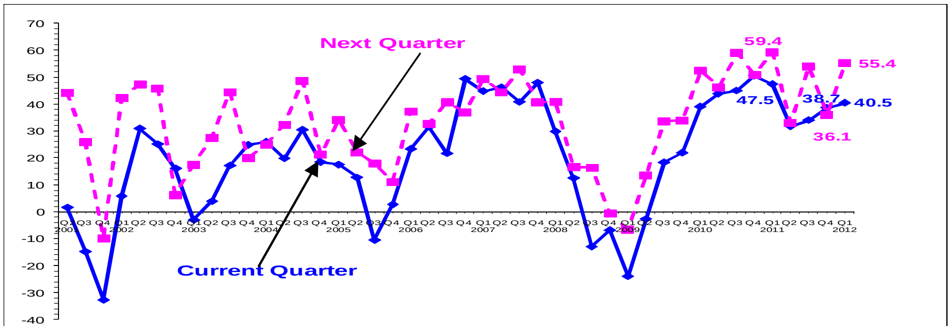
Business Confidence Continues to Rise in Q1 and Q2 2012

Overall Business Outlook on the Macroeconomy

Overall Business Confidence Index
Q2 2001 – Q1 2012



Business sentiment continues to improve in Q1 and Q2 2012.

Business sentiment improved for the third consecutive quarter in Q1 2012, with the confidence index (CI)[2] rising to 40.5 percent from 38.7 percent in Q4 2011. The continuing uptrend in business confidence indicates that economic growth is likely to be sustained in 2012. Respondents cited the following factors for their continued optimism: (a) increase in orders; (b) new contracts and projects; (c) increase in government spending; (d) business expansion arising from steady investment inflows; (e) sound macroeconomic fundamentals and political stability; (f) possible further credit upgrades for the Philippines; and (g) introduction of new and enhanced business strategies and product lines. Business optimism in the Philippines mirrored the improved business outlook of firms in the US, Germany and India. This is in contrast to the less upbeat sentiment of firms in Korea, Singapore and Hong Kong.

Businesses turned even more bullish in the quarter ahead as the next quarter CI climbed to 55.4 percent from 36.1 percent in the previous quarter. This is due in part to the growth momentum in 2011, which is expected to be sustained on the back of the same factors that were behind the buoyant sentiment in Q1 2012. Moreover, respondents' expectations of gradual recovery of global markets, particularly the US, and the dissipation of the effects of the natural disasters in Japan also contributed to the more bullish outlook next quarter.

[1] The Business Expectations Survey (BES) is a quarterly survey of firms drawn at random from the Securities and Exchange Commission's Top 7000 Corporations. Results of the BES provide advance indication of the direction of the change in the overall business activity in the economy and in the various measures of companies' operations as well as in selected economic indicators.

[2] The CI is computed as the percentage of firms that answered in the affirmative less the percentage of firms that answered in the negative with respect to their views on a given indicator. A positive CI indicates a favorable view, except for the inflation rate and the peso-borrowing rate, where a positive CI indicates the opposite.

Business confidence picks up in the NCR but declines in AONCR in Q1 2012.

Tracking the national trend, sentiments of businesses in Q1 2012 improved in the National Capital Region (NCR). In Areas Outside NCR (AONCR), however, the outlook weakened.

A more detailed look at the responses of firms in AONCR[3] showed that business confidence in Q1 2012—while remaining positive—broadly declined across regions. Firms in Regions I, III, IV, VI, VII and IX cited the seasonal slump in demand during the first quarter, and increasing prices of fuel, electricity and other commodities for their lower quarter-on-quarter outlook. On the other hand, respondent firms in Regions V, XI and XII turned more upbeat, with their CIs rising, in view of better business prospects arising from higher product sales and demand, increased access to fishing areas, and the boost in government spending.

Outlook turns more upbeat in both NCR and AONCR in Q2 2012.

For Q2 2012, sentiment was more upbeat in both NCR and AONCR. In the AONCR, businesses in Regions III, IV, V, VII, IX, and XI were more optimistic compared to a quarter ago as they expected higher consumer spending during the summer and enrollment period. Meanwhile, the outlook of respondent firms in Regions I, VI and XII declined slightly on account of the expected increase in business operating costs, rise in oil prices, and lower sugar prices in the world market (sugar being a major product in Region VI).

Firms engaged in international commodity trading are more optimistic.

Firms engaged in international commodity trading were generally more optimistic in their outlook in Q1 2012. Business confidence of dual-activity (or those that are both exporting and importing) and exporting firms improved due to increased orders and sales from abroad, high prices of metals in the world market, and business expansion. Meanwhile, importers' outlook declined for the current quarter due to seasonality of demand for consumer goods. For the next quarter, the outlook of firms across all trade groups improved, with importing firms being the most optimistic.

Outlook of large-sized firms is most upbeat.

The outlook of firms across employment size[4] was broadly more favorable in Q1 and Q2 2012. Large-sized firms' business confidence was the most buoyant, surging upwards for the current and next quarters. Meanwhile, the sentiments of small and medium-sized firms, while remaining broadly steady in Q1 2012, turned more bullish for the next quarter.

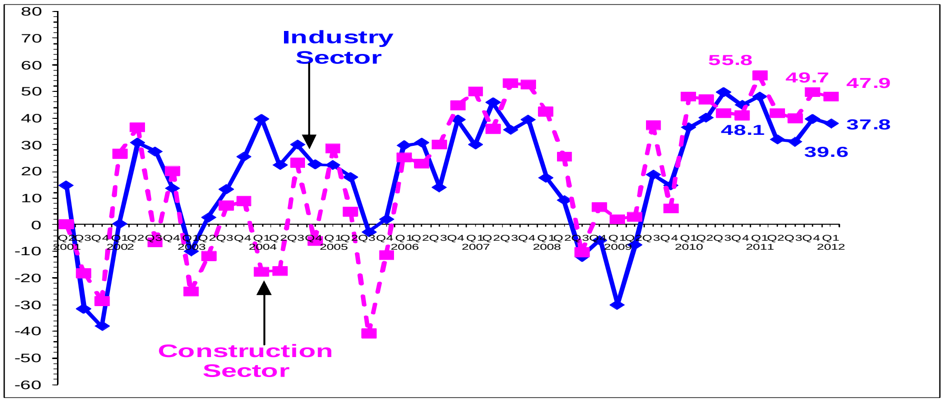
[3] While the survey covered all 17 regions of the Philippines, the bulk (93.3 percent) of the respondents were from NCR and nine regions outside NCR, namely: Regions I, III, IV, V, VI, VII, IX, XI and XII. (For the list of regions and the distribution of top 7000 corporations by region, please see Annexes A and B).

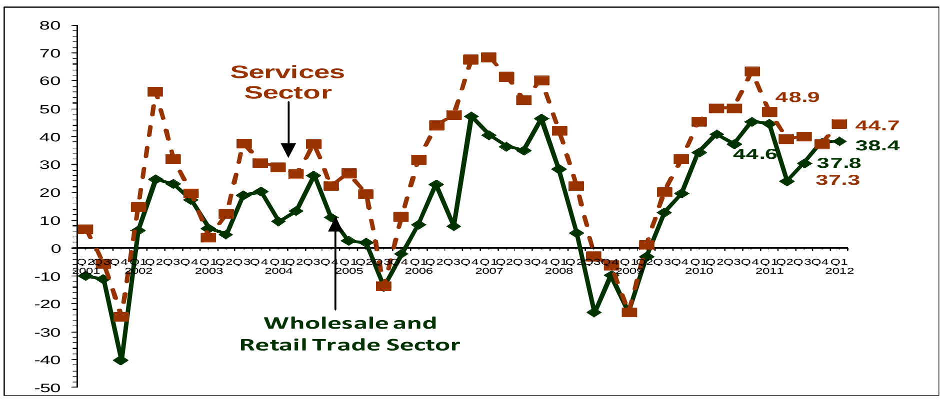
[4] Small firms have less than 100 employees; medium firms, 100-499 employees; while large firms have over 500 employees.

