BALANCE OF PAYMENTS DEVELOPMENTS
SECOND QUARTER 2004

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✍ Overall Position

BOP in the second quarter of the year reverses to a surplus.

The balance of payments (BOP) in the second quarter of 2004 yielded a surplus of $447 million, a reversal from the $99 million deficit posted in the same quarter last year. This brought the year-to-date BOP position to a surplus of $68 million a turnaround from the deficit of $609 million during the comparable period last year. Underpinning this positive development was the steady signs of recovery of the world economy and the continued strength in global information technology-related demand, which shored up the performance of both the current and capital and financial accounts (Table 1). For the full year 2004, however, the overall BOP is expected to yield a deficit of $505 million, a turnaround from the surplus of $111 million posted in 2003 due to the larger projected outflows of maturing obligations.

Balance of Payments (US$ m)

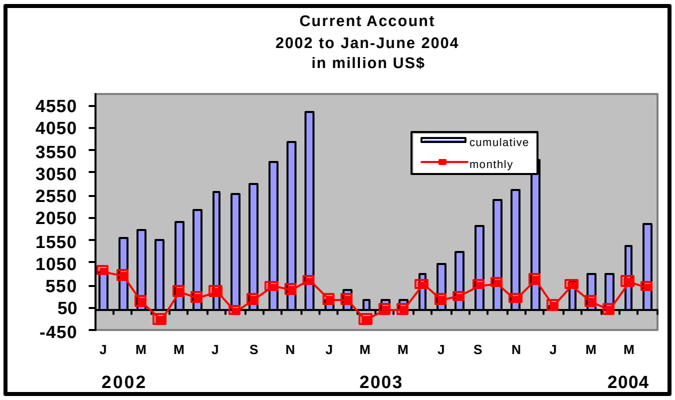
		Q2 2004	Q2 2003	Growth Rate (%)	Jan-June 2004	Jan-June 2003	Growth Rate (%)
I.	Current Account	1116	555	101.1	1926	782	146.3
II.	Capital & Fin'l Account	240	-2384	110.1	-256	-2749	90.7
III.	Net Unclassified Items	-909	1730	-152.5	-1602	1358	-218.0
IV.	**Overall BOP**	**447**	**-99**	**551.5**	**68**	**-609**	**111.2**

* Totals may not add up due to rounding.

✍ Current Account

The current account continues to perform robustly.

The current account remained in surplus at $1,116 million, or 5.0 percent of GNP, in the second quarter of 2004 reaching more than twice the $555 million (2.6 percent of GNP) surplus posted same quarter last year. The current account surplus for the first half of the year reached $1,926 million, an improvement of 146.3 percent over the surplus posted last year. This robust performance was traced to the narrowing of the deficit in both the trade-in-goods and services accounts, which more than offset the lower net receipts from the income and current transfers accounts. Looking ahead, the current account at year end will likely remain in surplus at $1,483 million, or 1.6 percent of GNP backed by the projected expansion in exports of goods and the sustained surplus in the income account. Exports are targeted to expand by 10 percent in line with the projected growth in partner countries as well as the continued global demand for electronics. Meanwhile, imports of goods are anticipated to rise by 13.0 percent due largely to higher crude oil price in the world market and the increase imports of raw materials and capital goods to support the requirements of exports and the recovery of the manufacturing sector.

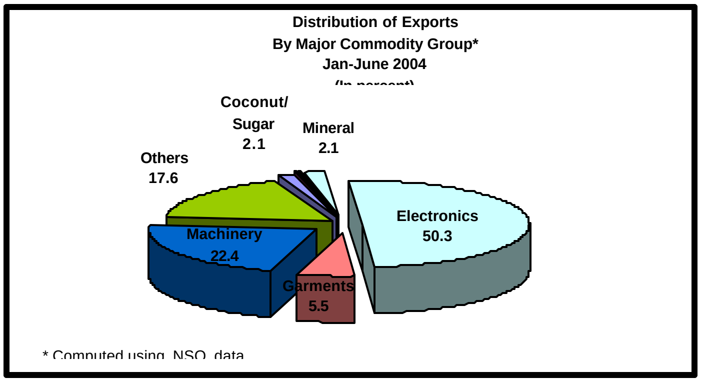


✍ Trade-in-Goods

Higher export growth narrows the deficit in trade-in-goods account.

