

Philippines: Exports and imports drop in April

Both exports and imports showed sharp contractions in April



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-20.2% YoY contraction in exports

Worse than expected

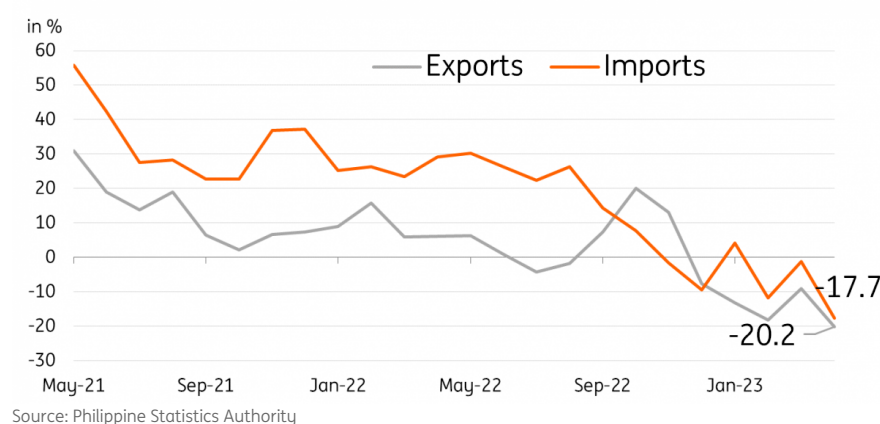
Exports plunge 20.2%

Outbound shipments from the Philippines fell a notable 20.2% year-on-year in April. The sharp pullback in exports was felt across all major sectors save for ignition and wiring sets. The mainstay electronics subsector dropped 17.9% YoY while plunging by 23.4% from the previous month. Agriculture-based exports were also much lower, falling by 42.6% YoY likely due to soft global demand and potentially as domestic production hits some bottlenecks.

The outlook for exports is not particularly upbeat with regional trading partners also reporting challenges for the electronics sector and given the size of electronics exports in the total, we are

likely to see exports lower at least in the near term.

PHL trade trends pointing to slower growth this year

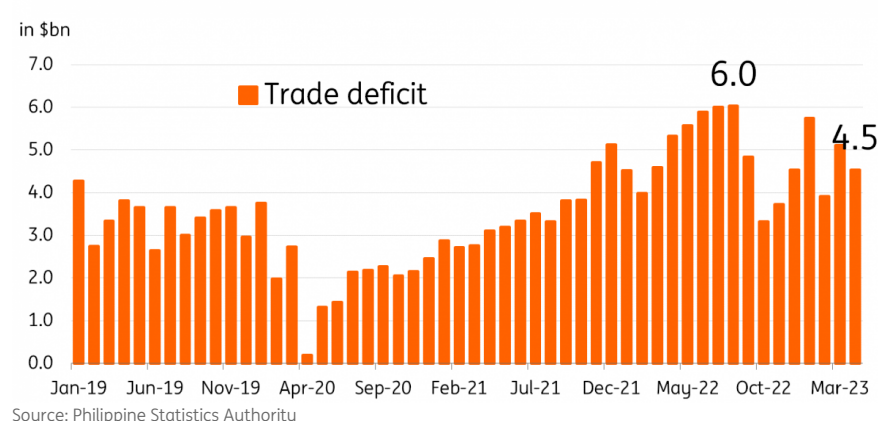


Slowing imports a sign of slowing momentum?

April imports were also on a downtrend, registering a third straight month of decline. Softer imports were traced to double-digit falls in all subsectors with only consumer imports registering a modest 8.3% YoY gain. The sustained contraction in imports suggests that growth momentum, outside still robust consumer demand, has begun to moderate. Capital goods and raw materials, two key components that point to economic expansion, have largely been contracting while energy imports are expected to maintain the freefall due to lower dollar prices for crude oil compared to last year.

The trends we note in imports are moving in line with our expectation that first quarter GDP growth will likely be the high for the year.

Trade deficit stays wide but not likely to revisit 2022 levels



Trade balance at \$4.5bn

Even with both exports and imports down significantly, the overall trade balance was recorded at - \$4.5bn. Although still quite sizable, the recent trends for the trade deficit suggest that we will not approach the record wide levels (\$6bn in August 2022) reported in 2022. Thus we do expect there

to be fundamental pressure on the Philippine peso to weaken somewhat however we do not expect the currency to face the same amount of pressure experienced in mid-2022.

Author

Nicholas Mapa

Senior Economist, Philippines

nicholas.antonio.mapa@asia.ing.com

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