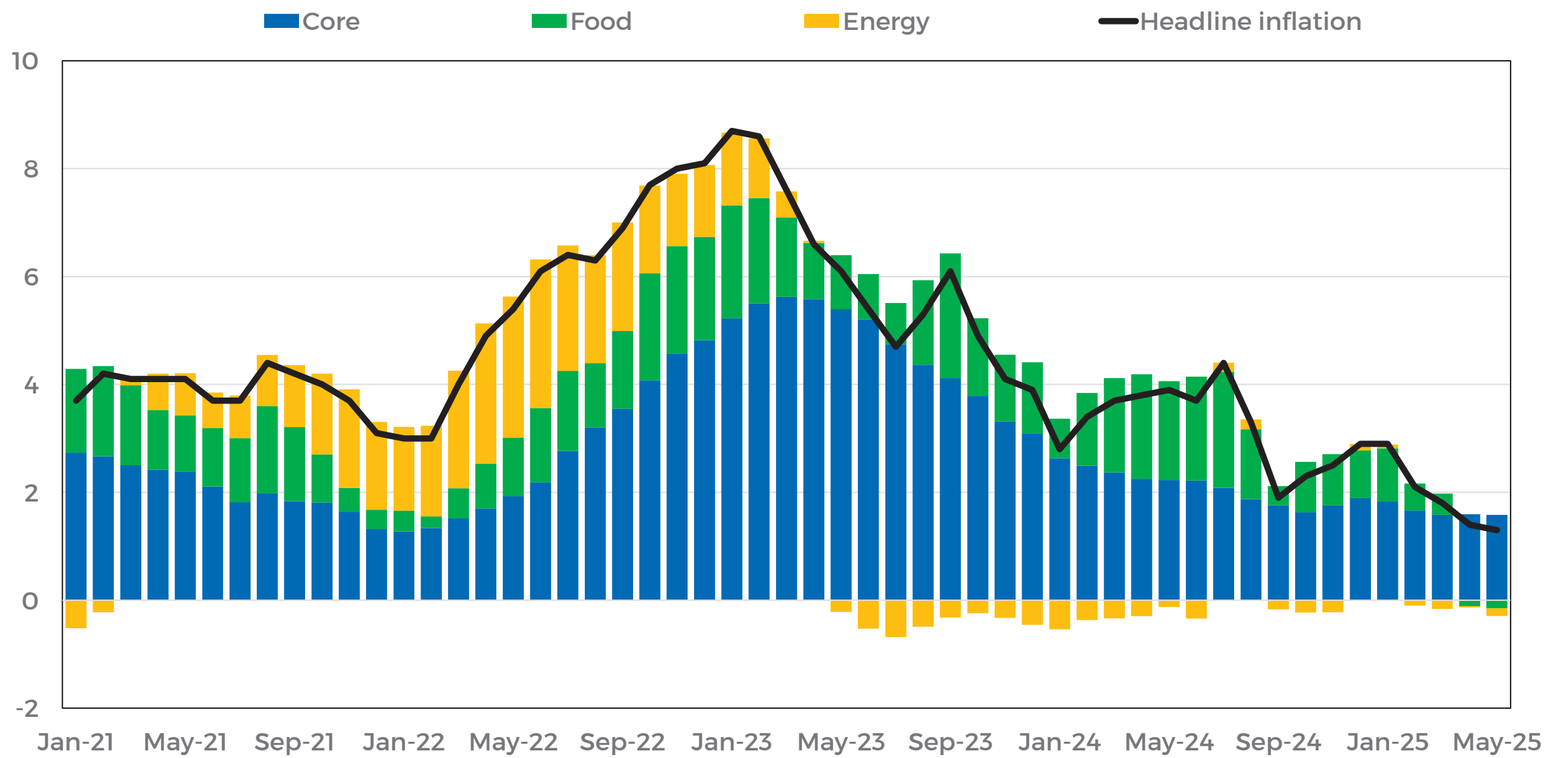
Manila Times Mid-Year Forum 2025
26 June 2025

