

Highlights, Second Quarter 2021

GDP posted double digit-growth of 11.8 percent in the second quarter of 2021, the highest since fourth quarter of 1988

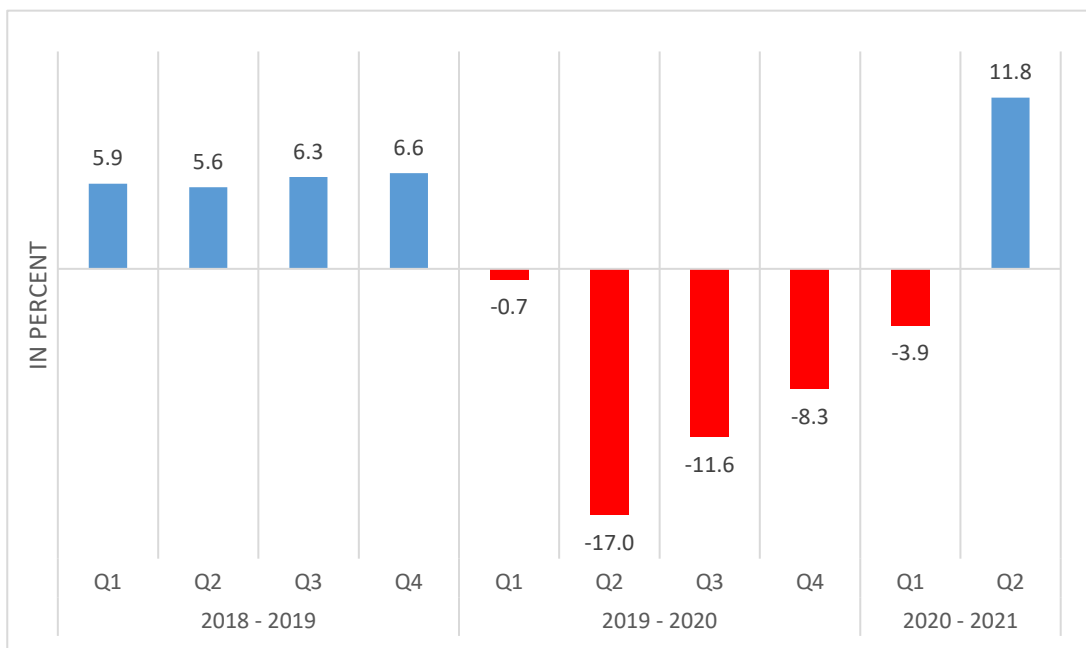
The Philippine Gross Domestic Product (GDP) posted a growth of 11.8 percent in the second quarter of 2021. This was the highest since the fourth quarter of 1988 which posted a growth of 12.0 percent. The main contributors to the growth, with their corresponding increase, were: Manufacturing, 22.3 percent; Construction, 25.7 percent; and Wholesale and retail trade; repair of motor vehicles and motorcycles, 5.4 percent.

Among the major economic sectors, Industry and Services posted positive growths of 20.8 percent and 9.6 percent, respectively. Meanwhile, Agriculture, forestry, and fishing posted a contraction of -0.1 percent in the second quarter of 2021.

On the demand side, Household Final Consumption Expenditure (HFCE) improved by 7.2 percent, along with the following items: Gross Capital Formation (GCF), 75.5 percent; Exports, 27.0 percent; and Imports, 37.8 percent. Government Final Consumption Expenditure (GFCE) dropped by -4.9 percent in the second quarter of 2021.

Net Primary Income (NPI) from the Rest of the World declined by -53.8 percent. Meanwhile, the Gross National Income (GNI) posted a growth of 6.6 percent during the period.

