Metrobank
Research and Market Strategy Department

PH TRADE UPDATE

TRADE BALANCE IMPROVES ON DECREASED IMPORTS

Philippine trade deficit narrows further

The country's trade deficit narrowed by 19.4% year-on-year to USD 3.54 billion, as imports shrank in August. Year-to-date, the country's total deficit reached USD 32.38 billion, 5.7% narrower compared to the same period last year.

Exports of manufactured products weaken

Philippine value of exports increased 4.6% in August from the same period last year, a deceleration from the 17.6% growth in the preceding month.

Deceleration in the year-on-year (YoY) export growth in August was largely driven by weakness in exports of other manufactured goods, as well as exports of a few specific types of electronic products. Although electronic products continue to dominate the country's total exports, growth for exports of electronic products slowed down to 8.5% YoY from 20.7% in July. Meanwhile, other manufacturing products which make up 5.1% of the total exports declined by 37.6%.

Year-to-date, total exports reached USD 55.70 billion, a 12.6% increase from the same period last year.

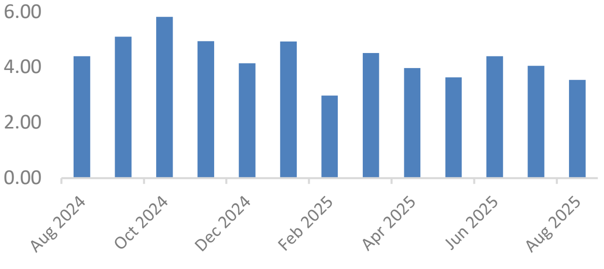
Imports decline on less incoming fuel

Philippine value of imports declined by 4.9% YoY in August, compared to the 5.8% growth in the preceding month.

The reversal was largely driven by a 34.2% YoY contraction of imports of mineral fuels, lubricants, and related materials. Imports of cereals and cereal preparations also contributed to the decline, shrinking 19.4% YoY.

Year-to-date, total imports increased 5.1% YoY to USD 88.08 billion.

PH Trade Deficit
In USD billion



Source: Philippine Statistics Authority

Top Trading Partners (August 2025)

EXPORTS		IMPORTS	
Country	Value in USD million	Country	Value in USD million
Hong Kong	1,190.93 (16.9% of total)	China	3,190.37 (30.1% of total)
United States of America	1,087.15 (15.4% of total)	Republic of Korea	848.93 (8.0% of total)
Japan	979.00 (13.9% of total)	Indonesia	838.78 (7.9% of total)

Top Export Commodities

1	MANUFACTURED GOODS • Export value of USD 5,609.51 m (from USD 5,675.78 m in July) • 79.4% share to total exports (from 77.4% in July) • 2.3% YoY growth (slow down from 13.1% in July)
2	MINERAL PRODUCTS • Value of USD 728.16 m (from USD 887.18 m in July) • 10.3% share to total exports (from 12.1% in July) • 25.0% YoY growth (slow down from 62% in July)
3	TOTAL AGRO-BASED PRODUCTS • Export value of USD 577.17 m (from USD 615.59 m in July) • 8.2% share to total exports (from 8.4% share in July) • 19.7% YoY growth (from 20.4% in July)

Top Import Commodities

1	RAW MATERIALS AND INTERMEDIATE GOODS • Import value of USD 3,822.25 m (from USD 4,195.68 m in July) • 36.0% share to total exports (from 36.9% in July) • 6.2% YoY decline (from 0.7% decline in July)
2	CAPITAL GOODS • Import value of USD 3,239.97 m (from USD 3,425.08 m in July) • 30.6% share to total exports (from 30.1% in July) • 8.0% YoY growth (from 4.1% in July)
3	CONSUMER GOODS • Import value of USD 2,309.98 m (from USD 2,393.51 m in July) • 21.8% share to total exports (from 21.0% in July) • 3.1% YoY growth (slow down from 12.3% in July)

Note: Figures are based on preliminary data from PSA.

METROBANK'S TAKE

Semiconductors still lead, but gold gaining traction

While semiconductors remain the biggest contributor to exports growth, the slower year-on-year increase compared to last month is reflective of the weak external demand amid a bleak global economy. This slowdown in semiconductor exports is expected to persist, with still elevated global inflation and persisting global uncertainty keeping consumers wary of spending.

Meanwhile, the value of gold exports also substantially increased in August, as the price of gold soared amid higher expectations of policy easing by the Fed after strong evidence of a weak labor market emerged. Owing to price movements, we expect gold to remain among the main contributors to exports growth next month, although growth in imports value of the metal may be capped in the coming months after investors have priced in on the Fed cuts.

Investment rebound

Despite a month-on-month drop in the value of capital goods imports, its sustained positive year-on-year growth signals improved investment momentum stemming from the lagged impact of the BSP's monetary easing. Metrobank projects a sustained pick up in capital goods exports in the coming months, as we continue to move toward a less restrictive policy environment.

Tariff impact at bay

We expect higher import costs in the coming months, as the US finally implemented higher tariffs in early August. This, along with the weak demand for Philippine exports, will keep the country's trade position at a deficit. Given this outlook and the projected 100 basis point (bps) interest rate differential between the Bangko Sentral ng Pilipinas and US Federal Reserve's policy rates, Metrobank recently revised its USD/PHP forecast to 55.8 from the previous 56.1