



Republic of the Philippines  
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**DOF Economic Bulletin on the 2022-Q1 Economic Performance**

- The economy grew by 8.27% in the first quarter of 2022, beating private sector analysts' median expectation of 6.6%. A bullish external sector with 103.17% growth in net primary income boosted GNI to double-digit growth of 10.66%, supplementing the energetic pace in domestic activities.
- From the demand side of the economy, household consumption increased by whopping 10.13% while investments and exports, by 19.96% and 10.32%, respectively. These double-digit increases helped to compensate for the slowing down in government consumption which nevertheless managed to post modest increase of 3.56%. Government construction also declined by 4.94%, slowing down after the previous year's feverish 24.86% growth. However, the private sector caught up in their construction activities. Corporate construction activities surged by as much as 26.36% while households, 15.38%. Imports continued its double-digit growth on the back of continued re-opening of the economy.
- From the supply side, the three major industrial sectors posted positive growth. Agriculture managed to eke out a modest growth of 0.16%. Livestock and fishing output declined by 1.09% and 5.79%, respectively, but that of poultry increased by 12.35%. Industry grew by 10.43%. Extractive activities output continued its double-digit growth on the back of elevated commodities prices. Manufacturing and construction sub-sectors saw their output increase by 10.11% and 13.47%, respectively. The services sector posted hefty growth of 8.57%. Trade activities increased by 7.31, reflecting the increase in consumption. Transportation and tourism-related activities saw above-20% growth as the economy safely re-opened.

- Quarter-on-quarter, the economy grew by 1.85%, continuing the growth momentum in previous quarters.

## DOF View

· The country shot the arrows of fiscal and monetary policies to fight against the deleterious economic effects of the pandemic and has strengthened the bow with structural reforms. The important packages of the comprehensive tax reform program (CTRP) that have been passed are structural reforms that enhanced and strengthened the employment of fiscal policy which has been expansionary because of the infrastructure program. In addition, rice import quotas have been converted to tariffs and the NFA's rice price stabilization function and regulatory controls repealed. Meanwhile, the amendment to the BSP's charter gave more power to monetary and financial authorities in bringing about price and financial stability as well as in overseeing an efficient and safe payments system in the economy that is increasingly facing a digital world. The amendments to the Retail Trade Liberalization Act (RTLA), the Foreign Investments Act (FIA), and the Public Service Act (PSA) have also been recently signed. These three pieces of structural reforms are expected to introduce more dynamism to the economy as they open the gates to more foreign capital and know-how which, in turn, provide competition to the highly ensconced local boys that have for so long dominated the domestic economy. In a nutshell, the past years saw much of the spadework done in the country's quest for sustainable and inclusive development. The current headwinds (e.g., threats to food and energy security) notwithstanding, the incoming administration should follow through and build on the hard-earned reforms.

