



Global Recession Impact News (GRIN) and Positioning for the Rebound

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National Economic and Development Authority

February 23, 2010

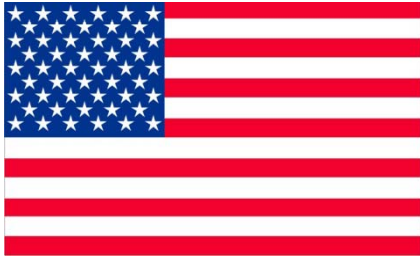
GLOBAL DEVELOPMENTS

G7 to continue stimulus

“We need to continue to deliver the stimulus to which we are mutually committed and begin to look ahead to exit strategies and move to a more sustainable fiscal track, consistent with continued recovery.”



– Hon. Jim Flaherty
(Minister of Finance, Canada)



Wall Street lowers outlook despite strong earnings

- 2010 earnings growth estimate scaled down to 26.3%, from the former 30.6%
- Despite the fact that 72% of firms in S&P 500 exceeded expectations
- Analysts cite fiscal troubles in Greece
- “The jitters over the debt loads of Greece and other euro-zone nations served as a reminder of the headwinds to sustained economic growth” – Reuters

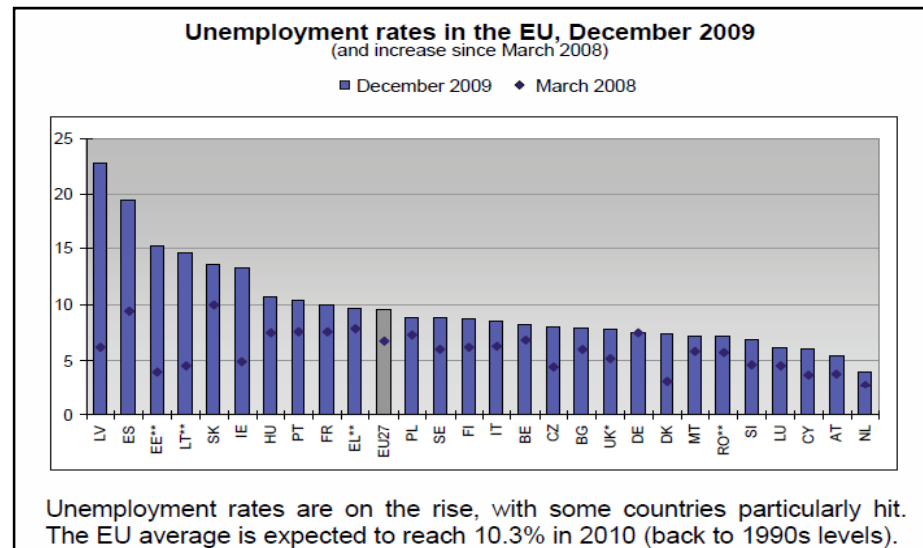
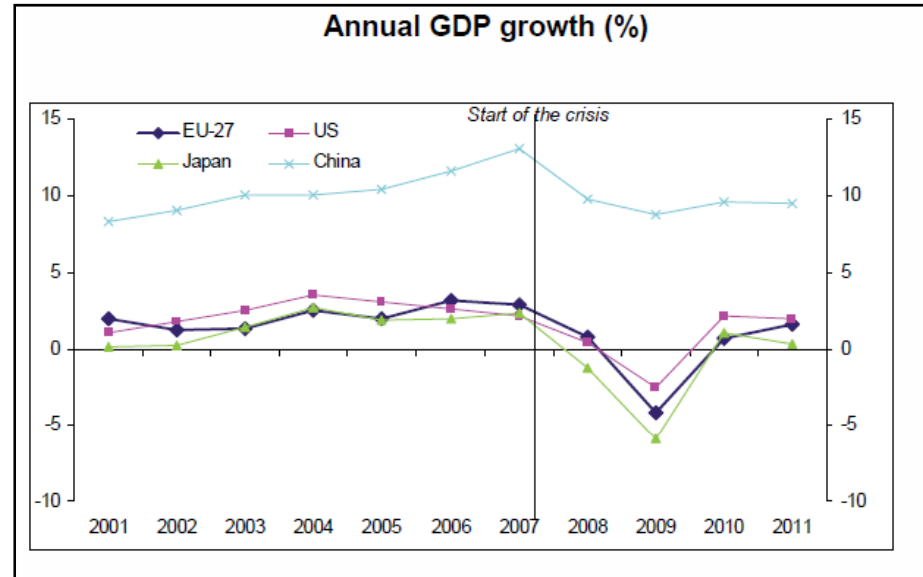
Europe seeks rebound with new economic strategy