Sectoral Outlook

Current Quarter Business Outlook Index by Sector

Q2 2001 – Q1 2012





Business outlook across sectors is mixed in Q1 2012 but more bullish in Q2 2012.

Across sectors, the outlook of businesses was mixed in Q1 2012. Firms in the wholesale and retail trade and services sector were more optimistic while those in the construction and industry sectors were less upbeat. For the next quarter (Q2 2012), however, business confidence was more bullish across all sectors.

The services sector's more favorable sentiment was driven by the more buoyant outlook of the financial intermediation, real estate, community and social services, and business activities. Firms from these sub-sectors cited growth in consumer demand, the acceleration in government spending, increased revenues generated from Business Process Outsourcing (BPOs) and remittances from overseas Filipinos, a favorable investment climate, minimal spillover effects of the global economic slowdown and possible further credit upgrades for the Philippines as reasons behind their optimism. Meanwhile, firms from the hotels and restaurants and transportation sub-sectors had a less bullish outlook during the quarter, after the usual peak in business activity in the fourth quarter.

Similarly, the wholesale and retail trade sector attributed their more bullish outlook to increasing demand, business expansion, increased government spending, and the brighter growth prospects of emerging Asian economies.

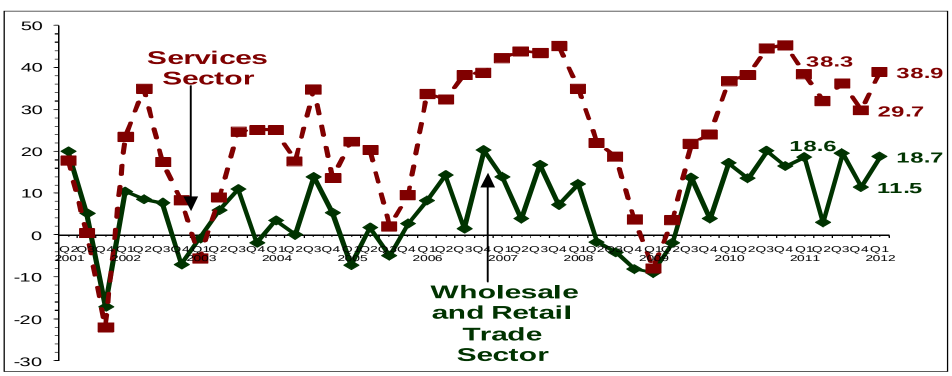
Meanwhile, the sentiment of the construction sector dipped slightly in Q1 2012. Despite the government's announcement of the release of funds for infrastructure projects in early January, respondents perceive that bidding for new infrastructure projects for 2012 are not expected to be completed immediately. This notwithstanding, business sentiment of the sector continued to be the most sanguine compared to the other sectors. Sentiment, however, rebounded in Q2 2012 on the back of higher demand for mix and concrete products, the increase in vertical construction projects, and government's disbursement of funds for infrastructure projects.

On the other hand, industrial firms had a less positive outlook in Q1 2012 due to high prices of fuel and other commodities, concerns about raw materials and other supplies, and adverse effects of plant diseases in banana plantations in Region XI.[5] However, with the expected uptick in demand during the summer and enrollment periods as well as high export receipts in mining due to rising prices of metal products in the international market, industry firms turned more optimistic in Q2 2012.

Business Confidence on Own Operations

Current Quarter Business Outlook Index by Sector

Q2 2001 – Q1 2012



[5] According to the Pilipino Banana Growers and Exporters Association (PBGEA), the continued threat of fungal plant diseases such as the Panama disease and the Sigatoka disease is one of the main challenges in the Philippine banana exporting industry as they cannot be controlled by fungicide. The Sigatoka is a leaf fungus while the Panama disease is a soil fungus which attacks the roots of the plant.

Businesses' outlook about their own operations is more favorable.

Led by the services sector, expectations of businesses about their own operations were more favorable across all sectors compared to the last quarter and a year ago, due to the anticipated uptick in the volume of business activity in the coming quarter.

Average capacity utilization edges up.

Consistent with the more favorable business outlook on own operations, the average capacity utilization in Q1 2012 rose slightly to 74.8 percent from 74.5 percent in Q4 2011.

Access to Credit and Financial Conditions[6]

More firms expect easier access to credit and less tight financial conditions.

Financial conditions improved from the previous quarter but remained tight. This means that although more firms expected easy financial conditions compared to the previous quarter, they continued to be outnumbered by those who said otherwise. However, firms are of the view that their liquidity requirements could be met through available credit as more respondents continued to report easier access to credit relative to those who said otherwise compared to a quarter ago. This is validated by the results of the Senior Loan Officers Survey which showed that most banks had generally unchanged credit standards for the eleventh consecutive quarter. This suggests ample supply of credit for businesses' needs.

Volume of Business Activity

The outlook for volume of business activity indicates an acceleration of growth in Q2 2012.

Despite rising confidence about their own operations, businesses' outlook on the volume of business activity and total orders remained positive but edged lower in Q1 2012 compared to the previous quarter's results. Going forward, the outlook for the volume of business activity for Q2 2012 improved compared to the previous quarter and a year ago as firms' expectations of more orders as well as new contracts and projects are anticipated to translate into higher volume of business activity in the next quarter. This is consistent with the more robust outlook for the second quarter, indicating a possible acceleration of economic growth in Q2 2012.

Employment and Expansion Plans

Employment outlook is more robust.

Another indicator supporting sustained confidence in the economy is the employment outlook index for the next quarter, which matched the high of 24.0 percent registered in Q3 2010. Favorable employment prospects are anticipated across sectors, as companies gear up for the expected pick-up in demand in Q2 2012.

The number of firms with expansion plans increase.

About three in every ten respondent firms in the industry sector (28.8 percent) indicated expansion plans for Q2 2012. Increased expansion plans in the mining and quarrying, and manufacturing sub-sectors offset the decline in the expansion plans in the agriculture, fishery and forestry, and electricity, gas and water supply sub-sectors.

[6] *Financial conditions* refer to the firm's general cash position, taking into account the level of cash and other cash items and repayments terms on loans. On the other hand, a*ccess to credit* refers to the environment external to the firm, such as the availability of credit from the banking system and other financial institutions.

Business Constraints

Competition, weak demand, and unclear economic laws are the major risks to business…

The top three business constraints identified by respondents in Q1 2012 were: competition, insufficient demand (leading to low sales volume), and unclear economic laws (such as double standard in implementation of laws, red tape, outdated labor laws, and unclear applications of tax laws, among others).

…but the presence of these risks is moderating.

Overall, the percentage of businesses that identified the above top business constraints showed a decreasing trend. Moreover, the percentage of respondents citing other constraints such as high interest rates, lack of equipment, access to credit, financial problems, labor problems, and lack of input materials also moderated. The easing of business constraints indicated that business conditions are improving. Respondents also noted that operational risks are being mitigated by enhancements in governance and internal business processes.

Expectations on Key Economic Indicators[7]

A stronger peso, higher inflation and lower interest rates are expected in Q1 2012.

Respondents that expected inflation to go up continued to outnumber those with opposite views, but the number that said so declined in Q1 and Q2 2012. This indicates that inflationary expectations have declined, consistent with the expected easing of global commodity price pressures amid weaker global growth prospects.

On the other hand, fewer respondents expected the peso to appreciate in Q1 2012. However, more firms anticipated the peso to strengthen in Q2 2012. Expectations of the peso's sustained appreciation could be due to anticipated strong inflows of overseas Filipinos' remittances and foreign investments. Meanwhile, interest rates were expected to decline in the current quarter, after the Monetary Board's decision to cut policy rates by 25 basis points (bps) in January 2012, but to remain broadly steady in Q2 2012, as the index declined but remained positive at 1 percent.

[7] The expectations on key economic indicators are expressed in terms of confidence indices (CIs), which are computed as the percentage of firms that answered "up" less the percentage of firms that answered "down" with respect to their views on a given economic key indicator. A positive CI indicates a favorable view, except for the inflation rate and the peso-borrowing rate, where a positive CI indicates the opposite.

