4 2024. This yields an annual average of 4.0 percent for 2024, slightly below the national target range of 4.4% to 4.7%.

Figure 6.

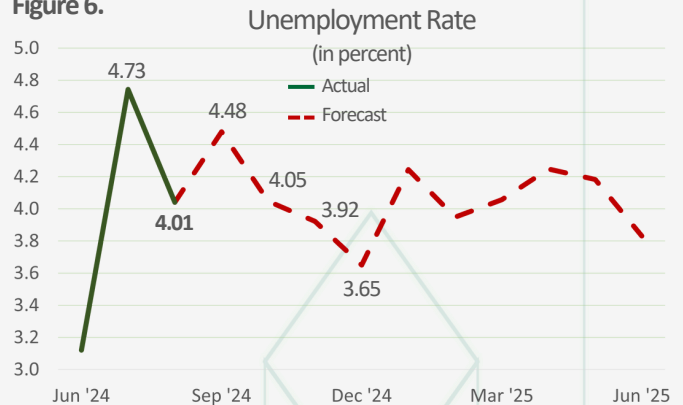
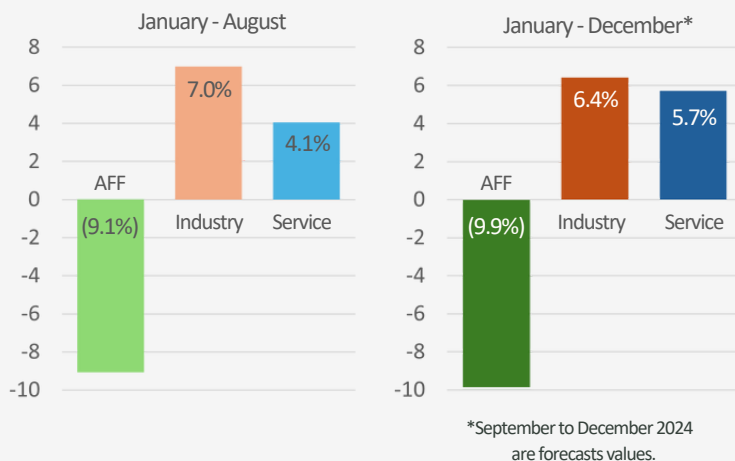


Figure 7. Employment Percentage Change (2023 vs. 2024)



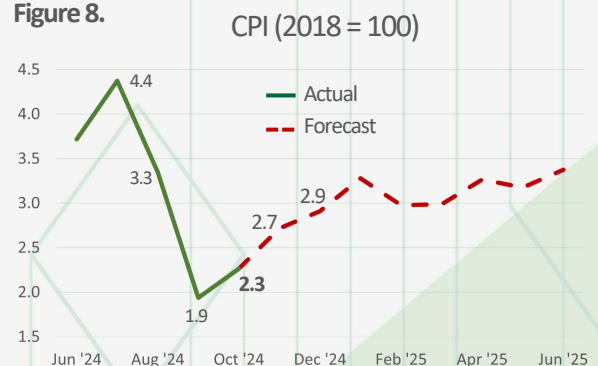
Between January and August 2024, the total employment in the Agriculture, Forestry, and Fisheries sector declined by 9.1% with respect to the same period in 2023. By contrast, employment in the Industrial and Service sectors increased by 7.0% and 4.1%, respectively.

For the whole of 2024, we forecast that employment in Agriculture, Forestry, and Fisheries will decline by 9.9%, it will increase in Industry by 6.4%, and also increase in Services by 5.7% (see Figure 7).

INFLATION

Overall, inflation rose to 2.3 in October, up from 1.94 percent in September (see Figure 8). The inflation rate in October of 2023 was 4.9 percent. Our forecast for the average inflation rate for 2024 remains at 3.3 percent, within the range of the Central Bank's target range of 2 - 4%.

Figure 8.



In order to support the economy, the central bank decided to cut its policy rate by 25 basis points in mid-August, and again in mid-October, bringing it to a rate of 6 percent.



