

**Under embargo until 12:00 noon. Bangkok Time, Monday, 1 May 2017**

## PHILIPPINES

GDP (current US\$, billions):	\$292.45	Population (thousands):	102,250
Share of GDP in developing Asia-Pacific:	1.4%	GDP per capita (current US\$):	\$2,904.10
Share of GDP in South-East Asia:	10.1%	Average inflation (2016)	1.8%

- Economic growth in the Philippines sped up to 6.8 per cent in 2016 from about 6 per cent in the preceding two years.
- Robust private consumption drove economic expansion thanks to higher workers' remittances, stronger domestic employment and modest inflation. Fixed investment also surged in 2016 as a result of a pre-election spending cycle and a notable increase in public works projects.
- Unlike domestic demand, external demand was much weaker. Total exports, in which electronics components account for a large proportion of the total, declined in 2016.
- In an effort to further increase spending on social services, the Government recently raised the ceiling on the fiscal budget from 2 per cent of GDP to 3 per cent in the period to 2022.
- Years of rapid economic growth have helped reduce the poverty rate, although it remained relatively high at almost 22 per cent in 2015.
- The growth outlook is optimistic, with projected growth of 6.9-7 per cent in 2017 and 2018.
- Higher oil prices would help boost economic activities in the Middle East, which hosts many Filipino overseas workers. In addition to higher workers' remittances, fiscal support would support household consumption.
- Budgeted government spending in 2017 is more than 10 per cent higher than that in 2016, with the increase being focused on education and infrastructure development.
- Capital investment is expected to expand favourably, given that industrial capacity utilization is at a multi-year high level.
- Inflation rates in 2017 and 2018 are projected to remain below the past trend.