

HIGHLIGHTS

Philippine Economy Grew by 6.3 percent in Q4 2015; 5.8 percent in 2015

The country's Gross Domestic Product (GDP) in the fourth quarter of 2015 grew by 6.3 percent, the highest quarterly growth for the year. The growth, however, is slower than the 6.6 percent posted in the same period of the previous year.

The fourth quarter GDP was driven by the Services sector which accelerated to 7.4 percent from 5.6 percent while Industry decelerated to 6.8 percent from 9.1 percent. On the other hand, Agriculture contracted by 0.3 percent from a growth of 4.2 percent in 2014.

The fourth quarter growth paved the way for the economy to grow by 5.8 percent for the whole year of 2015 from 6.1 percent in 2014. Services was the main driver of the economy at 6.7 percent growth from 5.9 percent the previous year. Industry and the entire Agriculture both decelerated with 6.0 percent and 0.2 percent from 7.9 percent and 1.6 percent, respectively.

Meanwhile, Net Primary Income (NPI) from the Rest of the World grew by 5.4 percent in the fourth quarter of 2015 from 1.4 percent the same period last year, driving the Gross National Income (GNI) to post a growth of 6.2 percent from the previous year's 5.7 percent.

On an annual basis, GNI slowed down to 5.4 percent in 2015 from 5.8 percent the previous year with the deceleration of NPI to 3.6 percent in 2015 from 4.1 percent in 2014.

PRODUCTION SIDE

Agriculture, Hunting, Forestry and Fishing (AHFF)

AHFF declines

AHFF, which accounted for 10.5 percent of GDP, declined by 0.3 percent in the fourth quarter of 2015 from the 4.2 percent growth a year ago. Agriculture slightly grew by 0.5 percent while Forestry increased by 57.7 percent. Meanwhile, Fishing plunged by 4.5 percent during the period as compared with the 4.2 percent in the previous year.

The industries that mainly pulled down AHFF growth were Palay, Fishing, Corn, Sugarcane, and Rubber.

Agriculture slightly increases

Agriculture, which comprised 81.4 percent of AHFF, increased minimally with a 0.5 percent growth, compared with last year's growth of 4.3 percent. The top contributors to the growth were: Agricultural Activities and Services, which grew by 11.6 percent from 4.0 percent in the previous year; Livestock, 3.7 percent from 0.8 percent; Poultry, 4.2 percent from 3.0 percent; and Cassava, 6.2 percent from 4.1 percent.

Pulling down the growth of agriculture were: Palay, which declined by 3.7 percent from 6.8 percent last year; Corn, down by 6.1 percent from 27.3 percent; Sugarcane, declined further by 7.2 percent from a contraction of 7.8 percent; and Rubber, plunged further by 20.3 percent from negative 2.0 percent.

Forestry accelerates

Forestry expanded by 57.7 percent in the fourth quarter of 2015 compared with the 5.2 percent growth posted in the same period last year.

Fishing slows down

Fishing, after posting positive growth in the previous quarter, plummeted to 4.5 percent in Q4 2015, a reversal from the 4.2 percent growth in the previous year.

Industry**Industry continues to grow**

Industry expanded by 6.8 percent in the fourth quarter, contributing 2.3 percentage points to the total GDP growth. This marked the fastest growth recorded for all quarters in 2015 despite being lower than the 9.1 percent growth posted in the same quarter in 2014. The biggest contributors to the growth of Industry were Manufacturing, 4.7 percentage points, and Construction, 1.5 percentage points.

Mining and Quarrying (MAQ) accelerates

MAQ grew by 7.8 percent in the fourth quarter of 2015, faster than the 5.9 percent growth last year. Other Non-metallic Mining, the main contributor to the growth of sector, rebounded by 56.9 percent from a decline of 58.6 percent last year. Other positive contributors include: Nickel Mining, which slowed down to 9.2 percent from an expansion of 13.9 percent last year; Crude Oil, Natural Gas and Condensate, 8.3 percent from 45.7 percent; and Stone Quarrying, which grew by 0.8 percent from 17.2 percent.

On the other hand, the rest of MAQ's subsectors suffered setbacks: Chromium Mining, which declined by 90.7 percent from a growth of 698.3 percent; Other Metallic Mining, which contracted further by 12.7 percent from negative 69.2 percent; Gold Mining, which declined by 3.4 percent from a growth of 17.7 percent; and Copper Mining, which plummeted further by 1.9 percent from a downtrend of 11.8 percent in the same period in 2014.