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2024 and 2025 FORECASTS

Actual and Forecast Year-on-Year Percent Change of the Philippine Monthly Indicators

	2024 Jun	2024 Jul	2024 Aug	2024 Sep ^F	2024 Oct ^F	2024 Nov ^F	2024 Dec ^F	2024 Jan ^F	2024 Feb ^F	2025 Mar ^F	2025 Apr ^F	2025 May ^F
1. Monetary and Financial Landscape												
M3 (Money Supply)↓	6.69	7.31	5.47	5.59	5.47	5.66	5.84	5.91	5.94	5.86	6.12	6.18
91-day Tbill Rate(%)*	5.67	5.73	5.91	5.62 [↑]	5.48 [↑]	5.48 [↑]	5.10	5.12	5.21 [↑]	5.27 [↓]	5.40 [↓]	5.67
10 Yr Govt Bond(%)*	6.75	6.21	6.09	5.97 [↓]	5.78 [↓]	6.25 [↓]	6.52 [↓]	6.57 [↑]	6.54 [↑]	6.61 [↑]	6.58 [↓]	6.66
Peso-Dollar Exchange Rate, Php*↓	58.87	58.65	56.29	55.89 [↑]	56.06	55.51	55.87	55.95	56.30	56.26	57.27	57.78
2. Government and Public Finance												
National Government Cash Operations: Tax Revenue [↑]	3.38	15.46	9.77	8.53 ^A	3.17	22.05	12.35	5.89	14.09	23.82	8.02	20.20
NGCO: Non-Tax Revenue [↑]	81.69	(13.09)	251.85	113.54 ^A	27.96	(39.62)	46.73	36.62	68.26	2.74	(18.00)	(9.42)
NGCO: Expenditures [↑]	2.62	5.81	(0.68)	13.15 ^A	13.26 [↓]	16.57	16.41	11.83	10.43	16.37	3.49	7.56
NGCO: External Financing [↓]	(47.81)	(68.59)	(327.41)	(2,809.46) ^A	(151.46)	(153.8) [↑]	(29.51)	(147.31) [↑]	186.80	70.43	(71.31)	(53.79)
NGCO: Domestic Financing [↓]	(8.02)	63.39	42.46	57.62 ^A	6.84	(78.03)	909.22 [↑]	45.74	(41.88)	74.15	(60.11)	(65.39)
3. Labor Market												
Unemployment Rate(%) [↑]	3.12	4.74	4.04	4.48 [↑]	4.05 [↑]	3.92 [↑]	3.65 [↓]	4.19 [↓]	3.94 [↓]	4.06 [↓]	4.39 [↓]	4.18
Employment Volume: Agriculture, Forestry and Fisheries [↑]	(8.58)	10.41	(19.55)	(8.80) [↓]	(6.69) [↓]	(16.04) [↓]	(13.14)	(1.18)	(5.83)	(2.10)	(1.76)	(1.81)
Employment Volume: Industry [↑]	14.94	(0.13)	(2.36)	4.06 [↓]	4.86 [↓]	12.16	1.03	3.81	1.01	4.47	1.44	(1.17)
Employment Volume: Service [↑]	3.93	8.21	13.06	9.40 [↓]	8.46 [↓]	9.85	8.22	9.99	7.40	4.99	5.69	4.82
Employment Volume: Public Administration [↑]	(11.29)	14.65	15.65	9.74	6.43	14.74	7.37	11.11	16.05	3.49	10.71	0.94
Employment Volume: Education [↑]	(4.51)	5.00	1.26	5.15	5.61	3.84	0.47	5.13	2.77	(1.04)	3.81	(0.34)
Employment Volume: Health [↑]	(4.77)	(3.80)	(4.41)	4.49	9.20	16.10	19.93	4.02	3.58	6.88	5.17	10.20
4. Consumer and Household (HH) Sector												
Loans Outstanding for HH Consumption	23.29	22.57	22.04	22.15	21.24	20.87	19.69	17.87	16.98	16.19	15.98	14.40