Figure1. **Gross Domestic Product, Q1 2019 to Q2 2021 Growth Rates, At constant 2018 prices**



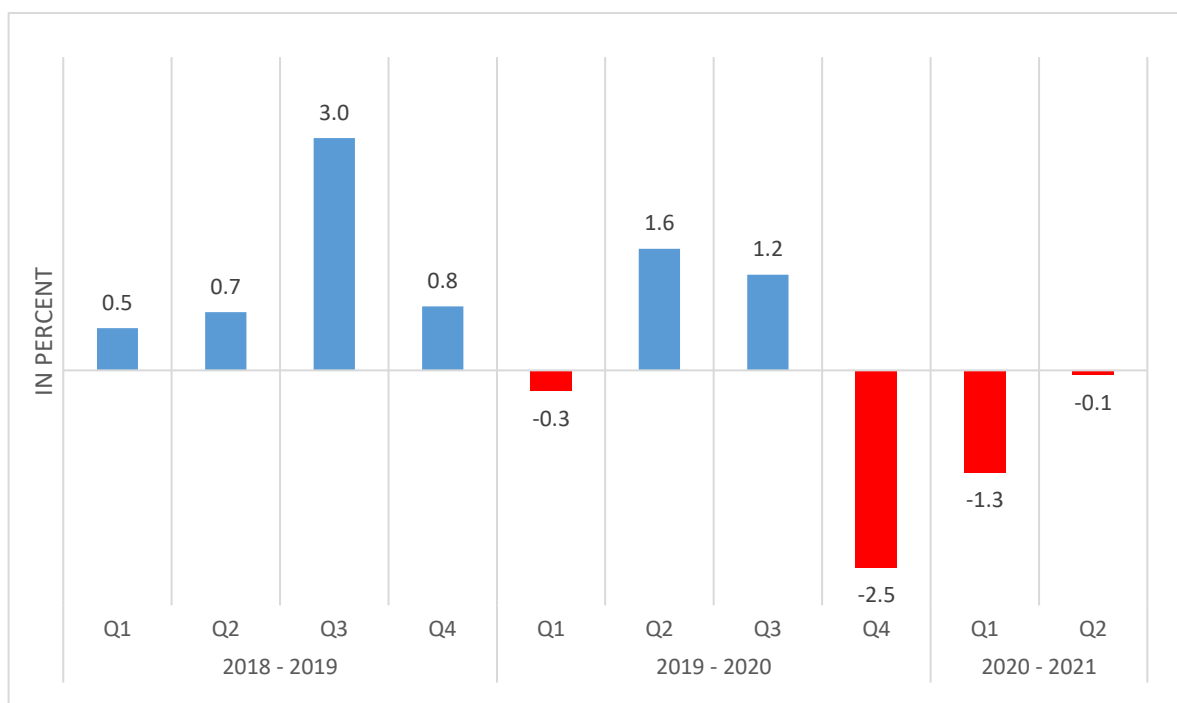
Declines in Livestock brings down Agriculture, Forestry and Fishing

Agriculture, forestry, and fishing (AFF) dropped by -0.1 percent in the second quarter of 2021, the third consecutive quarter of decline since its upward growth in the third quarter of 2020. The decline was due to the contraction of Livestock, -19.5 percent; Fishing and aquaculture, -1.0 percent; Cassava, by -4.4 percent; Mango, -0.5 percent; and Tobacco, -2.2 percent.

On the other hand, the top contributors to growth of AFF were: Sugarcane, 32.2 percent; Support activities to agriculture, forestry and fishing, 4.7 percent; Other agricultural crops, n.e.c., 4.7 percent; Corn, 6.3 percent; and Palay, 1.2 percent.

Among the three major economic sectors, AFF shared the least to total GDP with 9.0 percent in the second quarter 2021.

Figure 2. **Agriculture, forestry, and fishing**, Q1 2019 to Q2 2021 Growth Rates, At constant 2018 prices



