

Philippine Economy: In a Nutshell

Domestic Economy & Macroeconomic Overview

- Driven by increasing net exports, GDP growth accelerated from Q1's 5.6% to a strong 6.4% in Q2.
- Higher growth was underpinned by the robust performance of consumption and services, and supported by the expansion of investments and manufacturing. As in previous quarters, sustained inflow of remittances fueled private consumption, which grew by 5.6 percent.
- Personal remittances from overseas Filipinos (OFs) continued to rise in August 2014, posting 7.2 percent growth year-on-year to reach US\$2.3 billion.
- In the first quarter of 2014, government spending posted a 2 percent expansion. Gross fixed capital formation shrank to 4 percent yoy from 13.6 last year and following a 7.7 percent increase in the first quarter, as investment in construction and breeding stocks and orchard development declined by 5.1 percent and 2 percent respectively, while inventories diminished.
- The industry sector expanded 7.8 percent year-on-year in the second quarter, down from 10.5 percent on the same quarter last year, but higher than 5.3 percent in the first quarter this year.
- The services sector grew 6.0 percent, down from 7.8 percent in the corresponding period a year ago and 6.8 percent during January – March 2014. All sub-sector of services also posted strong growth with real estate, renting and business activities became the main driver along with trade and repair service; transportation, storage and communication and financial inter-mediation.
- Agriculture rebounded to 3.6 percent during the second quarter after a 0.2 percent decline last year. All industry sub-sectors, led by manufacturing; utilities; mining and quarrying and construction spurred to the robustness of the sector.
- Foreign portfolio investments registered in September 2014 amounted to US\$2.1 billion, reflecting a slight improvement (3.8 percent) from the previous month's level. Year-on-year, however, registered investments were lower by 17.5 percent due to the effects of the tapering of the quantitative easing program of the United States.
- According to ADB, lightly stronger economic growth is projected through the rest of 2014 and in 2015 on expectations that post-typhoon reconstruction accelerates, government fiscal disbursement improves, and exports benefit from brighter prospects in the major industrial economies.

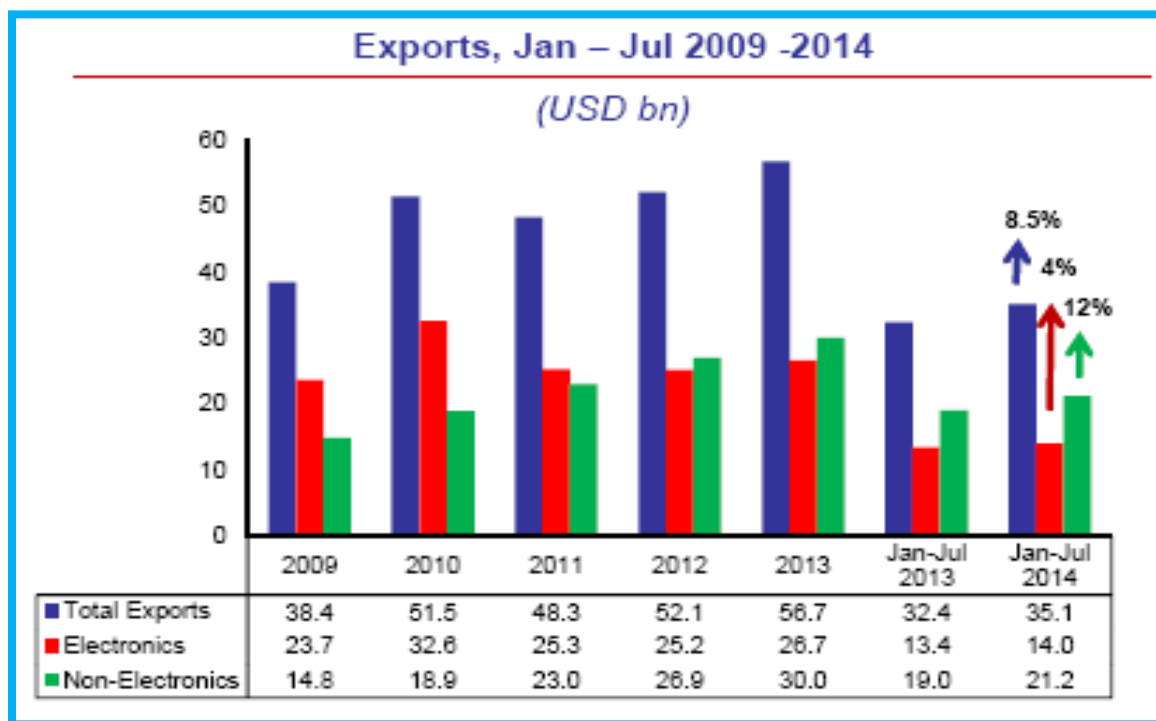
Sources:

<http://www.tradingeconomics.com/philippines/gdp-growth-annual>

<http://www.focus-economics.com/countries/Philippines>

<http://iro.ph/main.php?page=downloads&displayContent=1&id=4&year=2014&month=10>

Trade Sector



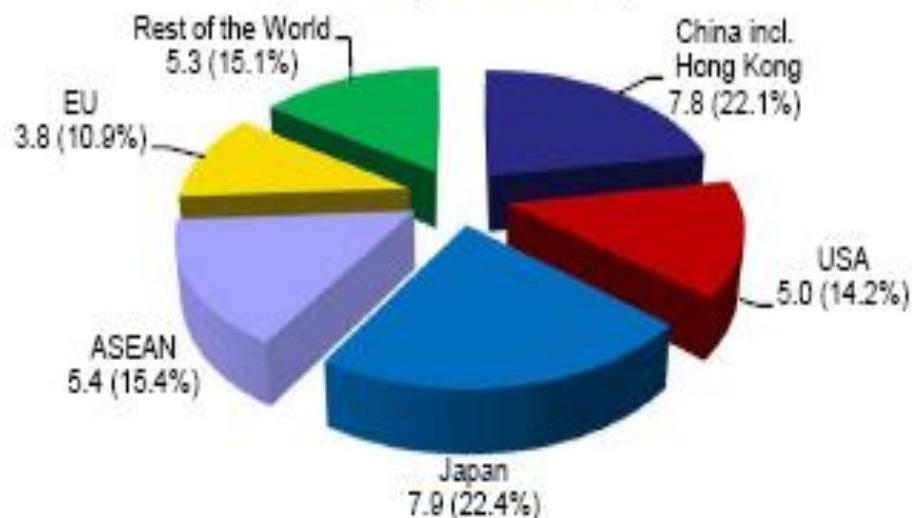
Merchandise exports in Jan-July 2014 posted a remarkable 9.0%* growth:

- Reached USD35bn in 2014 from to USD32bn in 2013
- July 2014 exports alone rose 12.4%, the 2nd highest growth among selected exporting economies in East and Southeast Asia
- Growth was buoyed by the stronger demand and economic performance of PH export markets
- Both electronics and non-electronics combined for a strong export performance in Jan - Jul 2014
- Electronics, which accounted for USD14bn or 40% of PH's total merchandise exports, expanded by 4%
- Non-electronics surged to a 12% growth, accounting for USD21bn or 60% of total PH merchandise exports

* Based on Jan - Jul 2014 Preliminary export data with Mar 2014 revised data, as validated with the Philippine Statistics Authority (PSA)

Top Export Markets Jan - Jul 2014

(USD bn, share in %)



Note: Figures may not add up to totals due to rounding

Major markets for PH products:

- Japan remained the top destination for PH exports in Jan - Jul 2014, closely followed by the combined markets of China and Hong Kong, and the USA. Export sales to Japan expanded by 20.6% from its 2013 level, while that of China (plus Hong Kong) and the USA grew by 19.9% and 7.6%, respectively
- Other major markets for PH products include Singapore, South Korea, Germany, Thailand, Taiwan and Netherlands
- ASEAN and EU continued their increasing significance as regional country - destinations for PH products

Philippine Macroeconomic Indicators

Indicator	Latest	Year Ago	Previous
1. Gross National Income Growth Rate (At Constant 2000 Prices)	7.3 2nd Qtr 2014	6.4 2nd Qtr 2013	7.2 1st Qtr 2014
2. Gross Domestic Product Growth Rate (At Constant 2000 Prices)	6.4 2nd Qtr 2014	7.9 2nd Qtr 2013	5.6 1st Qtr 2014
3. Exports 1/	USD 5,461 million Jul 2014	USD 4,859 million Jul 2013	USD 5,483 million May 2014
4. Imports 1/	USD 5,494 million Jul 2014	USD 5,494 million Jul 2013	USD 4,821 million Jun 2014
5. Trade Balance	USD -33 million Jul 2014	USD -635 million Jul 2013	USD 625 million Jun 2014
6. Balance of Payments 2/	USD -340 million Mar 2014	USD 452 million Mar 2013	USD 345 million Feb 2014
7. Interest Rate 4/	2.0 % May 2014	2.2% May 2013	2.0% Apr 2014

1/ Freight on Board value

2/ overall position

4/ interbank loans

See more at: <http://www.nscb.gov.ph/stats/statwatch.asp#sthash.7Bmnr6p8.dpuf>