About the Survey

Survey response rate is 78.6 percent.

The Q1 2012 BES was conducted during the period 6 January–14 February 2012. There were 1,587 firms surveyed nationwide. Respondents were drawn from the Securities and Exchange Commission's Top 7,000 Corporations, as follows: 607 companies in NCR and 980 firms in AONCR, covering all 17 regions nationwide. The survey response rate for this quarter was higher at 78.6 percent (from 76.4 percent in the previous quarter). The response rates were higher for NCR and AONCR, at 75.5 percent (from 75.4 percent in the previous quarter) and 80.6 percent (from 76.9 percent in Q4 2011), respectively.

A breakdown of responses by type of business showed that 17.5 percent were importers, 5.4 percent were exporters, and 16.5 percent were both importers and exporters. About 60.6 percent of the respondents were neither importers nor exporters, or did not specify their firm type.

The Business Expectations Survey (BES) uses the stratified random sampling design covering corporations from the SEC's Top 7000 Corporations (ranked based on Gross Revenues) as sampling units. The top 7000 corporations are subdivided into 192 strata classified by region—NCR and Areas Outside NCR (the other 15 regions of the country)[8]—and by industry sub-groups, namely: (a) Group 1: Industry, which consists of manufacturing, mining and quarrying, electricity, gas and water, and agriculture, fishery and forestry; (b) Group II: Construction; (c) Group III: Wholesale and Retail Trade; and (d) Group IV: Services, which consists of financial intermediation, real estate, renting and business activities, hotels and restaurants, transport, storage and communications and community, social and personal services. Beginning Q1 2012, industry classification of companies shifted from the 1994 Philippine Standard Industrial Classification (PSIC) to the 2000 PSIC.

[8] In the sampling design, Regions 4A and 4B were combined into one region.

BUSINESS EXPECTATIONS SURVEY *

2001 - 2012

	2007				2008				2009				2010				2011				2012
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
1. Overall Business Outlook on the Macroeconomy																					
Confidence Index: All Sectors																					
Current Quarter	**44.9**	**46.4**	**40.9**	**48.0**	**29.9**	**12.6**	**-12.9**	**-6.8**	**-23.9**	**-2.6**	**18.4**	**22.0**	**39.1**	**43.9**	**45.0**	**50.6**	**47.5**	**31.8**	**34.1**	**38.7**	**40.5**
NCR	53.0	53.1	44.9	55.1	34.0	11.4	-16.1	-9.6	-25.4	-3.6	20.3	24.2	42.4	50.1	51.6	55.7	54.4	35.2	38.4	38.5	46.1
AONCR	30.6	34.6	34.0	35.6	21.4	15.2	-6.2	-1.0	-21.1	-0.9	15.0	18.0	33.8	34.0	34.2	42.4	35.7	26.1	26.6	39.1	31.1
Next Quarter	**49.4**	**44.7**	**53.0**	**40.9**	**41.0**	**16.6**	**16.6**	**-0.5**	**-6.5**	**13.7**	**33.7**	**34.0**	**52.6**	**46.3**	**59.2**	**51.0**	**59.4**	**33.0**	**53.9**	**36.1**	**55.4**
NCR	53.3	48.2	57.1	44.6	42.2	12.4	17.6	-4.7	-9.6	14.7	35.0	37.3	57.2	51.4	63.1	54.9	62.3	35.6	55.0	37.5	59.0
AONCR	42.2	37.2	44.8	33.7	37.6	24.7	14.8	8.1	-0.7	11.9	30.9	27.7	44.6	37.2	52.0	44.4	53.6	28.1	51.4	32.9	48.1
2. Business Outlook Index on the Macroeconomy by Sector: Current Quarter																					
Industry Sector	30.0	45.7	35.6	39.2	17.7	9.1	-11.9	-5.8	-30.1	-7.6	18.8	14.7	36.4	40.1	49.6	44.9	48.1	31.9	31.1	39.6	37.8
Construction Sector	50.0	35.9	53.1	52.5	42.4	25.5	-10.5	6.6	2.2	3.0	37.3	6.1	48.0	46.9	41.9	41.0	55.8	41.9	39.7	49.7	47.9
Wholesale and Retail Trade	40.6	36.5	35.1	46.5	28.3	5.4	-23.2	-9.8	-22.8	-3.1	12.8	19.5	34.4	40.9	37.4	45.3	44.6	23.9	30.4	37.8	38.4
Services Sector	68.5	61.6	53.3	60.3	42.1	22.4	-2.8	-6.3	-23.2	1.0	20.2	31.9	45.5	50.3	50.3	63.4	48.9	39.3	40.2	37.3	44.7
of which:																					
Financial Intermediation	90.8	74.3	61.3	71.0	60.5	-6.5	-28.9	-46.6	-44.1	-6.2	29.7	47.7	68.2	72.2	77.1	83.6	74.5	45.0	51.7	32.0	58.8
Hotels and Restaurants	86.4	39.7	59.7	92.2	50.1	29.9	9.8	40.2	-18.5	14.1	23.0	49.9	35.6	45.7	41.7	62.3	57.2	37.9	33.3	66.4	47.7