EU 2020

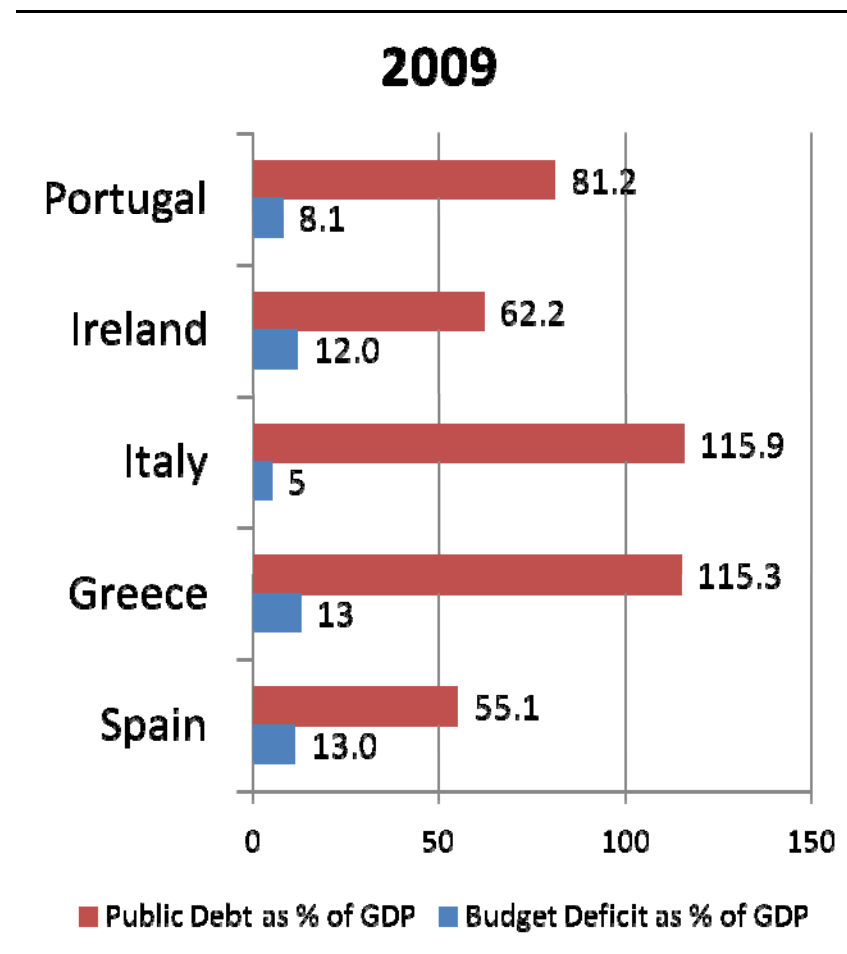
1. Growth based on knowledge and innovation
2. Inclusive high employment society
3. Greener growth

Source: European Commission



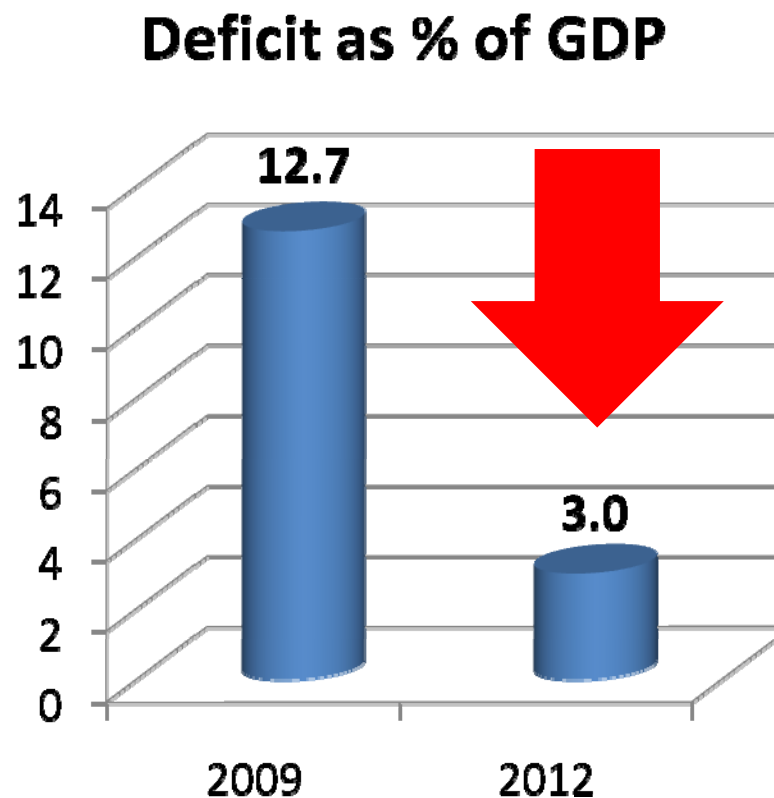
Rising fear of debt default in Europe

- Greece: debt equal to 115% of GDP, deficit equal to 13%
- Portugal, Ireland, Italy and Spain also struggle with fiscal deficits and debts
- Their fiscal problems arose due to huge public spending to fight the Great Recession



EU to Greece: cut deficit from 12.7% of GDP in 2009 to only 3% -- by 2012

Greece's updated stability programme sets 2012 as the deadline for cutting the deficit to below 3%, from the estimated 12.7% deficit for 2009.