The trade-in-goods account posted a lower deficit of $329 million in the second quarter of 2004 compared to a deficit of $730 million a year ago. The substantial cutback in the deficit was achieved as exports of goods, expanding by 11.8 percent to US$9,322 million, outpaced the rise in imports at 6.4 percent to US$9,651 million. This development brought the cumulative level of exports for the first half of the year to increase by 9.7 percent compared to only 2.1 percent in the comparable period last year. The growth drivers of the export sector were primarily electronics and machinery and transport equipment. Mineral products, specifically copper metal and iron ore; coconut oil; other agro-products and chemicals also contributed to the strong export performance (Table 2.1).[1]

[1] Based on BPM5 concept (i.e., excluding from the National Statistics Office (NSO) figures, those goods that did not involve change in ownership).



Electronics exports post moderate gains.

a) *Electronics*. Exports of electronics at $4,825 million were 10.8 percent higher in the second quarter of 2004, which translated to a 7.8 percent cumulative growth for the first six months compared to a contraction of 2.5 percent in the same period last year. This uptrend was achieved following the double-digit growth in shipments of other electronics products such as electronics circuits and microassemblies (17.9 percent), telecom & sound recording (19.5 percent), electrical wiring harness (19.8 percent) and other electrical machinery and parts (70.9 percent), which eclipsed the 10.8 percent drop in exports of semiconductors during the first half of the year. Despite the weak performance, semiconductors exports continued to be a key export commodity accounting for about 45.1 percent of total electronics exports, almost three-fourths of which were marketed to Hong Kong, Malaysia, Singapore, Taiwan and the U.S. However, relative to last year's level, only exports to Singapore and Taiwan posted growth of 31.1 and 1.5 percent, respectively, in stark contrast to the contractions experienced in the other export markets. The surge in export shipments of electronics goods to Singapore was in line with the improvement in global information/technology (IT) demand as evidenced by the significant upturn of about 30 percent in its manufacturing sector in the second quarter of 2004, bolstered largely by the production of electronics products such as information/communications and consumer electronics, the bulk of which were mobile handsets.

Exports of machinery and transport equipment grow double-digit.

b) M*achinery and Transport Equipment*. Exports of machinery and transport equipment remained the second largest export earner with shipments rising by 31.7 percent in the second quarter of 2004 to reach $2,126 million. Consecutive double-digit growth starting February this year was traced to increased demand for input/output of peripheral units of computers and automatic data processing machines, as well as automotive-related products. The sustained sales of these commodities led to the 27.7 percent growth in cumulative exports of machinery and transport equipment to $4,198 million in the first half of 2004. To further boost the automotive industry, government policies and programs have been directed at promoting efficient operations, reducing transaction costs and enhancing the industry's competitiveness through the issuance of Executive Order (E.O.) Nos. 244 and 312 in October 2003 and May 2004, respectively. These issuances provide for the grant of export credit incentives to participants in the Automotive Export Program from 2004 until 2008. Moreover, E.O. No. 313 allows zero percent duty to BOI-registered export-oriented enterprises on their importation of machinery and equipment, spare parts and accessories.

Exports of garments remain sluggish.

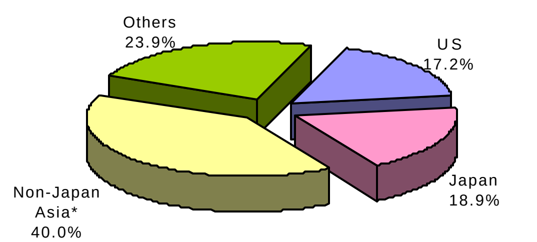
c) *Garments*. The only industry that seemed unable to ride with the global economic recovery is the garments industry as shown by the lackluster performance of garments exports which declined by 6.9 percent to $516 million in the second quarter of 2004. This was in contrast to the 1.7 percent increment last year due mainly to lower exports to the U.S., reflecting in part the growing competition from other major competing markets such as China, Mexico, and other emerging economies. This resulted in the dwindling share of garments to total exports beginning July 2003.