Personal Remittances [↑]	2.55	3.22	3.29	1.31	1.50	2.23	0.58	0.90	2.63	4.62	3.52	3.49
Cash Remittances [↑]	2.46	3.11	3.20	1.94	1.73	1.36	1.10	2.11	2.34	3.11	1.99	1.93
Consumer Price Index*	3.72	4.37	3.35	1.94 ^A	2.26 ^A	2.72 [↓]	2.91 [↓]	3.28 [↑]	2.98 [↑]	2.99	3.27 [↑]	3.18
5. Manufacturing and Industry												
Volume Price Index: Manufacturing [↑]	3.10	6.83	2.80	7.97 [↓]	16.09	14.81	16.89	17.74	16.13	17.78	9.83	6.60
VoPI: Manufacture of Transport Equipment	(8.53)	1.02	0.79	5.23 [↑]	6.32 [↑]	(0.77) [↓]	5.87 [↓]	5.57 [↓]	9.87 [↓]	16.98 [↑]	(2.00) [↑]	4.70
VoPI: Manufacture of Machinery and Equipment [↑]	17.03	28.26	15.92	17.07	22.20	26.83	36.34	32.93	9.98	5.57	(10.36) [↓]	(3.73)
Net Sales Volume Index (VoNSI) (2018 = 100) [↑]	2.26	5.38	1.72	(0.88)	(0.41)	3.88	3.93	4.71	4.44	7.88	(3.43) [↓]	2.37
VoNSI_FOOD (2018 = 100) [↑]	3.69	5.05	4.82	1.02	1.88	5.10	5.39	5.71	5.34	14.65	2.82	8.95
VoNSI_BEV (2018 = 100) [↑]	5.78	13.10	14.31	5.52	7.65 [↓]	3.99 [↓]	11.70	8.46	15.90	11.58	(3.70)	2.88
Average Capacity Utilization Rate [↑]	2.67	2.87	2.03	1.34	2.02	2.24	2.33	3.19	3.24	3.04	0.81	1.20
6. Trade Value												
Total Exports of Goods	(17.29)	0.07	0.28	4.29	6.06	4.23	4.32	0.35	(3.62)	5.42	(9.24)	2.19
Exp: Mineral Products	21.00	114.50	41.35	11.04	27.10	(19.17)	62.71	3.05	13.40	13.78	3.62	(7.05)
Exp: Nuclear reactors, boilers, machinery ...	9.33	41.04	19.58	29.60	24.78	26.95	22.53	(0.17)	(7.04)	(2.72)	(17.56)	(15.96)
Exp: Electrical machinery and equipment and parts thereof	(29.69)	(19.44)	(9.96)	(0.63)	6.19	6.93	0.74	(2.67)	(0.79)	7.53	(2.49)	16.36
Total Imports of Goods	(7.28)	7.29	2.67	10.97	(0.33)	(5.12)	0.02	(1.44)	(3.99)	9.75	(9.15)	(3.02)
Imp: Food and Beverages	(0.03)	4.16	0.43	12.44	3.51	(0.92)	(0.83)	3.40	9.57	11.79	(8.99)	(3.87)
Imp: Nuclear reactors, boilers, machinery ...	1.56	12.44	9.44	12.65	4.90	7.85	12.68	(1.77)	(0.47)	21.78	(9.43)	0.44
Imp: Electrical machinery and equipment and parts thereof	3.54	10.16	7.15	9.60	7.75	10.47	10.24	8.84	9.93	10.80	3.01	6.78
Imp: Transport Equipment	(36.55)	2.81	5.30	(10.38)	(12.64)	(14.93)	(21.48)	1.28	1.99	(1.25)	(0.76)	4.13
Imp: Mineral fuels, mineral oils and products of their distillation	(15.96)	(2.64)	(10.35)	2.98	(20.04)	(24.65)	(12.21)	(3.36)	(25.45)	(8.37)	(16.60)	(19.66)