SAFEGUARDING STABILITY AMID GLOBAL SHIFTS

ZENO RONALD R. ABENOJA
DEPUTY GOVERNOR
MONETARY AND ECONOMICS SECTOR
BANGKO SENTRAL NG PILIPINAS

Inflation has been on a downtrend as energy and rice prices decline

Contribution to headline inflation
year-on-year, in percentage points



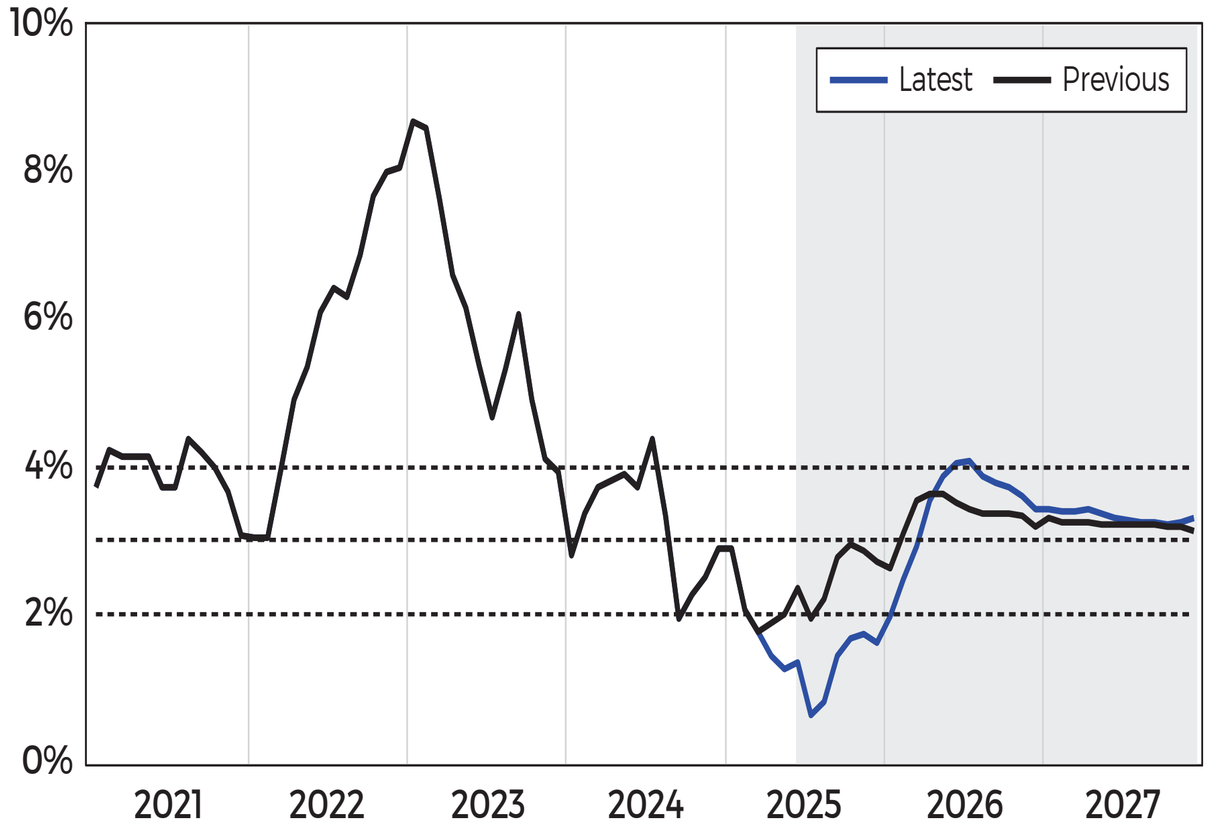
Sources: PSA and BSP calculations

Sources: PSA and BSP staff estimates
Note: Core CPI excludes volatile food and energy components, which account for 29.6 percent of the total CPI basket. Core component accounts for 70.4 percent of total CPI basket.

Classification: GENERAL

Manageable inflation environment for 2025-2027

BSP Year-on-Year Inflation Forecast
as of 19 June 2025 Monetary Board Policy Meeting

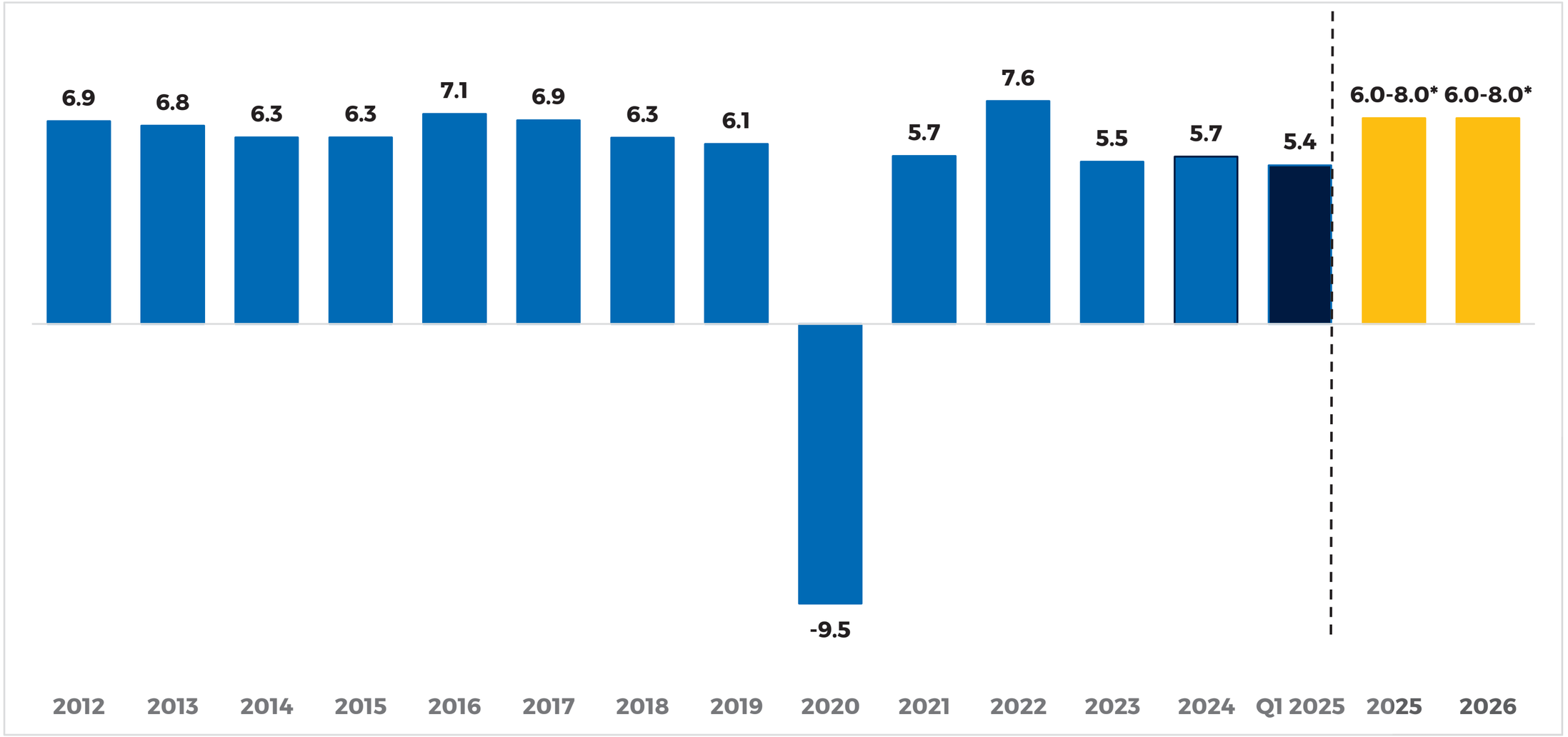


Central Inflation Forecasts		
	10-Apr MB Meeting	**19-Jun MB Meeting**
2025	2.4	1.6
2026	3.3	3.4
2027	3.2	3.3