Table 1 Economic Growth and Sources of Growth by Expenditure

| Expenditure            | Growth (%)    |              |             |             |             | Contribution to Growth (ppts) |              |             |             |             |
|------------------------|---------------|--------------|-------------|-------------|-------------|-------------------------------|--------------|-------------|-------------|-------------|
|                        | 21-Q1         | 21-Q2        | 21-Q3       | 21-Q4       | 22-Q1       | 21-Q1                         | 21-Q2        | 21-Q3       | 21-Q4       | 22-Q1       |
| Household Consumption  | - 4.76        | 7.31         | 7.09        | 7.54        | 10.13       | - 3.56                        | 5.15         | 5.20        | 5.70        | 7.50        |
| Gov't Consumption      | 16.07         | - 4.17       | 13.79       | 7.80        | 3.56        | 2.03                          | - 0.85       | 2.03        | 1.03        | 0.54        |
| Capital Formation      | - 13.93       | 83.67        | 20.85       | 14.22       | 19.96       | - 3.12                        | 12.62        | 3.82        | 2.95        | 4.00        |
| Construction           | - 25.23       | 35.32        | 24.93       | 15.77       | 13.18       | - 3.59                        | 4.94         | 2.66        | 1.93        | 1.46        |
| General Gov't          | 24.86         | 43.18        | 54.55       | 20.71       | - 4.94      | 0.67                          | 2.84         | 1.59        | 0.89        | - 0.17      |
| Corporations           | - 44.31       | - 23.87      | - 10.76     | 4.99        | 26.36       | - 3.30                        | - 1.51       | - 0.56      | 0.20        | 1.14        |
| Households             | - 23.76       | 324.61       | 64.22       | 21.70       | 15.38       | - 0.97                        | 3.61         | 1.63        | 0.84        | 0.50        |
| Exports                | - 8.39        | 28.57        | 9.15        | 7.68        | 10.32       | - 2.54                        | 6.97         | 2.73        | 1.85        | 2.98        |
| Less: Imports          | - 7.52        | 40.35        | 12.72       | 14.29       | 15.60       | 3.00                          | - 12.25      | - 4.72      | - 4.70      | - 5.99      |
| <b>GDP</b>             | <b>- 3.80</b> | <b>12.13</b> | <b>7.02</b> | <b>7.79</b> | <b>8.27</b> | <b>- 3.80</b>                 | <b>12.13</b> | <b>7.02</b> | <b>7.79</b> | <b>8.27</b> |
| Net Income from Abroad | - 75.92       | - 55.74      | - 52.39     | 15.98       | 103.17      |                               |              |             |             |             |

