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.

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