Increase in Manufacturing surges up the Total Industry

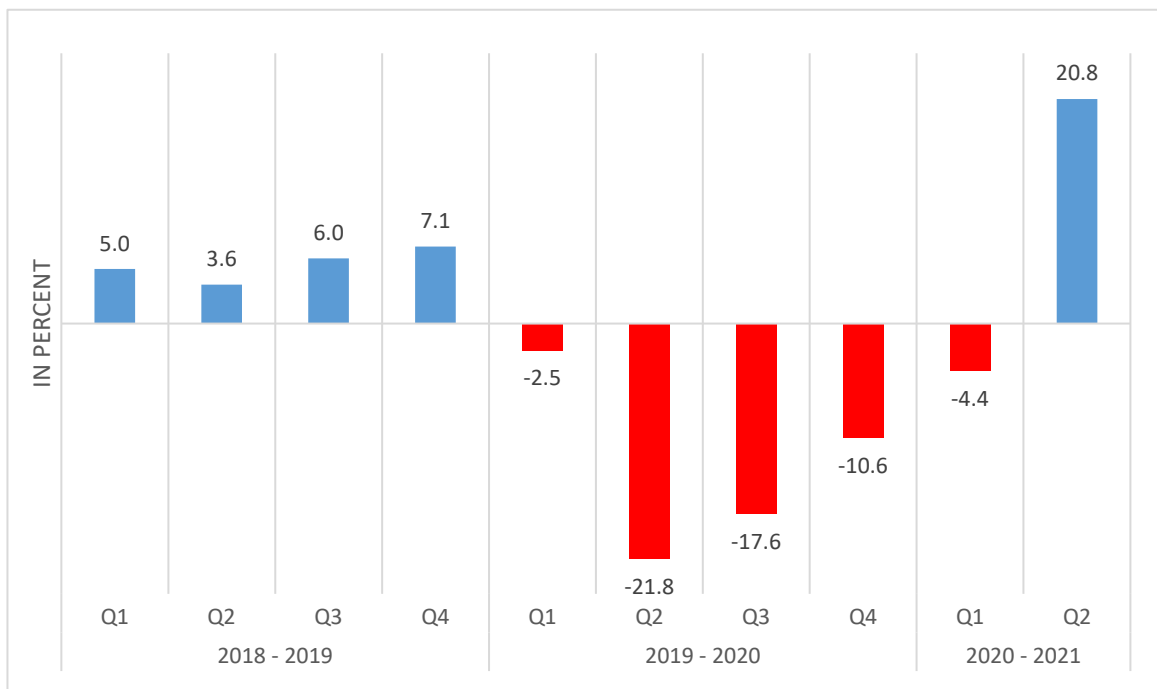
After contracting for five consecutive quarters, Industry surged up by 20.8 percent in the second quarter of 2021 as manufacturing recorded double-digit growth for the quarter.

Manufacturing, which comprised 61.9 percent of total Industry, grew by 22.3 percent as all of its sub-industries recorded increases during the period. Contributing the most to the growth were the manufacturing of the following, together with their corresponding increase: Computer, electronic and optical products, 47.5 percent; Food products, 6.7 percent; Chemical and chemical products, 42.3 percent; Other non-metallic mineral products, 87.2 percent; and Basic metals, 55.1 percent.

Construction increased by 25.7 percent on account of both public and private construction activities. Likewise, Electricity, steam, water, and waste management improved by 9.8 percent during the period. Mining and quarrying also inched up with 0.8 percent growth in the second quarter of 2021.

Industry shared 30.8 percent to GDP in the second quarter of 2021, an improvement from 28.5 percent in the same period of the previous year.

Figure 3. **Industry**, Q1 2019 to Q2 2021 Growth Rates,
At constant 2018 prices



Services rebounds after a year of decline

Services accelerated by 9.6 percent in the second quarter 2021 after a series of decline in the past four quarters.

Wholesale and retail trade; repair of motor vehicles and motorcycles, which registered a 5.4 percent increase, was the top contributor in Services. This was due to the 8.9 percent expansion in Retail trade, except of motor vehicles and motorcycles coupled with the rebound in Sale and repair of motor vehicles and motorcycles with 81.2 percent growth during the period.