7. Tourism and Transportation												
Tourist Visitor Arrivals [↓]	0.35	0.02	6.07	5.81 ^A	6.58 ^A	5.70	4.09	(0.84)	(2.74)	(1.88)	(5.82)	(0.88)
Domestic Cargo: Outgoing (in Metric) [↓]	1.64	12.52	(7.69)	(4.19)	(13.53)	(8.96)	(0.81)	4.42	(2.47)	7.93	(1.80)	(3.98)
Domestic Cargo: Incoming (in Metric)	(3.85)	50.58	28.51	6.15 [↑]	(27.31) [↑]	(19.05) [↑]	(0.98) [↑]	14.68 [↓]	1.85 [↓]	3.99 [↓]	10.95 [↑]	(1.23)
International Cargo: Outgoing (in Metric)	3.65	23.33	22.61	8.88 [↑]	10.40 [↑]	12.79 [↑]	7.62 [↑]	3.19 [↓]	(1.94) [↓]	(1.19) [↓]	(5.14) [↓]	6.30
International Cargo: Incoming (in Metric) [↓]	21.48	35.39	44.84	5.47 [↑]	10.86	3.17	(3.73)	(2.85)	2.26	(7.80)	(8.33)	(20.01)
Domestic Aircraft Traffic [↓]	10.65	3.82	7.41	2.67 [↑]	(4.71)	4.48	6.83	4.48	9.12	16.02	(10.53)	(18.65)
International Aircraft Traffic [↓]	16.11	12.08	10.06	2.22 [↑]	2.59 [↑]	2.81	3.04	(1.13)	(3.40)	0.03	(4.36)	(7.50)
8. Loans (By Sector)												
Loans Outstanding for AFF Sector	14.48	11.35	17.58	10.19	6.16	1.40	(1.07)	(4.73)	(7.84)	(10.05)	(9.58)	(12.11)
Loans Outstanding for IND Sector	9.08	9.68	10.43	10.56	9.67	8.66	9.08	9.86	8.42	7.94	9.11	9.42
Loans Outstanding for Wholesale Trade	9.55	10.01	10.68	10.65	8.47	9.04	9.42	11.09	11.87	12.22	12.99	11.83
Loans Outstanding for Real Estate	12.12	12.52	12.95	13.61	12.18	10.54	11.11	11.27	11.55	11.92	12.59	11.74
Loans Outstanding for Service Sector	8.14	8.61	8.91	9.09	8.67	9.89	9.62	9.84	9.93	9.72	9.77	9.99
9. Others												
System Peak Demand per Grid (NGCP)	9.71	9.52 [↑]	6.17 [↑]	4.29 [↓]	6.00 [↓]	4.46 [↓]	4.62 [↓]	1.82 [↑]	4.76 [↑]	8.35 [↑]	(1.19) [↑]	0.50
Building Permit (units)	(7.35)	2.79	(7.47)	19.16 [↑]	13.81 [↓]	23.29 [↓]	15.85 [↓]	13.93 [↓]	7.09 [↓]	24.96 [↑]	3.96 [↓]	11.42
FDI Flow: Equity	(33.18)	16.82	10.94	14.17 [↓]	32.71 [↓]	161.86 [↓]	271.72 [↓]	(606.42) [↑]	(65.07) [↓]	(9.82) [↓]	111.74 [↑]	5.97
Rice Stock (Metric Ton)	19.00	20.71	14.41	0.37 [↑]	(2.67) [↑]	12.52 [↑]	14.68 [↑]	(4.99)	2.75	5.97	1.87 [↓]	(5.25)
Corn Stock (Metric Ton) [↑]	(15.31)	(18.62)	(17.38)	(6.15) [↓]	8.15 [↓]	17.93 [↑]	9.84 [↑]	18.74 [↑]	32.44 [↑]	29.59 [↑]	50.57 [↑]	61.05
Farmgate Prices (Palay) [↓]	19.03	21.99	5.42	5.72	3.29	2.03	0.18	(8.61)	(7.82)	(5.34)	(1.91)	(8.17)
Farmgate Prices (Corn) [↓]	2.59	3.41 ^F	(1.92) ^F	4.04 [↓]	3.75 [↓]	5.29 [↓]	13.64 [↓]	2.77 [↓]	8.47 [↓]	7.20 [↑]	(2.75) [↑]	0.75

