



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

**Acting Secretary Augusto B. Santos
National Economic and Development Authority**

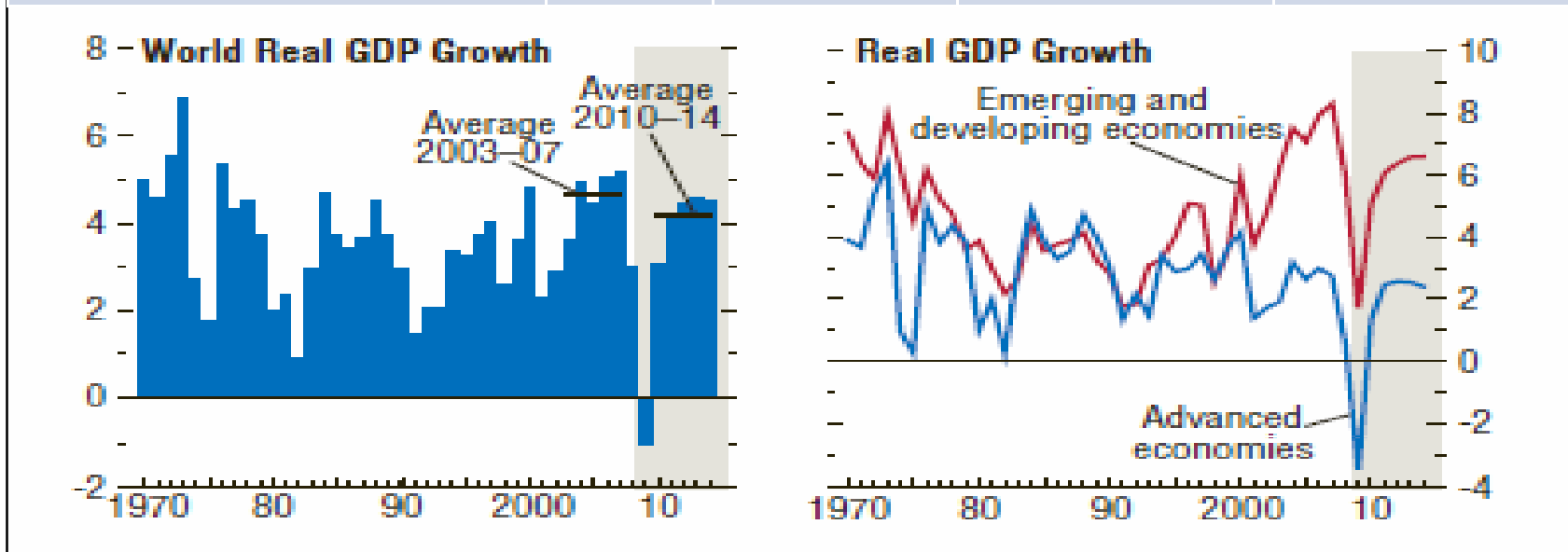
October 13, 2009

GLOBAL DEVELOPMENTS

IMF: World recession ending, recovery will be subdued

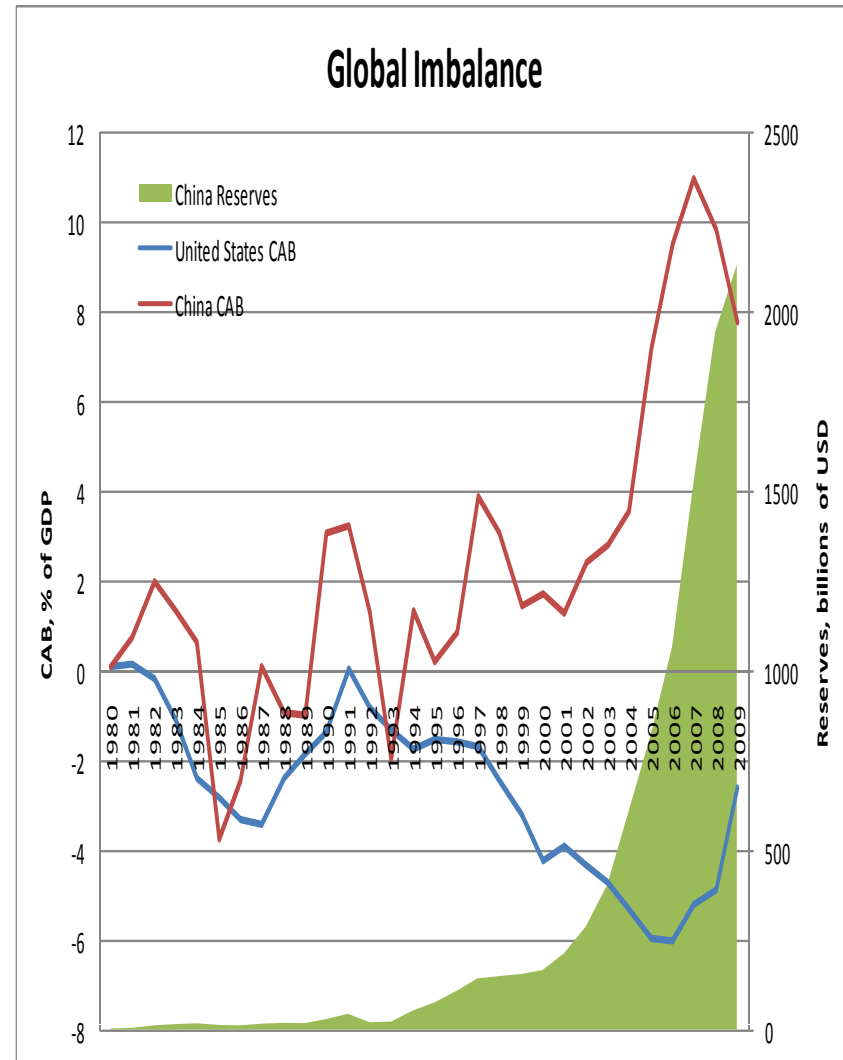
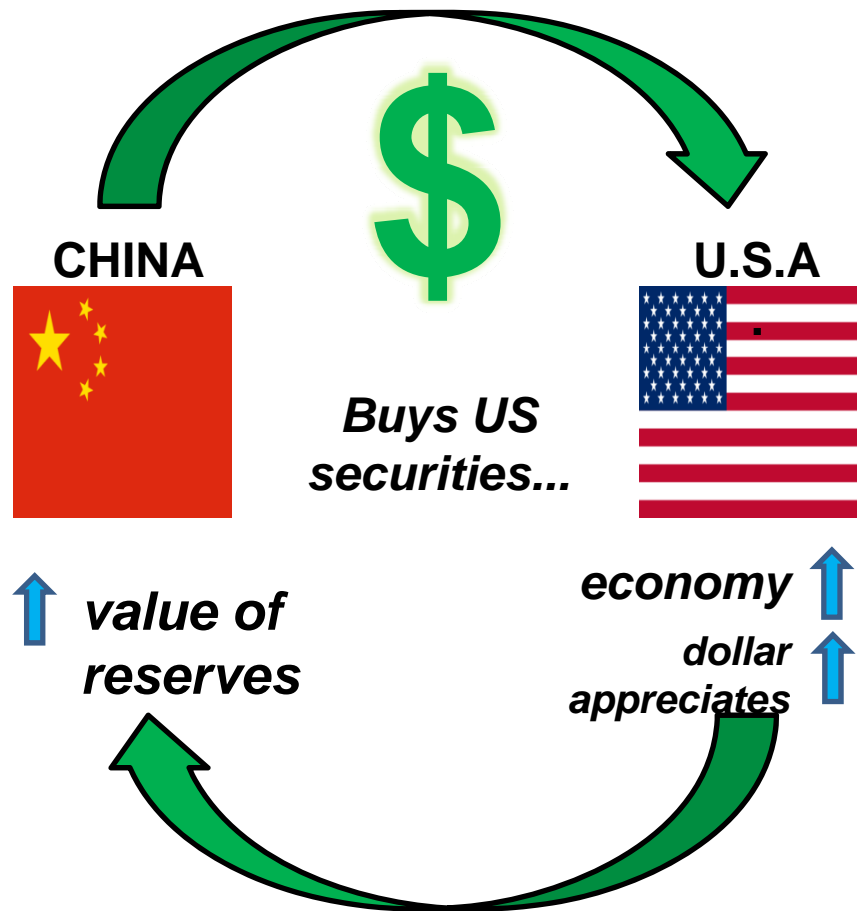
*World Economic Outlook GDP Projections, 2009-2010
(Annual percent change unless noted otherwise)*

	2007	2008	Projections	
			2009	2010
World output	5.2	3.0	-1.1	3.1
Advanced economies	2.7	0.6	-3.4	1.3
Emerging and developing economies	8.3	6.0	1.7	5.1



Source: <http://www.imf.org/external/pubs/ft/weo/2009/02/pdf/exesum.pdf>

G-20 seeks to end “ Financial Balance of Terror”



