

# PH ECONOMY GROWS BY 5.6% IN 2023; BELOW GOVERNMENT TARGET

The Philippine economy grew by 5.6% in the 4th quarter, resulting in a 5.6% expansion for the whole of 2023. This compares with median estimates of 5.7% for the quarter and 5.5% for the year, according to BusinessWorld, and a revised 6% increase in the third quarter. The government's target for 2023 was 6% to 7%. The new government target for 2024 has been set at 6.5% to 7.5%.

On the demand side, Government Spending contracted by 1.8% after growing 6.7% in the third quarter. Household Spending grew 5.3% from 5.1%. Investment (gross capital formation) expanded 11.2% after slipping 1.4% in the third quarter. Exports of goods and services contracted 2.6% while imports of goods and services expanded to 2.9%.

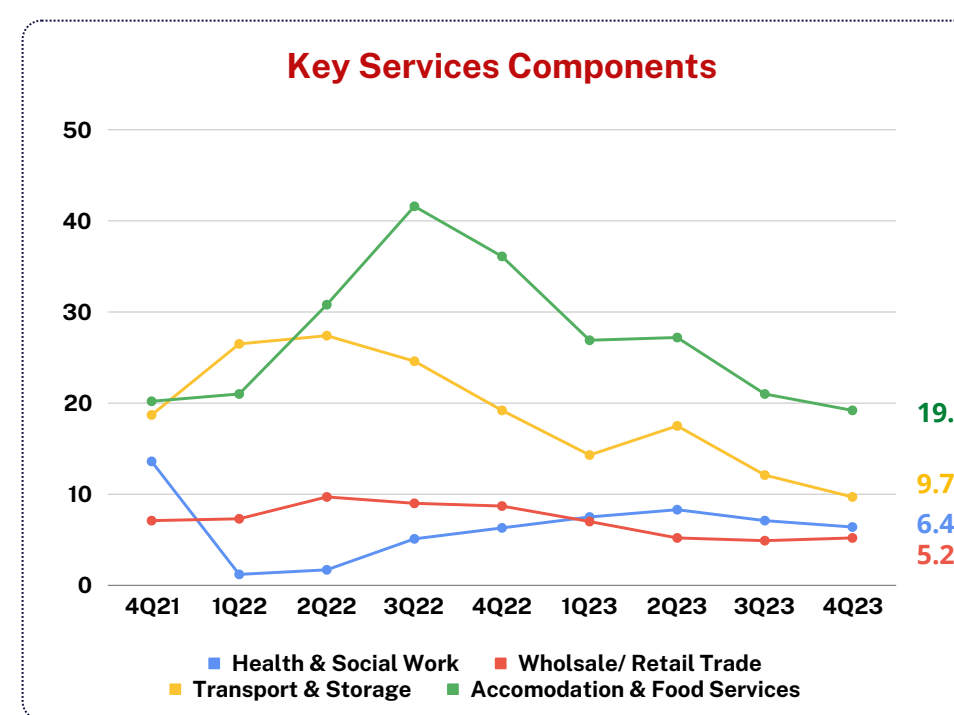
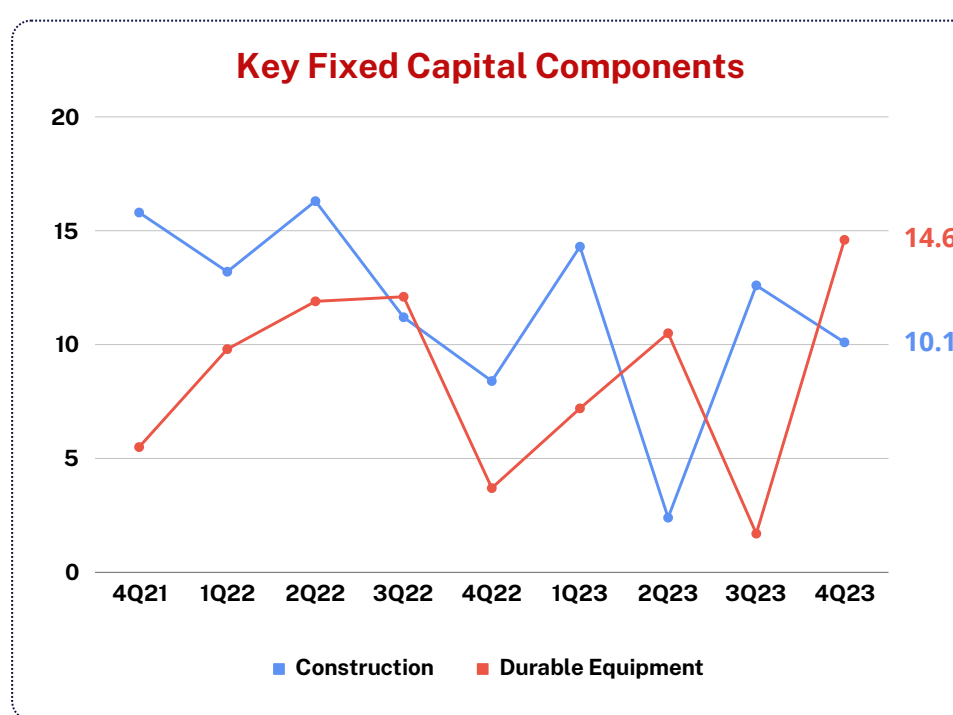
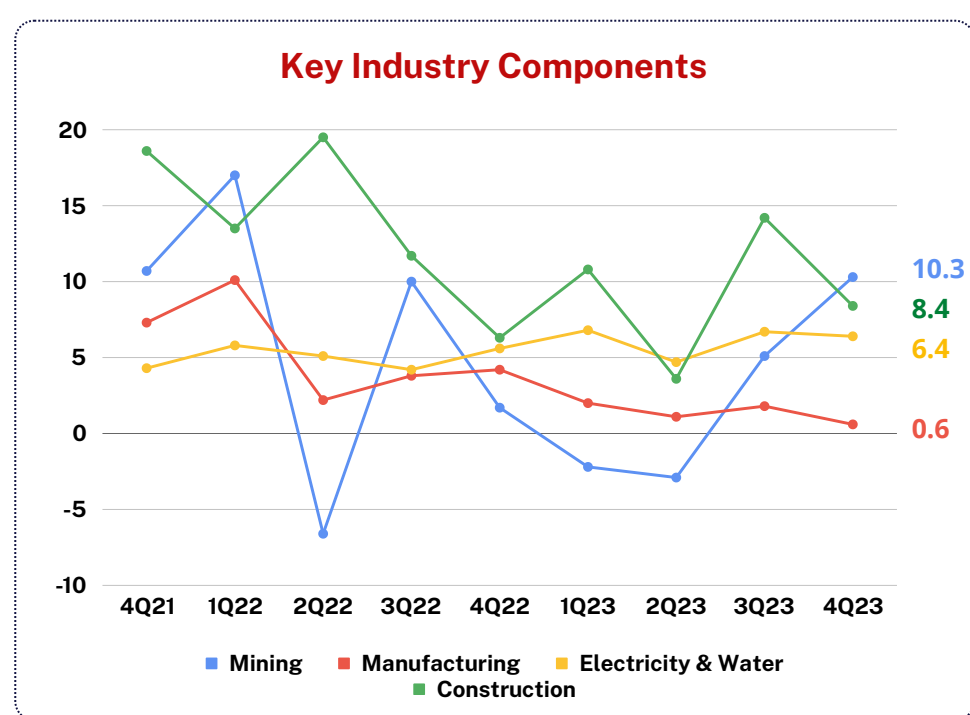
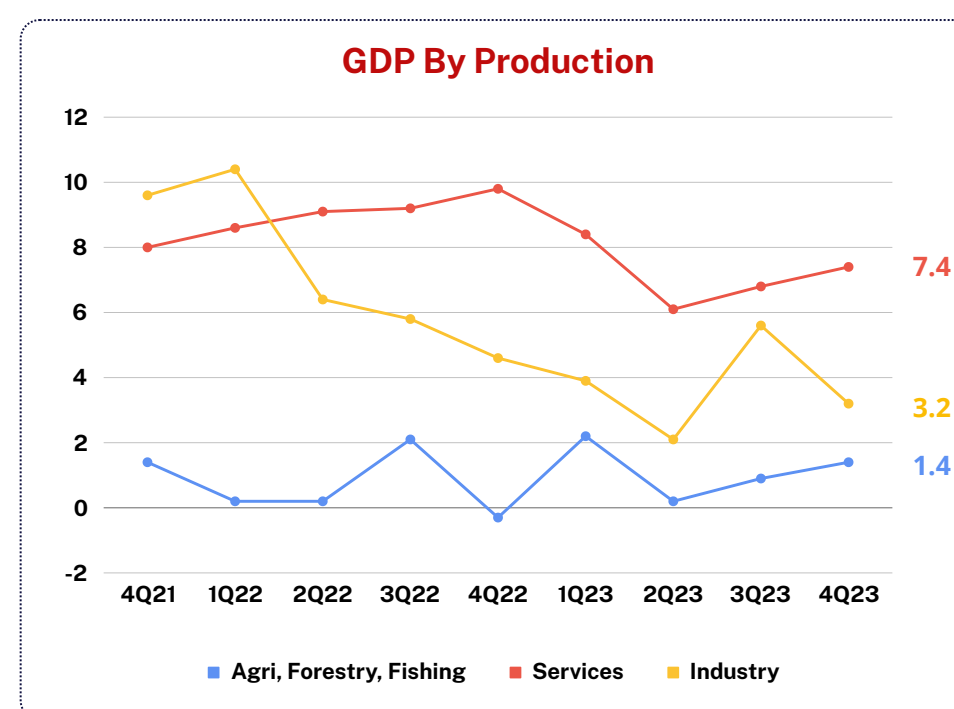
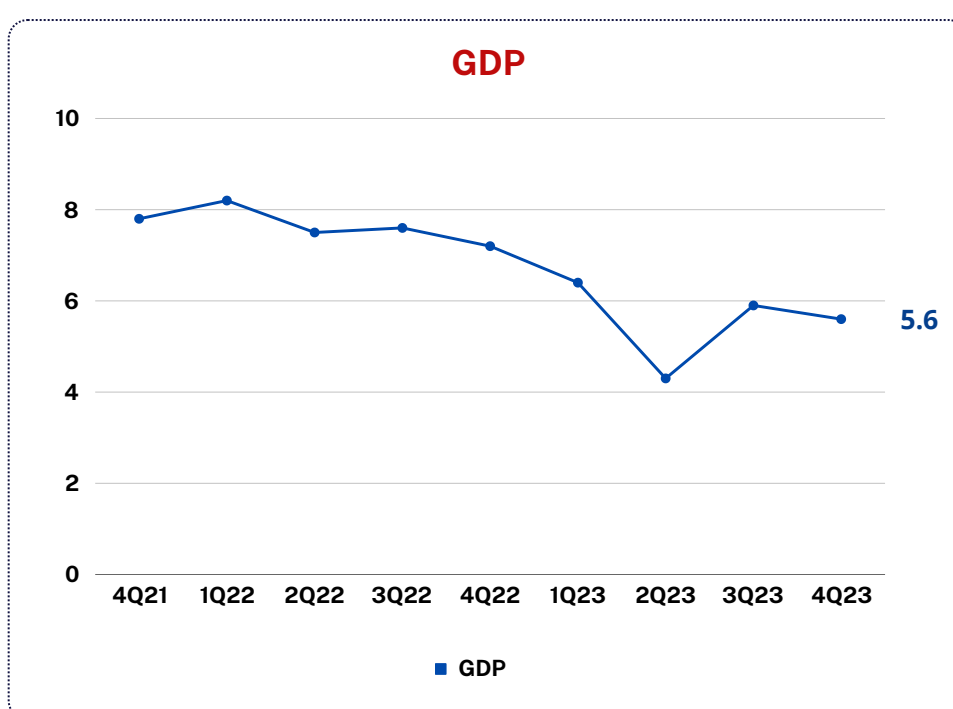
On the supply side, Services grew 7.4%, Industry 3.2%, and Agriculture 1.4%.

