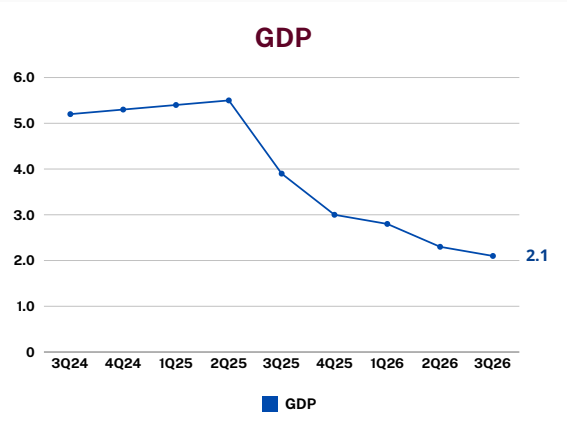
2.1%

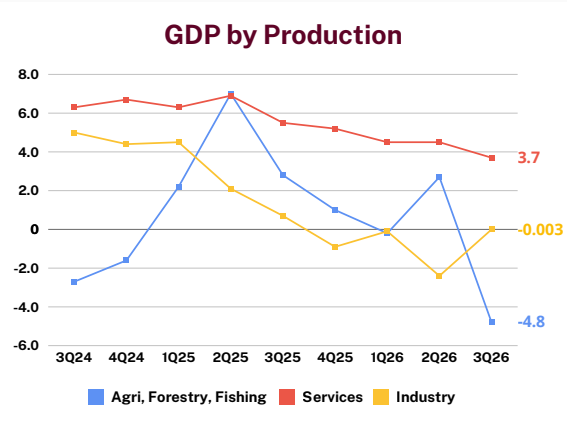
Q3 - 2026 GROWTH RATE

2.3% Q2 2026 GDP

3.9% Q3 2025 GDP

GROWTH IN %





PH ECONOMY SLOWS FURTHER TO 2.1% IN Q3 2026 MARKING NEW POST-PANDEMIC LOW AND SLOWEST IN 16 YEARS

Q3 - 2026

Philippine Gross Domestic Product (GDP) grew by 2.1% in the third quarter of 2026 lower than the previous quarter (2.4% in Q2 2026) and substantially lower than the same quarter in 2025 (4%). This is lower than the median forecast of economists for Q3 at 3%. The latest figure represents the weakest economic performance since the 3.8% contraction recorded in the first quarter of 2021 amid the pandemic. Setting aside the pandemic period, this marks the slowest growth in 16 years following the expansion of the economy to 1.8% in the fourth quarter of 2009.

The GDP growth for this quarter remains well below the government's 2026 growth target of 3.5% to 4.5%. With average growth for the first nine months at 2.5%, the Department of Economy, Planning, and Development (DEPDev) noted that the economy must grow by 6.3% in the fourth quarter to reach even the lower end of the target. The further slowdown in Q3 suggests that domestic economic activity remains under pressure, with weakness becoming more apparent across agriculture, industry, and household consumption, as high food and energy costs and weather disturbances continue to dampen growth.

On the supply side, the services sector remains the primary driver of growth at 3.7%, contributing 2.5 percentage points to overall GDP growth. Meanwhile, the agriculture, forestry, and fishing sector contracted by -4.8%. According to DepDev Secretary Arsenio Balisacan this contraction was due to "tropical cyclones and enhanced southwest monsoon disrupted production. Palay and corn output fell by more than 17%, reducing rural incomes and adding to food supply measures."

Industry was flat at -0.0%. Among industries, the fastest-growing sectors in Q3 2026 were Public Administration and Defense; Compulsory Social Security (+9.9%), Human Health and Social Work Activities (+5.1%), Electricity, Steam, Water and Waste Management (+4.7%), and Professional and Business Services (+4.6%). The largest contributors to overall GDP growth remained Wholesale and Retail Trade (0.8 percentage point), followed by Public Administration and Defense; Compulsory Social Security (0.5 percentage point), and Financial and Insurance Activities (0.4 percentage point).

