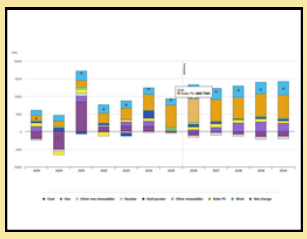
EP ECONOMICS PERSPECTIVE

Weekly Edition
February 23, 2026
03 Week Edition

“ Economics is behind everything ”



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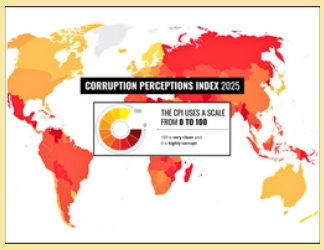

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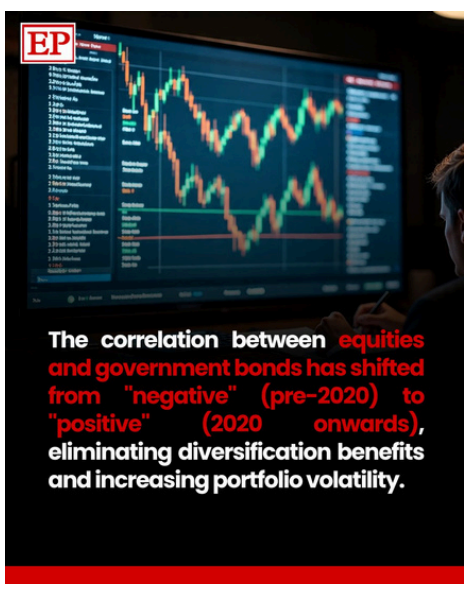
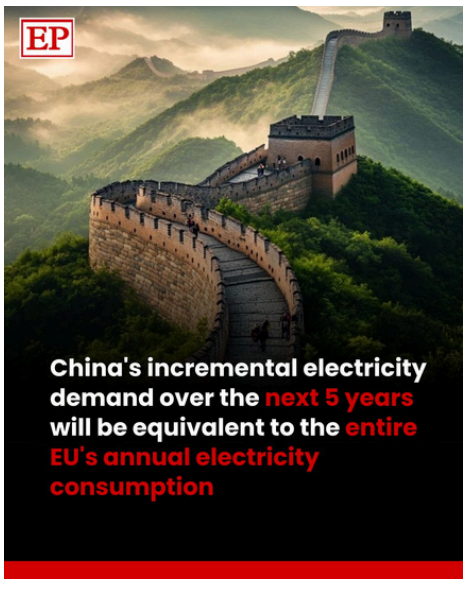
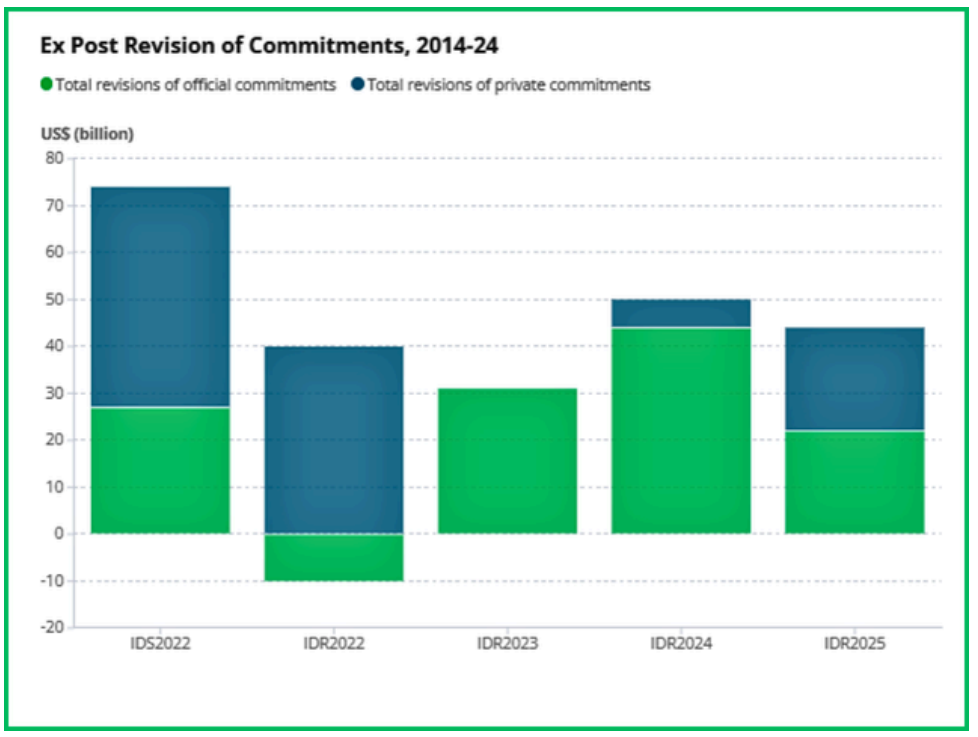




