



Senate Economic  
Planning Office

# Economy

## At a Glance

July 2005

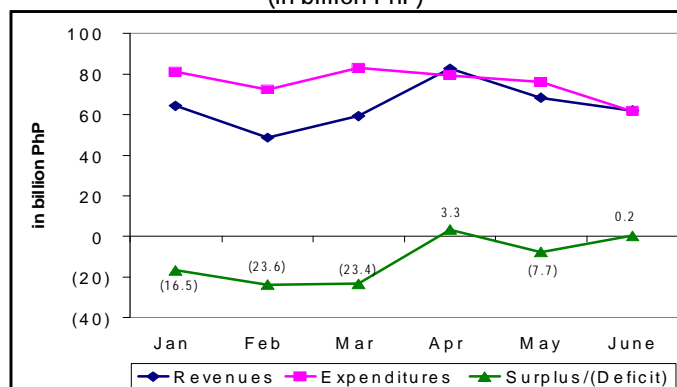
AG-06-2005

Latest economic figures show that the government is on track in its effort to improve its fiscal position.

### National government financial position

- ∅ The national government posted its second budget surplus in 2005, bringing the January to June deficit level to PhP67.5 billion, which is below the target of PhP98.5 billion by P31.0 billion
- ∅ The government registered a PhP246-million surplus for June, a reversal of last year's PhP2.7-billion deficit.
- ∅ The surplus was a result of better revenue collections, savings in interest payments and prudent spending.

Figure 1 Government Revenues, Expenditure and Deficit (in billion PhP)



Source: Department of Finance (DOF)

Table 1 National Government Revenues, by Agency (in billion PhP)

Agency	Jan-Jun 2004	Jan-Jun 2005		Difference from target
		Actual	Target	
BIR	229.2	260.0	265.4	(5.4)
BOC	60.6	68.4	72.5	(4.1)
Others	53.5	56.0	45.3	10.7
<b>Total Revenues</b>	<b>343.3</b>	<b>384.4</b>	<b>383.2</b>	<b>1.2</b>

Source:DOF

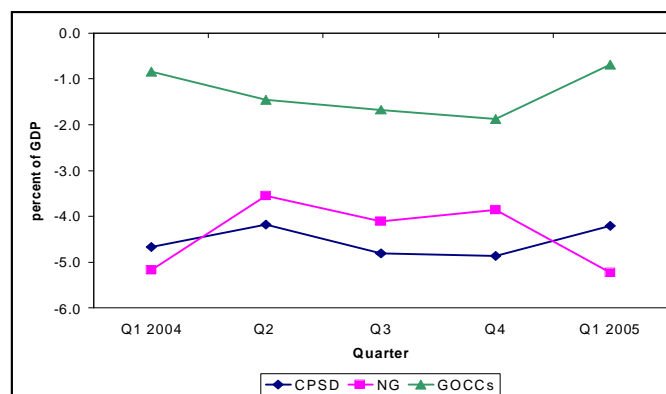
### National government revenue

- ∅ For January-June, total revenues grew by 12 percent year-on-year. Total revenues rose to PhP384.4 billion from PhP343.3 billion and exceeded the target level by PhP1.2 billion.
- ∅ BIR reported a 13-percent increase in collections to PhP260.0 billion, while Customs collections went up by 13 percent to PhP68.4 billion.

### Consolidated public sector deficit

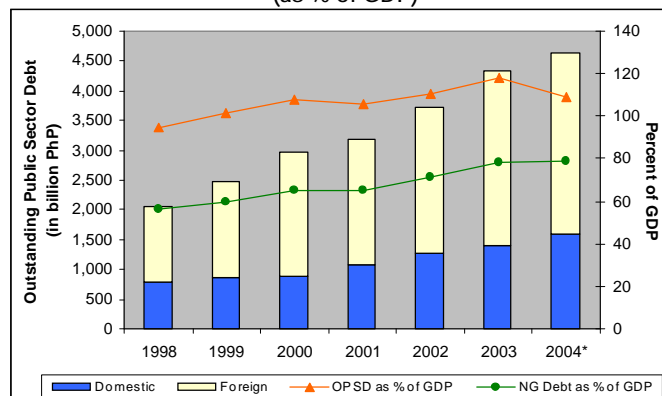
- ∅ For the first quarter of 2005, the consolidated public sector deficit was PhP51.1 billion, slightly lower than the PhP51.3 billion posted for the same period last year. This figure is still lower than the PhP69.9 billion target deficit for the first quarter of 2005.
- ∅ One reason for the decline is the 9.8-percent decrease in the GOCCs' deficit, from PhP9.3 billion last year to PhP8.4 billion in 2005.