Business Activities	60.8	53.8	54.1	59.3	22.8	28.3	2.2	-10.2	-39.3	-9.0	11.9	16.3	47.5	49.2	47.7	72.8	41.0	42.8	40.3	33.8	35.6
Real Estate	59.0	76.2	54.8	69.4	46.5	36.1	6.7	5.3	-14.2	-18.1	-4.7	10.3	43.6	44.7	51.9	53.1	44.9	36.2	36.1	38.3	54.0
Community and Social Services	44.9	37.4	54.3	30.7	48.1	16.3	0.2	-21.3	9.8	7.0	27.7	31.4	40.9	44.6	40.7	46.5	41.1	34.7	45.3	21.6	35.5
Transportation	67.0	69.6	38.1	46.7	42.5	30.1	-1.6	14.7	-13.8	16.0	30.5	41.2	27.4	39.4	34.8	46.5	35.9	32.9	29.4	43.2	38.5
3. Business Outlook Index on the Macroeconomy by Sector: Next Quarter																					
Industry Sector	46.5	39.3	41.4	32.3	32.5	16.8	6.6	-1.3	-10.4	10.4	27.1	26.3	50.5	44.8	55.5	51.3	57.9	34.9	47.9	26.1	52.8
Construction Sector	39.9	59.0	63.8	54.0	54.3	30.6	29.5	9.1	2.8	20.0	27.7	43.0	47.9	44.4	51.3	54.1	65.2	38.7	55.2	48.3	55.1
Wholesale and Retail Trade	43.6	35.7	51.6	36.1	35.2	8.4	16.4	-5.1	-10.0	10.3	32.4	32.3	50.9	41.8	57.3	44.3	58.4	24.1	54.0	42.2	56.0
Services Sector	62.1	60.7	68.1	55.8	54.2	23.6	25.2	3.9	-1.8	18.2	41.0	40.3	57.3	53.0	65.9	58.2	60.8	40.6	59.2	36.3	57.2
of which:																					
Financial Intermediation	75.4	73.0	79.5	73.3	57.0	14.4	7.9	-22.1	-22.0	19.6	52.8	70.9	71.8	74.9	88.3	76.8	72.8	46.5	68.8	45.3	57.8
Hotels and Restaurants	56.8	28.5	81.2	28.2	64.0	1.9	73.6	20.6	12.5	17.9	51.3	62.6	56.8	41.7	72.0	62.3	62.9	24.8	77.1	29.3	53.1
Business Activities	68.6	67.7	64.9	63.8	49.4	31.7	25.0	4.0	-11.4	6.0	30.6	36.6	66.7	57.6	66.9	52.7	63.1	39.1	53.7	29.0	64.9
Real Estate	55.1	73.8	71.6	67.4	49.2	31.7	15.8	11.8	-11.3	8.9	8.7	33.9	43.6	50.0	50.5	56.3	49.3	47.7	55.7	43.7	65.9
Community and Social Services	52.0	42.9	54.3	32.3	58.4	27.4	10.1	2.8	3.3	19.9	21.1	21.2	50.6	45.2	53.6	45.0	58.1	42.9	41.3	23.5	43.3
Transportation	52.4	52.2	58.8	42.6	55.1	22.0	32.7	14.7	15.0	31.0	60.1	29.8	42.5	35.1	58.8	55.2	53.5	37.0	64.1	44.5	46.7
4. Business Confidence Index on Own Operations by Sector																					
Industry Sector	17.4	16.8	15.9	13.5	10.8	2.5	-4.4	-9.3	-18.3	-6.1	4.9	10.3	18.7	18.8	20.9	14.7	20.1	16.7	17.6	14.9	20.3
Construction Sector	11.9	34.3	43.8	33.8	25.6	19.5	18.4	12.0	-2.6	-7.4	23.4	10.9	27.6	23.5	28.2	26.8	36.9	31.0	27.8	34.6	37.6
Wholesale and Retail Trade	13.9	3.9	16.8	7.2	12.2	-1.6	-4.1	-8.1	-9.0	-1.9	13.7	3.9	17.2	13.5	20.1	16.5	18.6	3.0	19.6	11.5	18.7
Services Sector	42.2	43.8	43.5	45.1	35.0	22.0	18.8	3.9	-8.0	3.7	21.8	24.0	36.8	38.2	44.6	45.3	38.3	32.1	36.2	29.7	38.9
Financial Intermediation	53.3	56.3	53.5	59.9	46.4	40.3	8.9	-14.1	-6.0	14.3	31.5	48.9	59.4	59.7	63.6	65.2	55.1	48.1	56.4	40.8	53.4
Hotels and Restaurants	34.8	40.5	35.1	52.9	38.9	23.1	46.6	32.7	-0.2	19.9	33.8	37.0	29.2	25.0	43.9	39.4	37.8	18.4	41.0	35.4	36.3
Business Activities	47.1	48.3	54.7	46.0	31.2	15.5	16.7	0.5	-26.0	-5.4	18.2	18.8	34.0	43.5	49.0	49.8	39.8	36.6	33.8	35.6	39.5
Real Estate	28.2	49.7	49.7	41.2	29.9	34.8	22.1	3.3	-4.0	-3.3	12.4	17.2	32.1	31.6	39.9	40.3	29.1	30.3	31.5	30.6	35.1
Community and Social Services	36.4	34.2	31.8	35.7	31.5	14.1	11.1	-1.6	-6.8	-12.1	17.5	4.1	30.4	26.0	29.5	31.4	20.1	25.2	17.3	11.9	23.0
Transportation	41.4	25.9	23.8	32.3	33.2	19.5	17.6	15.1	1.6	8.6	21.7	20.6	29.4	27.3	31.0	32.8	36.7	18.8	29.4	14.2	35.1
5. Business Outlook index on Own Operations: Current Quarter																					
Volume of Business Activity Index	22.6	35.7	27.3	39.3	15.8	16.2	-1.5	-0.3	-26.3	1.7	15.9	22.0	24.6	35.6	34.9	42.8	23.8	24.1	29.5	37.1	22.5
Volume of Total Order Book Index	17.1	27.7	22.9	31.2	8.0	13.7	-3.1	-1.4	-27.3	-1.2	14.5	16.8	19.5	30.5	30.2	37.7	19.3	21.5	25.8	33.1	17.6
Credit Access Index	10.1	9.0	10.4	7.3	6.6	3.0	-1.6	-7.4	-12.8	-7.2	-0.8	0.1	5.4	9.2	10.1	10.0	11.3	6.1	10.3	8.9	9.6
Financial Condition	-8.8	-11.0	-5.1	-7.8	-11.6	-17.8	-29.1	-29.9	-32.9	-26.8	-17.4	-15.5	-7.9	-5.0	-2.6	-1.1	-3.6	-10.8	-6.9	-6.8	-2.9
Average Capacity Utilization (in percent)	73.7	75.5	76.1	75.4	76.2	76.5	74.8	72.8	71.5	69.2	68.8	69.8	72.0	74.1	74.7	74.1	75.3	75.1	76.1	74.5	74.8