High inflation scenario
Upward adjustments in electricity rates Higher oil price Reversion to higher rice tariff
Low inflation scenario
Impact of US policies on global trade and investment

Domestic demand remains firm despite emerging risks

Gross domestic product (GDP)
Growth rates at constant 2018 prices

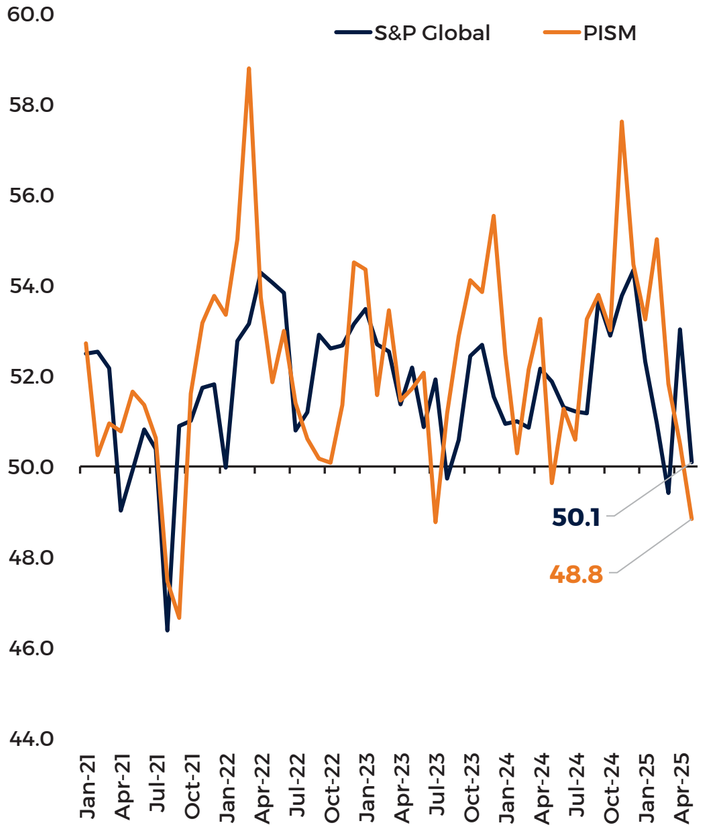


Source: PSA
**National Government Targets*

Classification: GENERAL

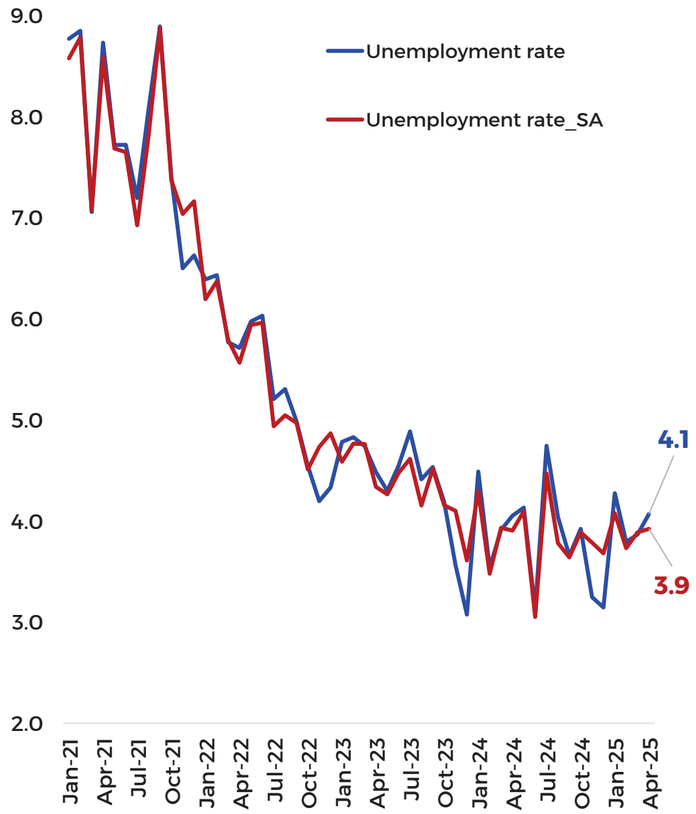
Higher frequency demand indicators point to easing growth momentum in the near term