Source: Council of the European Union

Greece losing its sovereignty due to crisis

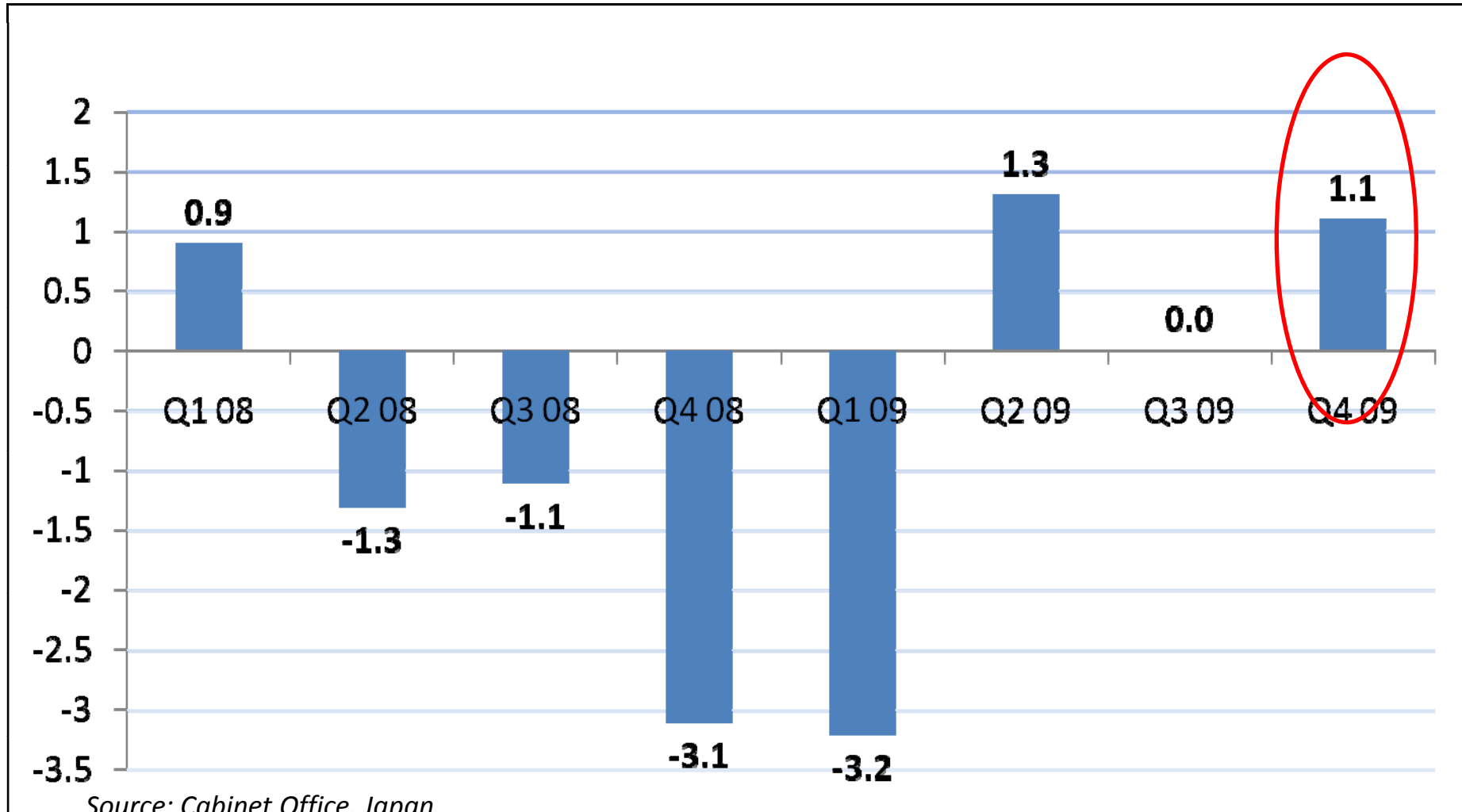
- December 2009: Greece defies stringent EU austerity measures
- "Salaried workers will not pay for this situation: we will not proceed with wage freezes or cuts"
– Prime Minister George Papandreou



- February 2010: European Union strips Greece of its voting power, in blow to sovereignty
- EU warns of March 16 deadline to comply with austerity demands – or Greece loses control over its taxing and spending policies



Japan's GDP up 1.1% in Q4 2009



Source: Cabinet Office, Japan

China's first national pollution census



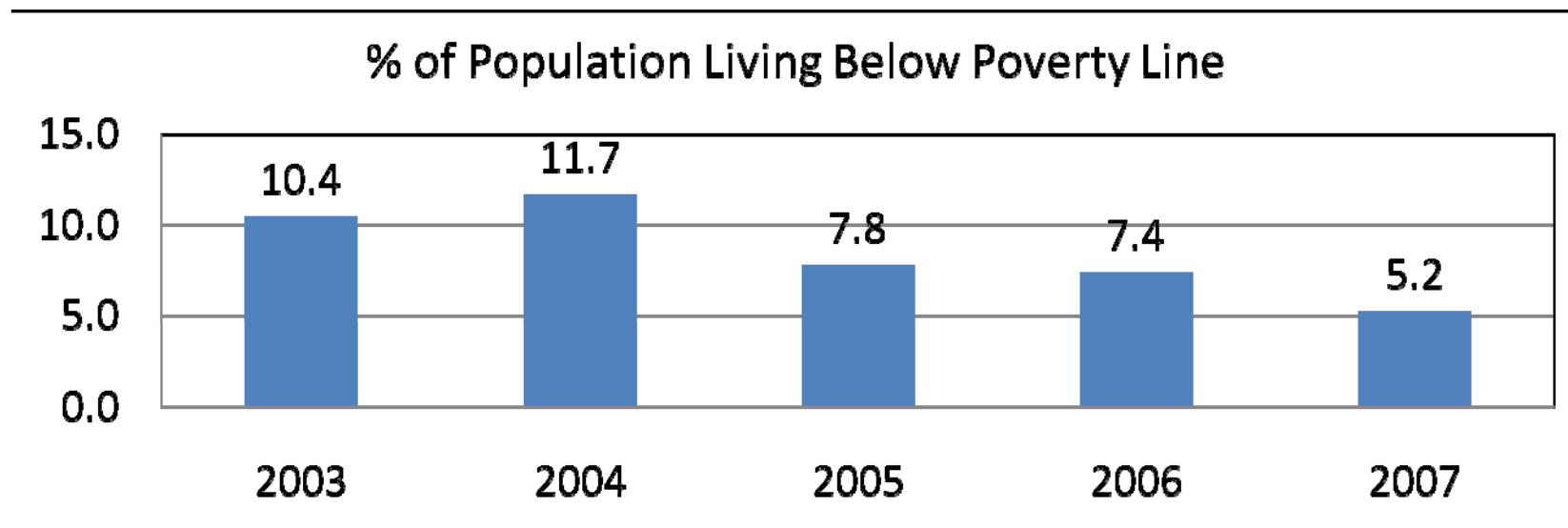
- China has mapped nearly 6 million sources of industrial, residential and agricultural waste
- Pollution levels in China might peak sooner
- With the pollution census, China will craft its 5-year environmental protection plan.