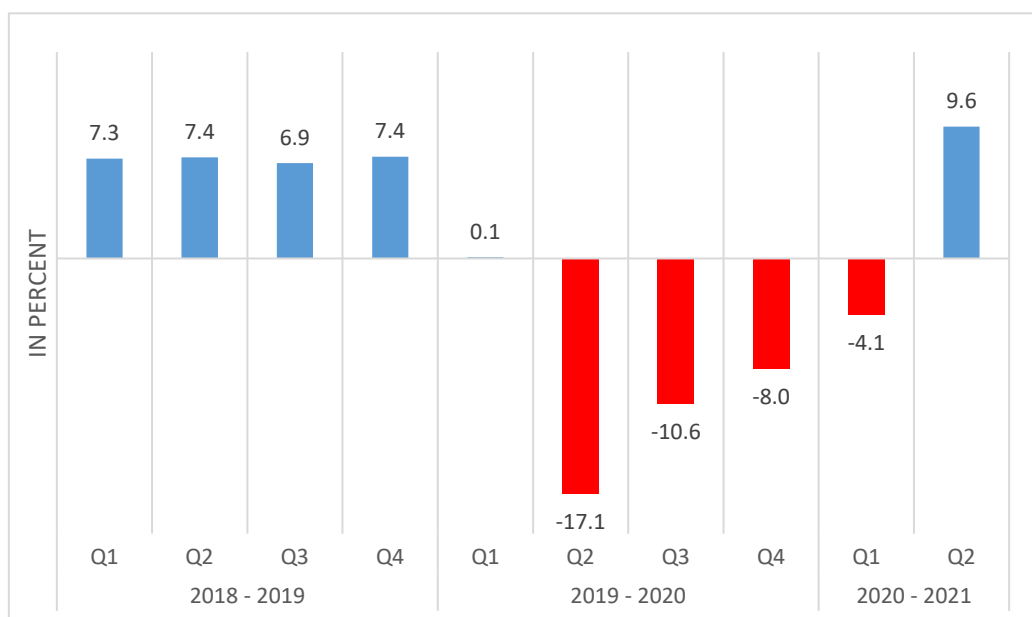
Also, among the top contributors were Real estate and ownership of dwellings with 16.7 percent, and Professional and business services with 11.7 percent.

The following industries bounced back from their negative performance in the previous year and registered double-digit increases for the second quarter of 2021: Transportation and storage, 23.4 percent; Education, 10.0 percent; Accommodation and food service activities, 53.4 percent; Other services, 39.4 percent; and Human health and social work activities, 12.1 percent.

Meanwhile, Information and communication maintained its positive growth in second quarter 2021 with 14.2 percent along with Financial and insurance activities, 4.2 percent, and Public administration and defense; compulsory social activities, 4.0 percent.

Services still had the highest share to GDP in the second quarter of 2021 with 60.2 percent.

Figure 4. **Services**, Q1 2019 to Q2 2021 Growth Rates,
At constant 2018 prices



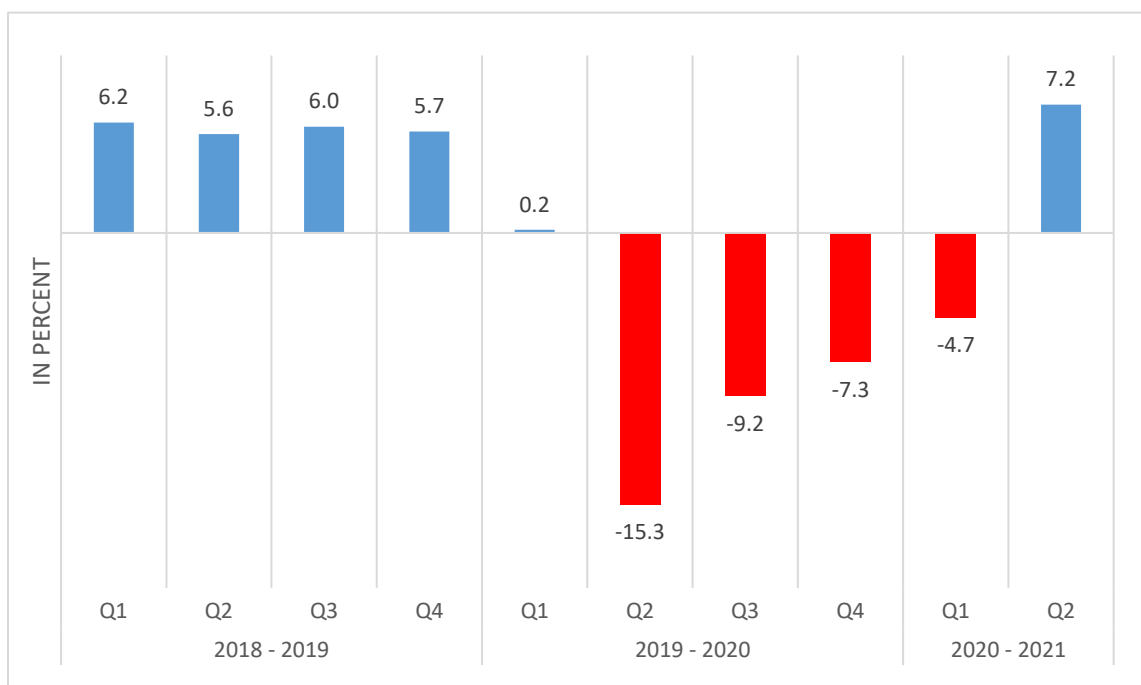
Household Final Consumption Expenditure (HFCE) rebounds

HFCE grew by 7.2 percent in the second quarter of 2021. This was a reversal from a decline of -15.3 percent in the same period of 2020, and an improvement as compared with the deceleration of -4.7 percent in the first quarter of 2021.

