

# BRIEFER ON THE 2025 BUDGET PRIORITIES FRAMEWORK

## (MACROECONOMIC AND FISCAL ENVIRONMENT)

For FY 2025, the National Government aims to achieve the development goals outlined in its 8-Point Socioeconomic Agenda, the Philippine Development Plan (PDP) 2023-2028, updated medium-term fiscal targets, and Ambisyon 2040 despite facing various challenges. Through prudent financial management and a comprehensive, government-wide strategy, it will implement sound fiscal policies to pave the way for a sustainable and resilient economy that benefits all Filipinos.

### MACROECONOMIC ASSUMPTIONS

PARTICULARS	ACTUAL	PROJECTIONS <sup>1/</sup>				
	2023	2024	2025	2026	2027	2028
Real GDP Growth Rate (%) <sup>2/</sup>	5.5	6.0-7.0	6.5-7.5	6.5-8.0	6.5-8.0	6.5-8.0
Inflation Rate (%) <sup>3/</sup>	6.0	2.0-4.0	2.0-4.0	2.0-4.0	2.0-4.0	2.0-4.0
FOREX (Php/USD)	55.63	55-57	55-58	55-58	55-58	55-58
Dubai Crude Oil Price (USD/barrel)	81.98	70-90	65-85	65-85	65-85	65-85
Growth of Goods Exports (%) <sup>4/</sup>	-4.1 <sup>/p</sup>	3.0	6.0	6.0	6.0	6.0
Growth of Goods Imports (%) <sup>4/</sup>	-5.0 <sup>/p</sup>	4.0	7.0	8.0	8.0	8.0

<sup>1/</sup> Projections were adopted in the 187th Development Budget Coordination Committee (DBCC) Meeting on March 22, 2024.

<sup>2/</sup> At constant 2018 prices

<sup>3/</sup> Actual and projections for inflation rate based on the 2018 Consumer Price Index

<sup>4/</sup> Based on the International Monetary Fund's Balance of Payments and International Investment Position Manual, 6th edition (BPM6)

<sup>/p</sup> preliminary



**Real GDP Growth** – Over the medium-term, the government will continue to implement reforms and measures to enhance the ease of doing business and economic productivity aimed at achieving a growth target of 6.0 to 7.0 percent in 2024, 6.5 to 7.5 percent in 2025, and 6.5 to 8.0 percent from 2026 to 2028.



**Inflation Rate** – To address inflationary risks, the Bangko Sentral ng Pilipinas (BSP) will implement proactive monetary policy actions, while the government will enhance economic productivity, reduce tariffs on essential agricultural commodities, and provide subsidies to vulnerable sectors. As a result, the medium-term inflation targets for 2024 to 2028 are maintained at 2.0 to 4.0 percent.



**Foreign Exchange Rate (FOREX)** – The peso is expected to remain broadly stable due to consistent foreign exchange inflows and strong macroeconomic fundamentals. Over the medium-term, the exchange rate target will be within the range of Php 55 to Php 57 per USD for 2024, and Php 55 to Php 58 per USD for 2025 through 2028.



**Dubai Crude Oil** – In the short term, crude oil prices are expected to drop as production grows faster than demand. However, prices will be moderated in the medium term due to voluntary production cuts and geopolitical risks in the Middle East. Thus, the price assumptions are set at USD 70 to USD 90 per barrel for 2024 and USD 65 to USD 85 per barrel for 2025 to 2028.



**Imports and Exports** – Goods exports growth will be low due to trade and economic issues. Goods imports, on the other hand, will improve with infrastructure investments but may be limited by inflation and tighter monetary policy. Specifically, the goods export growth targets are set at 3.0 percent for 2024 and 6.0 percent for 2025 to 2028. Meanwhile, goods import growth targets are projected at 4.0 percent for 2024, 7.0 percent for 2025, and 8.0 percent for 2026 to 2028.

## FISCAL PROGRAM

The government is committed to responsibly managing the country's finances and aims to reduce its debt from 60.2% of GDP in 2023 to 55.9% by 2028. It will remain vigilant to potential risks and take necessary measures to keep the finances stable, control inflation, and support economic growth for everyone.

PARTICULARS	2023	2024	2025	2026	2027	2028
	ACTUAL	PROJECTIONS <sup>1/</sup>				
<b>Levels (in billion Pesos)</b>						
Revenues	3,824.1	4,269.9	4,583.3	4,956.6	5,487.7	6,078.0
Disbursements	5,336.2	5,754.3	6,074.2	6,433.5	6,887.2	7,449.9
Fiscal Balance	(1,512.1)	(1,484.3)	(1,490.9)	(1,476.8)	(1,399.5)	(1,371.9)
Appropriations	5,268.0 <sup>3/</sup>	5,767.6	6,200.0	6,643.9	7,045.4	7,602.3
<b>Percent of GDP (%)</b>						
Revenues	15.7	16.1	15.8	15.8	16.1	16.4
Disbursements	21.9	21.7	21.0	20.5	20.2	20.1
Fiscal Balance	(6.2)	(5.6)	(5.2)	(4.7)	(4.1)	(3.7)
Appropriations	21.7	21.8	21.4	21.1	20.6	20.5
<b>Growth Rate (%)</b>						
Revenues	7.9	11.7	7.3	8.1	10.7	10.8
Disbursements	3.4	7.8	5.6	5.9	7.1	8.2
Fiscal Balance <sup>2/</sup>	6.3	1.8	(0.4)	0.9	5.2	2.0
Appropriations	4.9	9.5	7.5	7.2	6.0	7.9
<b>GDP (in billion Pesos)</b>	<b>24,318.6</b>	<b>26,495.6</b>	<b>28,925.7</b>	<b>31,422.0</b>	<b>34,133.7</b>	<b>37,079.4</b>

Sources: DBM, DOF, and NEDA

<sup>1/</sup> Consistent with the macroeconomic and growth assumptions, and fiscal program approved during the 187<sup>th</sup> DBCC Meeting on March 22, 2024

<sup>2/</sup> A positive growth rate indicates an improvement in the fiscal balance, while a negative growth rate implies a deterioration in the fiscal balance.

<sup>3/</sup> Total cash appropriations for FY 2023 as authorized under the General Appropriations Act (Republic Act No. 11936).



**Produced by:**

Advocacy, Communications, and Training Service  
Department of Budget and Management  
[www.dbm.gov.ph](http://www.dbm.gov.ph)