Philippines Economy Poised for Continued Growth, OECD Report Says

The Organization for Economic Co-operation and Development released a new report showing that the economic rise of the Philippines has continued for 15 consecutive years. The report showed the many opportunities for economic reform in order to continue this growth trend in the Philippines. The report also listed the projected GDP for the Philippines through the end of 2027. They predict that the GDP growth will be 5.1% for 2026 and 5.8% for 2027 after 4.4% growth had been achieved in 2025, and inflation will remain within the target of the central bank.

The Secretary General of the OECD, Mathias Cormann, stated that going forward will require continued work on building more robust competition laws, stronger social protection measures, better financing discipline by all levels of government, and provisions for how to adapt to climate change. The report was presented by Mr. Cormann and Secretary of Finance Frederick D. Go, both of whom confirmed the OECD’s analysis. To maintain public sector sustainability (through sustainable public debt), the report recommends that governments reduce value-added tax exemptions as well as improve the efficiency of public sector investments. Promoting competition (particularly in the telecommunications and electricity sectors) will help to lower costs and increase production by encouraging shared use of infrastructure and delineating the responsibilities of network operators and generators. Establishing a unified social safety net with universal core social benefits and regionally adjusted minimum wages would support formal employment and decrease informal work activities. Climate risk has created a large funding gap for investments necessary for resilient infrastructure, early warning systems, and insurance coverage against natural disasters (e.g., typhoons) in the future. For example, better water pricing in Metro Manila should be supported by a variety of methods (such as increasing the minimum rate charged for water service) to help alleviate the problem of land subsidence. To support the transition toward cleaner energy, the OECD is recommending that governments increase the tax on coal.

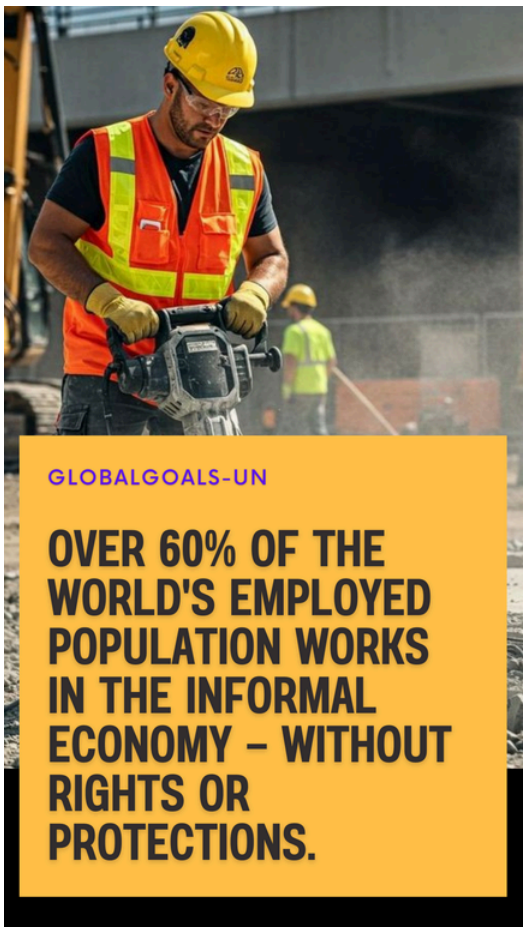


World Bank Unveils New Era of Debt Transparency: 3 Pillars to Boost Global Financial Stability

The blog post from the World Bank explains that real debt transparency is more than just making public data about debt; rather, it is a quality indicator that governments, markets, and people can use to gain a better understanding of their debt risks. True debt transparency is based on three different “pillars”: 1) disclosure; 2) standards; 3) timely, comprehensive coverage. The first pillar of true debt transparency is disclosure, which means providing access to data (including metadata) and describing the data collection and sharing process.