With the approaching abolition of quotas in 2005, the Confederation of Garments Exporters of the Philippines (CONGEP) in coordination with the Department of Trade and Industry (DTI) and the private sector are considering the possibility of a free trade agreement with the US to ensure continued access of Philippine garments exports in the US market. The DTI and the private sector have commenced parallel studies on the feasible framework to implement this arrangement. Moreover, the country's garments exporters have joined the Istanbul Declaration of garments federations in 37 nations that have petitioned the World Trade Organization (WTO) to postpone the phaseout of the export quotas.

Export market share of non-Japan Asian countries continues to expand.

The increasing intra-trade with non-Japan Asian economies specifically China, Hong Kong, Indonesia, Malaysia, Singapore, South Korea, Taiwan and Thailand has grown to about 40.0 percent of the country's export destination in the first six months of 2004 from only 17.3 percent in 1990. The shift in the direction of exports to Asia from the U.S. and Japan, the country's traditional trading partners, was encouraged by the region's highly integrated production and marketing processes among its business affiliates located throughout the various Asian economies. The most prominent and dynamic among them is the People's Republic of China which has become the world's manufacturing hub. The country's export shipments to the Mainland has been exhibiting accelerating double-digit expansion rates since 1998, ranging from 15.4 percent to 71.0 percent, or an annual average of about 45.4 percent for the last six years. For the first half of the year, export shipments to China grew by 25.9 percent, cornering about 5.6 percent of the total export market.

Major Export Destinations
Jan-June 2004
(Percent Share)



* Comprised of China, Hong Kong, South Korea, Singapore, Taiwan, Malaysia, Indonesia and Thailand
Source: NSO

Philippine export growth pales in comparison with other major ASEAN countries.

Despite growing exports, the Philippines trailed many of its neighbors in taking advantage of the global rebound in demand. Unlike most of the ASEAN economies such as Malaysia, Singapore, and Thailand which have been posting double digit export growth since 2003, the country's export growth is still recouping its lost ground, rising from a modest increase of 1.4 percent in 2003 to an expansion rate of 9.7 percent in the first six months of 2004.[2] Except for Indonesia which posted a 3.2

[2] Based on the National Statistics Office (NSO) press release on 10 June 2004, export growth was revised to 2.9 percent to reflect year-end updates. This revision, however, will be reflected in the December 2004 report of the BOP in line with the revision policy of the BOP statistics.

percent year-on-year growth, the Philippine export growth was lower compared to Singapore (23.9 percent); Thailand (22.5 percent); and Malaysia (19.7 percent) as well as China (35.7 percent) and South Korea (38.4 percent) in the first half of the year.

Import growth improves in the second quarter of the year.

Imports of goods in the second quarter aggregated $9,651 million, or an improvement of 6.4 percent. The expansion which compared favorably with a marginal increase of less than half a percent registered in the same quarter in 2003 was broad-based. The rise in procurement in all commodity groups brought the first semester's total imports to $18,959 million or an increase of 5.6 percent (Table 2.2).[3]

Capital goods imports grow by 7.1 percent.

Imports of capital goods grew by 7.1 percent to reach US$3,879 million in the second quarter of 2004, largely traceable to higher imports of telecommunications equipment and power generating and specialized machines, due in turn, to the rapid pace of innovation in information technology and wireless communication. Total capital goods imports for the first six months were 7.7 percent higher at $7,752 million.

Raw materials and intermediate goods imports rise moderately.

Meanwhile, imports of raw materials and intermediate goods turned in a moderate growth of 1.3 percent in the second quarter of 2004, attributed mainly to higher imports of manufactured goods such as iron and steel, textile, yarn and fabrics, non-ferrous metals and metal products as well as chemicals particularly artificial resins. The first semester's growth for this commodity group reached 3.2 percent, equivalent to a level of $7,629 million.

Consumer goods imports up by 2.6 percent.