Figure 2 Q1 2004-Q1 2005 Consolidated Public Sector Deficit (as % of GDP)



Source: DOF

Figure 3 Outstanding Public Sector Debt  
(as % of GDP)



Source: DOF

### Public sector debt

- Ø As of December 2004, the country's outstanding public sector debt stood at PhP5.3 trillion, or a 4.4-percent increase from the 2003 debt level.
- Ø The debt-to-GDP ratio now stands at 111.8 percent compared to 120.5 percent in 2003.
- Ø The national government debt accounted for 72 percent of the total public sector debt, which stood at PhP3.8 trillion, or 78.7 percent of GDP.
- Ø More than two thirds (67.7%) of the total public sector debt is foreign-denominated.

### Summary of Philippine Economic Performance Indicators

Philippine Economic Performance Indicator	Latest Period		Period of Comparison	
<b>BASIC MACROECONOMIC/REAL INDICATOR</b>				
Real GNP (in %)	4.7	Q1'05	6.4	Q1'04
Real GDP (in %)	4.6	Q1'05	6.4	Q1'04
<b>FISCAL INDICATOR</b>				
Revenue (in billion PhP)	384.4	1st sem '05	343.3	1st sem '04
Tax revenue (in billion PhP)	260.0	1st sem '05	229.2	1st sem '04
Expenditures (in billion PhP)	451.9	1st sem '05	423.4	1st sem '04
NG deficit (in billion PhP)	(67.5)	1st sem '05	(80.1)	1st sem '04
Consolidated public sector deficit (in billion PhP)	(51.1)	Q1 '05	(51.3)	Q1'04
Public debt (in billion PhP)	(5,297.8)	end '04	(5,074.1)	end '03
Public debt (as % of GDP)	111.8	end '04	120.5	end '03
NG debt (in billion PhP)	(3,867.1)	Apr '05	(3,421.2)	Apr '04
NG debt (as % of GDP)*	79.4	Apr '05	79.3	Apr '04
<b>MONETARY INDICATOR</b>				
Inflation rate (in %)	8.3	1st sem '05	4.4	1st sem '04
91-day treasury bill rate (in %)	6.6	1st sem '05	6.9	1st sem '04
<b>EXTERNAL INDICATOR</b>				
Exports (in billion US\$)	3.2	Apr '05	3.0	Apr '04
Imports (in billion US\$)	3.7	Apr '05	3.5	Apr '04
Current account balance as % of GNP	2.3	Q1 '05	0.5	Q1'04
Balance of payments as % of GNP	3.3	Q1 '05	(1.8)	Q1'04
External debt as % of GNP	62.3	Mar '05	65.2	Dec '04
Gross international reserves (in months worth of imports)	3.8	May '05	4.4	May '04
Peso per US dollar exchange rate (in PhP)	55.94	1st sem '05	54.92	1st sem '04
<b>LABOR AND EMPLOYMENT INDICATOR</b>				
Labor force population (in '000)** <i>old definition</i>	37,003	Apr '05	36,535	Apr '04
<i>new definition</i>	35,126			
Labor force participation rate (in %)** <i>old definition</i>	68.3	Apr '05	69.0	Apr '04
<i>new definition</i>	64.8			
Unemployment rate (in %)** <i>old definition</i>	12.9	Apr '05	13.7	Apr '04
<i>new definition</i>	8.3			
Underemployment rate (in %)	26.1	Apr '05	18.5	Apr '04
Jobs generated (in '000)	684	Apr '05	1,115	Apr '04

Sources: BSP, DOF, National Economic and Development Authority, National Statistical Coordination Board and National Statistics Office

\* GDP used is sum of present quarter (Q1 2005) plus three previous quarters (Q2-Q4 2004) vis-a-vis the same period of the comparable year

\*\*Through Resolution No. 15 in 2004, the NSO includes the International Labor Organization criterion of "currently available for work" in its criteria for unemployment.