Brazil: building economic strength by lifting millions out of poverty



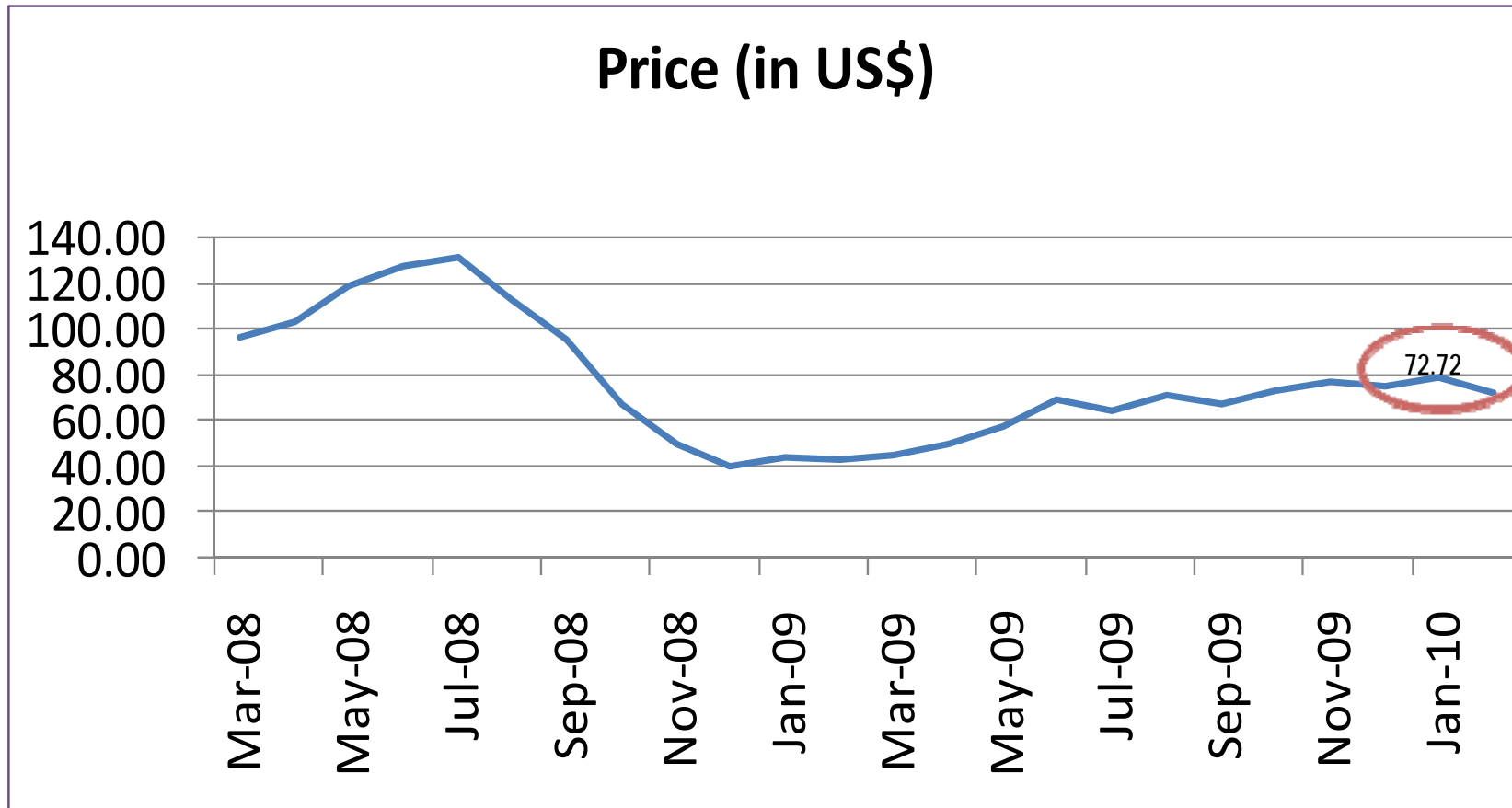
“I would like to stress that the best policy for development is the fight against poverty”