Manufacturing PMI
Seasonally-adjusted



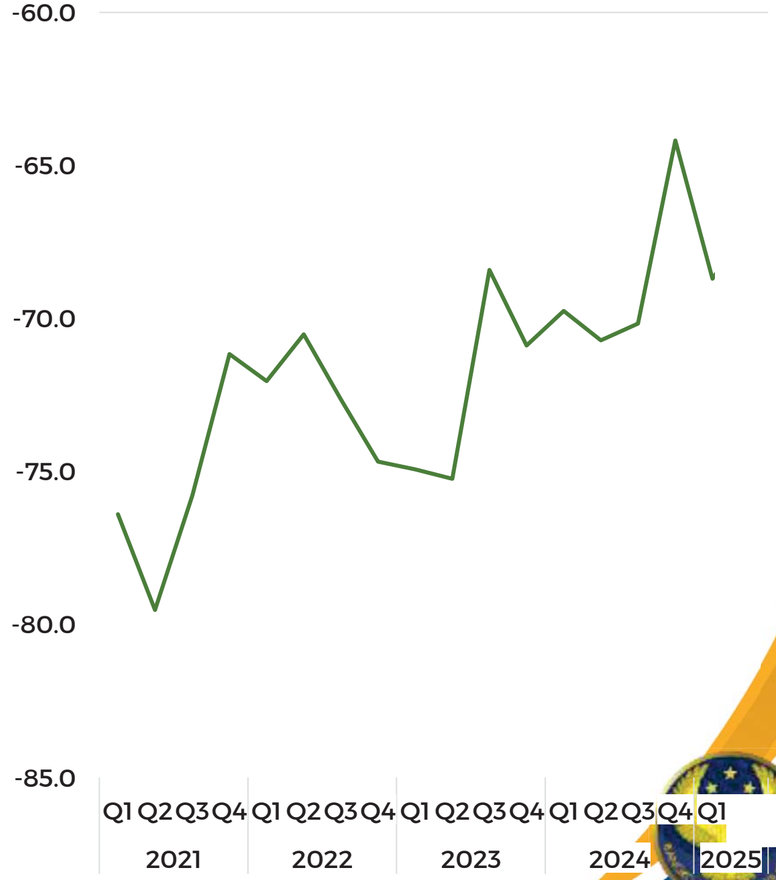
Sources: PISM and S&P Global HIS Markit

Unemployment rate
In percent



Sources: PSA
Seasonally-adjusted using Seasonal and Trend decomposition using Loess (STL) method.

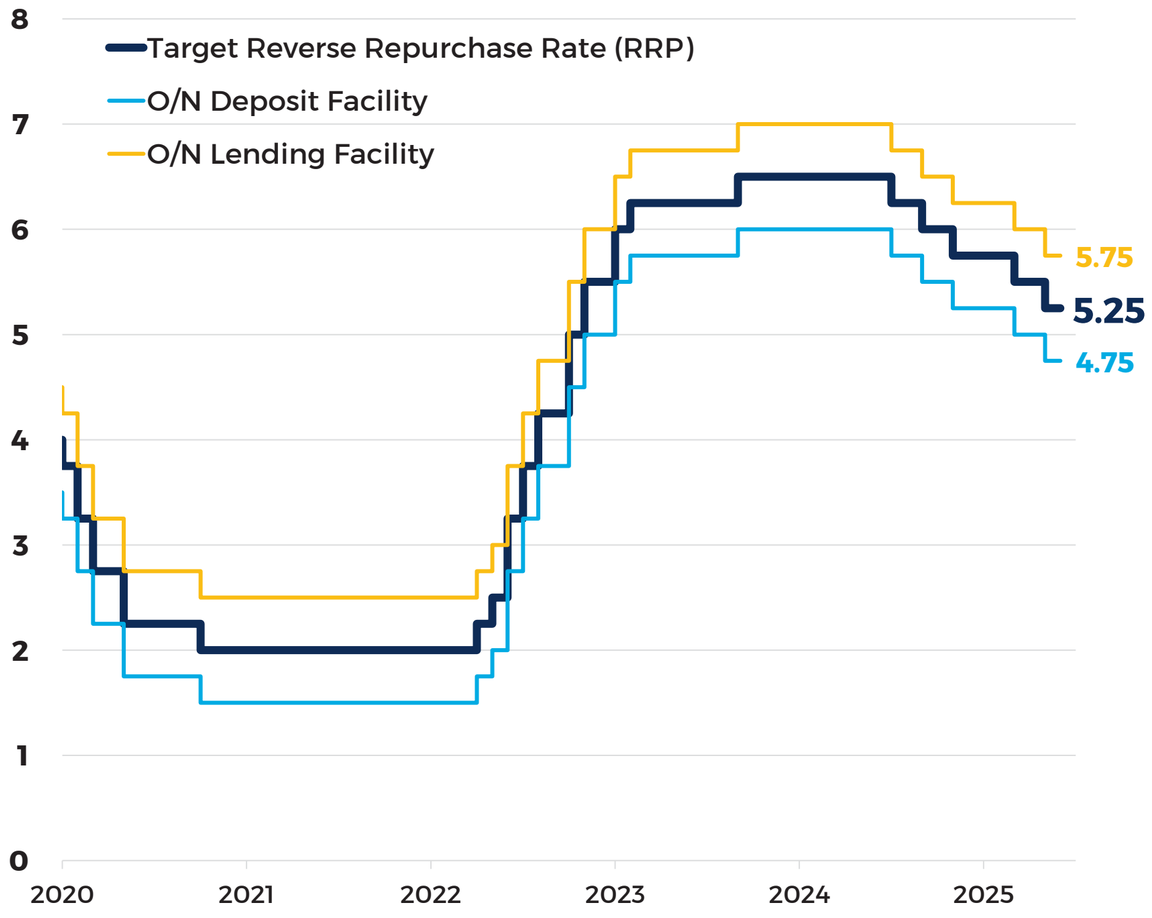
Consumers' Buying Sentiment for next 12 Months