Note: Most indicators are expressed as a percentage change from the previous year;

* – end of year actual value; F – forecast values, A – actual value (if listed under a month with F)

Negative values are shown in parentheses ().

Arrows indicate a rise or fall from the previous month's forecast

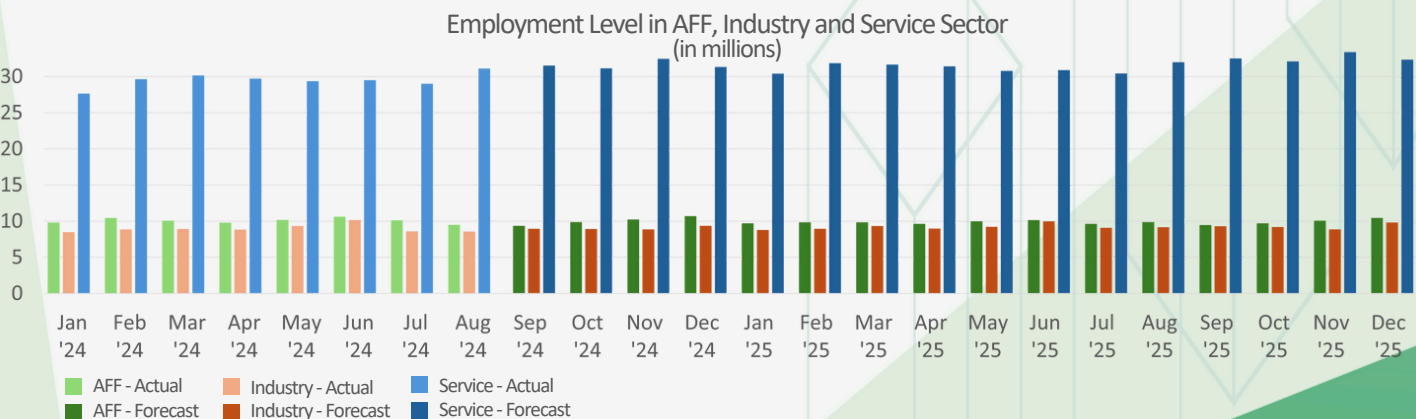
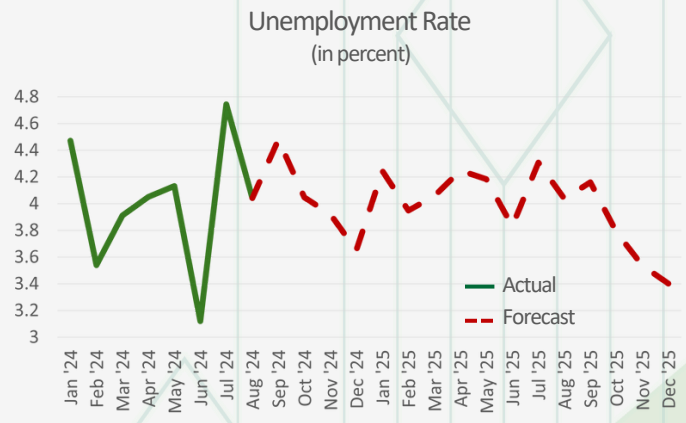
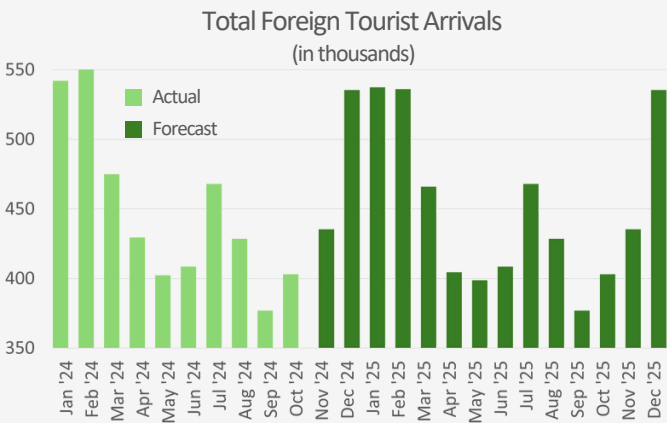
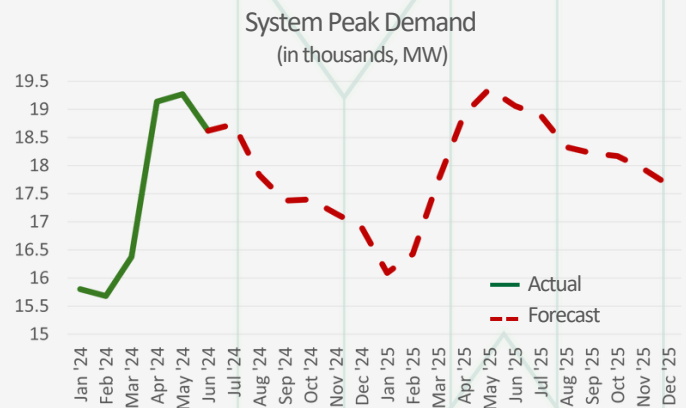