- President da Silva



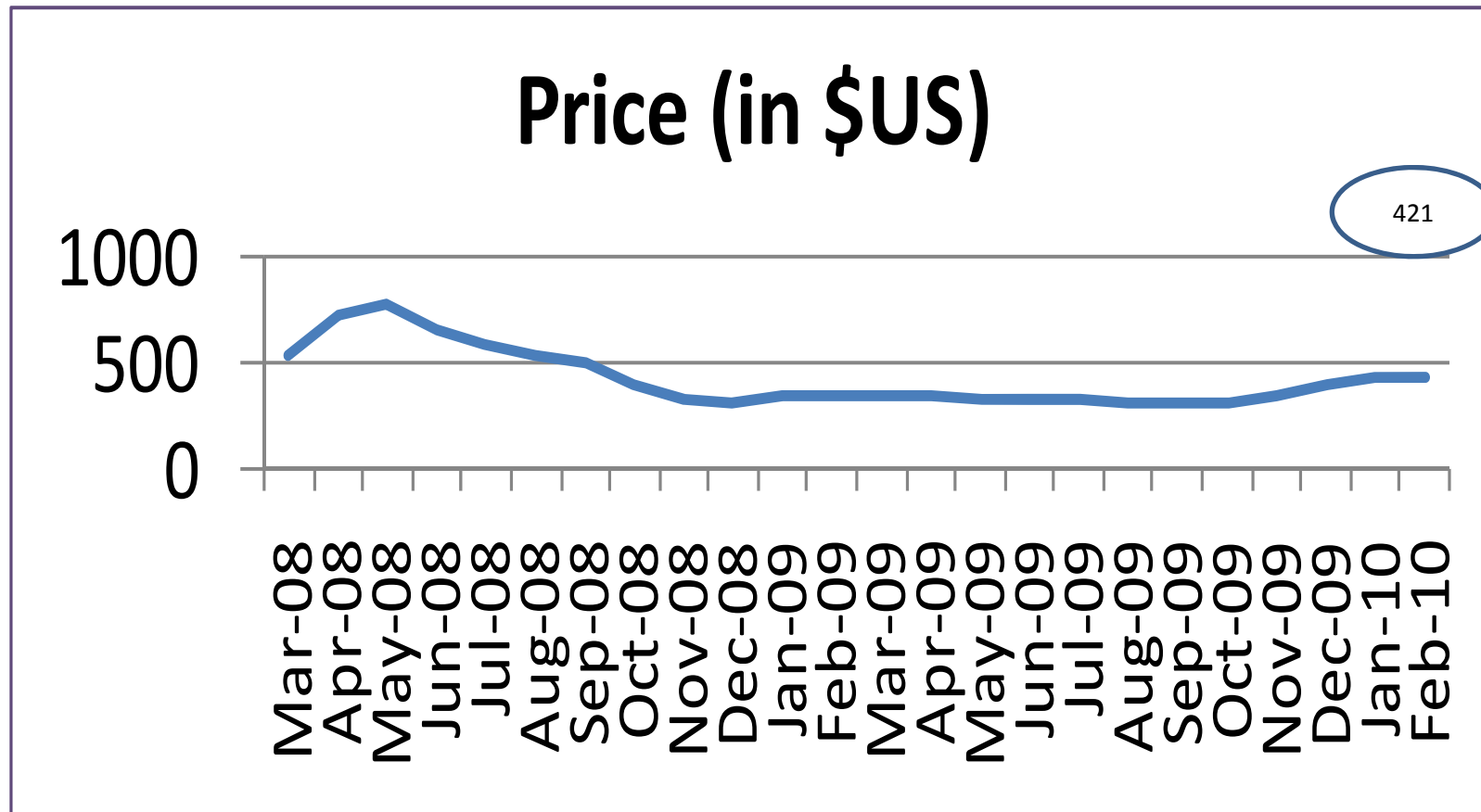
Source: PovcalNet, Worldbank

Dubai oil prices



Source: Department of Energy

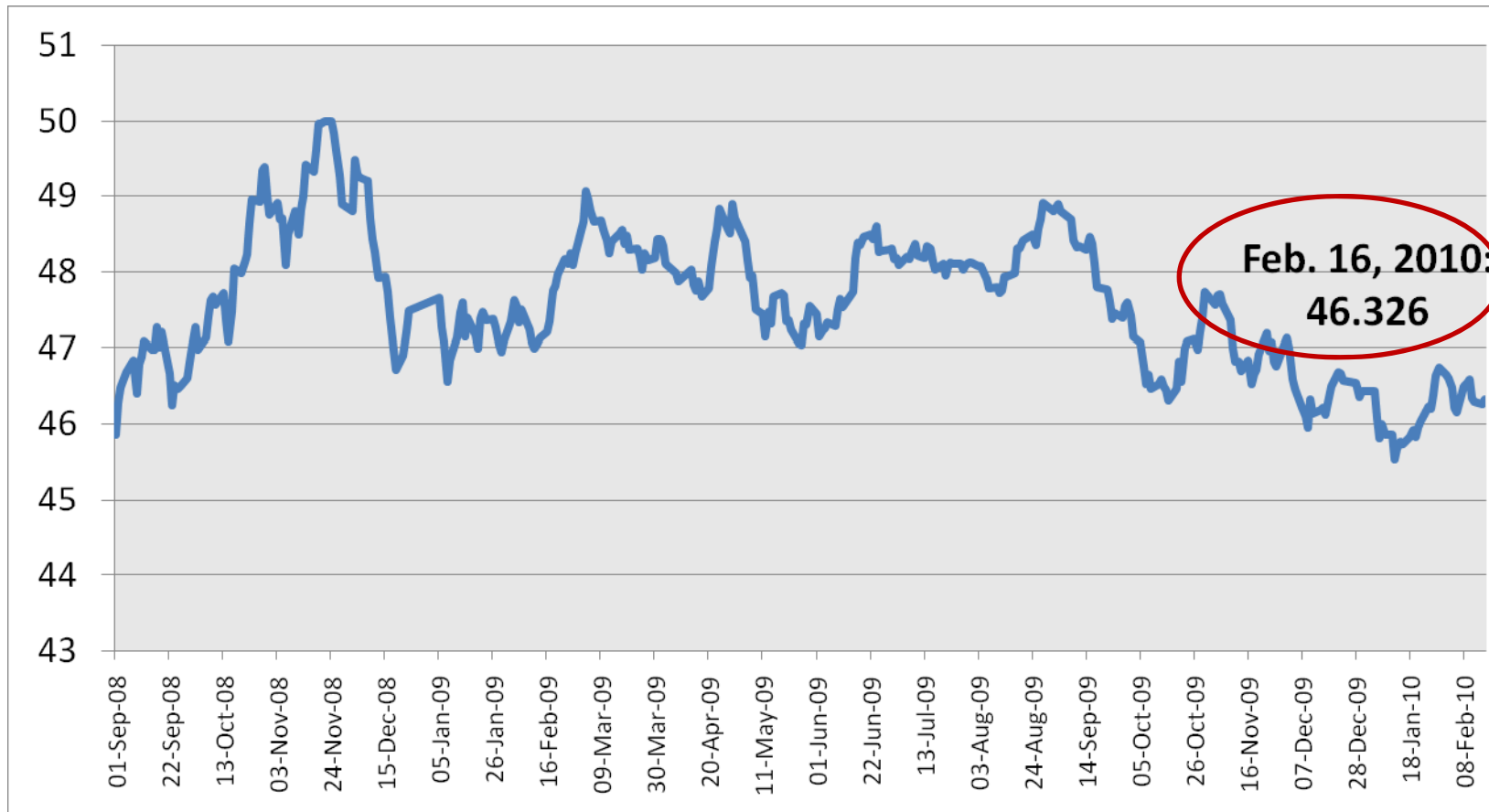
Global rice prices



Source: Food and Agriculture Organization

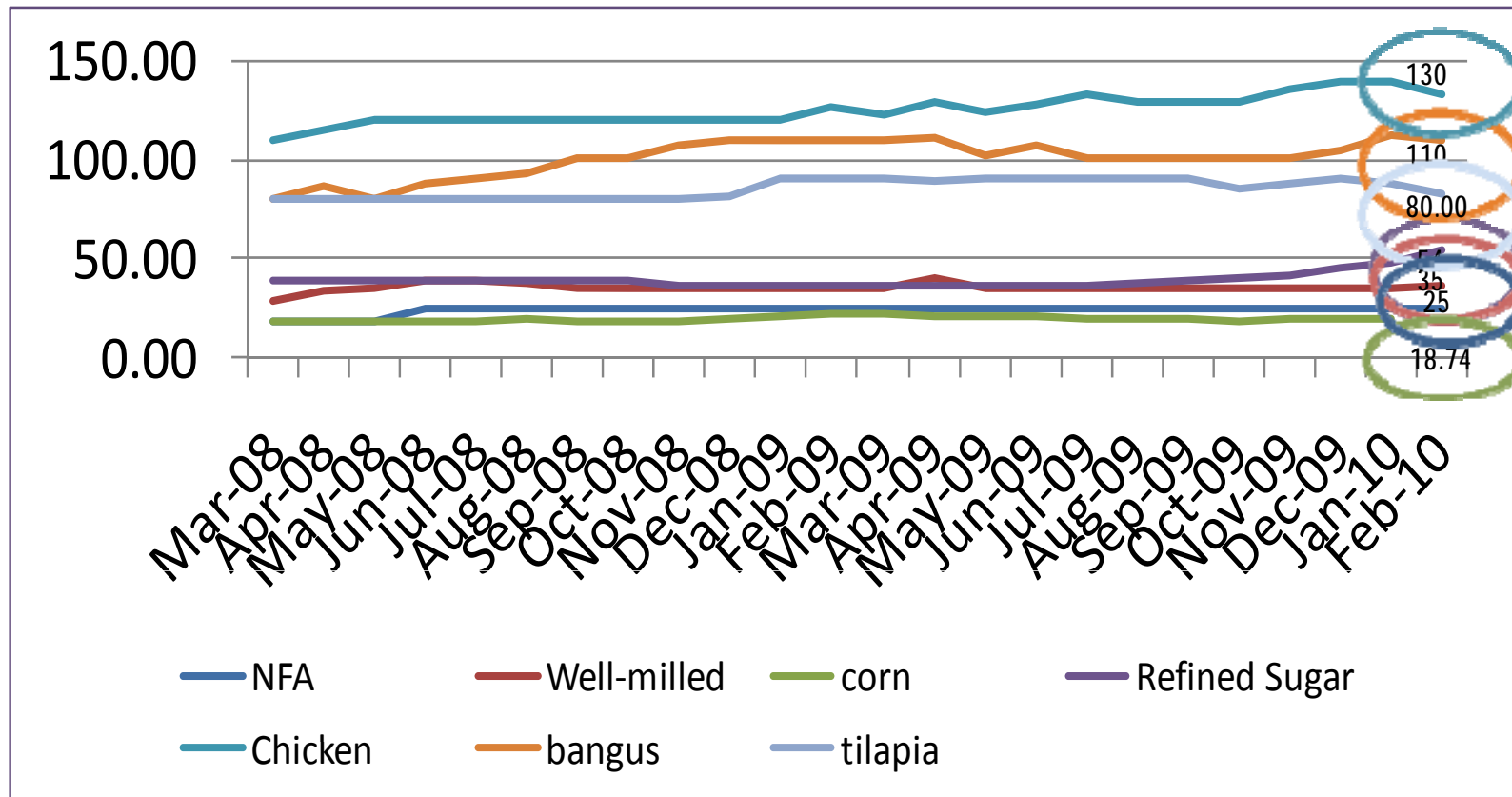
LOCAL DEVELOPMENTS

Peso-dollar exchange rates