Manufacturing leads contributors to growth

Manufacturing grew its fastest pace in the fourth quarter for 2015 with a 6.6 percent expansion albeit slower than the 7.7 percent growth in Q4 2014.

Chemicals and Chemical Products, which maintained four consecutive quarters of double-digit growths, was the top contributor to growth as it sped up by 16.5 percent from 4.9 percent a year ago. Other contributors to the growth of the Manufacturing were: Food Manufactures, 5.0 percent from 9.5 percent; Radio, Television and Communication Equipment and Apparatus, which accelerated to 14.3 percent from 0.3 percent; Basic Metal Industries, 35.6 percent from 31.5 percent; and Wood, Bamboo, Cane & Rattan Articles, 35.7 percent from a decline of 0.6 percent.

On the other hand, the following subsectors pulled down the growth of Manufacturing: Furniture and Fixtures, which declined by 14.6 percent from a growth of 0.6 percent; Petroleum and Other Fuel Products, which declined by 10.0 percent from 5.4 percent; Beverage Industries, down by 1.6 percent from 28.0 percent; Publishing and Printing, contracted by 3.4 percent from 112.0 percent; and Miscellaneous Manufactures, negative 1.6 percent from 1.2 percent growth last year.

Construction industry expands at slower rate

Construction grew by 8.4 percent in the fourth quarter of 2015, slower than the 17.9 percent growth posted in the same period last year. The growth was

weighed down by Private Construction despite the robust growth in Public Construction.

Electricity, Gas and Water Supply (EGWS) slows down

EGWS slowed down to 4.8 percent in the fourth quarter of 2015 from its 5.1 percent growth last year. Electricity, which was 83.6 percent of EGWS in Q4 2015, expanded by 5.2 percent from 3.9 percent in the same period last year.

EGWS's growth was weighed down by the decelerating performance of Steam and Water, which grew by 6.9 percent and 0.4 percent from 24.2 percent and 5.3 percent, respectively.

Services

Services drives growth

Services, which remained as the driver of the economy, accelerated to 7.4 percent in the fourth quarter of 2015 from 5.6 percent last year. The sector contributed 4.1 percentage points to the total GDP growth. The growth of Services during the period was the fastest since the 7.8 percent recorded in the second quarter of 2013. All subsectors, led by Trade; Real Estate, Renting & Business Activities; and Other Services contributed robustly to the sector's growth.

Transport, Storage and Communication (TSC) picks up

TSC registered the fastest growth since Q2 2007 with 8.9 percent in Q4 2015, compared with the 4.5 percent growth last year. Communication, which contributed the most to TSC's growth, picked up with a 10.8 percent growth from 1.6 percent in the same period in 2014. This is the highest growth posted by Communication since the 14.2 percent growth recorded in Q2 2007.

Air Transport also accelerated by 12.7 percent this quarter, faster than the 11.4 percent growth in the previous year. Water Transport, although contributing the least to TSC's growth, expanded further by 10.0 percent this year from 8.4 percent last year.

On the other hand, other subsectors grew at a slower rate: Land Transport, 4.3 percent from 5.7 percent; and Storage & Services Incidental to Transport, 5.0 percent from 17.3 percent growth last year.

Trade accelerates

Trade and Repair of Motor Vehicles, Motorcycles, Personal and Household Goods accelerated to 7.0 percent growth in the fourth quarter of 2015 from the 3.4 percent posted in 2014. Retail Trade, which sped up by 6.3 percent growth from 1.9 percent in the previous year, significantly contributed to the growth of Trade. Wholesale Trade also accelerated to 9.0 percent compared with the 8.9 percent growth a year ago.

Contributing the least to Trade's growth was Maintenance and Repair of Motor Vehicles, Motorcycles, Personal and Household Goods with 11.5 percent growth from 9.4 percent posted in the same period last year.

Finance slows down

The Financial Intermediation sector expanded by 7.4 percent in the fourth quarter of 2015, a deceleration from the 8.9 percent growth posted in 2014. Finance's growth was mainly supported by Banks and Non-banking Financial Institutions, which grew by 7.8 percent (albeit slower than the 9.3 percent growth last year) and 7.6 percent (from 10.0 percent a year ago), respectively. Insurance also slowed down by 5.8 percent from 9.3 percent last year. On the other hand, Activities Auxiliary to Financial Intermediation rebounded to 7.9 percent growth from a decline of 0.7 percent last year.