Food and non-alcoholic beverages, sharing 41.1 percent of the total household spending, grew by 2.8 percent. Transport; Housing, water, electricity, gas and other fuels; and Restaurants and hotels posted growths of 20.4 percent, 6.7 percent, and 24.5 percent, respectively.

All the other items contributed positively to the growth of HFCE except for Alcoholic beverages and tobacco which contracted by -3.4 percent.

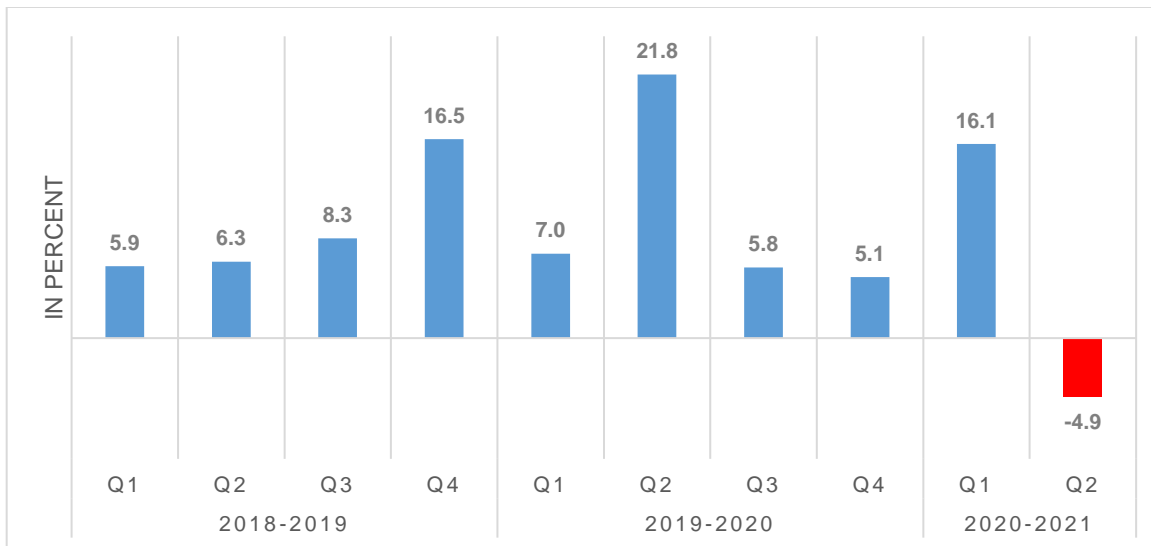
Figure 5. **Household final consumption expenditure, Q1 2019 to Q2 2021 Growth Rates, At constant 2018 prices**



Government Final Consumption Expenditure (GFCE) declines

GFCE recorded a decline of -4.9 percent in the second quarter of 2021, from a double-digit growth of 21.8 percent during the same period in 2020. This was the first drop of GFCE since the start of the pandemic in first quarter of 2020.

Figure 6. **Government final consumption expenditure, Q1 2019 to Q2 2021 Growth Rates, At constant 2018 prices**



