

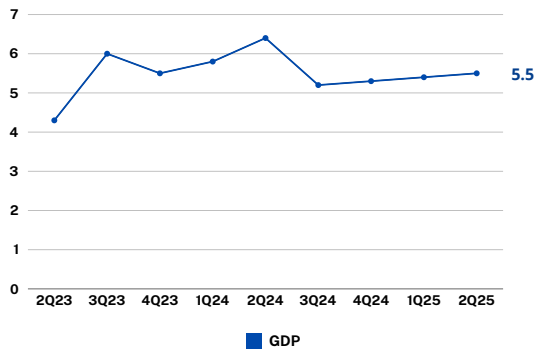
5.5%

Q2 - 2025 GROWTH RATE

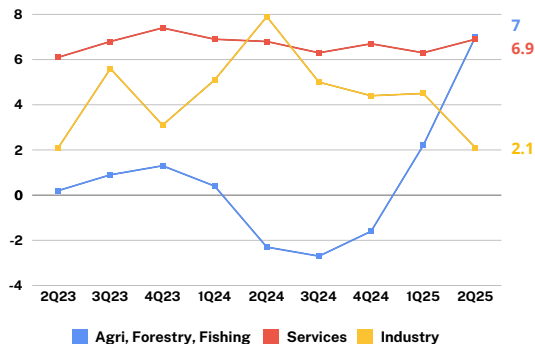
5.4% Q1 2025 GDP (from 6.4% Q2 2024)

GROWTH IN %

GDP



GDP by Production



PH ECONOMY MEETS GOVERNMENT TARGET OF 5.5% IN Q2 2025, AGRICULTURE GROWS BY 7.0%, FROM 2.2% LAST QUARTER

Q2 - 2025

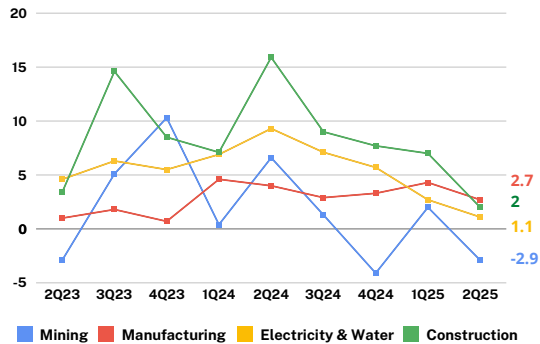
The Philippine economy grew by 5.5% in the second quarter of 2025, slightly higher than the 5.4% recorded in Q1 but below the 6.4% growth posted in the same period last year. This performance aligns with the median forecast of local economists at 5.5% but is at the lower end of the government's revised 5.5-6.5% full-year growth target. DEPDev Secretary Arsenio Balisacan remains confident that the country can achieve the target in the remaining half of the year. While the modest acceleration from the previous quarter suggests resilience, the slower year-on-year pace reflects the lingering impact of both global and domestic headwinds.

On the demand side, Household Consumption expanded to 5.5%, up from 5.3% in Q1, driven by easing inflation that improved consumer confidence. Government Spending rose by 8.7%, significantly down from the 18.7% surge in Q1. This slowdown can be attributed to the Commission on Elections' 45-day ban on public works spending in the recent elections. Investment, measured via gross capital formation, edged up by just 0.6% compared to 4.8% in the previous quarter, indicating increased caution from the private sector amid external risks – including the announcement of U.S.-imposed tariffs on Philippine exports and ongoing global supply chain disruptions. Exports and imports grew by 4.4% and 2.9%, respectively, showing a modest recovery in trade.

On the supply side, the Services sector expanded by 6.9%, mostly driven by robust consumer demand and continued expansion in finance, healthcare, and IT-related services. Industry grew by 2.1%, supported by stable activity in manufacturing and construction. The standout performer, however, was Agriculture, which posted a significant 7% growth from 2.2% in the previous quarter – its strongest showing in recent years. According to Sec. Balisacan initiatives of the Department of Agriculture such as the Agri Puhunan and Pantawid programs as well as boosting investments in cold storage, dams, farm reservoirs, and solar power irrigation systems have also contributed to the growth of the sector. This rebound offers a bright spot in a sector typically beset by structural challenges.

