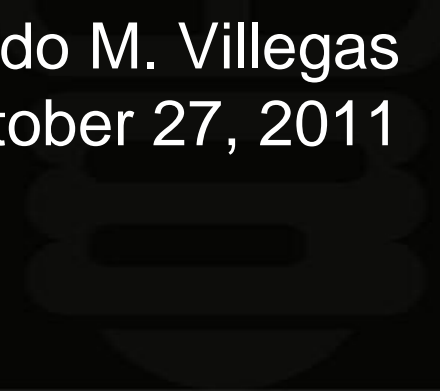


# LANDSCAPE AND OUTLOOK OF THE PHILIPPINE ECONOMY

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October 27, 2011



# THE GLOBAL SCENARIO

- U.S. Economy Slowing Down
- E.U. also in economic turmoil
- Heavy Debt Burden of P I G S
- Triple Whammy in Japan
- Continuing Growth in China and Emerging Markets
- Arab spring in the Middle East and North Africa



# BRICA + South Africa: Emerging Engines of Growth

BRICA + South Africa	Population (in Millions)	GDP Value (in current prices, US\$B)	Foreign Exchange Reserves (US\$B)	Real GDP Growth		Inflation	
				2010	2011F	2010	2011F
	2010	2010	2010	2010	2011F	2010	2011F
<i>Brazil</i>	193.3	2,517.9	287.5	7.5	3.8	5.0	6.6
<i>Russia</i>	142.9	1,479.8	454.5	4.0	4.3	6.9	8.9
<i>India</i>	1,190.5	1,632.0	291.5	10.1	7.8	12.0	10.6
<i>China</i>	1,341.4	5,878.3	2,889.6	10.3	9.5	3.3	5.5
<i>ASEAN</i>	591.8*	1496.3*	557.8*	7.9	5.4	4.0	5.4
<i>South Africa</i>	50.0	363.7	39.6*	2.8	3.4	4.3	5.9

\*2009

Sources: IMF, WEO (Sept 11); World Bank Key Development Data & Statistics

ADB Asian Development Outlook Update Sept 2011; [www.asean.org](http://www.asean.org)



# The Next 11: Emerging Engines of Growth

Country	Population 2011	GDP 2011
	(in millions)	(current US\$ B)
Bangladesh	166.7	115.0
Egypt	79.4	231.9
Indonesia	240.5	834.3
Iran	75.9	475.1
Mexico	109.7	1,185.2
Nigeria	160.3	247.1
Pakistan	175.3	204.1
Philippines	95.8	216.1
South Korea	49.0	1,163.8
Turkey	72.2	763.1
Vietnam	89.3	121.6

Source: IMF estimates, World Economic Outlook Database, Sept. 2011



# Asian Growth Rates

SOUTHEAST ASIA	2007	2008	2009	2010	2011F	2012F
Indonesia	6.3	6.0	4.6	6.1	6.6	6.8
Malaysia	6.5	4.8	-1.6	7.2	4.8	5.1
Philippines	7.1	4.2	1.1	7.6	4.7	5.1
Singapore	8.5	1.5	-0.8	14.5	5.5	4.8
Thailand	4.9	2.5	-2.3	7.8	4.0	4.5
Vietnam	8.5	6.3	5.3	6.8	5.8	6.5
NORTHEAST ASIA						
China	14.2	9.6	9.2	10.3	9.3	9.1
Hong Kong	6.4	2.3	-2.7	7.0	5.5	4.7
Korea, Republic of	5.1	2.3	0.3	6.2	4.3	4.3
Taiwan	6.0	0.7	-1.9	10.9	4.8	4.7
SOUTH ASIA						
India	9.2	6.9	8.0	8.5	7.9	8.3

GDP Growth Rates  
F-forecasts

Source: Asian Development Outlook, Sept 2011



# ASEAN:GDP Growth Rates and Per Capita Income

GDP Growth Rates				GDP per Capita, at Current Prices (in US\$)	
Country	2009	2010	2011F	2008	2009
Indonesia	4.6	6.1	6.6	2,236.9	2,362.1
Malaysia	-1.6	7.2	4.8	7,969.6	6,769.5
Philippines	1.1	7.6	4.7	1,843.7	1,747.3
Singapore	-0.8	14.5	5.5	37,629.2	35,602.0
Thailand	-2.3	7.8	4.0	4,117.3	3,949.5
Vietnam	5.3	6.8	5.8	1,052.7	1,104.2

F-forecasts

Source: Asian Development Outlook, ADB Sept 2011; asean.org



# Sunrise Industries

- Agribusiness
- Mining
- Triple Ts: Transport, Telecom, and Tourism
- Infrastructures
- Automobiles
- Consumer durables
- IT-enabled and IT services
- Logistics and retailing
- Health care and medical tourism
- Education
- Construction and real estate
- Four Fs: Food, Fashion, Furniture, Fun



# Seven Key Industries

- Agribusiness
- Business Process Outsourcing
- Creative Industries
- Infrastructures (Airports, Power, Roads and Rail, Seaports, Telecommunications, Water)
- Manufacturing and Logistics
- Mining
- Tourism, Medical Travel and Retirement

Source: Arangkada Philippines 2010: A Business Perspective, Joint Foreign Chambers



# Opportunities in the Philippine Economy

- Increased investors' confidence as a result of credit rating upgrades
- Financial sector is liquid
- Increase in OFW remittances
- Increase in domestic tourism
- Expansion in mining and energy investments
- Heavy infrastructure spending
- Expansion in low and medium-cost housing and office buildings
- Increase in demand for BPO services
- Medical tourism and retirement villages
- High demand for food exports



# Threats to Philippine Economy

- La Niña weather phenomenon
- Volatile capital flows
- Increasing food and fuel prices
- Slow growth of US economy
- Another lost decade for Japan
- Debt crises in the European Union



# **PDP 2011-2016: How to Achieve Inclusive Growth**

- Massive investment in physical infrastructure
- Transparent and responsive governance
- Investment in human capital
- Employment generation for both wage earners and self-employed
- Macro-economic environment of low inflation and sustainable fiscal balances



# MACROECONOMIC FORECASTS

	2008 a	2009a	2010a	2011F	2012F
<b>Inflation Rate</b>	9.3	3.3	3.8	4.6	4.0
<b>Peso – US Dollar Rate</b>	44.4	47.6	43.6	42 – 44	40 – 42
<b>Gross International Reserves (in US\$ Billion)</b>	37.6	44.2	62.1	72.0	80.0
<b>GDP Growth Rate</b>	3.8	1.1	7.6	6.0	6.0 – 7.0
<b>Industry Sector</b>	5.0	-2.0	11.2	6.5	7.0
<b>Services Sector</b>	3.3	3.2	6.9	6.1	6.5



GDP growth to remain positive especially due to Agriculture recovery and Construction

a – Actual ; F – Forecasts

Source: UA&P Estimates

# FINANCIAL MARKET FORECASTS

	2008a	2009a	2010a	2011F	2012F
<b>Inflation Rate</b>	9.3	3.3	3.8	4.6	4.0
<b>Peso – US Dollar Rate</b>	44.4	47.6	43.6*	42 – 44*	40 – 42*
<b>91-day T-bill Rate</b>	4.8	4.2	1.8*	3.0*	3.5*
<b>10-year T-bond Rate</b>	8.1	8.0	6.0*	6.0*	6.5*

a – Actual ; F – Forecasts

\* By Year-end

Source: UA&P Estimates



Thank you.