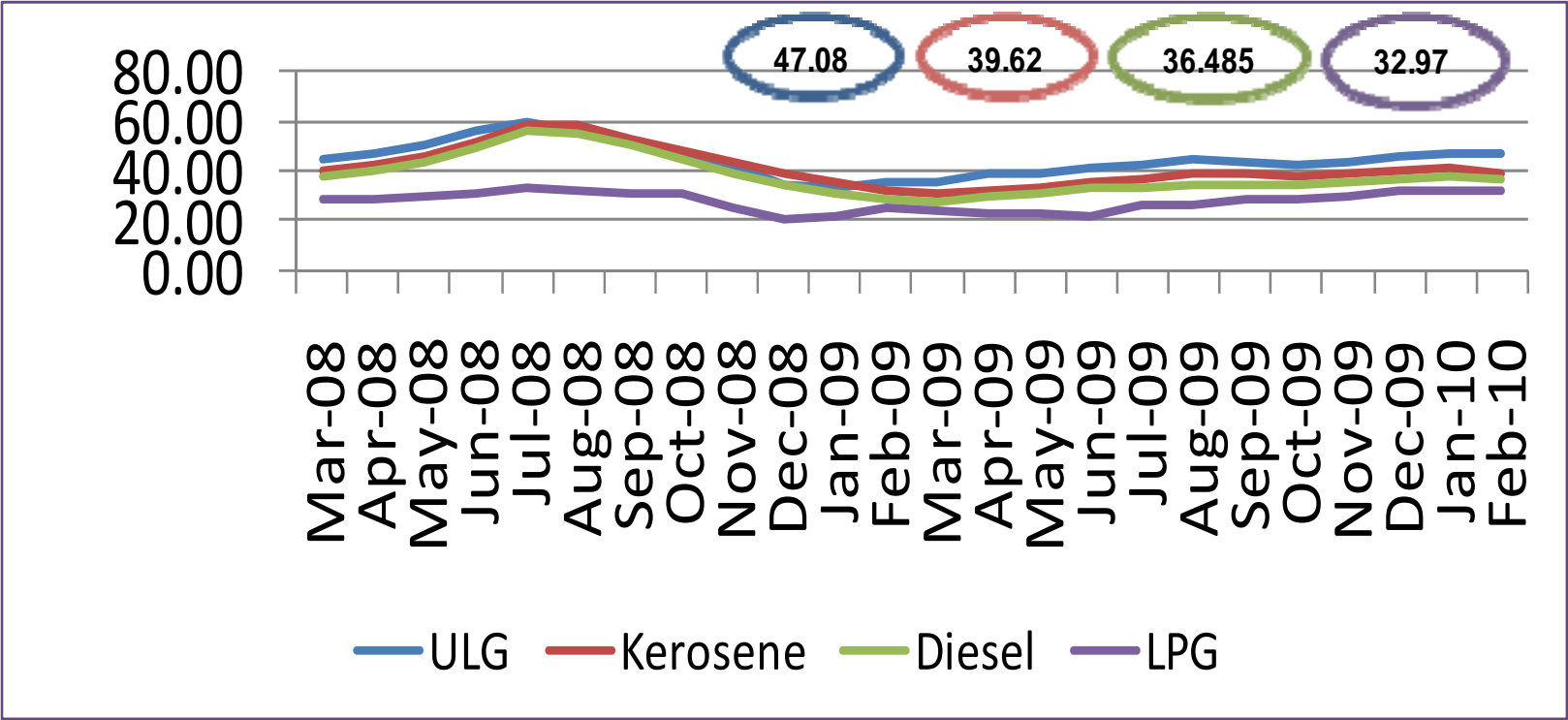
Source: Bangko Sentral ng Pilipinas

Domestic selected commodity prices



Source: Bureau of Agricultural Statistics

Domestic pump prices (as of Feb 16)



Source: Department of Energy

Drought adds to power supply risks



- El Niño continues moderate strength and is in mature stage
- Water supplied to Agus and Pulangi hydro plants near critical levels
- Supply gap results in rotating brown outs in Mindanao
- Limay plant back online

Electricity price hikes in coming months



- Generation charge for February 2010 will increase by P1.00 per kwh
- Developments in Meralco will reduce the impact of the generation charge by about 44 centavos.
- Meralco sees higher rates this year.

