



THE PHILIPPINE ECONOMY: REACHING THE TIPPING POINT

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- Growth Rates of 7-10% possible in the next 10 years
- Result of over 25 years of slow and painful reforms
- Will be the 16th largest economy in 2050
(The Wider World in 2050 Report, HSBC)



Positive Trends

- Stable democracy
- Strong macroeconomic fundamentals
- Labor peace
- Educated, young, and English-speaking labor force
- Strategic geographic location
- High rate of savings due to OFW remittances
- Low rate of dependence on petroleum
- One of the best performing stock markets in the world
- One of the emerging markets



The Emerging Markets: BRICA + South Africa

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
<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

The Emerging Markets: The Next 11

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

Low Export Dependence

Exports as Percentage of GDP

SOUTHEAST ASIA	2004	2005	2006	2007	2008	2009
Indonesia	32.2	34.1	31.0	29.4	29.8	24.1
Malaysia	115.4	117.5	116.5	110.0	103.3	96.4
Philippines	50.9	47.6	47.3	42.5	36.9	31.7
Singapore	219.6	230.0	235.1	219.1	228.9	199.3
Thailand	70.7	73.6	73.6	73.4	76.5	68.4
Vietnam	65.7	69.4	73.6	76.9	77.9	68.3

NORTHEAST ASIA						
China	34.0	37.1	39.1	38.4	35.0	27.2
Hong Kong	190.2	198.7	205.5	208.0	212.6	193.8
Korea, Republic of	40.9	39.3	39.7	41.9	53.0	49.9
Taiwan	61.4	62.5	68.0	72.1	72.7	62.5
OTHER						
India	17.6	19.2	21.3	20.6	23.5	20.6

Source: Key Indicators 2010 (ADB)



Weaknesses and Challenges

- Corruption
- Red tape and Bureaucracy
- Inefficient infrastructures
- High rate of poverty
- Vulnerable to natural calamities such as La Niña

MACROECONOMIC FORECASTS

	2008 a	2009a	2010a	2011a	2012f
Inflation Rate	9.3	3.3	3.8	4.6	3.5
Peso – US Dollar Rate	44.4	47.6	43.6*	41 – 44*	42 – 45*
Gross International Reserves (in US\$ Billion)	37.6	44.2	62.1	72.0	80.0
GDP Growth Rate	3.8	1.1	7.6	3.7	6.0 – 7.0
Industry Sector	5.0	-2.0	11.2	1.9	7.0
Services Sector	3.3	3.2	6.9	2.6	6.5

* By year-end

a – Actual ; F – Forecasts

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

Source: UA&P Estimates

FINANCIAL MARKET FORECASTS

	2008a	2009a	2010a	2011f	2012f
Inflation Rate	9.3	3.3	3.8	4.6	3.5
Peso – US Dollar Rate	44.4	47.6	43.6*	41 – 44*	42 – 45*
91-day T-bill Rate	4.8	4.2	1.8*	1.5*	1.7*
10-year T-bond Rate	8.1	8.0	6.0*	5.8*	5.5*

