

PH GROWS BY 7.6% IN 2022, EXCEEDS TARGET

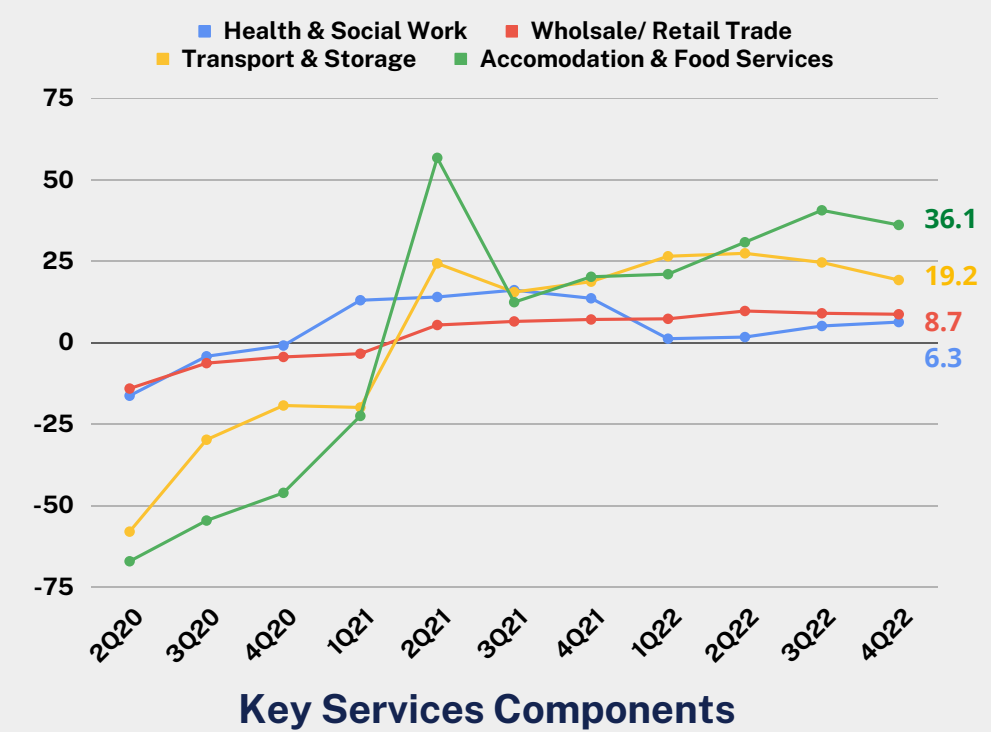
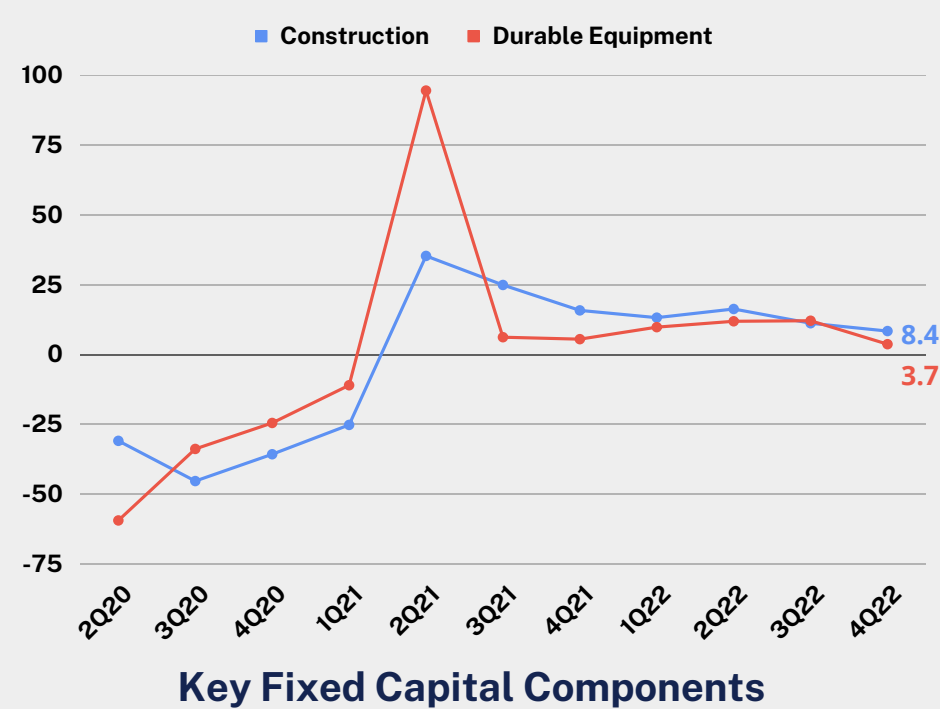
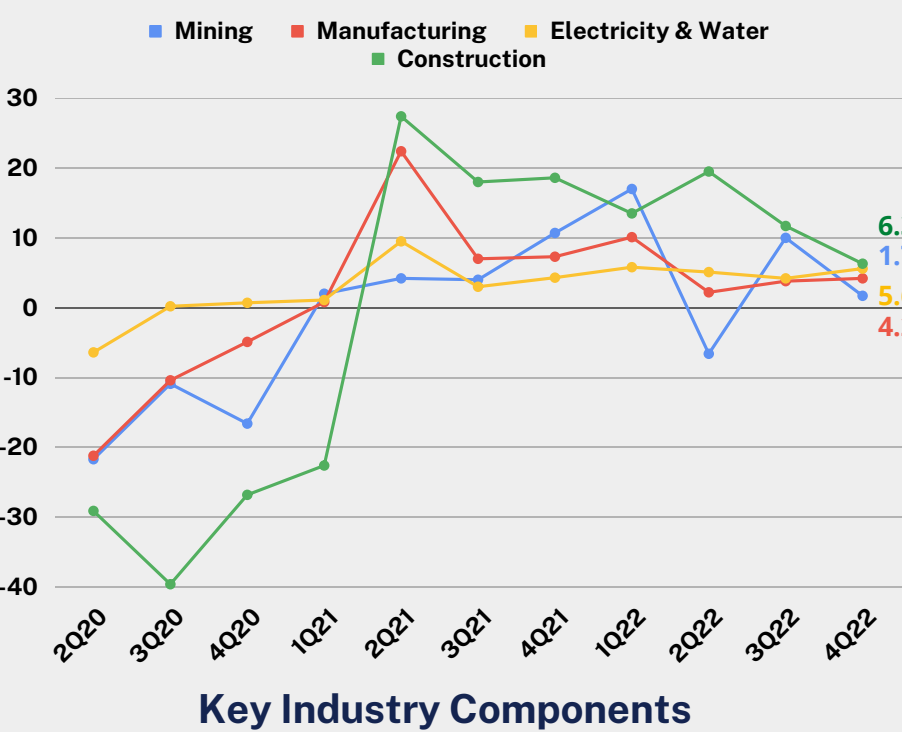
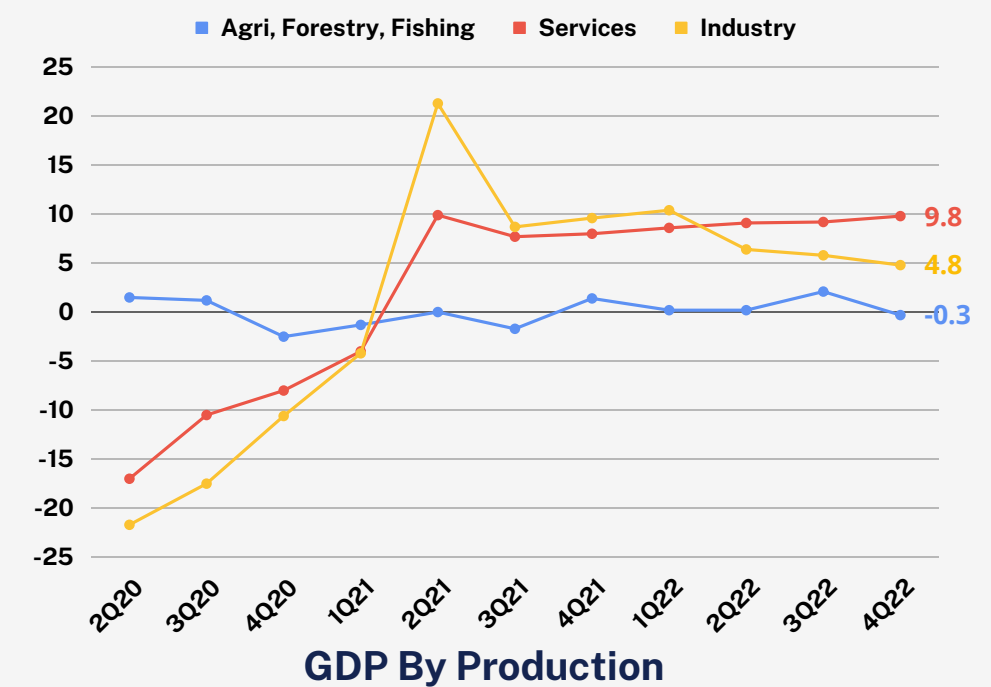
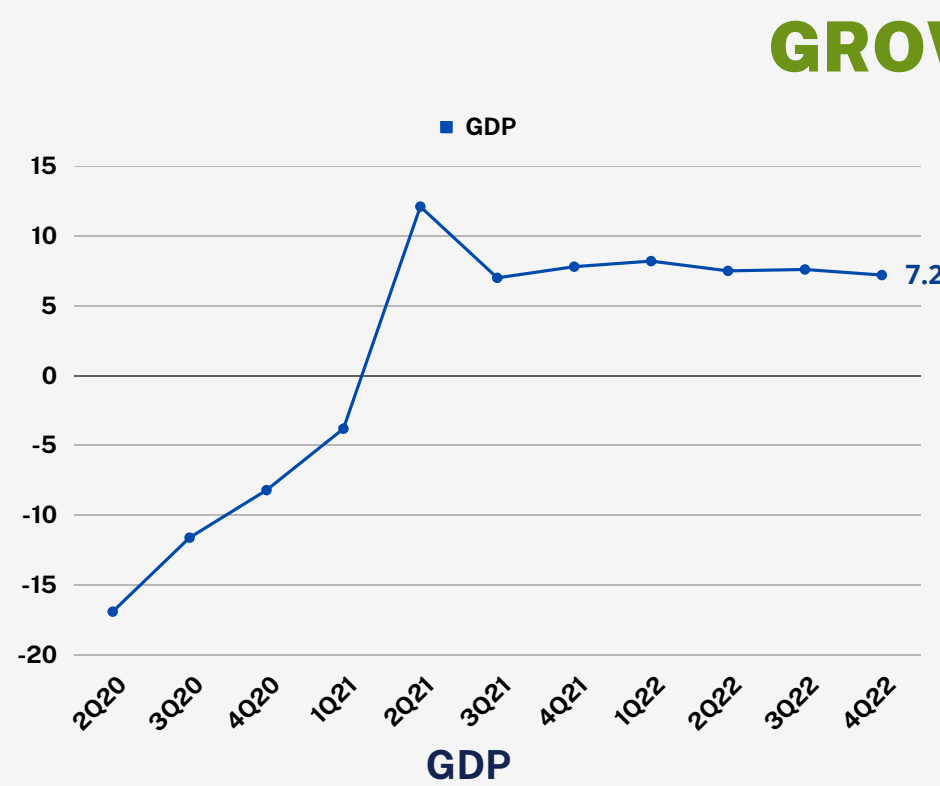
The Philippines grew by 7.2% in the 4th quarter, contributing to the full-year growth of 7.6%, the highest since 1976. This also exceeds the government's target for 2022 set at 6.5 to 7.5% and has exceeded its pre-pandemic growth of 5.9% in 2019.