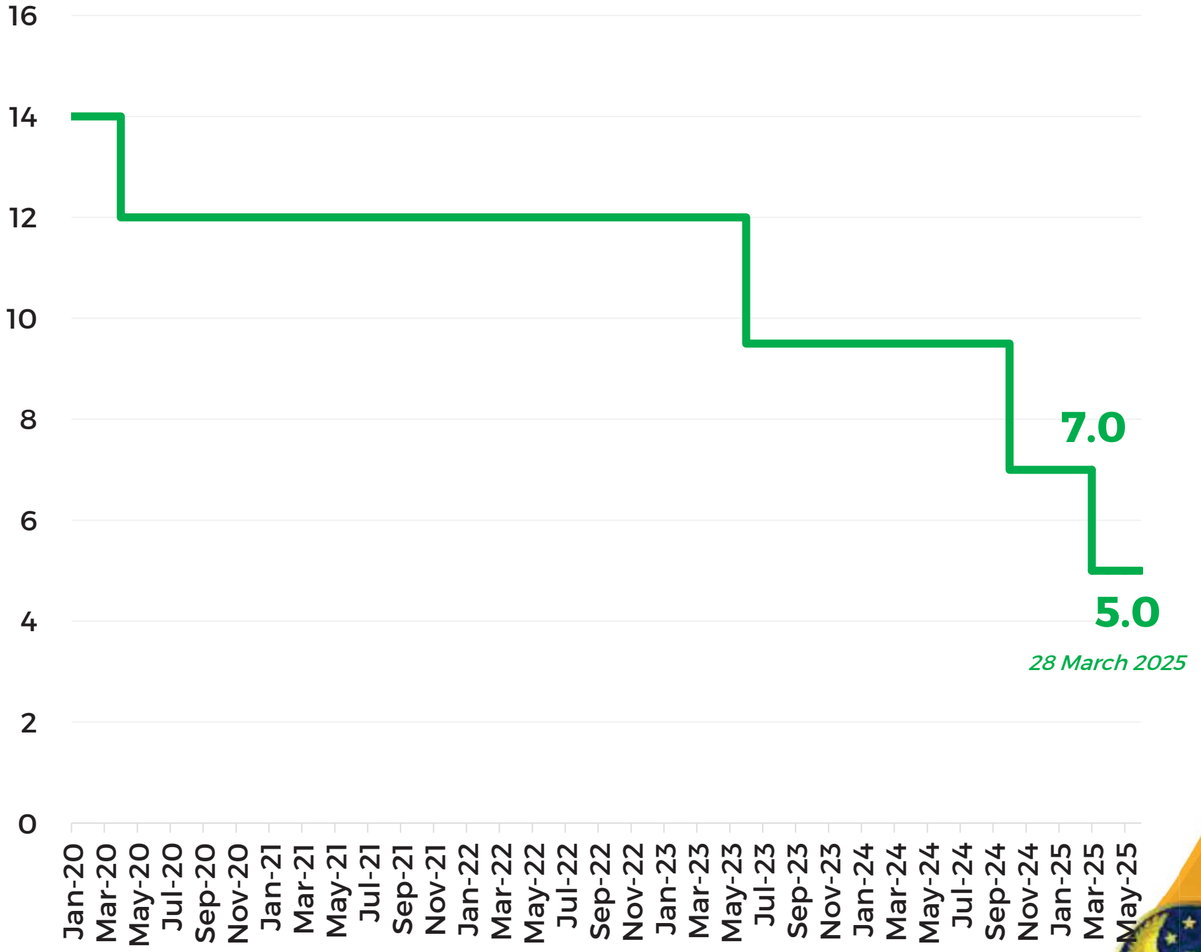
Source: Q2 2025 Consumer Expectations Survey (embargo until 27 June 2025)

