



PRESS RELEASE

**Capital Formation suffers setbacks in the second quarter of 2020;
records the lowest decline since the first quarter of 1985**

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Gross Capital Formation (GCF), as defined in the Philippine System of National Accounts (PSNA), are referred to as investments put in place and measured by the total value of fixed assets/capital formation, changes in inventories and acquisitions less disposals of valuables.

In the second quarter of 2020, at constant 2018 prices, GCF had a share of 14.5 percent to Gross Domestic Product (GDP). On average, GCF grew by 7.8 percent from first quarter of 2000 to second quarter of 2020. However, it posted the largest decline of 53.5 percent in the second quarter of 2020 from a 0.8 percent decline in second quarter of 2019.

All components of GFCF also posted declines in second quarter of 2020 except for Breeding Stocks and Orchard Development (BSOD) which recorded a growth of 2.2 percent. Changes in Inventories also recorded its highest withdrawals amounting to PhP 204.9 billion. Valuables, which is the newest expenditure item highlighted in the Expenditure side, declined by 56.9 percent in second quarter of 2020, lower than the 14.1 percent decline in second quarter of 2019.

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