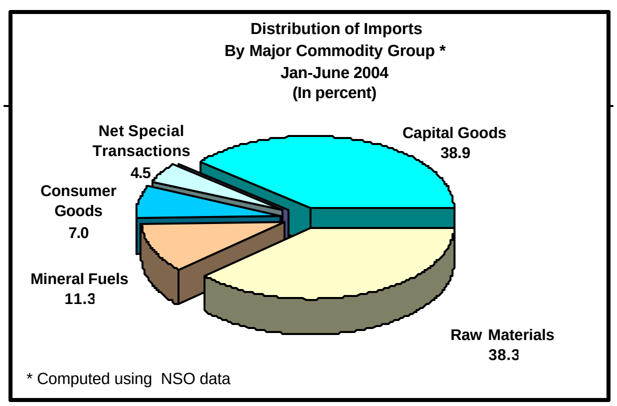
Imports of consumer goods were also up by 2.6 percent to reach $747 million triggered by the rise in purchases of both non-durable and durable goods. The increase was traced to higher imports of dairy products, rice and other food products as well as passenger cars & motorized cycles and home appliances. These developments led to the expansion in total overseas purchases of consumer goods for the first six months of the year by 3.5 percent, albeit lower than the 17.7 percent growth last year.

Mineral fuels and lubricants imports show hefty growth.

Imports of mineral fuels and lubricants turned in a growth of 28.8 percent in the second quarter of 2004, attributed mainly to the increase in import volume and price of other petroleum products such as gas and fuel oils, motor gasoline, propane

[3] Based on BPM5 concept.

and butane and kerosene. Meanwhile, imports of petroleum crude declined by 4.2 percent to $658 million in the second quarter of 2004 due to the drop in import volume reflecting in part the increasing share of imported finished oil products in the country's imported oil mix. During the last quarter of 2003, one major oil company has converted its operations from refinery to importation of finished products. Relative to last year's level, import volume of petroleum crude dropped to 19.7 million barrels in the second quarter of the year from 26.7 million barrels. The 26.2 percent decline was in contrast to the 7.0 percent increase in the same quarter last year. Meanwhile, the average price of petroleum crude rose to US$33.4 per barrel in the second quarter of 2004 from US$25.7 per barrel in the same period last year. On a cumulative level, the total import bill for mineral fuels and lubricants rose by 12.4 percent to reach $2,254 million from January to June 2004, although lower than the increase of 30.7 percent last year. The growth was traced to the substantial rise in imports of other petroleum products to $1,051 million as both import volume and price grew by 63.8 percent and 17.1 percent, respectively. The 91.8 percent growth in imports of other petroleum products more than offset the 18.2 percent decline in imports of petroleum crude in the first half of 2004.



✍ Trade-in-Services

The trade-in-services account posts a lower deficit.

The deficit in the trade-in-services balance narrowed to $182 million in the second quarter of 2004 compared with $391 million deficit in the same period last year, turning in a much lower deficit of $330 million for the first semester of 2004 compared to a deficit of $812 million a year ago. This favorable development was attributed to the rise in receipts from travel, construction and financial services. Buoyed by the government's intensified efforts pursued to support the rebound in the tourism industry which started in the latter half of the previous year, net inflows from travel posted a notably high growth of 103.1 percent to $325 million in the second quarter. The substantial hike in net travel receipts followed consecutive months of year-on-year double-digit growth since March 2004, peaking at 82.5 percent in June. This brought the cumulative net travel receipts to increase by 114.3 percent to $690 million in the first six months of the year. Despite travel advisories against the country, visitor arrivals for the first half of the year rose by 32.4 percent with the tourists coming mainly from the U.S., Japan, Korea, Hong Kong, Taiwan, Australia, Canada, U.K., Singapore, and Germany. This feat was achieved following the aggressive tourist promotion by the Department of Tourism.[4] Further contributing to the narrowing of the deficit in the services account during the first half of 2004 was the net inflow posted in construction and financial services coupled with the lower outlays for royalties and fees and miscellaneous business, professional and technical services.