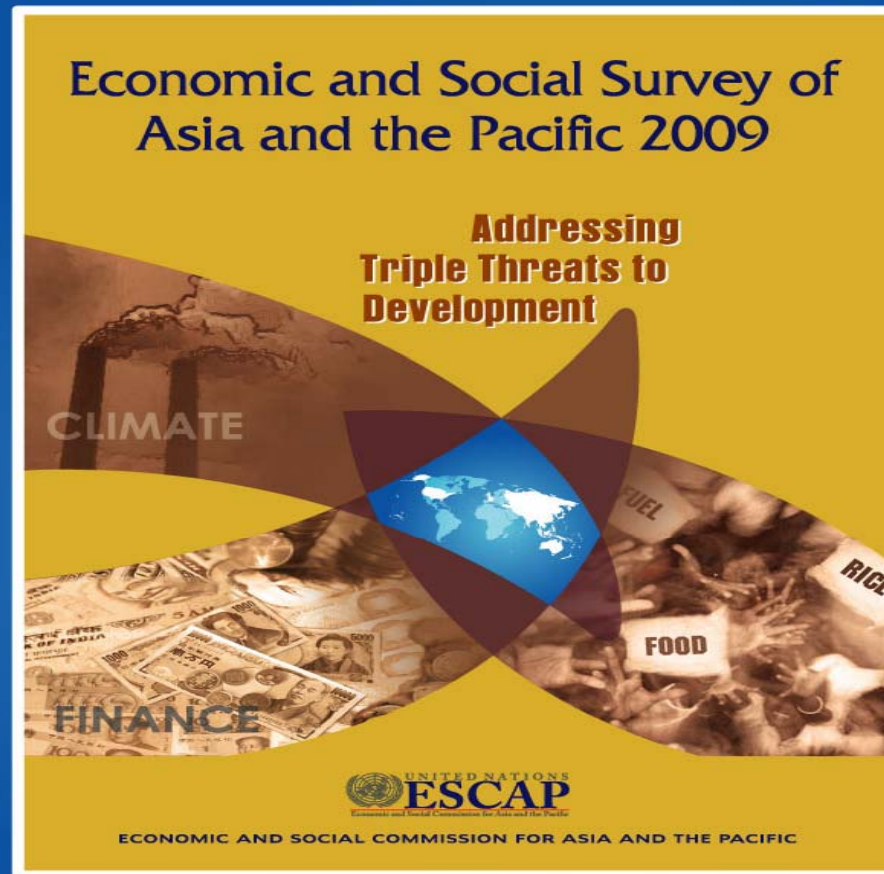
Note: 2009 CAB data are estimated by the IMF and Reserves data is as of June 2009

Sources : World Economic Outlook, International Finance Statistics, People's Bank of China ;
<http://www.rgemonitor.com/blog/setser/209711>; and <http://www.pittsburghsummit.gov/mediacenter/129639.htm>

G-20 dilemma: when to unwind stimulus

- Stimulus efforts are costly, budget deficits could weigh on future growth
- Keeping massive fiscal support can spur inflation
- But withdrawing too soon can derail recovery
- Unpredictability of recovery complicates timing of exit strategies

ESCAP speaks of a triple crisis: food and fuel (2008); finance (2009), climate



Climate change threatens Asia's food security and energy -- ADB

- Livelihood of 2.2 billion Asians threatened by falling yields due to floods, droughts, erratic rainfall
- Region's poor and rural women most affected due to subsistence cropping and lack of decision-making power
- “Food prices may increase sharply—rice prices by 29-37 percent; maize by 58-97 percent; and wheat by 81-102 percent—by 2050”

India to build world's largest solar plant

- Located in western state of Gujarat
- Clinton Foundation to lead in raising financing of US\$10B
- India is under pressure to cut emissions
- Government subsidy is key as cost of installing 1-MW solar power is about 5 to 8 times conventional energy sources



Source : <http://www.ft.com/cms/s/0/c8bc92c2-ac48-11de-950b-00144feabdc0.html>;
<http://showbizandstyle.inquirer.net/sim/sim/view/20090606-209160/Solar-Energy-Not-Yet-a-Sunshine-Industry#>; and
Google search engine for the image

India to launch energy-efficient trading

- Energy-efficiency trading scheme aligned to its efforts to reduce carbon emissions
- Ruling Congress Party will soon amend Energy Conservation Act, leading to financial mechanism that will place India at par with energy-efficient economies
- India is currently as energy efficient as Germany, and plans to match Japan

LOCAL DEVELOPMENTS

Update: impact of recent typhoons on GDP

Affected Sectors	ONDOY ¹ (Ketsana)	PEPENG ² (Parma)
Infrastructure	P 3,684,439,529	P 1,091,914,581
Agriculture	P 6,766,046,143	P 3,991,236,391
Total Amount	P 10,450,485,672	P 5,083,150,972
Impact on GDP growth*	-0.22	-0.11

Source of basic data: National Disaster Coordinating Council (for Pepeng the infrastructure figure includes private property)