Over the last ten years, the World Bank has expanded its International Debt Statistics (IDS) program to cover a much larger portion of the world’s external debt, thereby increasing usability and comparability. However, consistent definitions and reporting practices must also be used in conjunction with disclosure in order to create real debt transparency. The second pillar of true debt transparency is providing debt statistics that are consistent with other international standards, which will provide better comparison.The upgraded Debtor Reporting System (DRS) has been released (2026) and will be connected to UN Trade and Development’s DMFAS and the Commonwealth Secretariat’s Meridian, and will be in cooperation with the International Monetary Fund through the Working Group on Charged Debts.

Additionally, the previous reconciliations with creditors for International Development Association countries have helped improve the consistency of data. Lastly, transparency must extend across more sectors, and reporting will need to occur more quickly. The IDS will include the debt of state-owned enterprises and will now have state-owned enterprise debt that comes from Turkish and Vietnamese entities, and there has been a sharp decrease in the amount of delayed submission since the foreword of the IDS in 2019. Overall, the continuous improvement of standards, coverage, and timeliness will promote trust, reduce borrowing costs, and facilitate better debt management.



World Bank Unveils New Era of Debt Transparency: 3 Pillars to Boost Global Financial Stability

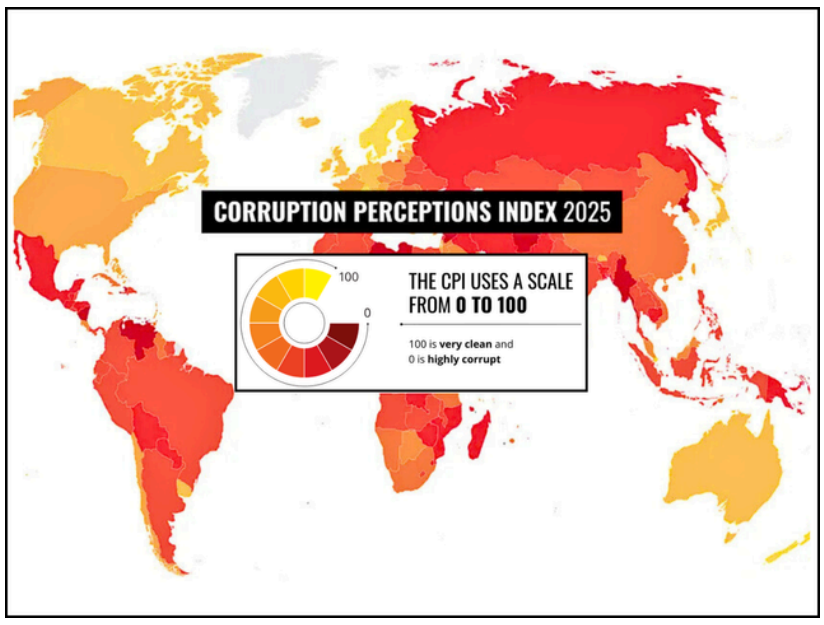
The innovativeness, transition to the use of artificial intelligence, and changes in regulations hindering the development of businesses will help India to enter a new phase of economic growth. Recent analysis by the International Monetary Fund indicates that productivity growth could increase by almost 40 percent if the country manages to remove impediments that bar the expansion and creativity of firms. This would be economically meaningful, a boost to scale equal to adding the output of one of India's largest state economies to the national production every decade.