✍ Income

Higher OFW remittances sustain surplus in the income account.

The income account remained in surplus in the second quarter of the year at US$1,493 million, albeit lower than the level in the same quarter in 2003. The 3.1 percent decline can be traced to higher disbursements during the quarter in review compared to last year, which was only partially offset by the minimal increase in income receipts. Remittances from overseas Filipino workers (OFWs), which comprised the bulk of income receipts, posted a modest gain of only 1.0 percent during the review quarter compared to the growth of 6.3 percent in the same quarter in 2003. This developed following the year-on-year contraction in OFW remittances in April and May due mainly to the continuing strict implementation of the Anti-Money Laundering (AML) and counter-terrorist financing (CTF) regulations in the Middle East, particularly, Saudi Arabia. Banks in Saudi Arabia require complete documentation and examination prior to remittance by overseas workers. The inclusion of the Philippines in the Financial Action Task Force's (FATF) list of uncooperative countries may have also contributed to the stricter implementation of Saudi Arabia's AML regulations on Philippine remittances. These developments brought the cumulative net income flows during the first semester to grow by only 2.8 percent to $2,681 million, paling in comparison to an expansion

[4] Data from the Department of Tourism on visitor arrivals showed year-on-year expansion beginning September 2003 after consecutive declines observed in March-August 2003.

of 13.4 percent in 2003. Deployment of both land-based and sea-based workers in the first six months of 2004 increased by about 12.0 percent and 1.0 percent, respectively.[5] Meanwhile, disbursements in the second quarter were higher at $786 million due to higher payments of dividends to non-residents which led to the increase in cumulative income payments to $1,804 million in January to June this year. The 7.3 percent rise in income payments was in contrast to the 1.9 percent decline in 2003 (Table 4). For the whole of 2004, income receipts will continue to expand due mainly to the expected 6.0 percent expansion in remittances from OFWs.

✍ Current Transfers

The surplus in the current transfers account declines.

Net current transfers in the second quarter of 2004 at $134 million dropped by 1.5 percent from year-ago level due to lower net transfers from foreign governments. This pulled down the net current transfers for the first six months of 2004 to $282 million, or a contraction of 4.7 percent that was in stark contrast with the 32.1 percent expansion achieved in the first half of 2003 (Table 5).

✍ Capital and Financial Account

The capital and financial account reverses to a net inflow in the second quarter.

The capital and financial account in the second quarter of 2004 posted a net inflow of $240 million, a reversal from the net outflow of $2,384 million in the same period in 2003. Behind this positive outcome was the significant improvement in the other investments account, which more than compensated for the deterioration in both direct and portfolio investments. The impact of this favorable development was reflected in the significant reduction of the net outflow in the first half of 2004 to only $256 million from a high of $2,749 million. For the full year 2004, the net outflow in the capital and financial account is anticipated to narrow following the expected inflows of big ticket investments in manufacturing, energy, telecommunication and transportation as the improvement in the domestic political scenario will boost investor confidence.

[5] Of the 501,713 Filipino workers deployed in January-June 2004 based on data from the Philippine Overseas Employment Administration (POEA) on rehire and newly hired OFWs, 390,435 (77.8 percent) were land-based workers and 111,278 (22.2 percent) were sea-based workers.

✍ Capital Account

The capital account registers a net outflow.

Second quarter developments showed the capital account reversing the full amount of its net inflow of $4 million last year to a net outflow due to lower net capital transfers to the private sector in the second quarter last year. This deterioration influenced the capital account in the first half of 2004 to revert to a net outflow of $8 million from a net inflow of $7 million last year (Table 6).[6]

✍ Direct Investments

Direct investment flows remain weak.