A quarterly survey conducted by the
Department of Economic Statistics
Feb 28, 2012 11:10:48 AM

Bangko Sentral ng Pilipinas
Manila, Philippines
www.bsp.gov.ph

* From 2001 to 2003, survey respondents came from a random sample of firms in SEC's Top 5000 Corporations in the Philippines which are located in the NCR. Beginning Q4 2003, the s
those areas which are located outside NCR specifically Regions I, VII & XI. Finally in Q4 2006, the BES was further expanded to become a nationwide survey of firms in the top 5000 c

Note: Unless otherwise stated, all numbers are in diffusion indices, i.e., Confidence Index (CI) is computed as the percentage of firms that answered in affirmative less the percentage of fi
in the negative with respect to their views on a given indicator.

BUSINESS EXPECTATIONS SURVEY
2001 - 2012

	2007				2008				2009				2010				2011				2012
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
6. Business Outlook index on Own Operations: Next Quarter																					
Volume of Business Activity Index	48.1	40.4	49.5	34.0	44.1	25.3	24.8	1.6	2.1	14.2	36.2	27.9	54.3	46.6	59.2	45.8	53.5	33.6	51.6	32.5	54.7
Employment Outlook Index	16.6	17.3	21.1	16.6	21.7	11.4	8.3	-1.4	-8.2	-6.4	9.4	8.7	22.0	19.9	24.0	21.1	23.0	14.5	23.2	16.8	24.0
7. Companies with Expansion Plans (in percent of total respondents): Next Quarter																					
All Industry Sector	**27.2**	**31.1**	**28.7**	**33.7**	**37.8**	**23.1**	**25.0**	**30.4**	**17.8**	**16.0**	**17.4**	**23.7**	**19.9**	**25.0**	**27.0**	**25.7**	**33.9**	**24.7**	**26.6**	**27.0**	**28.8**
Mining Quarrying	66.7	42.9	42.9	52.4	41.9	26.2	45.1	27.0	31.6	9.2	13.0	38.5	33.2	36.7	45.0	34.7	47.3	41.8	62.6	41.1	47.3
Manufacturing	23.7	28.1	27.1	32.0	37.8	22.3	23.7	29.5	15.7	14.6	15.3	20.3	18.8	24.1	25.4	24.7	32.5	24.2	24.9	24.9	27.9
Electricity, Gas and Water	48.5	54.0	42.8	33.5	39.0	45.4	37.0	59.2	34.6	30.5	36.6	44.3	10.5	16.7	28.2	20.4	38.5	23.8	34.4	41.0	32.2
Agriculture, Fishery and Forestry	62.2	64.0	42.4	59.6	35.0	21.3	30.6	28.0	32.5	30.0	37.4	54.6	37.4	39.7	43.4	41.6	45.3	24.3	31.7	41.9	31.5
8. Business Constraints (in percent to total respondents): Current Quarter																					
High Interest Rate	23.0	23.6	23.7	21.3	22.1	23.7	29.8	29.5	26.9	24.1	24.4	20.5	21.2	20.5	20.9	17.4	19.8	19.9	20.1	19.8	14.6
Unclear Economic Laws	27.6	27.2	24.5	27.1	25.9	27.1	27.1	25.7	25.1	23.3	21.7	14.2	13.0	13.0	20.9	18.7	21.2	21.6	21.9	24.2	18.5
Lack of Equipment	17.1	17.9	16.0	19.4	16.3	16.0	15.6	17.7	16.6	15.5	17.3	15.5	16.4	17.5	17.9	15.1	16.1	16.0	17.3	16.7	10.9
Insufficient Demand	51.6	49.8	46.8	46.3	44.1	46.7	49.6	51.9	54.8	59.0	54.2	53.4	46.1	44.4	43.6	39.2	42.2	44.0	43.7	44.4	36.5
Access to Credit	19.1	19.6	18.9	20.1	16.9	17.0	17.5	20.5	20.9	19.3	19.3	19.2	18.5	16.6	17.7	16.7	17.8	18.4	18.6	18.6	11.7
Financial Problems	27.2	26.0	24.7	23.6	26.4	23.4	25.3	27.9	30.1	29.9	26.4	26.8	28.1	25.8	27.3	22.9	22.6	24.4	21.7	22.9	16.9
Competition	62.6	66.0	62.2	63.0	57.9	60.4	58.6	61.1	59.4	62.0	61.8	63.4	64.4	64.5	65.8	66.6	68.8	65.5	68.1	66.4	60.6
Labor Problems	20.3	18.6	19.7	20.1	19.4	19.3	20.8	20.2	20.6	18.8	19.0	17.6	18.1	19.4	18.9	17.0	19.3	21.6	20.4	18.5	13.4
Lack of Materials Input	22.3	20.1	19.0	20.6	19.7	19.4	19.8	19.6	18.5	16.5	18.5	18.1	16.7	18.8	18.9	15.9	18.4	19.1	19.0	18.4	12.4
Others	17.4	16.8	17.5	20.7	20.8	20.4	19.9	23.5	20.4	18.6	18.8	24.2	18.6	19.2	18.0	19.0	21.1	23.6	22.2	25.7	23.0
None	5.4	6.9	7.9	6.5	7.4	5.8	5.4	4.9	5.7	5.4	6.5	6.7	6.0	5.9	8.2	8.6	6.0	7.9	5.7	7.5	8.0
9. Business Expectations Index on Selected Economic Indicators: Current Quarter																					
P/$ Exchange Rate	31.1	34.3	35.0	44.8	39.9	0.9	-19.0	-21.5	-12.0	-10.2	-4.2	18.7	6.4	14.6	14.2	35.3	15.0	19.4	29.3	14.9	11.7
Inflation Rate	-13.9	-5.1	-2.3	6.3	14.4	47.9	61.5	43.0	14.0	14.1	4.4	28.2	23.3	20.9	9.5	2.4	21.3	38.7	32.1	28.3	16.8
Peso Borrowing Rate	-23.5	-15.4	-3.2	-9.6	-15.9	13.5	37.8	29.7	6.9	1.9	-2.7	2.6	5.5	3.1	4.4	-5.4	4.0	13.9	11.1	5.7	-2.1
10. Business Expectations Index on Selected Economic Indicators: Next Quarter																					
P/$ Exchange Rate	11.2	21.9	37.9	34.8	29.0	-0.3	-3.4	-19.5	-13.2	-11.6	4.1	4.2	4.7	6.7	24.7	20.8	14.1	16.3	31.5	9.8	12.8
Inflation Rate	4.1	5.5	9.5	3.0	17.3	42.3	48.8	25.2	12.2	15.0	15.7	25.1	22.6	18.6	12.3	6.5	23.5	34.8	29.2	18.2	14.1
Peso Borrowing Rate	-4.9	-2.3	3.2	-3.2	-8.3	15.9	32.3	23.0	7.3	4.6	5.8	12.8	15.5	10.2	8.8	2.3	11.7	16.5	12.8	7.0	1.1
11. Business Outlook on the Macroeconomy by Type of Business: Current Quarter																					
Importer	39.5	49.4	47.5	45.1	36.8	15.6	-17.4	0.7	-26.1	-6.7	10.9	15.2	43.2	37.4	38.7	53.2	50.3	36.5	39.6	47.8	44.0
Exporter	24.4	37.5	4.2	24.2	3.5	8.6	-6.8	3.3	-39.8	-6.1	7.2	13.6	33.7	46.6	43.2	24.2	45.3	36.0	26.1	17.1	19.1
Both (Import and Exporter)	38.9	50.0	41.5	36.8	9.3	0.7	-5.4	-4.1	-24.7	-8.4	21.8	20.8	37.1	52.4	48.8	40.7	42.5	26.3	32.0	24.8	30.6
12. Business Outlook on the Macroeconomy by Type of Business: Next Quarter																					
Importer	40.7	44.8	59.6	43.2	50.4	9.8	26.6	0.0	-9.2	16.8	43.6	31.4	50.0	46.3	55.3	49.4	62.4	39.2	55.0	42.7	56.0
Exporter	39.0	37.5	6.3	31.8	22.4	33.3	6.8	8.7	-10.8	6.1	6.0	19.8	57.3	60.2	44.3	31.6	55.8	48.8	34.8	27.6	42.6
Both (Import and Exporter)	51.1	44.2	42.5	37.6	19.6	13.7	14.5	10.1	-7.4	9.0	33.3	35.2	50.3	54.8	60.1	49.7	62.0	36.3	50.9	32.9	54.9
13. Business Outlook on the Macroeconomy by Size of Employment: Current Quarter																					
Small (<100)	41.7	43.2	33.6	43.2	29.2	10.5	-19.2	-5.9	-19.0	-4.8	16.8	16.3	32.8	31.7	34.5	43.4	37.8	27.5	30.4	33.0	32.7
Medium (100-<500)	41.5	37.8	42.2	45.8	22.0	16.4	-5.6	6.8	-19.9	3.6	19.5	23.8	40.0	45.3	41.8	55.6	44.6	29.2	29.0	38.7	37.1
Large (500 & up)	42.3	54.4	39.5	53.0	30.9	15.4	-5.1	-20.5	-29.2	2.0	20.4	32.7	50.6	53.3	59.1	61.0	56.0	43.1	40.5	39.5	47.2
14. Business Outlook on the Macroeconomy by Size of Employment: Next Quarter																					
Small (<100)	51.7	43.2	53.8	43.2	39.9	17.3	14.1	-2.1	1.6	19.1	34.3	30.5	46.4	40.5	55.3	50.4	53.0	29.8	53.3	39.4	46.9
Medium (100-<500)	44.4	43.8	48.8	40.7	39.2	24.1	15.2	8.8	-7.9	14.3	37.9	32.4	51.4	44.6	57.0	53.2	58.8	31.4	56.5	40.5	53.7
Large (500 & up)	50.0	43.4	55.1	44.4	46.0	29.2	18.6	-3.0	-4.2	5.3	32.7	40.8	57.5	56.3	69.9	50.0	69.4	41.4	56.5	38.4	59.1

A quarterly survey conducted by the
Department of Economic Statistics
Feb 23, 2012 4:39:58 PM