The productivity increase in India during the last 20 years has been mainly propelled by the high growth of high-value service sectors, digitalization, and greater penetration into the global economy. Statistics indicate that the output per incremental worker in the services sector is much more than that in the agricultural sector, and this indicates the increased role of technology and knowledge-based industries. The manufacturing industry has not been as successful, though. One of the strongest weaknesses is the prevalence of very small companies (most of them have difficulty scaling because of the complicated compliance processes, strict labor regulations, and limitations of the market). Such structural problems decrease the efficiency and slacken the overall productivity development. Another concern is that of business dynamism. Compared to developed and emerging economies, the entry and exit of firms are lower in India, and this inhibits the process of competition and reduces the rate at which capital and labor are transferred to ventures that are more productive. Another reason, as advanced by economists, is that there are so-called zombie companies that survive on low profitability and consume resources that could otherwise be used to contribute to innovation-driven firms.

Even though innovation is underutilized, spending on research and development is less compared to other peer economies. However, the growing digital environment and the rapid adoption of AI in the country are major opportunities. Moreover, nearly 60 percent of Indian companies are said to use some form of AI, meaning that they are well prepared to change technologically. Analysts point out that to ensure AI-driven growth is inclusive, investments in skills training and digital infrastructure, and supporting policies would be essential. A set of more closely synchronized reforms aimed at innovation, competitiveness, and labor mobility might enable India to make a major step toward becoming an advanced-economy nation in the long term.

Global Corruption Hits Decade-Low: CPI 2025 Report Sounds Alarm on Governance

Explained



The publication of the Corruption Perceptions Index (CPI) 2025 marks a turning point in discussions of governance, accountability, and political integrity worldwide. The report, which Transparency International publishes, assesses the perceptions of citizens, experts, and business people regarding the perception of the quality of governance through a 182-country and territory outlook on the perception of corruption in the public sector, and provides one of the most influential snapshots of the quality of governance in the world. The findings of this year portend a disturbing turnaround. It has dropped to its lowest point in over 10 years, and this is a cause of increasing concern that the progress made in anti-corruption is now stagnant or actually reversing in several regions. According to the report, corruption perception in the global context is taking a different form due to political instability, deteriorating democratic protection, and declining freedom of the citizens.

The CPI is a perceived corruption index in the institutions of the state on a scale of between 0 and 100, with 0 representing a highly corrupt institution and 100 representing a very clean institution. The index is a composite of expert ratings and business surveys as opposed to actual measurement of corruption and is based on 13 independent data sources. The average in the globe in 2025 was 42, which demonstrates that not all governments can avoid misusing the power of the people. Over two-thirds of the nations had a score of below 50, meaning they were facing serious corruption issues in huge portions of the world. Nordic and highly institutionalized democracies still dominate at the top of the index. Denmark was ranked first with a score of 89, and this has followed a long track of good performance in governance. Other advanced nations are Finland, Singapore, and New Zealand, which are known to have a good reputation in terms of good institutions and open administration.

On the other extreme, the least scored are conflict-affected and politically unstable states. There were the lowest scores in such countries as Somalia and South Sudan, where institutions are weak, and the crises of governance continue. The statistics emphasize that corruption tends to go systemic in the environment where the oversight systems are ineffective, or there are no systems. The most important lesson of the CPI 2025 is the apparent correlation between corruption control and democratic governance. The total score of countries that were classified as full democracies was 71, as compared to the 32 in authoritarian regimes. The report argues that corruption can be precluded through independent courts, active civic participation, and free media. In a system where these checks and balances are weak, the chances of corruption are high. This trend is becoming even more apparent in traditionally powerful democracies, some of which experienced decreasing scores in recent years. Interestingly, there was a significant decline in some of the high-income democracies such as the United States, Canada, and even some parts of Europe. Analysts indicate that these trends might be caused by political polarization, decreased watchfulness, and increasing worries about lobbying and campaign funding. The results of the CPI show that corruption does not arise in a vacuum; it thrives in situations where civic space is reduced. Those countries in which the freedom of expression, association, and journalism is limited are likely to be ranked low. The report says that close to two-thirds of countries that have deteriorated scores since 2012 also recorded diminished civic liberties. The report mentions the importance of journalists and civil society organizations in the process of uncovering misconduct. However, in several areas, the investigators of corruption are intimidated, pressured by the law, or even shot down. These circumstances lead to less transparency and enable the misdeeds to go unmonitored. One of the significant changes discussed in the report is the increase in the number of youth-led protests in

2025. In many countries that had low CPI scores, young citizens came out to insist on accountability, good governance, and delivery of good services to people. The movements illustrate how corruption is increasingly influencing the level of trust and political legitimacy of the people.