Real Estate, Renting & Business Activities (RERBA) expands

RERBA expanded by 7.9 percent growth in the fourth quarter, slower than the 9.7 percent in the same quarter last year. This is RERBA's fastest growth in 2015. RERBA's growth was driven by Real Estate and Renting & Other Business Activities, which slowed down to 8.1 percent and 11.8 percent from 12.0 percent and 14.7 percent, respectively.

Meanwhile, Ownership of Dwellings accelerated to 2.6 percent from 2.4 percent in the previous year.

Other Services (OS) speeds up

OS increased by 8.1 percent in the last quarter of 2015 from 1.8 percent last year. The growth was led by Recreational, Cultural and Sporting Activities, which rebounded to a 13.5 percent growth from the 6.7 percent drop last year. The following subsectors also contributed to OS's growth: Hotels and Restaurants, 10.9 percent from 2.7 percent; and Education, 4.4 percent growth from a drop of 1.4 percent; Health & Social Work and Other Service Activities also contributed positively to the growth of OS despite decelerating growths of 7.8 percent and 2.8 percent from last year's 26.4 percent and 5.3 percent, respectively.

On the other hand, Sewage and Refuse Disposal Sanitation and Similar Activities declined by 0.2 percent this year from 2.8 percent growth last year.

Public Administration and Defense (PAD) decelerates

PAD decelerated to 3.2 percent in the fourth quarter of 2015 from 11.4 percent in the same period last year due to the slow cash disbursement for Personnel Services.

EXPENDITURE SIDE

Household Final Consumption Expenditure (HFCE) accelerates

HFCE accelerated to 6.4 percent in the fourth quarter of 2015 from 5.0 percent in the previous year. The continuous decline in prices for most of the consumer goods and services available to households boosted household spending in Q4 2015.

Food and Non-alcoholic Beverages, comprising 43.5 percent of HFCE, accelerated to 6.5 percent from 5.5 percent last year. Miscellaneous Goods and Services, the next top contributor to HFCE's growth, grew by 9.2 percent from 3.0 percent last year.

The other top contributors to HFCE's positive growth were: Communication, 11.0 percent from 5.6 percent; Transport, 7.5 percent from 8.4 percent; and Restaurants and Hotels, 11.6 percent from 1.2 percent.

On the other hand, the least contributors to HFCE's growth were: Housing, Water, Electricity, Gas and Other Fuels, negative 0.2 percent from 3.3 percent; Education, 0.8 percent from 4.4 percent; and Clothing and Footwear, 5.2 percent from 6.0 percent.

Government Final Consumption Expenditure (GFCE) posts double-digit growth

GFCE rose to 17.4 percent in the fourth quarter of 2015 from 9.4 percent in the same period last year. This was due to the increase in the disbursement of major government expenditures under Maintenance and Other Operating Expenses for the implementation of projects and social protection programs.

Investments in Fixed Capital Formation surges

Investment in Fixed Capital Formation surged to 22.5 percent in the fourth quarter of 2015 from 8.0 percent in the same period last year.

Public Construction boosts Total Construction Investments

Investments in Construction increased by 7.8 percent in the fourth quarter of 2015 from 19.2 percent growth in the previous year. The rise in total investments in Construction was fueled by the growth in Public Construction, which jumped to 51.0 percent in the fourth quarter from 3.3 percent in 2014. Meanwhile, Private Construction, which accounted for 77.6 percent of total investments in Construction, declined by 0.4 percent in the fourth quarter, coming from a growth of 22.9 percent in same period last year.

Investments in Durable Equipment soars

For the fourth quarter of 2015, Durable Equipment soared to 40.2 percent from a contraction of 0.1 percent recorded last year. Increased investments were registered in 16 out of the 20 types of fixed asset investments.

The following subsectors contributed to the increase in investments in Durable Equipment: Road Vehicles, 57.2 percent from 11.4 percent; Office Machines and Data Processing, 147.8 percent from a contraction of 15.6 percent; Other Miscellaneous Durable Equipment, 15.2 percent from 5.6 percent; Other General Industrial Machineries, 37.0 percent from 35.1 percent; and Mining and Construction Machineries, 73.1 percent from 24.8 percent.