Bangko Sentral ng Pilipinas
Manila, Philippines
www.bsp.gov.ph

BUSINESS EXPECTATIONS SURVEY
2001 - 2012

	2007				2008				2009				2010				2011				2012
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
15. Distribution of Respondent Firms by Employment Size																					
Small (<100)	259	259	247	254	308	324	333	339	442	455	423	417	500	499	490	500	500	523	484	457	450
Medium (100-<500)	284	251	256	267	309	311	303	308	356	364	348	361	420	437	426	419	444	459	451	447	447
Large (500 & up)	130	136	147	151	139	130	156	166	144	150	147	147	160	167	176	182	193	181	168	185	193
No Response	92	111	82	100	108	126	136	123	120	125	141	121	135	122	127	124	138	144	141	146	158
	765	757	732	772	864	891	928	936	1062	1094	1059	1046	1215	1225	1219	1225	1275	1307	1244	1235	1248
16. Percentage Distribution of Respondent Firms by Employment Size																					
Small (<100)	33.9	34.2	33.7	32.9	35.6	36.4	35.9	36.2	41.6	41.6	39.9	39.9	41.2	40.8	40.2	40.8	39.2	40.0	39.3	37.0	36.1
Medium (100-<500)	37.1	33.2	35.0	34.6	35.8	34.9	32.7	32.9	33.5	33.3	32.9	34.5	34.7	35.6	34.9	34.2	34.8	35.1	36.4	36.2	35.8
Large (500 & up)	17.0	18.0	20.1	19.6	16.1	14.6	16.8	17.7	13.6	13.7	13.9	14.1	13.2	13.6	14.4	14.9	15.1	13.8	13.5	15.0	15.5
No Response	12.0	14.7	11.2	13.0	12.5	14.1	14.7	13.1	11.3	11.4	13.3	11.6	11.0	10.0	10.4	10.1	10.8	11.0	10.8	11.8	12.7
17. Distribution of Respondent Firms by Type of Business																					
Importer	81	87	99	111	125	122	109	138	119	119	110	105	162	147	150	156	181	189	169	157	218
Exporter	41	40	48	66	85	81	88	92	83	82	83	81	89	88	88	95	86	86	69	76	68
Both (Import and Exporter)	90	86	106	117	140	141	147	145	162	178	156	159	175	166	168	177	179	171	175	161	206
Others (Neither Importer nor Exporters)	553	544	479	478	514	547	584	561	698	715	710	701	789	824	813	797	829	861	831	841	756
18. Percentage Distribution of Respondent Firms by Type of Business																					
Importer	10.6	11.5	13.5	14.4	14.5	13.7	11.7	14.7	11.2	10.9	10.4	10.0	13.3	12.0	12.3	12.7	14.2	14.5	13.6	12.7	17.5
Exporter	5.4	5.3	6.6	8.5	9.8	9.1	9.5	9.8	7.8	7.5	7.8	7.7	7.3	7.2	7.2	7.8	6.7	6.6	5.5	6.2	5.4
Both (Import and Exporter)	11.8	11.4	14.5	15.2	16.2	15.8	15.8	15.5	15.3	16.3	14.7	15.2	14.4	13.6	13.8	14.4	14.0	13.1	14.1	13.0	16.5
Others (Neither Importer nor Exporters)	72.3	71.9	65.4	61.9	59.5	61.4	62.9	59.9	65.7	65.4	67.0	67.0	64.9	67.3	66.7	65.1	65.0	65.9	66.8	68.1	60.6
19. Distribution of Respondent Firms by Sector																					
All Sectors	**765**	**757**	**732**	**772**	**864**	**891**	**928**	**936**	**1062**	**1094**	**1059**	**1046**	**1215**	**1225**	**1219**	**1225**	**1275**	**1307**	**1244**	**1235**	**1248**
Industry	287	279	292	281	327	321	344	327	323	338	321	325	325	341	335	348	376	378	366	359	384
Construction	22	20	20	22	33	40	37	50	53	58	51	53	61	73	65	70	75	88	71	79	74
Wholesale and Retail Trade	265	262	237	270	279	297	317	323	374	377	377	358	428	416	424	415	428	429	405	388	421
Services	191	196	183	199	225	233	230	236	312	321	310	310	401	395	395	392	396	412	402	409	369
Financial Intermediation	48	48	46	50	51	50	52	54	64	62	59	62	69	81	77	81	76	84	85	84	80
Hotels and Restaurants	17	16	13	15	18	19	21	19	32	32	35	30	50	53	51	54	62	63	59	62	48
Business Activities	45	38	34	41	52	55	54	55	65	69	76	69	83	79	78	76	69	75	69	68	75
Real Estate and Renting	29	30	29	28	35	37	33	34	43	45	35	42	70	60	62	61	64	62	61	70	51
Community and Social Services	24	26	24	25	32	32	32	29	34	35	30	32	60	56	64	60	60	62	63	61	54
Transportation	28	38	37	40	37	40	38	45	74	78	75	75	69	66	63	60	65	66	65	64	61

Annexes: Business Expectations Survey (BES) Report Q1 2012

Annex A. Distribution of Top 7000 Corporations by Region: 2010[a]

Population

SECTOR/SUB-SECTOR	Region 1	Region 2	Region 3	Region 4	Region 5	Region 6	Region 7	Region 8	Region 9	Region 10	Region 11	Region 12	CARAGA	ARMM	CAR	NCR
Agriculture	0	0	5	8	1	6	4	0	5	5	36	11	1	0	0	34
Business	1	6	21	34	1	2	22	0	1	0	8	3	0	0	0	487
Community	6	4	14	27		10	8	0	1	2	5	2	0	1	0	152
Construction	0	1	22	32	9	4	24	3	2	0	4	1	1	0	0	211
EGW	4	1	18	11		3	16	0	0	0	2	0	0	0	1	41
Finance	0	2	7	11	1	4	17	0	2	1	16	2	2	0	0	363
Hotels	6		11	8	3	7	13	1	0	0	8	0	0	0	0	134
Manufacturing	5	3	163	573	7	14	108	9	4	7	40	9	0	3	3	869
Mining	0	0	0	4	0	0	3	0	0	0	2	0	1	0	0	40
Real Estate	0	1	11	39	1	4	15	0	0	1	7	2	0	0	0	233
Trade	21	16	206	265	43	64	137	16	22	13	96	19	0	1	0	1539
Transportation	1		22	28	1	2	15		3		16	2	0	0	0	251
Services Sector	14	13	86	147	7	29	90	1	7	4	60	11	2	1	0	1620
Industry Sector	9	4	186	596	8	23	131	9	9	12	80	20	2	3	4	984
Grand Total	44	34	500	1040	67	120	382	29	40	29	240	51	5	5	4	4354

Number of Samples

SECTOR/SUB-SECTOR	Region 1	Region 2	Region 3	Region 4	Region 5	Region 6	Region 7	Region 8	Region 9	Region 10	Region 11	Region 12	CARAGA	ARMM	CAR	NCR
Agriculture			2	5	1	6	3		5	5	16	10	1	0		9
Business	1	6	5	5	1	2	8		1		4	3		0		52
Community	6	4	3	5		10	4		1	2	2	1		1		31
Construction		1	8	6	9	4	7	3	2		2	1	1	0		69
EGW	4	1	4	4		3	3				2			0	1	22
Finance		2	2	2	1	4	5		2	1	5	2	2	0		66
Hotels	6		4	2	3	7	5	1			3			0		28
Manufacturing	4	3	37	101	7	11	46	9	4	7	18	8		3	3	76
Mining		0	0	2			2				1		1	0		18
Real Estate		1	3	4	1	4	7			1	2	2		0		57
Trade	19	16	60	50	42	63	48	16	22	13	28	2		1		130
Transportation	1		6	6	1	2	8		3		7	20				49
Services Sector	14	13	23	24	7	29	37	1	7	4	23	28	2	1	0	283
Industry Sector	8	4	43	112	8	20	54	9	9	12	37	18	2	3	4	125
GRAND TOTAL	41	34	134	192	66	116	146	29	40	29	90	49	5	5	4	607

[a] The latest available listing from the Securities and Exchange Commission

Annex B. Regions and Provinces of the Philippines

Regions	Provinces
I-Ilocos	Ilocos Norte, Ilocos Sur, La Union and Pangasinan
II-Cagayan Valley	Batanes, Cagayan, Isabela, Nueva Vizcaya, Quirino
III-Central Luzon	Aurora, Bataan, Bulacan, Nueva Ecija, Pampanga, Tarlac and Zambales
IV-Southern Tagalog	Cavite, Laguna, Batangas, Marinduque, Occidental Mindoro, Oriental , Mindoro, Palawan, Quezon, Rizal and Romblon
V-Bicol	Albay, Camarines Norte, Camarines Sur, Catanduanes, Masbate and Sorsogon
VI-Western Visayas	Aklan, Antique, Capiz, Guimaras, Iloilo and Negros Occidental
VII-Central Visayas	Cebu, Bohol, Negros Oriental and Siquijor
VIII-Eastern Visayas	Biliran, Eastern Samar, Leyte, Northern Samar, Samar and Southern Leyte
IX-Zamboanga Peninsula	Zamboanga del Norte, Zamboanga del Sur, Zamboanga Sibugay, Isabela City and Zamboanga City
X-Northern Mindanao	Bukidnon, Camiguin, Lanao del Norte, Misamis Occidental, Misamis Oriental,
XI-Davao	Compostela Valley, Davao del Norte, Davao del Sur and Davao Oriental
XII-SOCCSKARGEN	Cotabato, Sultan Kudarat, South Cotabato and Sarangani
Cordillera Administrative Region (CAR)	Abra, Apayao, Benguet, Ifugao, Kalinga, and Mountain Province
Autonomous Region of Muslim Mindanao (ARMM)	Basilan (excluding Isabela City), Lanao del Sur, Maguindanao, Sulu and Tawi-Tawi
Caraga	Agusan del Norte, Agusan Del Sur, Dinagat Islands, Surigao del Norte, Surigao del Sur

Second Quarter 2011 Developments

Overall BOP Position

Q2 2011 BOP remains in surplus.