GNI - 10.54 6.83 2.79 8.11 10.66

Source of Basic Data: PSA

Table 2 Economic Growth and Sources of Growth by Industrial Origin

| Industrial Origin       | Growth (%)    |              |             |             |             | Contribution to Growth (ppts) |              |             |             |             |
|-------------------------|---------------|--------------|-------------|-------------|-------------|-------------------------------|--------------|-------------|-------------|-------------|
|                         | 21-Q1         | 21-Q2        | 21-Q3       | 21-Q4       | 22-Q1       | 21-Q1                         | 21-Q2        | 21-Q3       | 21-Q4       | 22-Q1       |
| Agri, forestry, fishing | - 1.29        | 0.01         | - 1.66      | 1.41        | 0.16        | - 0.13                        | 0.00         | - 0.16      | 0.15        | 0.02        |
| Livestock               | - 23.43       | - 19.45      | - 15.73     | - 9.67      | - 1.09      | - 0.31                        | - 0.25       | - 0.19      | - 0.10      | - 0.01      |
| Poultry and Egg         | - 7.46        | 2.63         | 1.52        | 2.80        | 12.35       | - 0.08                        | 0.02         | 0.01        | 0.03        | 0.13        |
| Fishing & Aquaculture   | 0.23          | - 0.97       | - 0.17      | 1.44        | - 5.79      | 0.00                          | - 0.01       | - 0.00      | 0.02        | - 0.06      |
| Industry                | - 4.17        | 21.29        | 8.66        | 9.58        | 10.43       | - 1.26                        | 6.07         | 2.33        | 2.94        | 3.14        |
| Mining & Quarrying      | 2.02          | 4.18         | 3.96        | 10.67       | 17.00       | 0.02                          | 0.04         | 0.02        | 0.07        | 0.15        |
| Manufacturing           | 0.81          | 22.38        | 7.01        | 7.32        | 10.11       | 0.16                          | 3.90         | 1.16        | 1.49        | 2.10        |
| Utilities               | 1.12          | 9.47         | 3.03        | 4.33        | 5.78        | 0.03                          | 0.33         | 0.12        | 0.13        | 0.19        |
| Construction            | - 22.57       | 27.39        | 18.00       | 18.60       | 13.47       | - 1.47                        | 1.80         | 1.02        | 1.26        | 0.71        |
| Services                | - 4.03        | 9.86         | 7.66        | 8.02        | 8.57        | - 2.41                        | 6.06         | 4.85        | 4.70        | 5.12        |
| Trade                   | - 3.41        | 5.37         | 6.51        | 7.14        | 7.31        | - 0.56                        | 0.97         | 1.38        | 1.38        | 1.20        |
| Transportation          | - 19.92       | 24.34        | 15.49       | 18.68       | 26.50       | - 0.76                        | 0.52         | 0.44        | 0.54        | 0.84        |
| Hotels & Restaurants    | - 22.50       | 56.71        | 12.41       | 20.20       | 20.96       | - 0.45                        | 0.44         | 0.15        | 0.26        | 0.34        |
| ICT                     | 6.61          | 12.63        | 8.58        | 8.66        | 7.69        | 0.21                          | 0.47         | 0.26        | 0.30        | 0.26        |
| Banking & Finance       | 4.32          | 5.22         | 3.86        | 5.36        | 7.24        | 0.43                          | 0.58         | 0.40        | 0.48        | 0.79        |
| Real Estate             | - 11.66       | 16.77        | 3.87        | 3.43        | 7.93        | - 0.76                        | 0.90         | 0.25        | 0.18        | 0.47        |
| Business Activities     | - 3.56        | 9.65         | 10.60       | 7.17        | 8.78        | - 0.20                        | 0.64         | 0.69        | 0.41        | 0.49        |
| Public Administration   | 7.49          | 5.14         | 5.43        | 5.01        | 0.78        | 0.32                          | 0.32         | 0.28        | 0.26        | 0.04        |
| Education               | 0.26          | 12.54        | 13.56       | 7.26        | 7.81        | 0.01                          | 0.58         | 0.50        | 0.24        | 0.34        |
| Social Services         | 12.96         | 14.02        | 16.07       | 13.62       | 1.21        | 0.23                          | 0.25         | 0.29        | 0.23        | 0.03        |
| Other Services          | - 38.73       | 37.56        | 19.57       | 29.60       | 22.26       | - 0.90                        | 0.38         | 0.21        | 0.42        | 0.33        |
| <b>GDP</b>              | <b>- 3.80</b> | <b>12.13</b> | <b>7.02</b> | <b>7.79</b> | <b>8.27</b> | <b>- 3.80</b>                 | <b>12.13</b> | <b>7.02</b> | <b>7.79</b> | <b>8.27</b> |
| Net Income from Abroad  | - 75.92       | - 55.74      | - 52.39     | 15.98       | 103.17      |                               |              |             |             |             |
| GNI                     | - 10.54       | 6.83         | 2.79        | 8.11        | 10.66       |                               |              |             |             |             |

Table 3 Quarter-on-Quarter Growth (%)

|             | 20-Q1         | 20-Q2          | 20-Q3       | 20-Q4       | 21-Q1       | 21-Q2         | 21-Q3       | 21-Q4       | 22-Q1       |
|-------------|---------------|----------------|-------------|-------------|-------------|---------------|-------------|-------------|-------------|
| Agriculture | - 0.82        | 0.33           | - 0.46      | - 1.47      | 0.66        | 1.15          | - 1.15      | 1.08        | - 0.70      |
| Industry    | - 4.79        | - 19.34        | 11.56       | 3.54        | 1.51        | 4.54          | - 0.70      | 4.21        | 1.97        |
| Services    | - 3.11        | - 15.01        | 7.64        | 3.53        | 1.45        | - 2.70        | 5.43        | 3.51        | 2.18        |
| <b>GDP</b>  | <b>- 3.41</b> | <b>- 14.85</b> | <b>7.84</b> | <b>3.02</b> | <b>1.39</b> | <b>- 0.20</b> | <b>2.89</b> | <b>3.48</b> | <b>1.85</b> |
| GNI         | - 4.49        | - 14.69        | 5.14        | 2.04        | - 2.02      | 1.84          | 0.95        | 6.98        | 0.79        |
| Consumption | - 2.98        | - 14.15        | 7.56        | 2.39        | 1.22        | - 3.69        | 6.86        | 3.61        | 3.21        |

Source: PSA

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