In other instances, the long-term demonstrations on the side of the people helped bring about change in the political system, which showed the strong relationship between the perception of corruption and the general level of dissatisfaction in the society. Corruption is now being equated by people with financial malpractice and inequality, poor services, and the absence of economic opportunities. Besides politics, the daily impacts of corruption are also revealed by the CPI 2025. Mismanagement or diversion of public funds negatively affects the basic amenities such as health, education, and infrastructure. This unequal distribution in favor of the less-fortunate neighborhoods contributes to inequality and decreased social mobility. Another point that is highlighted in the report is transparency in the finances of the people. The lack of proper supervision may result in fiscal crisis, higher debts of the population, and less ability to handle events like climate change or economic shocks. The most important thing in the analysis of this year is that corruption is an international phenomenon. The illicit funds are transferred across nations by means of money laundering, corporate bribery, and offshore financial systems. Even those countries that have comparatively high scores can contribute to corruption unwillingly by being a destination of stolen funds.

The report recommends that the world cooperate more to seal financial loopholes and to tighten the enforcement mechanisms. Failure by one nation to act in harmony may result in a nation with weak points. Although countries in most countries experienced a decrease, the report also brings the positive examples. Countries like Bhutan, Estonia, and South Korea are mentioned to have accrued long-term benefits through the continued reforms, the digitalization of the governmental services, and enhanced anti-corruption institutions.

Such instances show that there are no predetermined trends in corruption. A stable political will, autonomous watchdog bodies, and open governance mechanisms can be the solution to a gradual positive change. Effective institutions, citizens, and transparent governance have continued to be crucial security measures. With governments facing geopolitical tension, economic unpredictability, and rising public frustration, the CPI serves as a reminder to the world that corruption is not only a legal or political problem but rather a structural problem that defines social justice, economic stability, and democratic fortitude. The question is not only about the ranking of countries, but whether the leaders will take action on the warning signs before the faith in the institutions of the people is even lower.

Electricity Demand Surges: Global Consumption Set to Skyrocket in the 'Age of Electricity'