The balance of payments (BOP) registered a surplus of US$1.5 billion in the second quarter of 2011. This was, however, lower than the US$1.9 billion surplus registered in the same period a year ago. The sustained surplus in the country's external payments position was underpinned mainly by the higher surplus in the current account. Meanwhile, the capital and financial account continued to improve, recording lower net outflows during the second quarter of the year due to higher net inflows of direct and portfolio investments. Like most emerging Asian economies, the Philippines continued to experience strong inflows of capital, attracted by the country's strong growth prospects. This development offset the moderation in trade-related activities experienced by most export-oriented countries due to softer demand from advanced economies, tensions in the Middle East and North Africa (MENA) region, and transitory supply-chain disruptions following the earthquake-related tragedy in Japan (Table 1).

Balance of Payments (in million US$)

	Q2		Growth
	2011	**2010**	**Rate (%)**
Current Account	2104	1752	20.1
Capital & Fin'l Account	-126	-230	45.2
Net Unclassified Items	-455	348	-230.7
Overall BOP	**1523**	**1870**	**-18.6**

Current Account

Q2 2011 current account registers a higher surplus.

The current account yielded a surplus of US$2.1 billion (equivalent to 3.7 percent of GDP), 20.1 percent higher than the surplus of US$1.8 billion in the comparable quarter in 2010. This developed on account of higher net receipts in current transfers, services and income which more than offset the widening of the trade-in-goods deficit.

▪ Trade-in-Goods

Trade gap increases as imports grow faster than exports.

The trade-in-goods deficit widened by 8.2 percent to US$3.3 billion from US$3.0 billion last year as the expansion in imports of goods (by 2.4 percent) in Q2 2011 was higher compared to that of exports of goods (by 1.0 percent). The disruptions in oil supply brought by the social unrest in the MENA region continued to put pressure on oil prices, pulling up imports of mineral fuels and lubricants. Exports growth further moderated during the quarter as manufactured products exports declined, particularly shipments of electronic goods, including other electronics. This was due to weaker consumer demand for semiconductors, consumer electronics, and electronic data processing in view of the softening global demand.

❖ Exports of Goods

Exports of goods grow slightly.

During the quarter, exports of goods grew modestly by 1.0 percent year-on-year to US$12.3 billion, following the decline in shipments of electronic products which were affected by the spate of disasters that hit Japan in March this year. Nevertheless, exports were supported by the improved performance of non-electronic products, backed by favorable weather conditions, as well as aggressive programs on product promotion and market diversification (Table 2.1).[1]

Export sales of all major commodity groups, except for some manufactured goods, registered hefty gains owing to higher volume of shipments and improved world prices. The following commodities recorded increases in export earnings during the quarter:

- Sugar and products increased appreciably (by 570.0 percent), owing to additional orders of centrifugal and refined sugar from the US, on top of the import quota allocation to the Philippines. Similarly, export sales of molasses to Taiwan, Japan, Korea and Vietnam expanded by 200.0 percent during the quarter.
- Petroleum products exports surged by 409.6 percent, traceable to higher shipments of naphtha and reformates (used chiefly as solvents and diluents and as raw materials for conversion to gasoline) and other fuel oils. The bulk of shipments were exported to Singapore, Taiwan and Hong Kong.
- Fruits and vegetables exports expanded by 92.5 percent due to strong demand for bananas (by 87.5 percent), pineapple concentrates (by 50.0 percent) and mangoes (by 14.3 percent) coupled with improved world prices of bananas and pineapple (canned, juice, concentrates). Bananas topped the list of the country's fruits and vegetables exports at US$128 million, cornering 50.0 percent of the total fruits and vegetables exports.
- Mineral products exports at US$837 million were up by 81.2 percent from US$462 million last year. Copper metal was the biggest export earner at US$408 million, higher by 120.5 percent from the previous year's level due to increased sales of cathodes and refined copper to Japan, Korea and China. In addition, shipments of copper concentrates and gold improved by 86.2 percent and 81.3 percent, respectively. The price of gold more than doubled to US$1,427 per ounce, triggered by lingering concerns of global recession, world inflation and the weaker dollar.

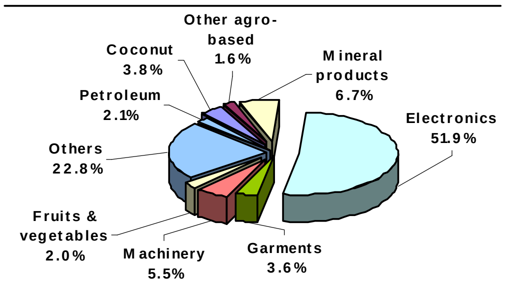
[1] Based on BPM5 concept (i.e., excluding from the National Statistics Office (NSO) foreign trade figures those goods that did not involve change in ownership)

- Coconut products exports grew by 27.9 percent. Prices of coconut products, particularly coconut oil, desiccated coconut and copra meal/cake were higher by 136.2 percent, 112.7 percent and 86.1 percent, respectively, benefiting from soaring world prices of said commodities.
- Other agro-based products exports rose by 22.7 percent due to increased shipments of fish, fresh or preserved, particularly shrimps and prawns to Japan, US and Taiwan. Higher exportation of dried seaweeds (by 200.0 percent), natural rubber (by 72.7 percent) and abaca fibers (by 100.0 percent) also supported the growth of other agro-based products.
- Forest products exports improved by 22.2 percent due to the continued favorable world prices of lumber at US$48.0/cubic meter from US$21.0/cubic meter last year.
- Exports of other manufactured products registered gains, as follows:
  - ✓ Machinery and transport equipment exports amounted to US$688 million (up by 26.9 percent), comprised of cargo ships, completely-built units, and parts/accessories of road vehicles mostly to the ASEAN markets (i.e., Japan, Thailand, Indonesia);
  - ✓ Chemicals exports rose by 36.8 percent to reach US$480 million;
  - ✓ Garments exports grew by 9.6 percent to US$457 million, sustaining the growth recorded since the second quarter of 2010. The US continued to be the top buyer of local garments, accounting for almost 50.0 percent share of total garments exports.
  - ✓ Wood manufactures exports, valued at US$422 million, registered the highest growth of 95.4 percent among manufactured products. Japan's major purchases of builder's joinery and carpentry of wood, including cellular wood panels, assembled parquet, panels, shingles and shakes, accounted for almost 90 percent of total wood manufactures exports.
  - ✓ Processed food and beverages sustained a positive growth of 10.5 percent at US$306 million. Powdered milk, canned tuna, prepared or preserved tuna, banana chips and crackers, and chewing gum remained to be the best sellers.
  - ✓ Other manufactured products likewise reported uptrends, such as iron and steel (by 52.3 percent), furniture and fixtures (by 7.7 percent), non-metallic mineral manufactures (by 10.5 percent), basketwork, wickerwork and other articles of plaiting materials (by 9.1 percent), and footwear (by 50.0 percent).