The direct investment account in the second quarter of 2004 posted a net outflow of US$23 million, a reversal from the net inflow of $49 million posted in the same quarter a year ago. The turnaround was traced mainly to the net outflow of $294 million in other capital, representing repayments of intercompany loans and other payables (e.g. distribution of profits). This negated the fourfold rise in non-residents' net equity capital of US$311 million attributed mainly to the increase in capitalization in a Philippine unit by a US-based company, provider of business outsourcing service. Moreover, the upbeat mood in the equities market was also reflective of an optimistic market over strong second quarter corporate earnings. New placements in equity capital were channeled mainly to the services (contact center/business outsourcing services) and manufacturing sectors, largely coming from the United States. Notwithstanding these net placements in equities, the net investments account in the first half of 2004 registered a net outflow of $55 million, a reversal from the $86 million net inflow a year ago. Looking ahead, however, the approval in March of the Investments Priorities Plan for 2004, which provides a package of incentives to investors, will be a great boost to the country's goal of strengthening its position as a preferred investments destination in the region (Table7).

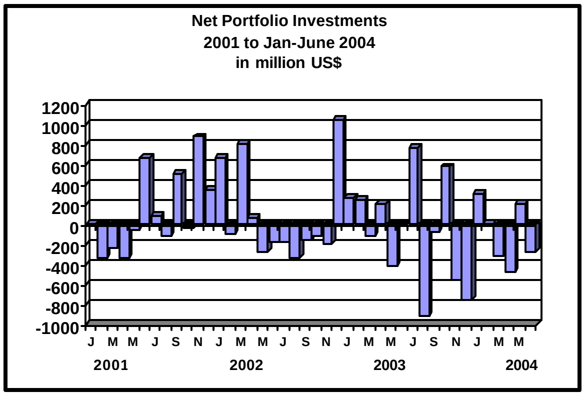
✍ Portfolio Investments

Portfolio investments net outflow widens in the second quarter.

The net outflow in the portfolio investment account widened to $532 million in the second quarter of 2004. The more than twofold increase was largely on account of the decline in non-resident investments in debt securities following the higher bond redemptions by the government. Meanwhile, in the equities

[6] The capital account consists largely of capital transfers. Capital transfers are transactions that involve the change in the stocks of assets of one or both parties and therefore relate to investments. By contrast, current transfers involve transactions that affect the level of disposable income and influence consumption of goods and services.

market, increased withdrawals were also noted during the review quarter despite higher placements by non-residents. Investors remained wary over the country's uncertain political landscape before and immediately following the May poll elections as part of their investments were diverted to banks as currency deposits. Other domestic developments such as the uptrend in inflation and treasury bill rates as well as continued concerns over the country's fiscal situation also dampened investor sentiment. These factors resulted in a net outflow of $524 million in the portfolio investment account in the first half of the year, a reversal from a net inflow of $221 million last year (Table 8).



✍ Other Investments

The other investments account reverses to a net inflow in the second quarter.

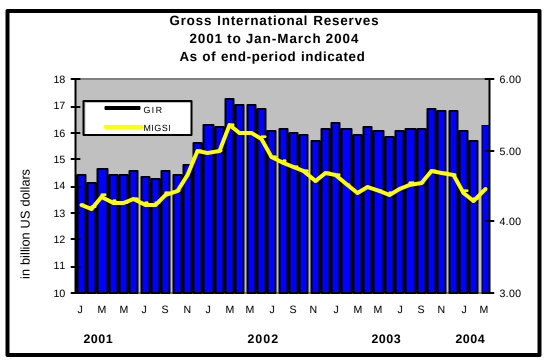
In the second quarter of 2004, the other investment account yielded a net inflow of $799 million, a reversal from a net outflow of US$2,241 million in the same period in 2003. Mainly accounting for this significant improvement was the surge in placements of currency and deposits by non-residents in local banks from only $65 million in the second quarter last year to $902 million in the same period this year. Also contributing to the strong performance of the other investment account were the inflows from the monetary authorities' term loan facility with non-resident banks, the local banks' short-term foreign loans and inter-bank borrowings as well as the private sector's short-term loans to pay for their import bills (Table 9). These developments led the cumulative other investments balance for the first six months to revert to a net inflow of $331 million from a remarkably high net outflow of $3,063 million a year ago. The turnaround was in stark contrast to the 675.4 percent contraction registered last year.

Reserve Assets

Gross international reserves remain comfortable.