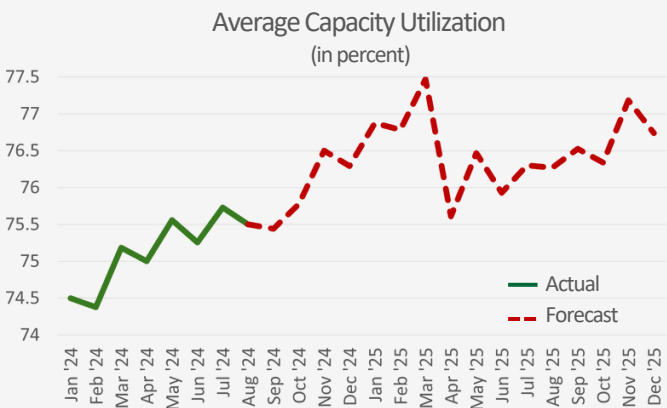
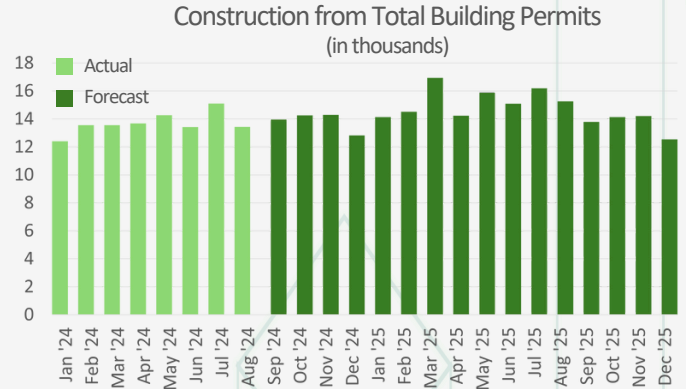
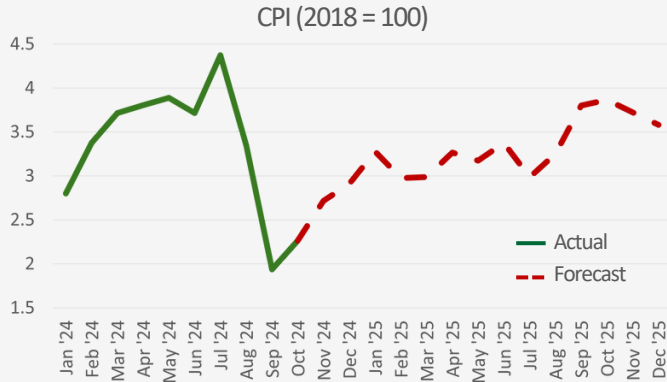


DLSU QUARTERLY REPORT OF THE PHILIPPINE ECONOMY

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2024 and 2025 FORECASTS

Actual and Forecasts of Selected Philippine Monthly Indicators, January 2024 to December 2025



Data Source: Philippine Statistics Authority, Bangko Sentral ng Pilipinas, and other Philippine Government websites.