The BSP continues its shift toward a more accommodative monetary policy stance

BSP Policy Interest Rate
in percent

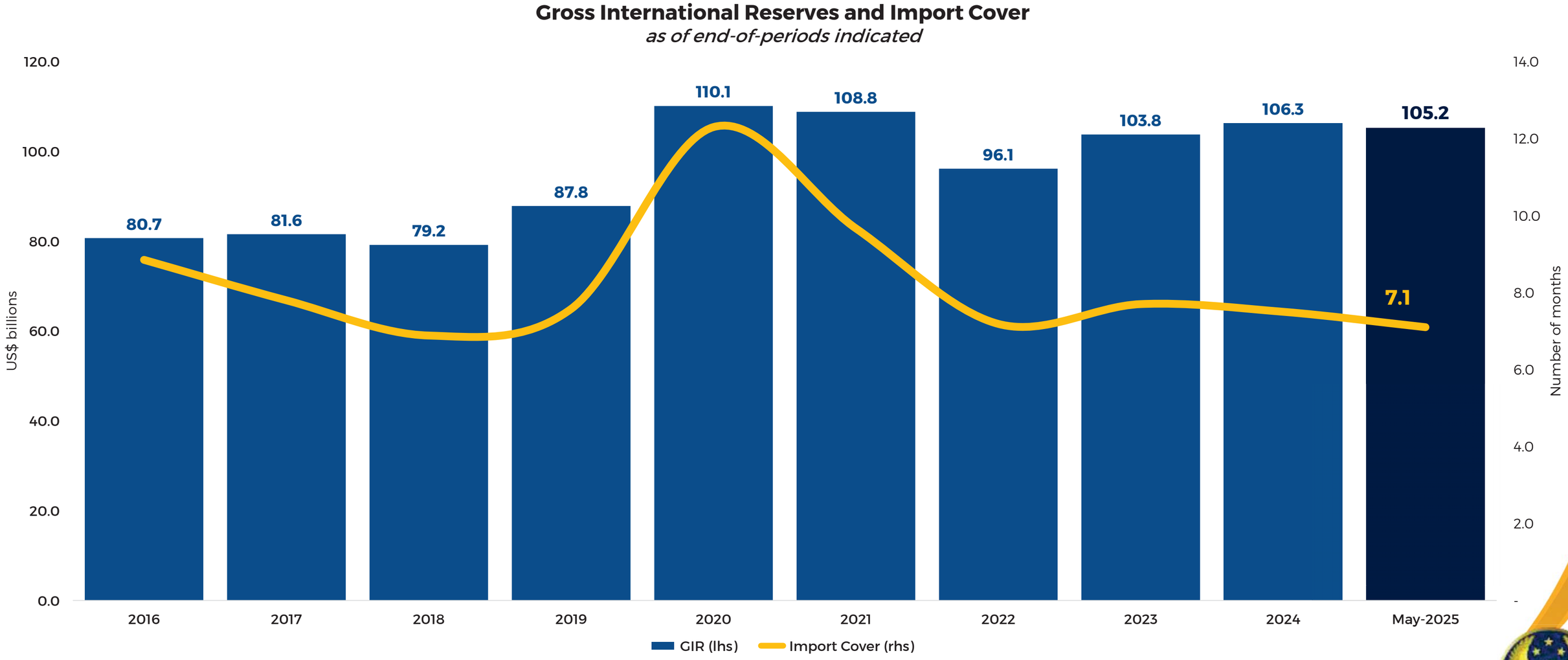


Reserve Requirement Ratio for Large Banks
in percent



Source of basic data: PSA and BSP

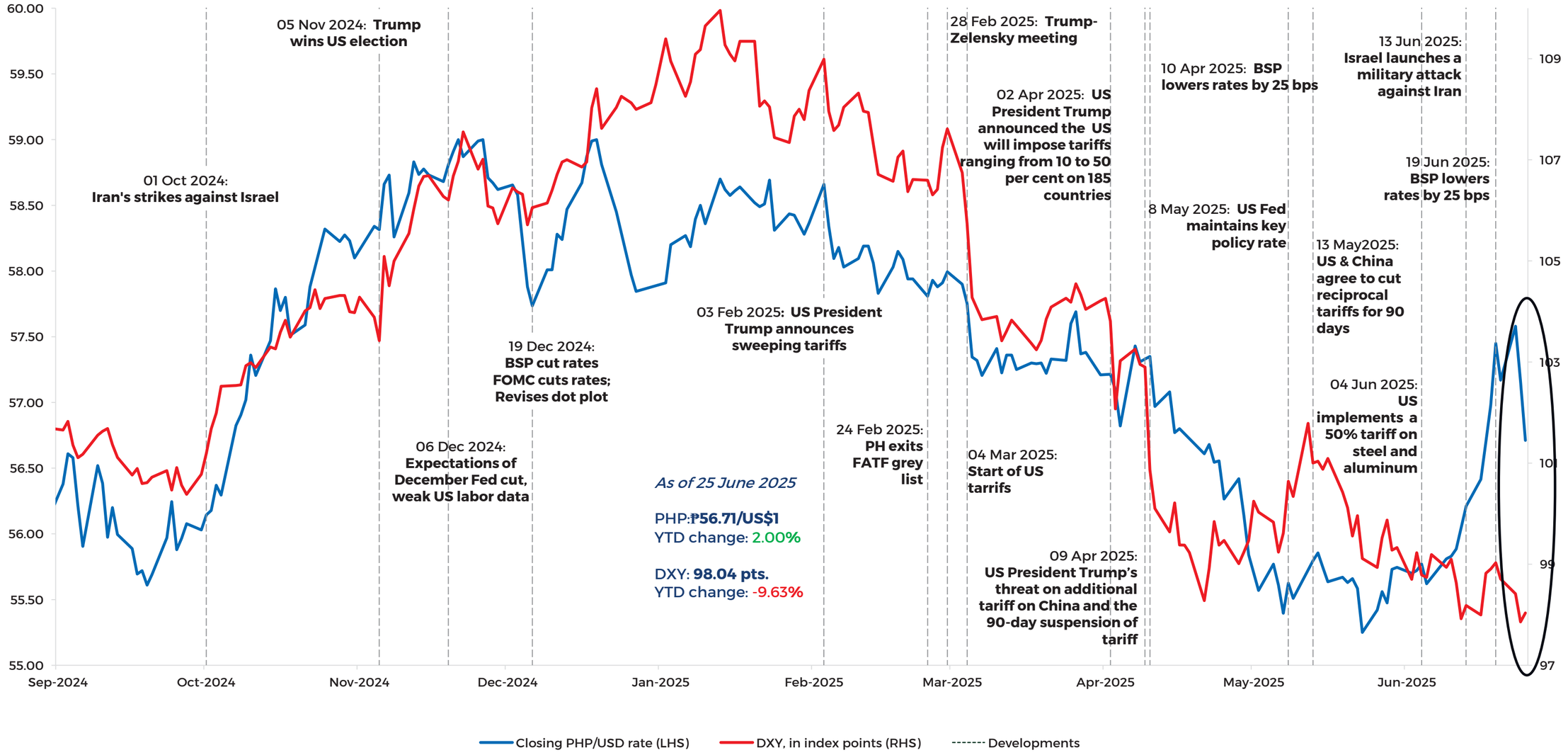
Sustained foreign exchange inflows and robust reserves provide a buffer amid external challenges



P - preliminary
Source: BSP

Peso continues to reflect external and domestic developments

Closing PHP-USD rate and DXY
1 September 2024 to 25 June 2025



Classification: GENERAL

Resilient Philippine banking system supports domestic economic activity

Assets **+ 5.5%**
Deposits **+ 4.0%**
Income **+ 10.6%***
Adequate capital buffer
As of April 2025
**As of March 2025*

- Banks maintain solid balance sheet performance

CAR (Conso) **16.5%***
LCR (Conso) **178.2%**
NSFR (Conso) **136.5%**
Highly liquid banks
As of December 2024, for UKBs
**As of March 2025, for UKBs*