a – Actual ; f – Forecasts

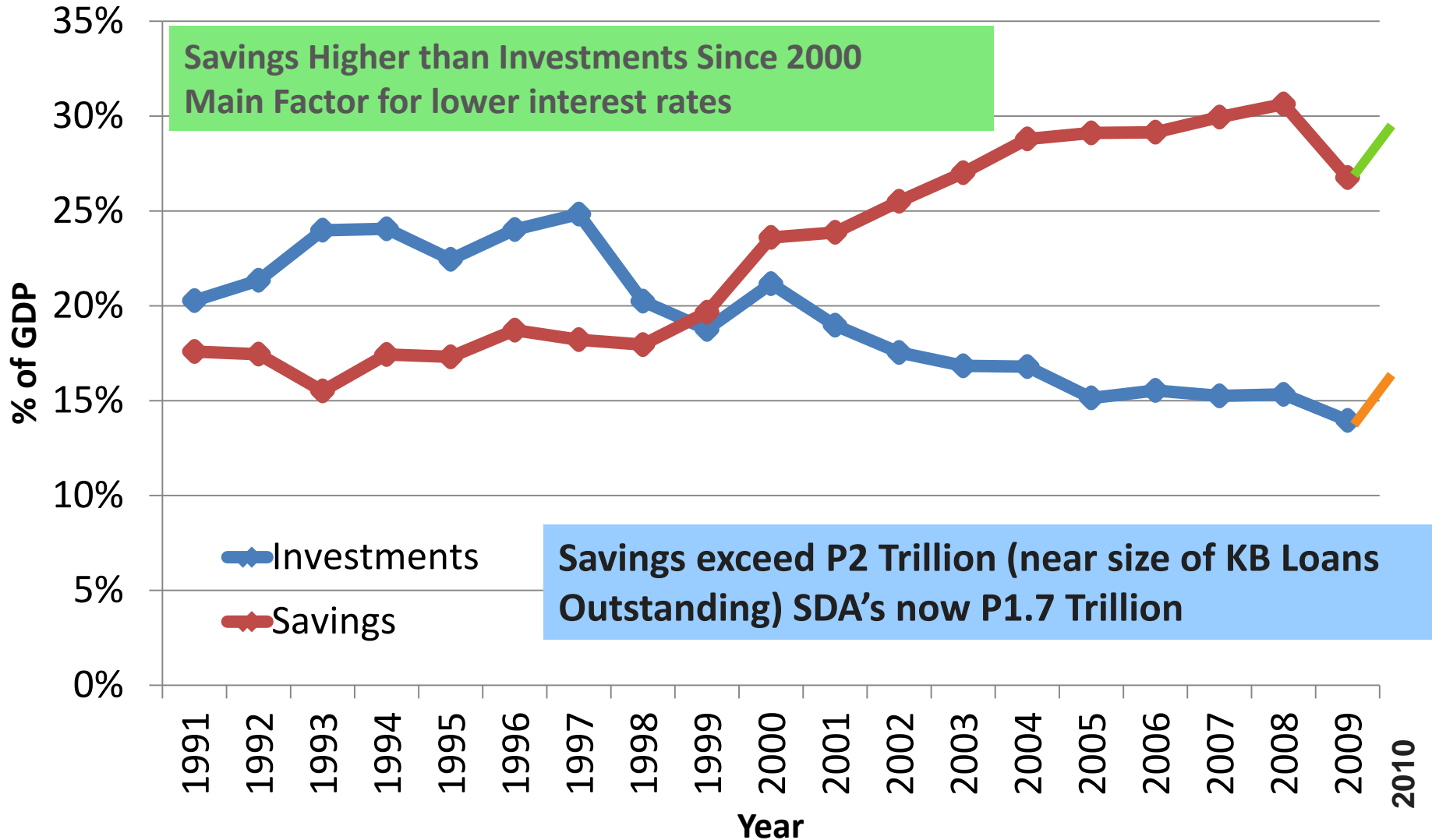
* By Year-end

Source: UA&P Estimates

GDP Growth to Remain Robust due to Exports, Agri Recovery, Construction

Savings-Investments Gap

1991 - 2011



PHILIPPINE STOCK MARKET PERFORMANCE

Philippines PSE Composite Index

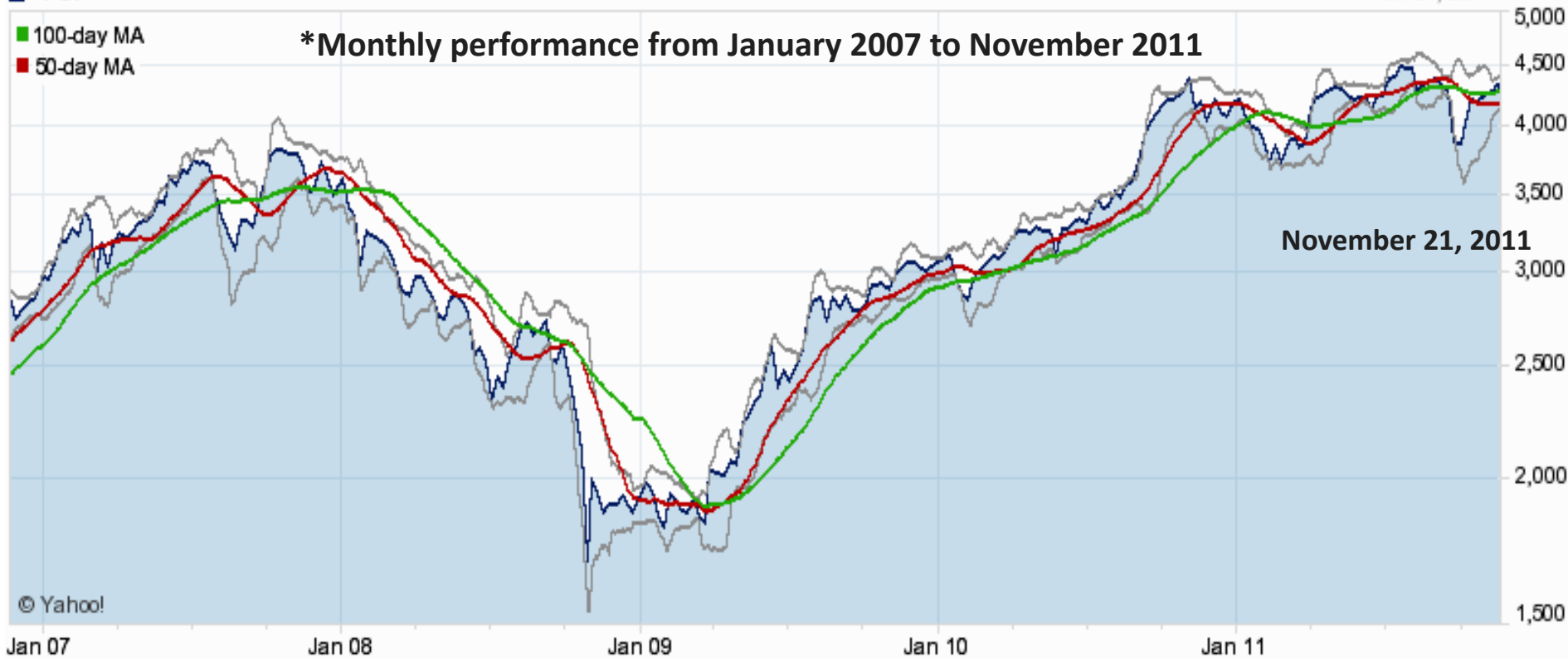
Nov 21, 2011

■ ^PSI

■ 100-day MA

■ 50-day MA

*Monthly performance from January 2007 to November 2011



November 21, 2011

