The Gross Regional Domestic Expenditure (GRDE) grew by 6.2 percent in 2018. This was lower than its 2017 growth of 6.7 percent. GRDE is the sum of all final uses of goods and services in the regional economies during the year.

Mindanao posted the highest growth with 7.1 percent compared with the previous year’s 7.0 percent. Luzon and Visayas posted growths of 6.0 percent and 6.9 percent, respectively, in the same period (Figure 1).

Luzon continued to get the highest share of the country's expenditures, accounting for 73.0 percent of the total expenditures. On the other hand, Mindanao and Visayas contributed 14.5 percent and 12.5 percent to the total GRDE, respectively.

The biggest contributor to the 2018 GRDE growth was the Luzon group, with NCR and Other Luzon contributing 1.8 and 2.6 percentage points, respectively to the total growth of 6.2 percent during the year. Meanwhile, Visayas and Mindanao island groups contributed 0.9 and 1.0 percentage points, respectively.

All 17 regions posted positive economic growth from 2017 to 2018 with Bicol Region economy growing the fastest. Eight regions recorded accelerated growths during the year: Bicol Region (8.9 percent); MIMAROPA (8.6 percent); Central Visayas
(7.6 percent); CALABARZON (7.3 percent); Northern Mindanao (7.0 percent); Ilocos Region (6.5 percent); Zamboanga Peninsula (6.3 percent); and Eastern Visayas (5.9 percent).

The following regions’ economies also grew, but at a slower pace: Davao Region (8.6 percent); Cordillera Administrative Region (CAR) (7.3 percent); Autonomous Region in Muslim Mindanao (ARMM) (7.2 percent); Central Luzon (7.1 percent); SOCCSKSARGEN (6.9 percent); Western Visayas (6.1 percent); National Capital Region (NCR) (4.8 percent); Cagayan Valley (3.3 percent); and Caraga (3.2 percent).

NCR remained to have the largest domestic spending with 36.0 percent of the total GRDE. This was followed by CALABARZON with 17.0 and Central Luzon with 9.8 percent share.

On the other hand, ARMM and Caraga had the least share of total expenditures with 0.6 percent and 1.1 percent, respectively.
Sectoral highlights

1. Household Final Consumption Expenditure (HFCE)

1.1 Total HFCE

The country’s household final consumption expenditure (HFCE), which comprised 68.5 percent of total expenditures, grew by 5.6 percent in 2018.

In terms of the country's major island groupings, Visayas recorded the highest HFCE growth at 5.7 percent with Luzon and Mindanao followed with 5.6 percent and 5.2 percent, respectively.

Bicol Region posted the highest growth of 7.2 percent, faster than the previous year’s growth of 6.1 percent. MIMAROPA and Davao Region posted 7.0 percent and 6.8 percent, respectively. On the other hand, the region with the least HFCE growth was ARMM with 2.1 percent, slower than its 2.7 percent growth in 2017 (Figure 3).

![Figure 3. Household Final Consumption Expenditure, by Region](image)

NCR remained the highest spending region on consumer goods and services at 22.7 percent of the national HFCE. Trailing behind were CALABARZON and Central Luzon at 16.4 percent and 12.8 percent, respectively.
ARMM and Caraga likewise continued to be the low spending regions contributing to 1.3 percent and 1.6 percent, respectively.

### 1.2 Per Capita HFCE

Central Luzon per capita HFCE posted the highest expansion in real terms at 5.3 percent in 2018. Cagayan Valley followed at 5.2 percent. On the other hand, ARMM declined by 0.4 percent in 2018.

![Figure 4: Per Capita Household Final Consumption Expenditure, By Region](image)

**FIGURE 4. PER CAPITA HOUSEHOLD FINAL CONSUMPTION EXPENDITURE, BY REGION**

Growth Rates (in percent), 2016-2018, At Constant 2000 Prices

#### 2. Government Final Consumption Expenditures (GFCE)

Government final consumption expenditure grew by 13.0 percent in 2018, higher than that of the previous year’s 6.2 percent growth.

Among the three major island groups, Visayas posted the highest growth in 2018 at 14.3 percent. Meanwhile, Mindanao and Luzon recorded 13.6 percent and 12.7 percent, respectively.

All regions posted positive growth in 2018 with Ilocos Region having the highest growth at 17.1 percent. This was followed by: Cagayan Valley, 15.3 percent; and Zamboanga Peninsula, 15.0 percent. Meanwhile, the three regions with lowest growth were: MIMAROPA, 11.1 percent; NCR, 11.6 percent; and Caraga, 12.1 percent (Figure 5).
Among all regions, NCR had the highest share accounting for 46.0 percent, almost half of the total government expenditures. The next top three regions were: Central Luzon (6.2 percent), CALABARZON (6.1 percent), and Western Visayas (4.6 percent). On the other hand, CAR, Caraga and MIMAROPA were the regions with the lowest registered shares of 1.8 percent, 1.9 percent and 2.0 percent, respectively.