The BSP's gross international reserves (GIR), including reserve position in the IMF, reached US$16.2 billion as of end-June 2004 (Table 11). This was 4.1 percent lower compared to the end-December 2003 level of US$16.9 billion. Notwithstanding the decline, the end-June 2004 level of reserves which is equivalent to 4.4 months' worth of imports of goods and payment of services and income (MIGSI) remained comfortable. In terms of debt coverage, the reserve level was 2.3 times the amount of the country's short-term foreign liabilities based on original maturity and 1.4 times based on residual maturity.[7] By end-2004, the country's GIR is projected to reach $14-$15 billion, equivalent to 3.7 import cover.

A large part of the reserves was in the form of foreign investments (78.3 percent), with the balance in gold (19.6 percent), foreign exchange (1.3 percent) and combined SDRs and reserve position in the Fund (0.8 percent). By currency composition of reserves (excluding gold), 81.7 percent was in US dollar, 11.2 percent in Euro, 3.8 percent in Japanese yen, 2.0 percent in pound sterling and the balance of 1.3 percent in other foreign currencies.



Exchange Rate

Peso depreciates in the second quarter.

The nominal peso-dollar exchange rate averaged ₱55.91/US$1 in the second quarter of 2004, depreciating by 5.4 percent from last year's level of ₱52.90/US$1. The peso remained under pressure during the second quarter due to the lingering worries on the domestic political scenario; the rise in corporate demand, primarily by several oil companies, in the

[7] Residual maturity refers to outstanding short-term debt based on original maturity plus principal payments on medium - and long-term loans of the public and private sectors falling due in the next 12 months.

wake of the rising world prices of oil; the decline in OFW remittances in April and May following stricter anti-money laundering requirements; the violence in Iraq and the continuing market concerns over the country's fiscal position. All of these economic and non-economic factors led the peso-dollar exchange rate to depreciate by 4.4 percent to ₱55.94/US$1 in the first six months of 2004.

Peso shows less volatility in the second quarter.

Notwithstanding, the peso was less volatile in the second quarter of 2004 as its standard deviation at ₱0.22 was lower than the year-ago level of P0.48. The peso's stability was realized with the sustained foreign exchange inflows from remittances of OFWs and the improvement in the foreign exchange earnings from exports of goods which helped alleviate foreign exchange demand. The average daily peso-dollar exchange rate ranged from ₱55.14/US$1–₱56.43/US$1 from January to June 2004.

Higher nominal depreciation and relatively lower domestic inflation strengthen the peso's external competitiveness.

Compared with the previous year's level, the peso's average nominal effective exchange rate (NEER) index in the second quarter of 2004 depreciated by 8.8 percent against the currency basket of the country's major trading partners,[8] 5.4 percent against the currency basket of a broad group of competitor countries,[9] and by 2.8 percent against the currency basket of a narrow group of competitor countries.[10] This was attributed to the larger depreciation of the peso vis-a-vis the U.S. dollar compared to that of the other currencies in these baskets. In terms of the real effective exchange rate (REER) index,[11] the peso gained external price competitiveness as the REER depreciated by 6.5 percent against the currency basket of the country's major trading partners. Relative to the countries in both the broad and narrow baskets, the peso's external competitiveness also improved as the REER depreciated by 3.2 percent and 2.2 percent, respectively, due to the combined effects of higher nominal depreciation of the peso and the relatively lower domestic inflation, particularly vis-à-vis those of the countries whose currencies are included in the broad and narrow baskets.

[8] The NEER index represents the weighted average exchange rate of the peso vis-à-vis a basket of foreign currencies such as the US dollar, the Japanese yen, the euro and the British pound. Major trading partners include the U.S., Japan, European Monetary Union and the U.K.

[9] The broad basket is composed of the currencies of Singapore, South Korea, Taiwan, Thailand, Indonesia and Hong Kong.

[10] The narrow basket is composed of the currencies of Indonesia, Malaysia and Thailand.

[11] The REER index is derived from the NEER index by adjusting for inflation differentials.

