

BRIEFER ON THE 2026 BUDGET PRIORITIES FRAMEWORK

MACROECONOMIC AND FISCAL ENVIRONMENT

MACROECONOMIC ASSUMPTIONS

Anchored on the theme, “Nurturing Future-Ready Generations to Achieve the Full Potential of the Nation”, the proposed Php 6.793 trillion National Budget for Fiscal Year (FY) 2026 aims to meet the needs and aspirations of future-ready generations and strengthens the foundations of a resilient economy.



Macroeconomic Assumptions, 2025 - 2028

Particulars	Actual		Projected		
	2024	2025	2026	2027	2028
Real GDP Growth Rate (%) ^{1/}	5.7	5.5-6.5	6.0-7.0	6.0-7.0	6.0-7.0
Inflation Rate (%) ^{2/}	3.2	2.0-3.0	2.0-4.0	2.0-4.0	2.0-4.0
FOREX (Php/USD)	57.29	56-58	56-58	56-58	56-58
Dubai Crude Oil Price (USD/barrel)	79.66	60-70	60-70	60-70	60-70
Growth of Goods Export (%) ^{3/}	-0.4 ^{4/}	-2.0	2.0	2.0	2.0
Growth of Goods Import (%) ^{3/}	2.0 ^{4/}	3.5	4.0	4.0	4.0

^{1/} At constant 2018 prices

^{2/} Actual and projections for inflation rate based on the 2018 CPI

^{3/} Based on the IMF's Balance of Payments and International Investment Position Manual, 6th Edition (BPM6)

^{4/} preliminary



GDP Growth Rate. Backed by stronger performance in trade, finance, and business services, the National Government (NG) sees GDP growth targets reaching 5.5%-6.5% this year before settling to a stronger and more stable level of 6.0%-7.0% from 2026 to 2028.

Inflation. From 2025 to 2028, the target range for inflation rates remains between 2.0%-4.0% amid lower rice tariffs and stable global rice prices.

Oil Prices. Oil prices may range between \$60-\$70/barrel through 2028, barring major global shocks.

Exchange Rates. Despite the strong dollar, the exchange rate forecast is seen to range between Php 56 to Php 58 through 2028 due to stable Overseas Filipino Workers' remittances and Business Process Outsourcing revenues.

Trade. Goods exports may dip further in 2025 but are expected to recover starting in 2026. On the other hand, goods imports will grow steadily, driven by consumption and infrastructure.

FISCAL PROGRAM

Demonstrating its commitment to safeguarding economic stability, and driving sustained growth, the government has proactively adjusted its targets in light of evolving global headwinds and uncertainties.

Fiscal Program, 2025 - 2028

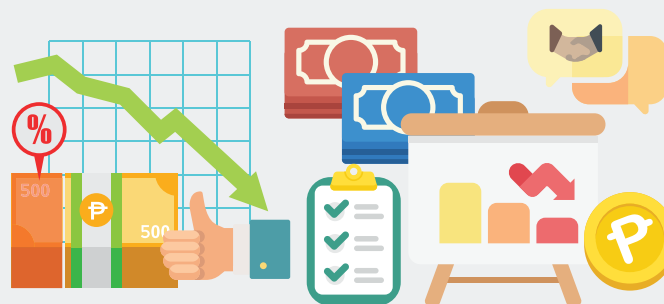
Particulars	2024	2025	2026	2027	2028
	Actual	Projections ^{1/}			
Levels (in billion Pesos)					
Revenues	4,419.0	4,520.4	4,983.4	5,366.4	5,914.8
Disbursements	5,925.4	6,082.1	6,630.0	6,970.2	7,466.4
Fiscal Balance	(1,506.4)	(1,561.7)	(1,646.6)	(1,603.7)	(1,551.6)
Appropriations	5,767.6	6,326.3	6,793.2	7,232.1	7,702.2
Percent of GDP (%)					
Revenues	16.7	15.9	16.2	16.0	16.3
Disbursements	22.4	21.4	21.5	20.8	20.6
Fiscal Balance	(5.7)	(5.5)	(5.3)	(4.8)	(4.3)
Appropriations	21.8	22.3	22.0	21.6	21.2
Growth Rate (%)					
Revenues	15.6	2.3	10.2	7.7	10.2
Disbursements	11.0	2.6	9.0	5.1	7.1
Fiscal Balance	0.4	(3.7)	(5.4)	2.6	3.2
Appropriations	9.5	9.7	7.4	6.5	6.5
GDP, in billion pesos	26,446.4	28,355.9	30,848.0	33,461.1	36,295.5

^{1/} Consistent with the medium-term macroeconomic assumptions, growth targets, and fiscal program approved during the 191st DBCC Meeting on June 23, 2025.

Revenues. NG receipts will make up 16.2% of the country's GDP for 2026. From Php 4.983 trillion next year, this will improve to Php 5.915 trillion by 2028 due to digitalization initiatives and better tax enforcement.

Disbursements. Disbursements are projected to reach Php 6.630 trillion by 2026, which is above 20.0 percent of GDP to support human capital development and poverty reduction, and maximize the economic benefits of public infrastructure investments.

Deficit. NG is committed to keep the deficit on a downward path from 5.5% in 2025 to 4.3% by 2028.



Produced by:
 Advocacy, Communications, and Training Service
 Department of Budget and Management
www.dbm.gov.ph