3. Gross Domestic Capital Formation (GDCF)

Total gross domestic capital formation in 2018 accelerated to 13.2 percent. This was faster than the 9.4 percent in 2017. Meanwhile, fixed capital formation grew by 12.9 percent in 2018, higher than the 9.4 percent growth during the previous year.

3.1 Construction

Total investments in construction grew by 13.6 percent in 2018. Among the major island groups, Luzon (excluding NCR) registered majority of the investments in construction with 40.6 percent share of the total investments in construction. Visayas, meanwhile received 22.4 percent of the total construction investments while Mindanao received 22.9 percent. Of the three island groups, the Gross Value (GV) of construction grew the fastest in Luzon, which grew by 14.2 percent in 2018. Likewise, Construction GV in Visayas and Mindanao also grew by 13.5 and 12.2 percent, respectively, in 2018.
National Capital Region led the total construction investments with 14.2 percent share, followed by CALABARZON with 13.5 percent and Central Visayas with 11.4 percent. On the other hand, ARMM had the least contribution to total investment at 0.2 percent.

Construction investments in MIMAROPA Region grew the fastest in 2018 with a growth of 24.4 percent. This was followed by Bicol Region with 20.5 percent and Davao Region with 16.9 percent (Figure 6).

Growth in the national Public Construction expanded by 19.7 percent in 2018. Central Luzon grew the fastest recording 39.3 percent growth, followed by Bicol Region with 34.9 percent growth, and MIMAROPA Region with 32.1 percent growth.

National Private Construction grew by 11.5 percent. Eastern Visayas posted the highest growth with 19.7 percent. This was followed by Davao Region with 15.6 percent growth and MIMAROPA Region with 15.5 percent.

### 3.2 Durable Equipment (DE)

Real investments in durable equipment posted 12.4 percent growth in 2018.

The Luzon group posted 12.1 percent growth in 2018 while Visayas and Mindanao posted growths of 18.9 percent and 10.4 percent, respectively (Figure 7).
Among the regions, NCR accounted for 51.4 percent in 2018 of the total DE investments, the largest share among regions. Other regions with notable expansion in real investments in DE were: Cagayan Valley with 200.1 percent growth; Bicol Region, 92.9 percent; Davao Region, 21.9 percent; Central Visayas, 20.9 percent; and CALABARZON, 16.8 percent.

3.3 Breeding Stocks and Orchard Development (BSOD)

The combined investments on Breeding Stocks and Orchard Development (BSOD) improved to 4.7 percent from the previous year’s 3.3 percent growth.

Luzon continued to lead the shares in investments in BSOD with 61.4 percent, followed by Mindanao group with 22.9 percent and the Visayas group with 15.7 percent. Continuous growth in investments was posted in 2018 for Luzon at 4.0 percent, Visayas at 3.6 percent and Mindanao at 7.5 percent.

Among the regions, SOCCSKSARGEN registered the highest growth at 18.7 percent. This was followed by Central Visayas and MIMAROPA which increased by 9.2 percent and 9.0 percent, respectively. Meanwhile, Davao Region and Western Visayas posted declines with 2.4 percent and 0.1 percent, respectively (Figure 8).
3.4 Intellectual Property Products (IPP)

Intellectual Property Products (IPP) includes expenditures on research and development, mineral exploration, computer software and databases, and entertainment, literary or artistic originals.

Expenditures on IPP grew by 21.9 percent which was slower than the growth recorded in 2017. All the three major island groups recorded slower growths in 2018. Luzon, Visayas and Mindanao grew by 21.6 percent, 24.5 percent and 27.8 percent in 2018, respectively.

By region, Ilocos Region had the highest recorded growth in 2018 at 55.6 percent. It was followed by Bicol and Eastern Visayas with 48.1 percent and 45.1 percent, respectively (Figure 9).

Among the regions, NCR has the biggest share with 81.9 percent in 2018 while ARMM has the least share to the total IPP.
3.5 Changes in Inventories (CIN)

The Changes in Inventories posted additions of PhP 31.1 billion in 2018.

By major island groups, Luzon and Visayas recorded additions of PhP 33.6 billion and PhP 5.9 billion in 2018, respectively. While Visayas registered withdrawals of PhP 8.5 billion during the period.

Among the regions, 11 regions posted additions in their inventories in 2018. The top three among those were Bicol Region posting an amount of Php 11.8 billion; NCR with PhP 9.2 billion; and CALABARZON with Php 7.0 billion. The three regions that recorded the largest withdrawals were Northern Mindanao with Php 7.1 billion; Eastern Visayas with Php 6.8 billion; and Central Luzon with Php 5.1 billion.
4. Net Exports

The Philippines recorded deficit net exports in 2018 which amounted to PhP 961.3 billion, a higher deficit compared with the PhP 721.6 billion in 2017. All regions posted deficits except for three regions: NCR, PhP 327.9 billion; CAR, PhP 16.0 billion; and Northern Mindanao, PhP 4.6 billion.