The top performers for 2022 were Accommodation and Food Service activities (31.8%), Other Services, which includes arts, entertainment, and other service activities (28.3%), Transportation and storage (23.9%), and Construction (12.7%). Meanwhile, Agriculture, Forestry, and Fishing (0.5%), Human Health and Social Work activities (3.6%), and Public Administration and Defense (3.8%) were reported laggards for the year.

The previous year was difficult for the global economy, with the Philippines specifically getting hit by inflationary effects and supply chain disruptions for oil and other key food commodities. Despite this, the country's economy significantly rebounded due to the easing of pandemic restrictions resulting in increased consumer spending and growth in tourism with positive impacts on jobs. According to Sec. Balisacan: "Economic growth came with more jobs. We saw vibrant labor market conditions with the unemployment down to 4.2% in Nov 2022 from 6.5% in the same period 2021. This performance marks our lowest unemployment rate since 2005. We observed an improvement in the quality of employment relative to last year as workers found more stable work in private establishments and became employed in full-time jobs."

However, prospects for 2023 are challenging. The International Monetary Fund noted that "this year may feel like a recession". In order to sustain growth, Sec. Balisacan committed that the government's priorities will focus on easing the burden of inflation and ensuring food supply through the development of the agriculture sector.

Prospectively, NEDA Sec. Balisacan noted that key economic reforms passed in 2022 are expected to bring in foreign investment to sustain growth in 2023. Some of these recently passed reforms include the Amendments to the Public Service Act, Retail Trade Act, and Foreign Investment Act as well as amendments to the IRRs of the Build Operate Transfer Law and the Renewable Energy Act.



ARSENIO BALISACAN
Secretary
National Economic and Development Authority

"The government's thrust is to increase agricultural productivity. We have neglected agriculture [and this is] reflected in the low productivity of lands. The government will focus on modernizing agriculture and agri-business through farm mechanization, research and development, and enhanced inter-agency linkages to create and diversify high-value products."

ROBERT DAN ROCES
Chief Economist
Security Bank

"The question is, will these be sustainable this 2023? Lagged hike effects, elevated inflation in the first half, a global slowdown that could slow remittances a bit, and consumers scrimping will be dampeners to growth. But given intact economic fundamentals due to sustained economic reopening, there is no stagflation nor recession scenarios expected in 2023 for the Philippines"

MICHAEL RICAFORT
Chief Economist
RCBC

"The delivery of more reform measures, [such as] fiscal/tax and other economic measures that ease limits on foreign ownership, attract/encourage the entry of more foreign investment, and lead to the creation of more jobs and other business/economic opportunities will help the economy recover further from the pandemic."

NICHOLAS MAPA
Senior Economist
ING Bank

"Revenge spending helped lift overall economic activity last year but at the expense of a drawdown in savings and an increase in household debt."

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