Gross Capital Formation (GCF) posts a double-digit growth

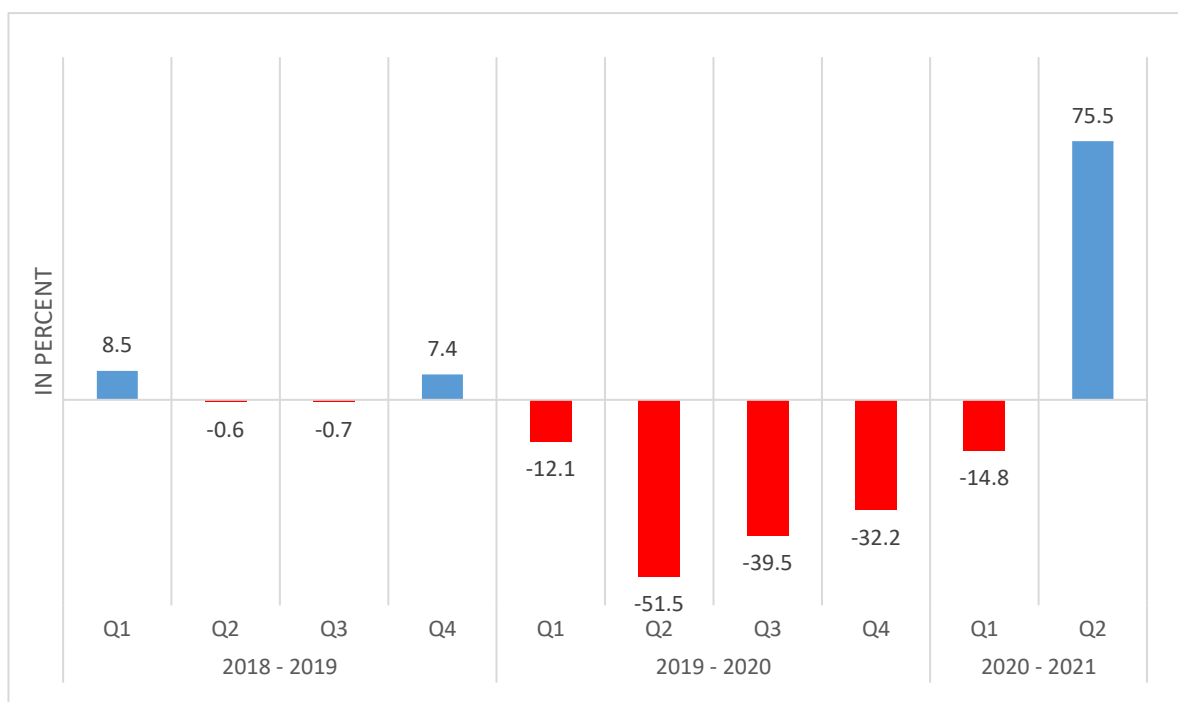
GCF grew by 75.5 percent in the second quarter of 2021. This was its highest recorded growth starting the quarterly 1981 series.

Construction increased by 33.4 percent. General government, and Households and NPISHs¹ both recorded growth of 49.7 percent and 286.3 percent, respectively. On the other hand, Financial and non-financial corporations posted a decline of -27.7 percent.

Likewise, Durable equipment, Intellectual property products, and Valuables recorded growths of 89.2 percent, 9.2 percent, and 28.6 percent, respectively. On the other hand, only Breeding stocks and orchard development posted a contraction with -2.8 percent.

Changes in inventories posted withdrawals of Php 49.76 billion during the period.

Figure 7. **Gross capital formation, Q1 2019 to Q2 2021 Growth Rates, At constant 2018 prices**