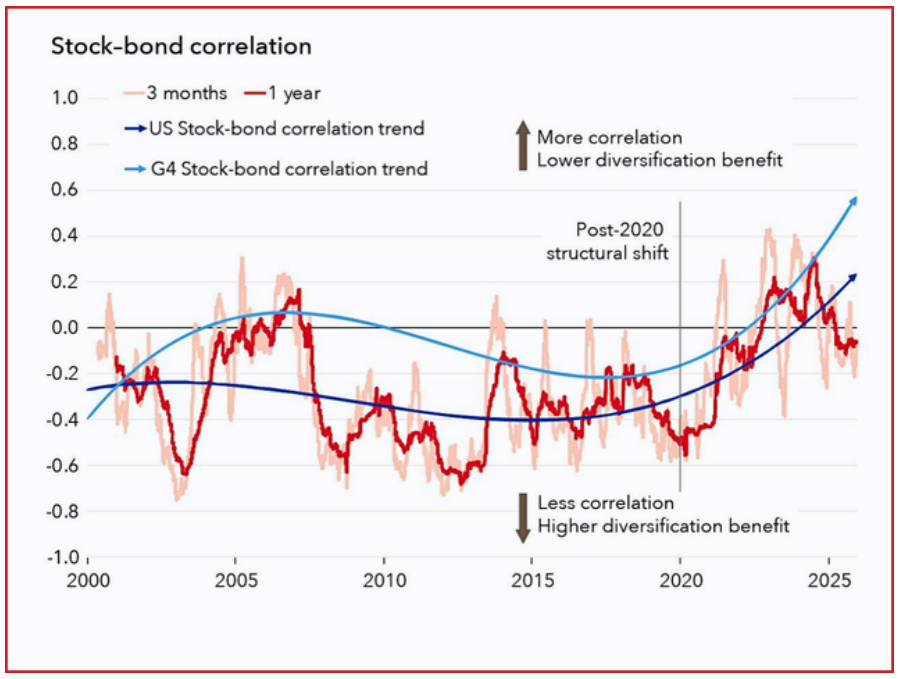
Explained

Global electricity consumption is entering a period of sustained and accelerated expansion, marking what many describe as the “Age of Electricity.” Between 2026 and 2030, worldwide electricity demand is projected to grow at an average annual rate of 3.6%, significantly faster than in the previous decade. This surge is driven by rising industrial production, rapid adoption of electric vehicles, expanding use of air conditioning, and the proliferation of data centers supporting digitalization and artificial intelligence. After increasing by 4.4% in 2024 and 3% in 2025, annual demand growth over the next five years is expected to be roughly 50% higher than the average recorded over the past decade.

Electricity consumption is changing permanently and exceeding global economic growth (excluding economic crises) in 2024 for the first time in decades. Weather-constrained 2025 electricity demand growth, but electricity demand will increase at rapidly accelerating rates, projecting it will be 2.5x total energy demand by 2030, driven by sector-wide (i.e., industry, buildings, and transport) rapid electrification and the increasing importance of electricity in a growing number of economies. Demand growth will continue to be primarily driven in developing and emerging economies during this period—approximately 80% of the new global electricity consumption within the next decade will come from these economies. The most notable example will be China, as it will contribute over 50% of the new increases in annual electricity consumption, growing at a rate of 4.9% annually until 2030. This will put the incremental electricity demand from China over the next five years at approximately the total annual electricity demand for the entire EU. India and Southeast Asia are likely to continue to expand their share of total new demand due to strong economic performance, as well as the increased need for air conditioning, which will contribute to both increases in total consumption and increases in peak loads. Electricity use is growing again after more than 15 years of stagnant growth in advanced economies. By 2025, these economies will have accounted for almost 20% of global electricity demand growth and are expected to retain this share until 2030. The growth is being driven by the emergence of new electricity-demanding activities such as data centers, AI-enabled applications, advanced manufacturing, and electric mobility. In the US, electricity demand increased by 2.1% in 2025 and is expected to grow close to 2% per year until 2030, with around half of the growth being due to the expansion of data centers. The EU is also likely to have higher growth than before, approximately 2% per year, though total electricity consumption will not likely recover to the 2021 level until 2028. Similarly, other advanced countries are also expected to experience higher growth, including Australia, Canada, Japan, and South Korea. The global electricity generation mix will be restructured on the supply side through an increase in renewables and nuclear capacity. It is projected that by 2030, approximately half (50%) of worldwide electric power production will have been generated through the combination of renewables and nuclear sources.

From 2022 to 2030, renewable energy output (the vast majority of which will come from solar photovoltaic, or PV, systems) is likely to grow at a rate of about 1000 terawatt-hours (TWh) annually during that time horizon, with approximately 600 TWh of that growth coming from solar PV systems alone. Overall, renewable generation is expected to increase at a compound annual growth rate of approximately 8% over this same time period. Hydropower and wind energy production in some areas of the world were temporarily constrained by weather, but their long-term growth projections were maintained. According to reports, nuclear power production increased significantly throughout 2025 and is anticipated to continue increasing through 2030 due largely to developing nations expanding their nuclear power capabilities (China being the largest country). Mature nations will also extend the life of existing reactors and add new reactor capacity. While coal production will decrease slightly, it will still be the greatest individual source of electricity in 2030, with the regional variation of electricity output balancing the total amount of electricity generated globally by all methods. Current electricity consumption trends indicate that nearly all future electricity will come from renewable energy sources, natural gas-fired power, and nuclear energy, with gradual decreases in coal-fired power generation. Gas-fired generation will continue to grow at approximately 2.6% each year, with the majority of that growth occurring in the US through the conversion of existing coal plants to gas or switching from coal to natural gas. The electricity system is experiencing significant changes with new patterns of generation and consumption. The share of solar photovoltaic (PV) and wind generation globally is expected to increase from 17% to 27% by 2030, while over 2,500 gigawatts (GW) of new electricity generation, energy storage, and large-scale electricity users are stuck in grid connection queues to be ready to meet future electricity demand. The annual investment in electricity grids will need to increase by approximately 50% from the current level of $400 billion to be at the required level to meet anticipated demand for electricity by 2030.

