

## Republic of the Philippines

**Composite Rating:** Baa2/BBB+/BBB

**Bond/s:** RPGB 5.75 29

**Outlook:** Positive

### Country Overview

- The Philippines is one of the fastest-growing emerging market economies, though GDP per capita remains relatively low at USD 3,870 per year, comparable to Egypt.
- Key economic drivers include business process outsourcing (BPO) and tourism, alongside a manufacturing sector specializing in electronics, automotive production, and food processing.
- While the country has limited natural resources, it is a significant global supplier of nickel ore.

### Macro Fundamentals

- The economy is expected to maintain strong growth in the coming years, supporting higher income per capita.
- Continued economic expansion could enhance the country's credit profile, increasing the likelihood of sovereign ratings upgrades.
- Structural improvements and sectoral diversification will play a crucial role in sustaining long-term economic resilience.

### Risk & Catalysts

- The economy is driven by strong consumer spending, bolstered by a young population and remittances sent home by 10.2 million overseas Filipino migrant workers.
- US President Donald Trump's tariffs could affect trade in the Philippines, possibly leading to wider deficits.
- The upside risks to inflation may come from persistent FX weakness, but it could be offset by weaker energy prices.
- A significant proportion of the labor force is still employed in the informal economy, which limits the tax revenues for the government.



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## Key Macro Indicators

|                                         | FY2021 | FY2022 | FY2023 | FY2024 | 2025F  |
|-----------------------------------------|--------|--------|--------|--------|--------|
| Real GDP Growth                         | 5.70%  | 7.60%  | 5.50%  | 5.7%   | 5.5%   |
| Inflation Rate                          | 3.90%  | 5.80%  | 6.00%  | 3.2%   | 2.6%   |
| Fiscal Balance/GDP                      | -6.20% | -5.50% | -4.37% | -4.0%  | -3.88% |
| General Government Gross Debt, % of GDP | 57%    | 57.4%  | 56.5%  | 57.1%  | 58.1%  |
| Reserves/Import                         | 8.55x  | 7.68x  | 7.78x  | 7.74x  | 7.41x  |

Sources: International Monetary Fund (IMF), Metrobank Research

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