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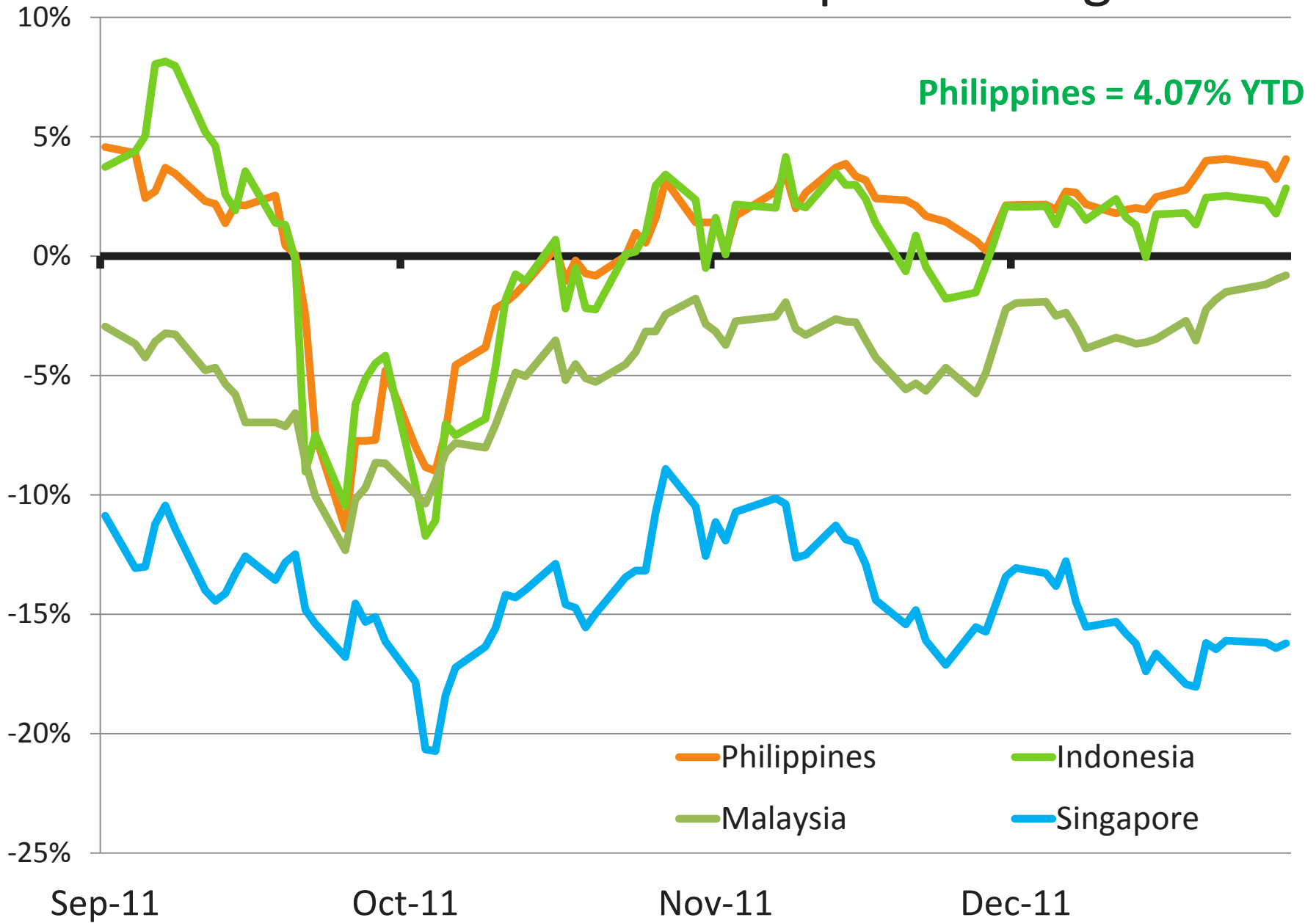


PSEi's Upward Thrust Likely to Continue to 2012

ASEAN Stock Markets: Comparative Figures

Country	Index	YTD Performance
Philippines	PSEi	4.07%
Indonesia	JKSE	3.20%
Malaysia	KLSE	0.78%
Thailand	SET	-0.90%
Singapore	STRAITS	-17.04%
Vietnam	VNI	-26.97%

ASEAN Stock Markets: Comparative Figures



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





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