Metrobank

Research and Market Strategy Department

PHILIPPINES TRADE UPDATE

27 March 2026

FEBRUARY 2026: WIDER DEFICIT ON STRONG IMPORTS

Philippine trade deficit widens year-on-year

The country recorded a trade deficit of USD 3.68 billion in February, 23.1% wider year-on-year (YoY). Year-to-date, the Philippine's total trade deficit stands at USD 7.96 billion, only wider by 0.1% YoY.

Exports still growing, but at slower pace

Philippine exports continued to grow in February, although the pace of growth slowed for the second consecutive month. Total exports reached USD 7.33 billion in February, equivalent to an 8.0% year-on-year growth, which is faster than the Bloomberg consensus estimate of 3.5% for the month.

Electronic goods remain the main driver for exports growth, led by semiconductors. Mineral exports also continued to contribute largely to exports growth, as gold exports more than doubled year-on-year.

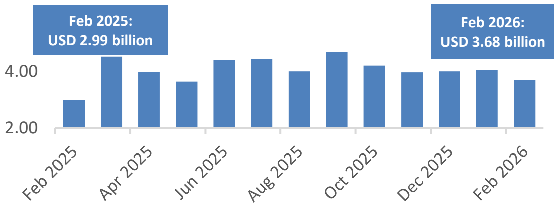
Imports bounce back

Philippine imports outpaced exports for the first time in 10 months, growing by 12.6% year-on-year to reach USD 11.01 billion in February. Despite this, imports grew faster than the 4.5% Bloomberg consensus estimate for the month.

Growth in imports continues to be supported by robust capital goods imports, still led by imports of telecommunication equipment and electrical machinery.

Philippine Trade Deficit

In USD billions



Top Trading Partners (February 2026)

EXPORTS		IMPORTS	
Country	Value in USD million	Country	Value in USD million
United States of America	1,412.22 (19.3% of total)	China	3,122.23 (28.4% of total)
Hong Kong	1,173.23 (16% of total)	Korea	1,371.68 (12.5% of total)
Japan	986.44 (13.5% of total)	Japan	933.36 (8.5% of total)

Source: Philippine Statistics Authority

Top Export Goods and Products

1	MANUFACTURED GOODS • Export value of USD 5,961.29 m (from USD 5,627.71 m in January) • 81.3% share to total exports (from 79.3% in January) • 5.2% YoY growth (deceleration from 6.6% in January)
2	MINERAL PRODUCTS • Export value of USD 615.26 m (from USD 732.32 m in January) • 8.4% share to total exports (from 10.3% in January) • 52.7% YoY growth (acceleration from 32.4% in January)
3	TOTAL AGRO-BASED PRODUCTS • Value of USD 608.06 m (from USD 573.84 m in January) • 8.3% share to total exports (from 8.1% in January) • 7.5% YoY growth (reversal from 0.4% decline in January)

Top Import Goods and Products

1	CAPITAL GOODS • Value of USD 4,148.75 m (from USD 3,772.94 m in January) • 37.7% share to total imports (from 33.9% in January) • 55.5% YoY growth (acceleration from 16.0% in January)
2	RAW MATERIALS AND INTERMEDIATE GOODS • Value of USD 3,221.43 m (from USD 3,867.82 m in January) • 29.3% share to total imports (from 34.7% in January) • 13.7% YoY decline (deceleration from 8.0% decline in January)
3	CONSUMER GOODS • Value of USD 2,135.23 m (from USD 2,238.82 m in January) • 19.4% share to total imports (from 20.1% in January) • 10.4% YoY growth (reversal from 6.2% decline in January)

Note: Figures are based on preliminary data from PSA.

METROBANK'S TAKE

Exports: External demand woes

Despite the lower year-on-year growth compared to preceding months, exports growth remains healthy and continues to exceed market expectations. Electronic exports continue to grow year-on-year at a double-digit pace, while gold exports more than doubled.

The ongoing US-Iran conflict that escalated toward the end of February has materially changed market dynamics. Given heightened global uncertainty, external demand for Philippine imports may be capped by a now weaker global demand. However, we anticipate a sustained increase in gold exports from March onwards as the ongoing geopolitical tensions in the Middle East strengthen safe haven demand for the metal.

Imports: One and done

Imports soared in February, showing strength that is likely to be cut short by the conflict in the Middle East. This was largely driven by a surge in capital goods imports, particularly telecommunication equipment and electrical machinery shipments which grew by 93.7% year-on-year. Strong growth in capital and consumer goods imports signal an improvement in both consumer demand and business investment, which is in line with previous expectations of a recovery in sentiment this year. These expectations are unlikely to materialize now that the US-Iran war is in full swing, as elevated oil and energy prices as well as uncertainty begin to force businesses and consumers to remain defensive.

Nonetheless, higher investment in electrical machinery and power generating machines signal that some businesses may be in a good position to weather the effects of higher oil prices despite expectations for slower economic growth.

Trade deficit: Only wider from here

Considering expectations of relatively weaker exports and higher import costs, the trade deficit could continue to widen more than previously expected year-on-year, especially as imports season approaches. Although the USD/PHP spot rate has recently breached the 60-level, the wider trade deficit will put greater pressure on the peso and could push the spot rate higher. Given this, it may be strategic for those who have impending requirements to pick up on the US dollar, ahead of the imports season in the second to third quarter.