PHILIPPINES TRADE UPDATE

JUNE 2026: Riding on the AI wave

Mixed picture: Wider annual deficit, narrower monthly gap

The country recorded a trade deficit of USD 4.94 billion in June, 12.3% wider year-on-year (YoY). Nevertheless, the deficit improved on a month-on-month (MoM) basis from 6.102 billion in May as the country continues to benefit from global technology demand. Year-to-date, the Philippine's total trade deficit stands at USD 30.806 billion, wider by 25.9% YoY.

Electronics sector drives robust export growth

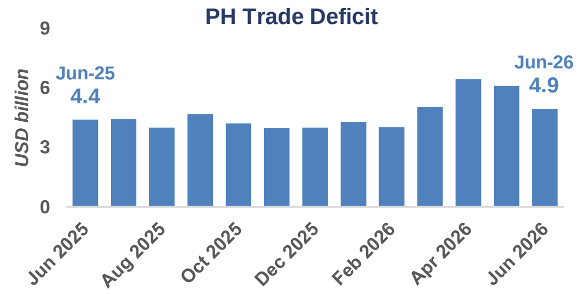
Philippine exports continued to grow in June, with the total reaching USD 8.772 billion, equivalent to a 24.1% YoY growth. This is faster than the Bloomberg consensus estimate of 8.0% and the previous month's upwardly revised figure of 8.6%.

Electronic goods remain the main driver as massive AI infrastructure triggers demand for advanced memory chips and logic processors.

Imports growth ease amid high borrowing costs

Philippine imports growth slowed to 19.6% YoY, reaching USD 13.711 billion in June. Imports grew faster than the 14.7% Bloomberg consensus estimate but slower than the previous month's upwardly revised figure of 28.2%.

The notable decline in transport equipment imports is linked to tighter financial conditions and a slowdown in infrastructure capital outlays.



Top Trading Partners (June 2026)

EXPORTS		IMPORTS	
Country	Value *in USD million*	Country	Value *in USD million*
US	1,761.47 (20.1% of total)	China	4,346.36 (31.7% of total)
Hong Kong	1,341.35 (15.3% of total)	South Korea	1,780.69 (13.0% of total)
China	1,002.85 (11.4% of total)	Japan	919.13 (6.7% of total)

Source: Philippine Statistics Authority

Top Export Goods and Products

1 — MANUFACTURED GOODS
- Value of USD 7,209.82 m (up from USD 6,160.47 m in May)
- 82.2% share to total exports (up from 78.2% in May)
- 30.2% YoY growth (up from 7.0% in May)

2 — MINERAL PRODUCTS
- Value of USD 754.98 m (down from USD 791.23 m in May)
- 8.6% share to total exports (down from 10% in May)
- 1.7% YoY growth (down from 2.1% in May)

3 — TOTAL AGRO-BASED PRODUCTS
- Value of USD 575.11 m (down from USD 698.78 m in May)
- 6.6% share to total exports (down from 8.9% in May)
- 3.0% YoY decline (reversal from 14.1% growth in May)

Top Import Goods and Products

1 — RAW MATERIALS AND INTERMEDIATE GOODS
- Value of USD 5,886.11 m (up from USD 5,455.90 m in May)
- 42.9% share to total imports (up from 40.9% in May)
- 53.4% YoY growth (up from 33.1% in May)

2 — CAPITAL GOODS
- Value of USD 3,620.36 m (down from USD 3,733.67 m in May)
- 26.4% share to total imports (down from 28% in May)
- 5.5% YoY decline (reversal from 22.6% growth in May)

3 — CONSUMER GOODS
- Value of USD 2,536.26 m (up from USD 2,365.32 m in May)
- 18.5% share to total imports (up from 17.7% in May)
- 13.7% YoY growth (reversal from 4.9% decline in May)

METROBANK'S TAKE

Exports growth to continue

The Philippines continues to benefit from the global AI boom, as reflected in its strong electronic exports amid accelerating global demand for semiconductors. While AI demand may be relatively slow in the near term compared to recent months, it is expected to remain elevated year-on-year, providing some support to growth despite global and local headwinds. Meanwhile, an anticipated drop in agricultural exports may partially offset the strong growth in electronic exports, as the El Nino phenomenon is expected to adversely affect crop production, reducing supply for both domestic consumption and exports.

Meanwhile, we expect imports to pick up further in the third quarter as businesses build inventory ahead of the holiday season, though subdued confidence may cap import volume. Nonetheless, elevated import costs and record-high USD/PHP levels will continue to pressure the Philippines' trade deficit.

One step forward, one step back

Despite the interim deal signed in mid-June, US-Iran tensions were reignited in July as both sides resumed attacks even amid ongoing peace talks. This briefly drove global crude prices higher, with Brent breaching the 100-level once again before retreating to the 80- to 90- level as both sides later agreed to a ceasefire, signaling continued openness to finalize negotiations. Meanwhile, recent attacks on Saudi oil infrastructure and shipping vessels in the Red Sea also pose risks to oil supply and could drive prices higher should the attacks escalate.

A drag on growth

The latest trade numbers show that in nominal terms, the Philippines' trade in goods deficit narrowed year-on-year in the second quarter of 2026. However, the peso's sharp depreciation over the past months suggests that trade volume may have remained flat or declined, as global and domestic demand remains challenged amid prolonged uncertainty. Metrobank maintains its view that net exports will exert downward pressure on GDP growth in the second quarter. Beyond this, we anticipate a wider trade gap in the third quarter amid the peak imports season, exacerbated by a persistently elevated USD/PHP spot.