* NEDA estimates using Input-Output Model

1/ as of October 11, 2009 2/ as of October 11, 2009

Finance community helps out too

- Citibank: 30-day payment holiday for those affected by the typhoons
- Philippine Savings Bank: temporary waiver of interbranch fees to depositors who undertake banking transactions in branches other than their branch of account
- Land Bank: loan restructuring for afflicted clients
- I-Remit Inc : waving remittance fees to OFWs sending money to victim

PhilRice unveils new tough rice strains

- **For flood-prone areas**

NSIC Rc194 (Submarino 1) can grow even after 10 days of being submerged

- **For drought-prone areas**

NSIC Rc192 (Sahod Ulan 1)

- **For saline areas**

NSIC Rc184 (Salinas 2), Rc186 (Salinas 3), Rc188 (Salinas 4), Rc190 (Salinas 5)

IMF upgrades RP growth forecast

Selected Asian Economies: Real GDP forecast (2009-2010)
(Annual percent change unless noted otherwise)

	Real GDP			
	2007	2008	2009	2010
Emerging Asia	9.8	6.7	5.0	6.8
Newly industrialized Asian economies	5.7	1.5	-2.4	3.6
Korea	5.1	2.2	-1.0	3.6
Taiwan Province of China	5.7	0.1	-4.1	3.7
Hong Kong SAR	6.4	2.4	-3.6	3.5
Singapore	7.8	1.1	-3.3	4.1
Developing Asia³	10.6	7.6	6.2	7.3
China	13.0	9.0	8.5	9.0
India	9.4	7.3	5.4	6.4
ASEAN-5	6.3	4.8	0.7	4.0
Indonesia	6.3	6.1	4.0	4.8
Thailand	4.9	2.6	-3.5	3.7
Philippines	7.1	3.8	1.0	3.2
Malaysia	6.2	4.6	-3.6	2.5
Vietnam	8.5	6.2	4.6	5.3
Other developing Asia⁴	6.5	3.9	3.3	4.1
Pakistan	5.6	2.0	2.0	3.0
Bangladesh	6.3	6.0	5.4	5.4

Sources : <http://www.philstar.com/article.aspx?articleid=510289&publicationsubcategoryId=66#> and <http://www.imf.org/external/pubs/ft/weo/2009/02/pdf/text.pdf>

Ayala Land ventures into low-cost housing

Price : P600,000 – P1.25M each

Target Family Income : P15,000-P50,000/month

Lot Area : 40-60 sq.m., Floor Area: 28-40 sq.m.

Project Starts Selling: 1st semester 2010

Location : 20-hectare property in
San Pedro, Laguna

Can address needs of a market equal
to 34 percent of households



Bottom of the pyramid marketing

“The bottom 90% of all households earn less than \$ 600 per month on average, but represent 60% of the country’s purchasing power...The bottom of the pyramid thus presents a potentially massive source of growth for firms.”

– Jaime Augusto Zobel de Ayala,
Chairman and CEO, Ayala Corporation

The Fortune at the Bottom of the Pyramid

by Prof. C.K. Prahalad: think of the poor not as a burden but as value-conscious consumers.

Updates on the Housing Programs in the ERP

As of 31 August 2009

Program	2008 (Jan-Aug)	2009 (Jan-Aug)
End-user financing	P21.048 B 39,899 units	P28.8B 47,940 units
Institutional Loans (for developers, LGUs)	P3.0B	P2.4B
Short-term loans	P23.5B for 1,197,704 Pag- IBIG members for housing-related and other purposes	P25.4B for 1,416,328 Pag- IBIG members for housing-related and other purposes
TOTAL	P47.548 B 39,899 units	P56.6 B 47,940 units

Source : As submitted to the Office of Acting NEDA DG dated 30 September 2009 by the Office of Vice President Noli De Castro

US group bagging ocean power deals

- DOE plans to award the development of ocean resources for power generation to Deep Ocean Power Philippines Inc.
- Only US-based Deep Ocean applied for the ocean and thermal energy conversion projects for 36 sites nationwide
- Proposal covers 910 prospective blocks or 73,710 hectares in several provinces

Mariwasa eyes P 300 million biomass project

- Tile manufacturer to invest in 45MW biomass power project in Sto. Tomas, Batangas to generate power for its own use
- This could make it more cost-competitive vs. manufacturers in Thailand and China
- Currently uses bunker & LPG for fuel. Hence, reviewing its CO₂ emissions for possible carbon credits

Foreign debt slides in 2nd quarter

- Total external debt as of end-June 2009 down by 5.4% to \$51.8 billion
- Government share was 75.9 % ; medium to long term loans were 89%
- External debt fell as payments were higher than new debts incurred
- External debt-to-GNP ratio end-June: 28.9 percent
- External debt-to-GDP ratio end-June : 32.6 percent



THANK YOU