Increased utilization of existing capacity of the electricity grid, regulatory reforms, and the deployment of grid-enhancing technology can release up to 1,600 GW of advanced projects that are yet to connect to the electricity grid today. Utility-scale battery energy storage is growing at an accelerated rate and is emerging as a key provider of short-term flexibility. While traditional electricity generation sources (thermal power plants) currently provide the majority of flexibility services, utility-scale batteries will become increasingly important for balancing large shares of variable renewable generation. Utility-scale battery prices have reduced rapidly over the past several years in response to the increased demand and supportive government policy in many areas where utility-scale batteries are deployed and where there are strong solar or wind resources being developed. In 2030, global carbon emissions from the electric power sector are likely to remain stable while renewable energy sources and nuclear power continue to decrease the carbon intensity of electricity generation, even though most of the world’s energy-related CO_2 emissions come from electric generation. Household electricity prices have increased more than income over the last few years, primarily due to the costs of supporting the power grid system, taxes that support various government programs, and differences in regional prices influencing how businesses operate. Increased demand for electricity has also created security risks through increased vulnerability to electric outages resulting from aging electrical generation and transmission infrastructure, severe weather, and cyberattacks, all of which require greater grid reliability, greater resilience in fuel supply chains, and greater balance between energy policies to achieve reliable, low-carbon, affordable electricity.



Stock-Bond Correlation Shift: Is the Traditional Hedge Broken

Explained

Historically, investors used to follow a very straightforward rule: diversification of stocks and bonds in order to minimize risks. As equity markets fell, government bonds generally rose, and portfolio losses were mitigated, and returns were stabilized. Nevertheless, according to new calculations by International Monetary Fund (IMF) economists Tobias Adrian, Johannes Kramer, and Sheheryar Malik, this long-term relationship has deteriorated significantly since the COVID-19 pandemic, and this poses new concerns to investors and policymakers.

The macroeconomic behavior was the basis of the traditional stock-bond dynamic. When market stress or economic slowdown comes, investors normally run away with risky equities and turn to the safety of sovereign bonds. This flight to quality drove bond prices up and stocks down, generating the negative relationship that defined the archetypal 60/40 portfolio and the risk-parity models. This negative correlation remained steady between 2000 and 2019 to the point that it was encoded in asset-allocation models of pension funds, insurers, and hedge funds. That pattern has shifted. According to IMF analysis, the stock and bond returns have been trending in the same way, mainly on acute selloffs, since early 2020. Rather than bonds covering the losses of equity, the two asset classes have sometimes declined in tandem, eliminating the diversification advantages. It seems that the shift started towards the end of 2019 and accelerated with the supply shocks prompted by the pandemic, which created global inflation. Statistics provided by the IMF indicate the presence of a structural break. In the pre-pandemic past, the correlation between equities and government bonds rolled negatively in the majority of cases. In 2020, the trend of the correlations was positive and often had a positive value. This implies that the portfolios that previously used bonds to act as a buffer in their protection can now have an even greater tendency to be volatile during times of stress in the markets. There are far-reaching implications. Risk parity and leveraged hedge fund and other types of strategies were founded on the hope that bonds would hedge equity risk. The IMF researchers say that the strategies are more closely aligned to the Treasury returns than before. During turbulent markets, this correlation may lead to forced deleveraging when losses occur in an asset liability match-up.