Meanwhile, the following subsectors registered declines in investments: Air Transport, negative 12.7 percent from negative 71.5 percent; and Tractor Other than Steam, negative 4.6 percent from a growth of 83.8 percent.

Investments in Breeding Stocks and Orchard Development (BSOD) rises

Capital formation for BSOD increased to 2.5 percent in Q4 2015 from 2.3 percent growth in the previous year. The growth is attributed to increased production of Chicken, Hogs, and Other Crops.

Intellectual Property Products (IPP) increases

IPP grew by 9.4 percent in the fourth quarter of 2015 from 6.8 percent during the same period last year. The growth was brought by increased investments on Computer Software and Databases.

Inventories accumulates additions

Following the additions last quarter, inventories recorded a total of □31 billion additions in the fourth quarter of 2015 compared with the □60.7 billion additions in 2014. Agriculture, Crude, and Establishments posted the largest additions among the subsectors of Inventories.

Exports of Goods (EoG) slows down

The country's total EoG grew at a slower pace of 1.7 percent in Q4 2015 from 14.8 percent in 2014.

The increase in the total EoG was driven by the following commodities: Components/Devices (Semiconductors), 14.6 percent from 24.6 percent; Ignition Wiring Sets, 36.6 percent from 7.7 percent; Office Equipment, 55.0 percent from 41.5 percent; Telecommunication, 119.5 percent from 38.8 percent; and Communication/Radar, 66.1 from 15.7 percent.

On the other hand, the following commodities pulled down total EoG's growth: Others, negative 22.3 percent from 10.6 percent; Articles of Apparel and Clothing Accessories, negative 47.6 percent from 19.2 percent; Control Instrumentation, negative 42.7 percent from 65.1 percent; Bananas, including

Plantains, Fresh or Dried, negative 53.0 percent from negative 27.9 percent; and Metal Components, negative 7.2 percent from 16.5 percent.

Export of Services (EoS) strengthens

EoS accelerated to 30.2 percent from 5.0 percent in the same period last year. The contributors to EoS's growth were: Travel Services, which grew by 58.9 percent from 18.1 percent; Transportation Services, 34.3 percent from 11.3 percent; Miscellaneous Services, 23.8 percent from 1.8 percent; and Government Services, 11.1 percent from 17.3 percent.

Meanwhile, Insurance Services declined by 14.4 percent from 6.0 percent in the previous year.

Imports of Goods (IoG) rises

Total IoG for the fourth quarter of 2015 accelerated to 13.1 percent from 9.7 percent in the previous year.

Machinery & Mechanical Appliances and Semiconductors positively contributed to IoG's growth in Q4 2015 with 48.7 percent and 13.3 percent from 17.9 percent and 17.8 percent, respectively. This was followed by: Cereals, 27.8 percent from 43.0 percent; Electrical Machinery, 47.5 from 3.1 percent; and Transport Equipment, 13.7 percent from negative 38.3 percent.

On the other hand, the following commodities contributed the least to IoG's growth: Mineral Fuels, negative 13.7 percent from 17.8 percent; Artificial Resins, negative 16.2 percent from 61.3 percent; Dairy Products, negative 27.1 percent from negative 11.8 percent; Electronic Data Processing, negative 1.6 percent from 17.6 percent; and Feedstuff, negative 6.9 percent from 29.2 percent.

Imports of Services (IoS) improves

IoS posted improved its growth in Q4 2015 to 13.6 percent from 10.3 percent last year. Contributing to the improvement of IoS were: Transportation Services, which accelerated to 24.3 percent from 12.4 percent; and Travel Services, 4.1 percent from 2.2 percent.

On the other hand, Miscellaneous Services slowed down to 30.5 percent from 33.5 percent; Insurance Services, 17.0 percent from 37.1 percent; and Government Services, 11.3 percent from 19.5 percent.

Trade Balance records deficit

Total Exports, which was valued at ₱897.0 billion at current prices, lagged behind Total Imports, which was valued at ₱1,089.1 billion at current prices, resulting in Total Trade Deficit of ₱192.1 billion in the fourth quarter of 2015.

Trade Index lowers

Trade Index was recorded at 101.7 percent in the fourth quarter of 2015 compared with 102.9 percent in the same period last year. Trading gains amounted to ₱ 14.6 billion during the said quarter.

GNI Implicit Price Index stood at 182.3 percent in the fourth quarter from 184.0 percent in the previous year.