- Capital and liquidity metrics are above international thresholds

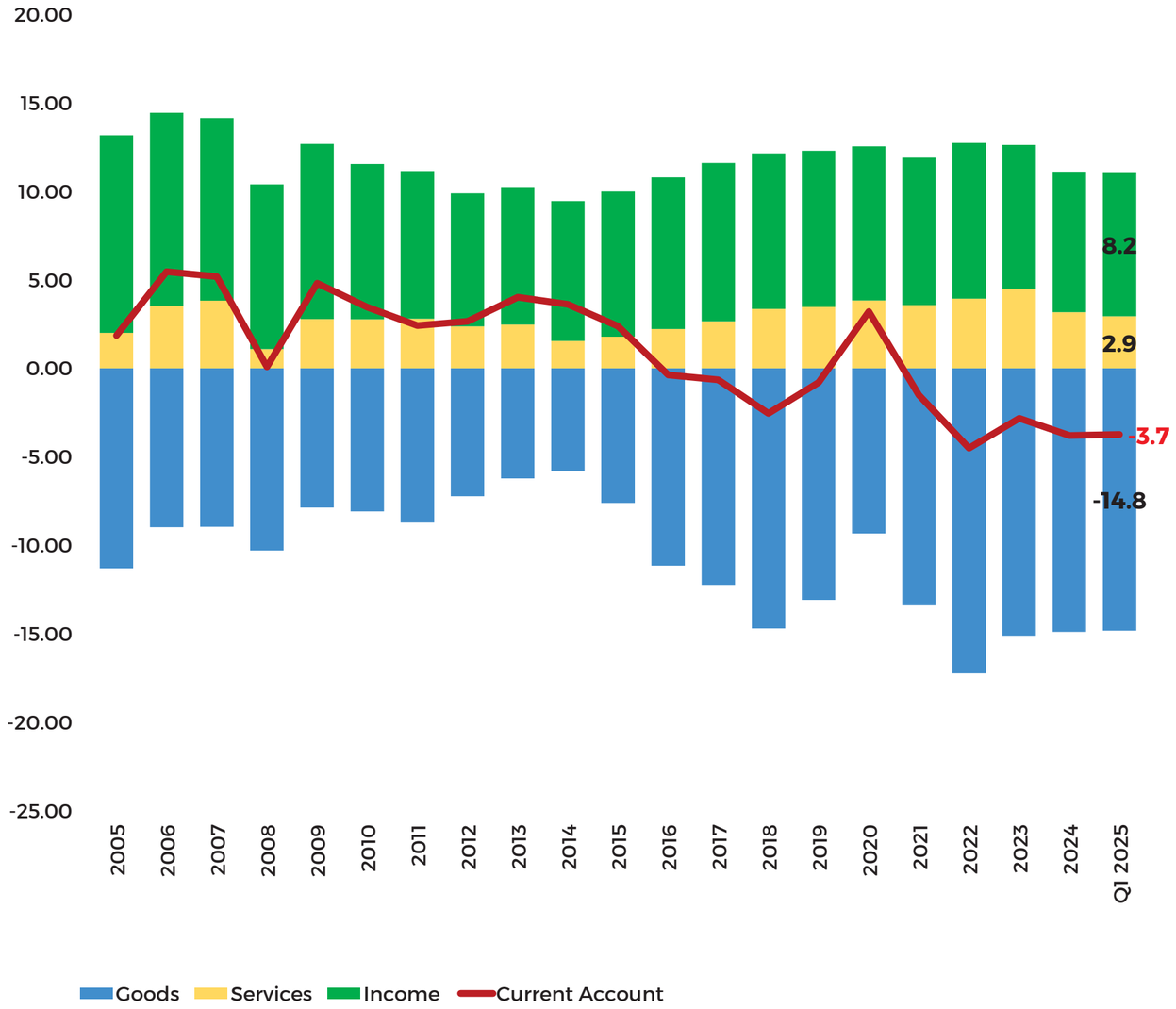
NPL ratio **3.4%**
NPL Coverage ratio **95.1%**
Satisfactory loan quality
As of April 2025