DEPDev Secretary Balisacan noted that increased global uncertainty through US President Trump's tariff announcements has affected the country's economic performance due to rising uncertainty in the global economy. According to Sec. Balisacan: "(It's) the end of the series of announcements (on tariffs) we hope there will be no further destabilization in the expectations in the global economy, the trade uncertainty, it's affected not only Philippine exports but the trade of many other countries as well." The initial round increased the initial tariffs for the Philippines from 17% to 20%. After PBBM's trip to the US for negotiations, they agreed on a deal which resulted in a reduction of 1% on tariffs (20 to 19%) while the Philippines gave the US zero tariffs for a limited number of products like cars, soya, wheat and pharmaceuticals. Frederick Go, Special Assistant to the President for Investment and Economic Affairs, says that the US will still pay tariffs on corn, pork, poultry, fish, sugar, rice and other farm products. Some countries were able to negotiate better tariff rates with the US. Vietnam managed to lower tariffs to 20% from 46% while Indonesia managed to lower tariffs to 19% from 32%. Many have raised concerns that the 19% tariff will remove our advantage over Vietnam and Indonesia when it comes to attracting foreign investments from supply chain relocation and diversion.

Key Industry Components



“Agriculture rebounded strongly, posting 7.0% growth—a significant improvement from 2.2% in the first quarter—and a sharp turnaround from the 2.3% contraction in the same period last year ... This was largely driven by improved harvest of palay, up 14.2% from 1.1%, and corn, up 29.8% from minus 3.0%. And supported by DA initiatives such as the Agri Puhunan and Pantawid programs, and boosting investments in cold storage, dams, farm reservoirs, and solar power irrigation systems.”



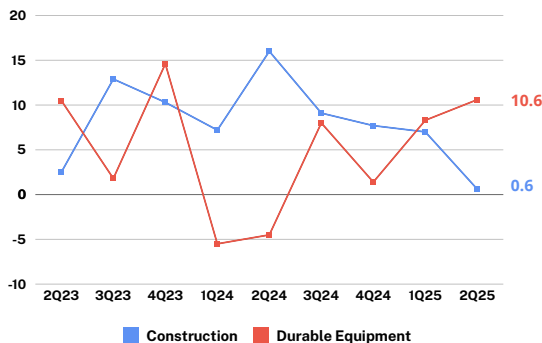
ARSENIO BALISACAN
Secretary, Department of Economy,
Planning, and Development (DEPDev)

“Offsetting risk factors include US President Trump’s higher US import tariffs, reciprocal tariffs and other protectionist policies that could slightly reduce GDP growth especially starting 2Q 2024. However, the target of 6% levels can be achievable due to midterm election-related spending, which could also support consumer spending, which accounts for about 75% of GDP.”



MICHAEL RICAFORT
Chief Economist,
RCBC

Key Fixed Capital Components



“MBC is happy to learn that there has been a significant increase in the share of agriculture in the economy. Agriculture is one of MBC’s core advocacies. MBC collaborates with a wide spectrum of partners to bring the business community’s resources and expertise into agricultural development. We also congratulate the President’s economic team, especially the Department of Agriculture. By driving private sector involvement and championing modern, scalable, and inclusive models, MBC aims to foster a food-secure future built on farmer prosperity and consumer benefit.”



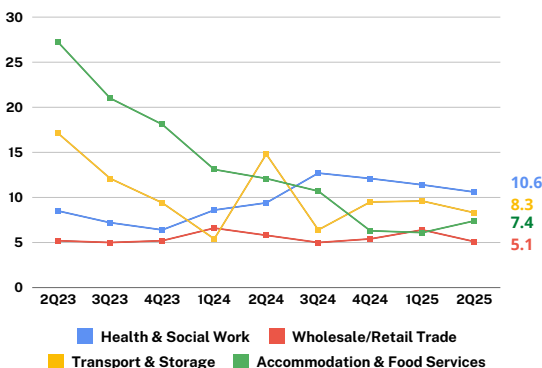
APA ONGPIN
Executive Director,
Makati Business Club

“Growth remains on track for the 5.5-6.5% target, but the economy is leaning more on domestic drivers as global trade weakens. With inflation easing, the BSP has room to cut rates, but it is trading carefully amid peso pressures and lingering Fed uncertainty.”



ROBERT DAN ROCES
Economist,
SM Investments Corporation

Key Services Components



in f @MakatiBusinessClub @mbcforum

Co-presented by MBC’s Economy Partner:



Monde Nissin



Read this report on MBC’s website:

<https://mbc.com.ph/2025/08/07/mbc-gdp-insights-report-2025-q2-5-5-growth>



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