¹NPISHs – Non-profit institutions serving households

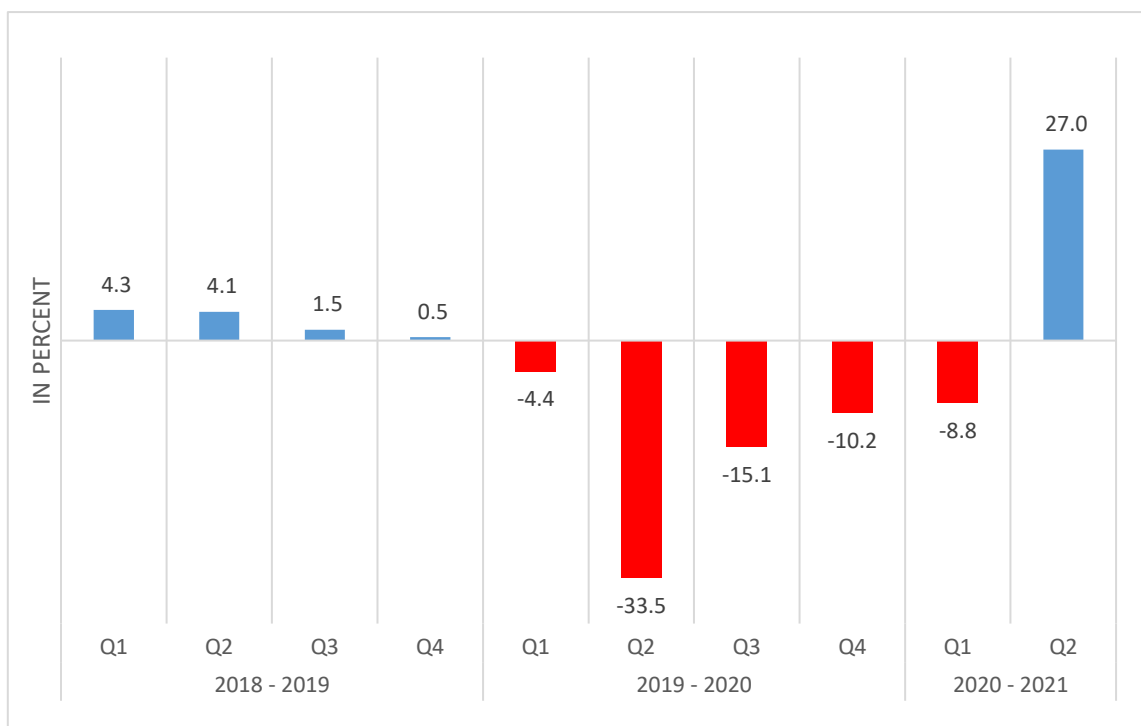
Exports of goods and services rebounds in Q2 2021

Exports of goods and services posted a growth of 27.0 percent in the second quarter of 2021. This was an improvement after the five consecutive quarters of contraction.

Exports of goods increased by 35.4 percent. The following commodities that contributed to the growth were: Components/devices (semiconductors), 30.4 percent; Electronic data processing, 87.5 percent; Other exports of goods, 38.0 percent; Ignition wiring sets, 156.7 percent; and Control instrumentation, 46.1 percent.

Similarly, Exports of services grew by 17.3 percent during the period. Contributing to the growth were the following components: Business services, 13.5 percent; Telecommunications, computer and information services, 20.9 percent; and Travel, 209.9 percent.

Figure 8. **Exports of goods and services, Q1 2019 to Q2 2021 Growth Rates, At constant 2018 prices**



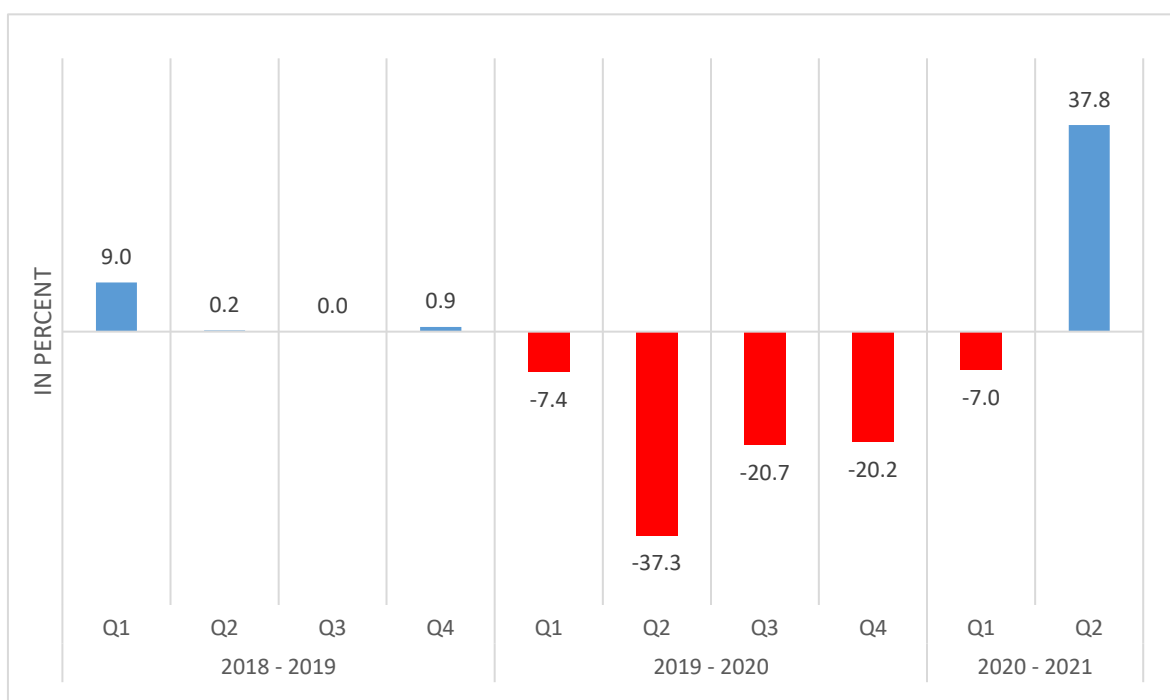
Imports of goods and services balloons to 37.8 percent