According to the World Bank's latest Global Economic Prospects report, prospects for economic growth for 2024 are expected to be even slower. The World Bank said they are expecting "the slowest half-decade of GDP growth in 30 years". This is due to continued geopolitical tensions, tight financial conditions, and slow global trade. The report said that global growth is expected to contract from 2.6% in 2023 to 2.4% in 2024 as global trade growth slows. It said global trade this decade is expected to grow by half the rate in the previous decade, in part due to the pandemic. However, the World Bank also noted that strong domestic demand and private consumption will drive growth in East-Asia Pacific countries.

To sustain continuous growth of the economy, Sec. Balisacan emphasized that "nothing less than massive sustained investment is needed to achieve high quality job-creating growth and inclusion." In order to attract investors, Balisacan said that the government will exert efforts in attracting investors through "[improving] the ease of doing business through digitalization, continuous streamlining of policies and regulations, accelerate the execution of game-changing infrastructure projects, facilitate more private investment in energy and telecommunications, and up skill our workforce."

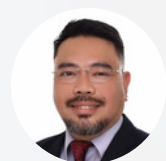


## GROWTH IN %



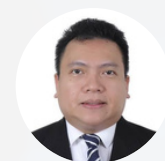
**ARSENIO BALISACAN**  
Secretary, National Economic and Development Authority

"We expect growth in services to maintain its trajectory as international tourism rebounds. We will present international tourists with a pleasant experience beginning with improved airport services, simplified travel requirements, and most significantly a diverse range of tourism products."



**ROBERT DAN ROCES**  
Chief Economist, Security Bank

"A decrease in unemployment rates indicates a stronger job market, boosting consumer spending; and a surge in big-ticket consumption, especially in vehicle sales, reflects growing consumer confidence and disposable income. While there are concerns such as a wide trade deficit and elevated policy rates, these are counterbalanced by the strong domestic economic activity, supporting the projection of sustained growth."



**MICHAEL RICAFORT**  
Chief Economist, RCBC

"The delivery of more measures, especially in fiscal/tax reform measures and other economic reform measures that further ease limits on foreign ownership will help attract/encourage the entry of more foreign investment. [These reforms] can boost investor/market confidence and lead to the creation of more jobs and other business/economic opportunities that would also help the economy recover further from the pandemic."



**ING** **NICHOLAS MAPA**  
Senior Economist, ING Bank

"Robust household spending likely carried GDP again, with secondary support coming from follow through government spending."

Read this report on MBC's website:  
<http://tinyurl.com/MBC-GDPInsights-4Q23>

Check out MBC's new and up-to-date Economy Dashboard today!  
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