

The World in a Snapshot

Spotlight: Philippines

Key Indicators	Actual				MTBC Forecasts	
	2023	2024	2025	2026 (latest)	2026	2027
Real GDP (2018=100) average of period	5.5%	5.7%	4.4%	2.6% 1Q – 2Q 2026	2.9% DBCC Estimate: 3.5-4.5%	5.0% DBCC Estimate: 5.0-6.0%
Inflation (2018=100) average of period	6.0%	3.2%	1.7%	5.2% Jan – Aug 2026	5.5% BSP Estimate: 6.1%	3.5% BSP Estimate: 5.4%
USDPHP end of period	55.4	57.8	58.8	62.86 14 Sep 2026	61.0 DBCC Estimate: 60-62	60.1 DBCC Estimate: 60-62
BSP RRP Rate end of period	6.50%	5.75%	4.50%	5.00% 14 Sep 2026	5.25%	4.75%

Gross International Reserves In billion USD, end-of-period	104.8 Aug 2026
Trade Balance In billion USD	-6.0 Jul 2026

Cash Remittances In billion USD	3.2 Jul 2026
GDP in Consumption % share	71.1% 1H 2026

Inflation: Upward pressure

- Philippine inflation decelerated in August, primarily driven by a deceleration in food prices. While food is a major contributor to the headline number, it is a source of downside pressure.
- Domestic oil prices are expected to increase amid escalating tensions in the Middle East and increased global demand due to a rebound in China's oil imports.
- The weather bureau's projected Super El Niño in the coming months and a minimum wage hike in the National Capital Region may also fan inflation.

Related article: [Inflation Update: Elevated prices under habagat](#)

Real GDP: Subdued signals

- The Bangko Sentral ng Pilipinas (BSP)'s latest Business Expectations Survey in July shows that the business confidence index in the current month turned pessimistic from neutral. Meanwhile, the business confidence index in the next three and twelve months both turned less optimistic, suggesting that business performance may remain subdued, especially as peso depreciation weighs on margins.
- Meanwhile, the BSP's Consumer Expectations Survey results released in the second quarter (2Q) shows consumers' outlook for 3Q is pessimistic.
- Geopolitical tensions and domestic governance issues weigh on overall sentiment. Economic activities through the rest of 3Q are expected to remain subdued.

Related article: [GDP Update: Working through a slowing economy](#)

BSP Policy Rate: One more hike

- As anticipated, the BSP raised the key policy rate by 25-basis-point (bp) in August as inflation remains elevated.
- BSP Governor Eli Remolona signaled a neutral stance, dialing back from a recent hawkish bias. Nonetheless, the BSP remains prepared to take policy action to ensure that inflation returns to its 3±1% target range.
- As inflation is projected to remain elevated, Metrobank maintains expectation that the BSP will deliver another 25-bp policy rate hike to end the year at 5.25%.

Related article: [BSP Update: Moving back to a neutral stance](#)

USD/PHP: High on seasonal flows

- USD/PHP breached the 62-level in August, as seasonal flows, together with a strong dollar, supported further peso depreciation.
- In the near term, the peso is expected to continue trading largely at the 62-level and threaten breaching the 63-level, as imports are expected to peak this month in preparation for the holiday season. Sentiment is also expected to remain subdued.
- Remittances from Filipinos abroad and bonuses of outsourcing firms in 4Q are projected to support to the peso.
- Metrobank forecasts year-end USD/PHP to settle at 61.0.

The World in a Snapshot

Spotlight: United States

Key Indicators	Latest Data
Real GDP % quarter-on-quarter, SAAR	1.5% 2Q 2026, Second
Headline CPI % year-on-year	3.3% Jan – Aug 2026
Core PCE % year-on-year	3.3% Jan – Jul 2026
Nonfarm Payrolls (NFPs) Net change month-on-month, seasonally adjusted	162,000 Aug 2026
Unemployment Rate % of unemployed	4.1% Aug 2026
Dollar Index	99.391 14 Sep 2026
10Y US Treasury Yields	4.9875 14 Sep 2026

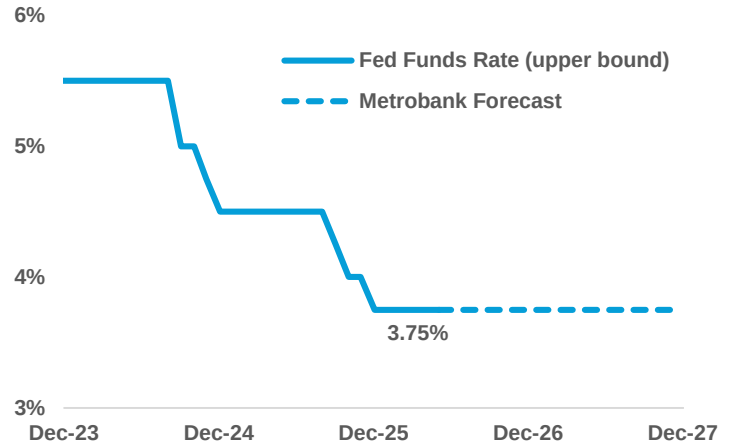
GDP: Not robust but still stable

- 2Q 2026 GDP headline growth in the US was maintained in its second estimate, though revisions showed stronger consumer spending and business investment than initially estimated.
- Strong private sector spending in the US offset a decline in government spending amid a steep drop in nondefense-related outlays.
- Continuous momentum in the artificial intelligence story, albeit at a gradual pace, and high-income households supporting consumption are likely to continue driving US growth.

Inflation: Oil story is back

- Overall inflation continues to be elevated, particularly as oil prices rebounded following recent re-escalation of tensions in the Middle East, alongside increased demand as China accelerated its oil imports.
- Expectations on global oil prices stay elevated, as geopolitical risks remain heightened. Renewed military attacks, particularly on oil infrastructure, also threaten supply.
- Apart from oil, some seasonal increases, specifically on Education and Communication Services exerted an upward pressure on core inflation.
- Inflation is expected to remain elevated in the near term, driven by persistent supply-side shocks.

Fed Funds Rate



Source: Federal Reserve, Metrobank Research

Fed Funds Rate

End-of-period

3.75%

14 Sep 2026

Labor Market: Slow fragile recovery

- The nonfarm payrolls (NFPs) surprised on the upside in August, with the two preceding months revised upward. The recent strong jobs gains were driven largely by a reversal of job losses in the Leisure & Hospitality and Government sectors recorded in the preceding month.
- Meanwhile, the unemployment rate remained broadly stable in August from the previous month.
- As recent swings in the jobs market were most likely driven by some seasonality, it may normalize in the coming months, barring any shocks.
- Overall labor market recovery is expected to be fragile amid economic uncertainties.

Fed Funds Rate: Keeping rates steady

- While inflation in the US remains elevated, the labor market is recovering gradually. With persistent risks on both sides of the Federal Reserve's dual mandate, the Fed is likely to keep rates steady for longer.
- The Federal Open Market Committee is meeting on September 15-16, Eastern Time. Although markets are pricing in a 25-basis-point hike as of 14 September, Metrobank is maintaining its call for a pause during the meeting, with a non-unanimous vote, as it balances risk on its dual mandate.

Related article: [Fed Report: Easing inflation, policy rate hikes can wait](#)