Even the conventional conservative institutional investors are not spared. Pension funds and insurance companies will be more exposed to swings in portfolio values as the markets will experience more swings to stabilize portfolios through the use of sovereign bonds. The issue is not just a hypothetical one. The drawdowns in both stocks and bonds have already been simultaneous due to market stress that has taken place lately and compounded losses. The disintegration also combines with market volatility. The correction of the equity markets is usually accompanied by volatility indicators, such as the VIX spiking. In the historical context, increasing volatility enhanced future returns to equities, whereas bonds enjoyed secure-haven demand. Analysis of the IMF between the pre-2020 and post-2020 periods indicates that this divergence has been weakened. The increased volatility in the present setting is being more and more correlated with greater expected bond returns, that is, decreasing bond prices, which diminishes their hedging capabilities. The shift seems to be shifting on several structural forces. The most prominent of them is the renewal of inflation in the post-pandemic era. With increased inflation risks, bonds will be more responsive to interest-rate expectations, and investors will require higher compensation for holding longer government debts. This raises the cost of the term premium and exposes the bond prices when the times are tough.Fiscal dynamics have been contributing as well. The advanced economies have greatly increased government borrowing to fund pandemic aid and the consequent fiscal programmes. The IMF reports that gross issuance of bonds by major economies has been exceeding the rate at which central banks are reducing their balance sheets by quantitative tightening. With the maturation of bonds, which are not reinvested, a greater portion of the new supply would have to be recaptured by the more price-sensitive private investors. This supply-demand mismatch has been more noticeable by late 2023. Despite the slowing of central bank balance-sheet runoff, sovereign issuance was high. What it brings about is an increase in the upward pressure on yields and increased volatility in the bond markets. Government debt as a haven is impaired as investors start to perceive it as being riskier based on fiscal issues or ongoing inflation. Another recent market development that can be attributed to the changing environment is the great surge in other safe-haven assets. There have been significant increases in precious metals like gold, silver, platinum, and palladium, and also currencies like the Swiss franc have received inflows. In particular, gold has risen to a steep incline as investors seek protection in non-conventional sovereign bonds. This change indicates that the demand for diversification is moving toward non-sovereign forms of values.

The stakes are high to become financially stable. The resulting losses of portfolios could be enhanced during the downward movements of both stocks and bonds, which may lead to the problem of liquidity pressure. An increase in volatility would increase the funding conditions of leveraged investors, and this would cause feedback that would increase the market stress. IMF cautions that this kind of dynamics may increase systemic vulnerability when it is not well handled. The responses in terms of policy will be decisive. The central banks still have the capacity to make an intervention when the markets are highly dysfunctional, yet the IMF warns that the recurrent emergency rescue has its own perils. The reliance on backstops may promote too much risk-taking and market laxity. Rather, the hedging functions of sovereign bonds will probably need deeper amendments. The key to that endeavor is fiscal credibility. Large ratios of the public debt and unpredictable budgetary trajectories may erode investor confidence in the government securities. The bonds will not find it easy to reclaim their traditional status of haven without believable medium-term fiscal structures. On the same note, monetary authorities should be adamantly determined to keep prices stable. A major trigger that led to the reversal of stock-bond correlation against the background of the unexpected inflation surge after 2020.

The regulators are also being called upon to change. Historically-based stress testing structures can be understated about the existing risks. Incorporating the situation where the traditional diversification does not work, supervisors might need to have enough capital and liquidity buffer in financial institutions to deal with this novel regime. To investors, it is simple to read between the lines: the same assumptions about portfolio construction that had been made before 2020 might not apply anymore. Although other options like commodities, private assets, or currency hedges may help to offer partial diversification, they have their own liquidity, valuation, and operational risk. The historical stock bond hedge cannot be easily replaced. Finally, the IMF analysis is an indication of a wider change in the financial environment. The pandemic was not just a precipitant of a short-term break; it seems to have changed the essential market relations. Bonds can no longer offer the haven they once did in a world of constant inflation risk, massive sovereign issuance, and a changing monetary policy. The new environment has now challenged investors as well as policymakers to re-strike the balance of risk management frameworks. Major asset classes may be linked in such a way that market volatility spreads faster throughout the financial system in case the correlation between them is high. Diversification might no longer be easy, and as the investment environment has become less forgiving, traditional hedges cannot be assumed.