After registering declines for five consecutive quarters, Imports of goods and services expanded by 37.8 percent in the second quarter of 2021. This was the highest growth recorded since the fourth quarter of 2000, which posted an increase of 43.3 percent.

Imports of goods grew by 46.4 percent during the period. The following commodities, with their corresponding increase, contributed to the growth: Other imports of goods, 44.3 percent; Mineral fuels, lubricants and related materials, 56.0 percent; Transport equipment, 152.0 percent; Electronic data processing, 84.5 percent; and Components/devices (semiconductors), 30.0 percent.

Meanwhile, Imports of services declined by -4.4 percent. The contraction was attributed to the following items with their corresponding declines: Travel, -51.4 percent; Miscellaneous services, -26.7 percent; Government goods and services n.i.e.², -25.6 percent; and Charges for the use of intellectual property, -21.3 percent.

Figure 9. **Imports of goods and services**, Q1 2019 to Q2 2021 Growth Rates, At constant 2018 prices



²n.i.e. – not included elsewhere

Net Primary Income (NPI) still declines; Gross National Income (GNI) improves

NPI declined by -53.8 percent during the second quarter of 2021, bringing the GNI to grow by 6.6 percent. Compensation inflow from the rest of the world recorded a decline of -54.5 percent during the period.

Figure 10. **Net Primary Income, Q1 2019 to Q2 2021 Growth Rates, At constant 2018 prices**

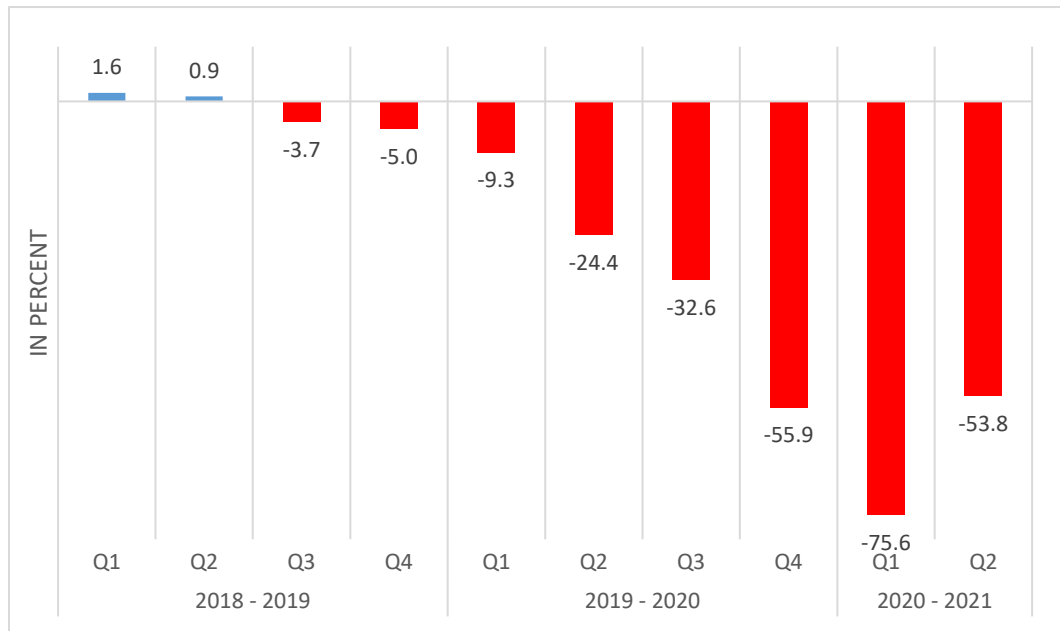


Figure 11. **Gross National Income, Q1 2019 to Q2 2021 Growth Rates, At constant 2018 prices**