- NPLs remain steady and well covered

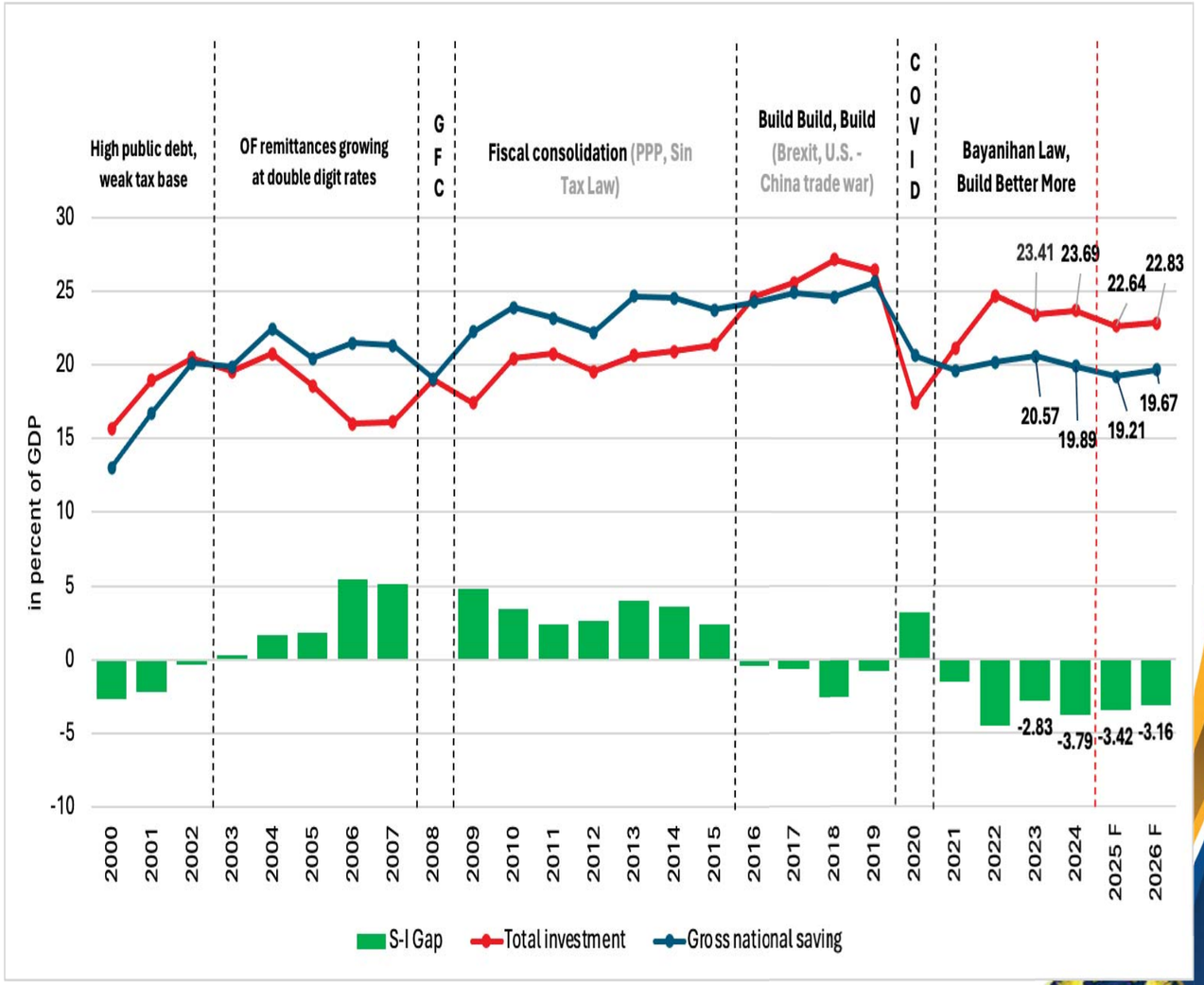
Classification: GENERAL

Current account and S-I gap remain manageable

Current Account and Components
as percent of GDP



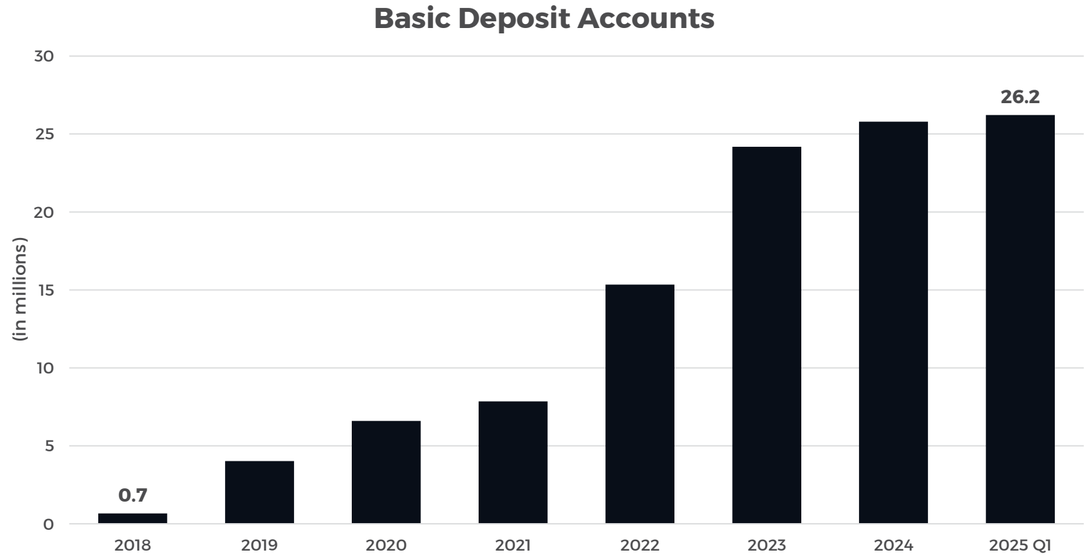
Gross National Saving and Total Investment Gap

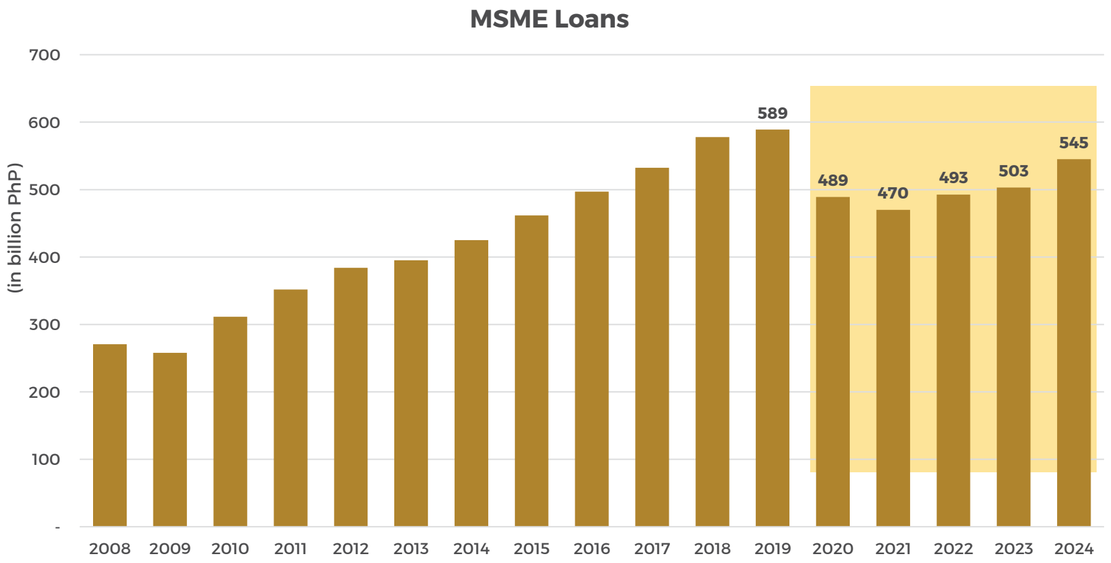


** The overall BOP registered a deficit of US$5.5 billion in Jan-Apr 2025, higher than the US$401 million deficit in Jan-Apr 2024*
P - preliminary
Source: BSP

Financial Inclusion toward Inclusive Growth and Financial Resilience

- Paleng-QR Ph Plus Program
- Standard Business Loan Application Form
- MSME lending enabled by Credit Risk Database and Movable Asset Financing
- Reaching the last mile (farmers, wage workers, youth, persons with disabilities)





Source: BSP; Bank submissions

Classification: GENERAL

Capital market reforms will support efficient monetary policy transmission and improve price discovery

Transparent and reliable financial market benchmarks

Use of ORR as overnight benchmark rate

Launch of enhanced Interest Rate Swap market

More efficient transmission of monetary policy

GMRA-based RRP

Expansion of counterparties

Issuances and Taxation

Debt Issuance Strategy

Taxation Framework

Outcome: Deeper Capital Markets

Classification: GENERAL

Key takeaways

- The moderation in inflation has given the BSP space to shift to a more accommodative monetary policy stance.
- A weaker global economy could weigh on domestic economic growth.
- A resilient banking system and adequate external buffers provide ample support to domestic economic activity.
- The BSP will continue to pursue its strategies to help maintain the economy's macroeconomic resilience amid high global uncertainty.

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