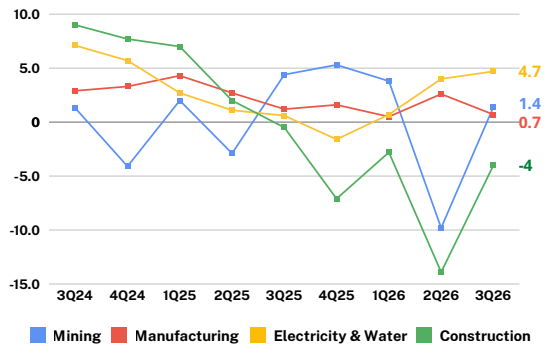
On the demand side, Exports of Goods recorded the fastest growth at 10.1% in Q3 2026. According to Sec. Balisacan this was due to exports growing by 8.6%, with electronics exports expanding by 19.4% amid demand for AI-related products. Meanwhile Imports of Services grew at 7.9%, followed by Imports of Goods (7.6%), and Government Final Consumption Expenditure (GFCE) (6.8%). Exports remained an area of strength, with total exports of goods and services growing by 8.6%, led by a 19.4% expansion in electronics exports due to strong global demand for AI-related products. However, Government consumption contributed 1.0 percentage point, down from 1.5 percentage points in the previous quarter, despite still posting solid growth. According to Sec. Balisacan, this is due to continued weakness in public construction and delays in project validation and payments. Household Final Consumption Expenditure (HFCE) remained the largest contributor to overall GDP growth at 1.7 percentage points, lower than its 1.9-percentage-point contribution in Q2 2026, as high food and energy costs continued to constrain household spending.

According to WR Numero Research's October 2026 Philippine Public Opinion Monitor, 58.6% of Filipinos struggle to afford basic necessities at least weekly, while 83% experience difficulty meeting essential expenses at least monthly; meanwhile, 72.62% believe the country is heading in the wrong direction, up from 68% in June. This was echoed by the Congressional Policy and Budget Research Department (CPBRD) who cited that persistent weakness in domestic demand: household consumption, which accounts for the largest share of GDP, has decelerated for four consecutive quarters, while weak public investment has further constrained economic activity. UA&P likewise identifies slow National Government spending and elevated oil prices as key factors weighing on growth. In particular, infrastructure and other capital outlays fell by 34.6% to ₱522 billion in the first part of the year, from ₱798.4 billion in the comparable period in 2025. This contraction in public spending has weakened a key driver of economic activity, with delays in infrastructure implementation also affecting construction, investment and business confidence.

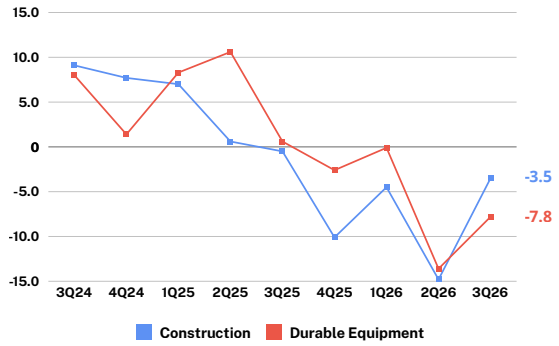
Renewed tensions between the United States and Iran have driven up global oil prices, prompting the Department of Energy to announce substantial fuel price increases effective September 8: ₱5.18 per liter for diesel, ₱4.69 for gasoline and ₱5.58 for kerosene. The increases were compounded by the peso's depreciation against the US dollar, highlighting the Philippines' vulnerability to external energy supply disruptions and exchange-rate fluctuations. The Asian Development Bank (ADB) has also identified the economic fallout from the conflict as a significant concern, cutting its 2026 Philippine growth forecast from 3.8% to 3.3%. However, the ADB recently approved a US$1.5-billion crisis-response loan to help finance the government's UPLIFT program which will include fuel and fertilizer subsidies, transport assistance and cash transfers to vulnerable households and affected sectors. Other downside risks include climate-related disruptions, particularly the threat of a strong El Niño.

While exports have shown promising performance, reviving public infrastructure spending will be critical but targeted infrastructure investment must be prioritized. As Ayala Corporation Chairman and MBC Vice Chairman Jaime Augusto Zobel de Ayala (JAZA) noted during the Makati Business Club's 45th anniversary, infrastructure is only useful if the right projects are built well, "with every project and peso fully accounted for." Rebuilding momentum will thus require not just faster spending, but targeted and transparent infrastructure investments that contribute to the restoration of public trust and investor confidence.