EFFECTIVE EXCHANGE RATE INDICES OF THE PESO For periods indicated							
		NEER			REER		
			CC			CC	
		MIC 1/	Broad 2/	Narrow 3/	MIC 1/	Broad 2/	Broad 3/
2002	Jan	14.74	32.99	65.99	65.88	113.22	174.31
	Feb	14.87	32.88	65.42	66.31	110.28	170.85
	Mar	14.84	32.69	64.38	66.01	109.93	168.33
	Qtr 1	**14.82**	**32.85**	**65.26**	**66.06**	**111.14**	**171.16**
	Apr	14.81	32.28	62.80	65.65	108.74	163.48
	May	14.87	32.17	62.40	66.02	108.92	165.15
	Jun	14.45	31.02	59.78	64.29	106.01	159.66
	Qtr 2	**14.71**	**31.82**	**61.66**	**65.32**	**107.89**	**162.76**
	Jul	14.06	30.81	60.27	62.78	106.30	161.19
	Aug	13.83	30.28	59.10	61.92	104.80	159.11
	Sep	13.76	30.27	58.92	61.60	103.94	157.23
	Qtr 3	**13.88**	**30.45**	**59.43**	**62.10**	**105.02**	**159.18**
	Oct	13.63	30.25	58.88	60.90	102.75	155.39
	Nov	13.38	29.77	58.19	59.84	102.05	152.14
	Dec	13.29	29.54	57.49	59.68	100.80	150.05
Ave.	**Q4**	**13.43**	**29.85**	**58.19**	**60.14**	**101.87**	**152.53**
Ave.	**Jan-Dec**	**14.21**	**31.24**	**61.13**	**63.41**	**106.48**	**161.41**
2003	Jan	13.02	29.24	57.14	58.67	100.72	147.64
	Feb	12.87	29.05	56.61	57.86	98.84	146.17
	Mar	12.74	29.03	56.18	57.02	98.62	145.53
	Qtr 1	**12.88**	**29.10**	**56.64**	**57.85**	**99.39**	**146.45**
	Apr	13.17	29.94	57.68	59.03	101.78	148.36
	May	12.95	29.42	56.27	58.14	100.72	147.23
	Jun	12.71	28.65	54.36	57.62	100.04	144.84
	Qtr 2	**12.94**	**29.34**	**56.10**	**58.26**	**100.84**	**146.45**
	Jul	12.74	28.56	54.52	57.91	100.99	145.85
	Aug	12.52	28.06	53.96	56.83	99.00	144.24
	Sep	12.42	27.82	53.46	56.23	97.05	141.76
	Qtr 3	**12.56**	**28.15**	**53.98**	**56.99**	**99.01**	**143.95**
	Oct	12.14	27.73	53.23	55.09	95.66	139.95
	Nov	12.05	27.70	53.09	54.87	96.72	138.89
	Dec	11.83	27.64	52.92	54.03	95.76	138.11
	Qtr 4	**12.01**	**27.69**	**53.08**	**54.67**	**96.05**	**138.99**
Ave.	**Jan-Dec**	**12.60**	**28.57**	**54.95**	**56.94**	**98.82**	**144.05**
2004	Jan	11.67	27.38	52.31	53.61	95.93	135.95
	Feb	11.54	27.04	52.00	52.95	93.54	134.74
	Mar	11.63	27.12	52.39	53.33	94.13	136.43
	Qtr 1	**11.62**	**27.18**	**52.23**	**53.30**	**94.53**	**135.71**
	Apr	11.77	27.24	52.91	54.03	94.61	136.61
	May	11.88	27.89	54.61	54.63	97.54	143.49
	Jun	11.75	28.15	56.05	54.70	100.52	150.24
	Qtr 2	**11.80**	**27.76**	**54.52**	**54.45**	**97.56**	**143.45**

1/ Major trading countries: USA, Japan, European Monetary Union (EMU) and United Kingdom
2/ Competing countries (broad basket): Hong Kong, Singapore, South Korea, Taiwan, Malaysia, Thailand and Indonesia.
3/ Competing countries (narrow basket): Indonesia, Malaysia and Thailand.
e/ Estimates using the average inflation rate of the pre vious two months.