Exports surge 24% in December



Source: National Statistics Office

BIR unveils more creative revenue measures

Project RIP

- For better assessment and collection of estate inheritance taxes
- RMO No. 10-2010
- P10.7 billion expected additional revenues

Project Valentine

- To make sure that motels are paying the correct taxes
- RMO No. 16-2010
- P500 million expected collection from the motel industry

BPO industry updates

- 2009 revenues rose by 19%, reaching US\$7.2 billion. 2010 revenues seen to reach US\$12 billion.
- Additional employment reached 70,000, bringing total employment to 442,164 employees.
- Priority programs for 2010 include
 - Creation of a virtual BPO university
 - Roll-out of the National Assessment Competency Program
 - P350 million worth of scholarships under the Pangulong Gloria Scholarship fund
 - Launch of a local and international campaign on the Filipino knowledge worker
 - Conduct of the 2nd International Outsourcing Summit

Car sales up 34% in January

	Jan 2010 (units)	Jan 2009 (units)	Share (%)	Growth (%)
Commercial Vehicles	7,907	5,416	67.2	46.0
Passenger Car Sales	3,856	3,375	32.8	14.3
Total Car Sales	11,763	8,791	100	33.8

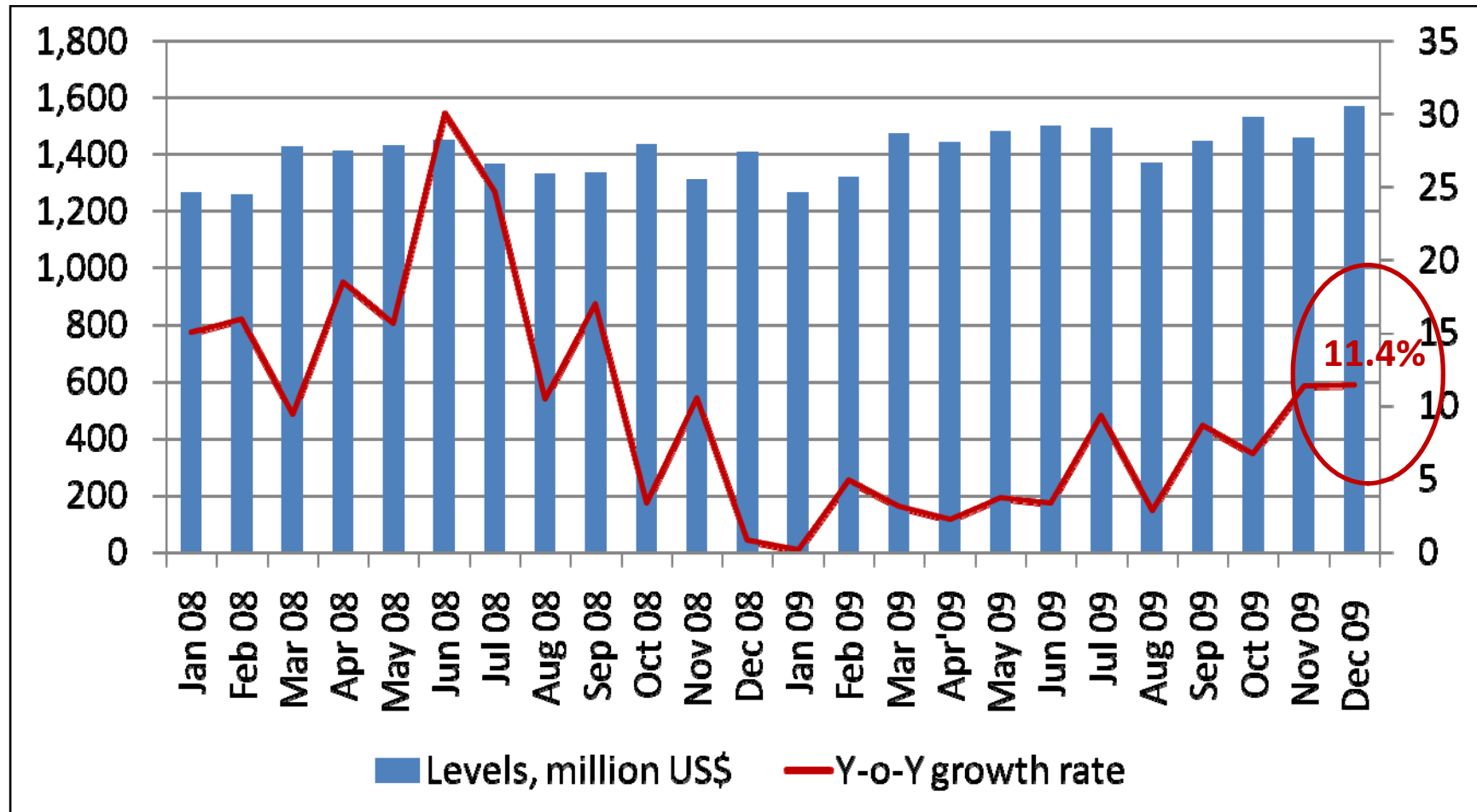
Number of local flight passengers up 25% due to strong domestic tourism



Domestic air passengers grew by 24.6 percent in 2009 to 14.7 million.

- Cebu Pacific had 7.2 million, an increase of 35 percent.
- Philippine Airlines had 6 million, an increase of 23 percent.
- Zest Airways had 0.9 million, a growth of 133 percent.

Full year 2009 OF remittances grow by 5.6%, above forecast



Source: Bangko Sentral ng Pilipinas

END OF PRESENTATION