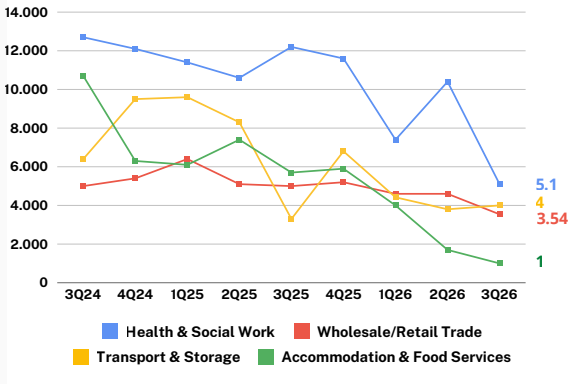
Key Industry Components



Key Fixed Capital Components



Key Services Components



"Recovery towards next year's 5-6% target remains possible but requires stronger investment, easing price pressures, and renewed confidence. Energy shocks, el niño, and implementation delays remain risks. Our policy priorities are clear: today's report calls for urgent action to address the bottlenecks, holding back investment and implementation and restore stronger growth... we must create better jobs by helping businesses move into higher value activities... We must expand opportunities through trade and investment partnerships.

Our task is to turn these priorities into results: investment commitments realized, projects completed, and more Filipinos earning better incomes. Sustained implementation will help rebuild growth momentum and bring us closer to our vision of a *matatag, maginhawa at panatag na buhay para sa lahat.*"



ARSENIO BALISACAN
Secretary, Department of Economy, Planning, and Development (DEPDev)

"The reported 2.1% GDP growth in the third quarter is a clear warning that the Philippine economy is losing momentum, as persistent inflation, declining purchasing power, weak investment, and rising business costs weigh on economic activity. These challenges will be further compounded by the looming Super El Niño, which threatens agricultural production, water and power supplies, and food security. While attracting investments, restoring business confidence, and accelerating infrastructure development remain critical, we must address the underlying constraints to our competitiveness, including workforce readiness, energy affordability, infrastructure gaps, regulatory predictability, and institutional stability. This also requires a transparent and accountable budget process that prioritizes growth-enhancing investments, ensures public funds are directed toward genuine needs, and strengthens oversight of infrastructure spending. Good governance and effective public institutions are essential to ensuring that resources are used efficiently and deliver tangible economic and social benefits. We must also pursue sustainable solutions that go beyond short-term "ayuda" by strengthening social protection, ensuring affordable access to essential goods and services, and helping businesses sustain operations and employment. We welcome the Senate's creation of the RISE Ad Hoc Committee as an opportunity to advance a more coordinated response through meaningful public-private collaboration.

Ultimately, the policy response must go beyond stimulating economic activity and attracting investments. It must strengthen governance, institutions, and policy execution while translating growth into more resilient livelihoods, quality jobs, higher incomes, and a more competitive, job-generating, and inclusive economy."



JULIA ABAD
Executive Director, Makati Business Club

"Higher fuel, fertilizer, and other input costs, alongside the peso's depreciation against the US dollar since the Iran/Middle East war began, have fueled inflation, raised interest rates and financing costs, and weakened global and domestic demand, constraining growth across Philippine businesses and industries. The risk of a severe El Niño drought, potentially the worst in over 75 years (since 1950), from 4Q 2026 to early 2027, coupled with higher fertilizer prices, could further reduce agricultural output and GDP growth while driving up rice and other food prices.

Meanwhile, sharply higher prices of gasoline, diesel, jet fuel, LPG, and other fuels could trigger second-round inflation effects as businesses pass on higher transport and operating costs through increased prices of goods and services, fares, and potentially wages, while fueling inflation expectations. These pressures erode purchasing power and weaken consumption, which accounts for around 70% of the Philippine economy, further slowing GDP growth and prompting businesses and households to adopt cost-cutting measures."



MICHAEL RICAFORT
Chief Economist, RCBC

"The 2.1% GDP growth is disappointing and shows that the economy continues to struggle to regain momentum. Part of the weakness reflects the impact of the Iran war and the subsequent oil-driven inflation, which raised fuel, transport, electricity, and food costs, squeezing household purchasing power. This helps explain why consumption growth slowed to 2.4%, as families prioritized essentials over discretionary spending. At the same time, weak infrastructure spending and cautious private investment have constrained broader economic activity. While government spending and exports provided some support, the recovery remains uneven. Encouragingly, the contraction in investment has moderated, which may suggest some stabilization.

Moving forward, the priority should be to ease inflation pressures, restore household purchasing power, accelerate infrastructure spending, and rebuild business confidence. The economy retains its growth potential, but recovery will depend on stronger household consumption, renewed private investment, and more consistent infrastructure spending. In short, the inflation shock was largely external, but the weakness in investment and infrastructure reflects domestic constraints. A durable recovery requires addressing both."



ROBERT DAN ROCES
VP & Group Economist, SM Investments Corporation

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Read this report on MBC's website:
https://mbc.com.ph/2026/11/09/eco-at-a-glance-ph-economy-gdp-at-q3-2026/

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