On the other hand, total manufactured products exports, valued at US$10.2 billion, contracted by 7.1 percent from US$11.0 billion in the previous year on account of the following developments:

- Electronic products receipts, representing more than 60 percent of total manufactured products exports, shrank by 18.4 percent to US$6.5 billion, reflecting the impact of the regional supply-chain disruptions after Japan's earthquake. All electronic products (including semiconductors, electronic data processing, office equipment, consumer electronics, telecommunication, communication/radar, control and instrumentation and medical/industrial instrumentation) suffered lower sales by double-digit rates, except for automotive electronics which grew appreciably by 205.2 percent. Japan's purchases of brakes and servo-brakes and parts accounted for more than 80.0 percent of the automotive electronics shipments. Meanwhile, semiconductors, which comprised 71.0 percent of total electronic exports, declined by 20.2 percent in line with the worldwide trend as the Semiconductor Industry Association reported a 2.0 percent drop in sales of semiconductors compared to that of the previous quarter. Likewise, the book-to-bill ratio in end-June was lower at 0.94, reflecting a 20.4 percent contraction from that of the comparable period last year.
- Textile yarns/fabrics and travel goods and handbags exports also decreased by 14.9 percent and 73.3 percent, respectively.

Exports by Major Commodity Group
Q2 2011



Source: National Statistics Office (NSO)

❖ Imports of Goods

Imports of goods expand at a modest pace.

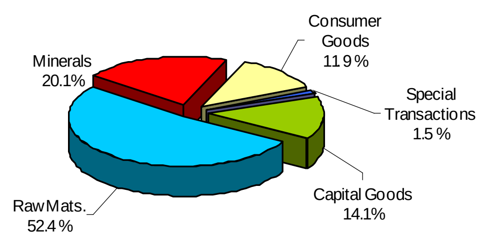
Imports of goods grew modestly by 2.4 percent to US$15.6 billion as demand for foreign goods softened amid escalating world prices and weak global growth prospects. Purchases of most major commodity groups contracted, except for mineral fuels and lubricants as prices of coal, petroleum crude and other mineral fuels and lubricants rose in anticipation of supply risks given the lingering concerns over the conflict in the MENA region (Table 2).[2]

- Mineral fuels and lubricants imports rose by 18.6 percent to reach US$3.1 billion due to the continued increase in world prices, particularly petroleum crude (from US$76.52/barrel in Q2 2010 to US$115.90/barrel in Q2 2011) and other mineral fuels (from US$88.45/barrel to US$127.48/barrel). Oil importations were sourced mainly from Saudi Arabia, Russian Federation, Iran, United Arab Emirates and Qatar.
- Raw materials and intermediate goods imports valued at US$8.1 billion, registered a flat growth as the improvement in imports of semi-processed raw materials were offset by the drop in purchases of unprocessed raw materials. Manufactured goods and chemicals, representing a combined share of 38.3 percent to total semi-processed raw materials, rose by 28.3 percent and 22.6 percent, respectively. Similarly, imports of other semi-processed raw materials recorded considerable positive growth, such as, animal and vegetable oils and fats (by 293.2 percent), feeding stuffs for animals (by 45.5 percent) and embroideries (by 42.9 percent). Meanwhile, the import bill for materials/accessories for the manufacture of electrical and electronic products valued at US$4.1 billion (comprising more than 50 percent of semi-processed raw materials) fell by 14.8 percent, consistent with the decline in export sales of electronic products. The damages in infrastructure and power outages faced by Japan after the earthquake and tsunami in March resulted in supply disruptions of inputs to electronic products exports.
- Capital goods importation decreased by 3.5 percent to US$2.2 billion, following reduced shipments of office and electronic data processing (EDP) machines (by 39.2 percent) and land transport equipment excluding passenger cars and motorized cycles (by 3.4 percent).
- Consumer goods purchases fell by 2.9 percent, largely attributable to the decrease in importation of non-durable commodity items by 6.4 percent. In particular, payments for rice imports were slashed by 59.4 percent as import volume and prices went down by 49.2 percent and 20.1 percent, respectively. Data from the Bureau of Agricultural Statistics showed that palay production improved by 14.4 percent for the first half of 2011 due to the expansion in harvest area and improvement in yield. This is in line with the government's target to cut back rice imports for the year, following

[2] Based on BPM5 concept (i.e., excluding from the National Statistics Office (NSO) foreign trade figures those goods that did not involve change in ownership); imports per BOP also reflect: a) upward adjustments on the valuation of consigned raw materials; b) OF remittances in kind; and c) military imports, among others.

the plan to attain rice sufficiency by 2013. In contrast, the import bill for durable goods rose by 2.9 percent bolstered by the imports of miscellaneous products (by 66.2 percent) which more than offset the decline in passenger cars and motorized cycle by 24.8 percent.

Imports by Major Commodity Group
Q2 2011
(Percent Share)



Source: National Statistics Office (NSO)

▪ Trade-in-Services

Net receipts from services increase markedly.

Net receipts from trade-in-services expanded to US$657 million in Q2 2011, more than twice the US$324 million net receipts registered in the same quarter a year ago. Gains realized in business process outsourcing (BPO)-related transactions boosted the computer and information, and miscellaneous business, professional, and technical services which registered growth rates of 10.3 percent and 25.1 percent, respectively, during the quarter in review. These, combined with lower net payments in travel, and royalties and license fees helped mitigate the higher net payments in transportation, construction, insurance, financial, other personal, cultural and recreational, and government services as well as lower net receipts in communication services (Table 3).

BPO-related transactions remained an important source of growth for the services sector. According to the Business Processing Association of the Philippines (BPA/P), the country's IT-BPO Road Map for 2011-2016 forecasted growth of the industry from US$9 billion in annual revenues this year to a high of US$25 billion by 2016. This takes into account the industry's plans to significantly strengthen its Private-Public-Partnership (PPP) program, and to improve both the quantity and quality of its talent supply. The industry has been focusing on accelerating its talent development initiatives and obtaining stronger government support to meet its goals.

▪ Income

Income account records higher net receipts.

Net receipts in the income account increased to US$350 million in Q2 2011 compared to US$219 million a year ago. The nearly 60.0 percent increment was due to higher earnings of resident overseas Filipino (OF) workers amounting to US$1.4 billion, up by 17.4 percent than the year-ago level. This positive development more than negated the higher payments in the investment income account (by 8.2 percent) at US$1.1 billion during the quarter. This was brought about by higher payments of: a) dividends and distributed branch profits on equity investments and reinvested earnings by residents to direct investors (20.2 percent); b) dividends to equity portfolio investors abroad (by 14.5 percent) by resident corporations and banks; and c) interest payments on bonds issued by the National Government (NG) (7.3 percent) and by banks (100.0 percent).

- **Current Transfers**

Remittances from non-resident OFs continue to boost current transfers in Q2 2011.

Net receipts from current transfers registered a surplus of US$4.4 billion, representing a 3.2 percent growth from the year-ago level of US$4.2 billion. The steady expansion in current transfers during the quarter was buoyed up primarily by strong remittance flows from non-resident OFs amounting to US$4.3 billion. The sustained demand abroad for Filipino workers as well as the diversity of their skills and destinations have contributed to the resilience of remittance flows even with the lingering uncertainties on the MENA region's political situation and the Eurozone sovereign debt crisis. Increased capture of money transfers has also been made possible with the expanded offering of financial products and services to overseas Filipinos by banks and other financial institutions that have established more tie-ups with foreign service providers (Table 5).

Capital and Financial Account

Capital and financial account posts lower net outflows.

The capital and financial account continued to register net outflows in the second quarter of the year at US$126 million, albeit lower than the US$230 million net outflows posted in the same period last year. The net outflows in the capital and financial account were driven by the sharp reversal of the other investment account to a net outflow of US$2.3 billion from a net inflow of US$338 million last year. This was tempered, however, by the rebound in the portfolio investment account to net inflows and the increase in net inflows in the direct investment account. Notwithstanding the generally bearish global investor sentiment due to lingering concerns over the European financial markets and the strength of the US economy, the country continued to attract investment inflows on the back of strong macroeconomic fundamentals coupled with the upgrades of the country's sovereign credit ratings by Moody's and Fitch.

- **Capital Account**

Net inflows in the capital account decline.

The capital account net inflows declined moderately to US$26 million in Q2 2011 from the US$30 million net inflows posted in the comparable period last year due to lower transfers to the general government (Table 6).[3]

▪ Direct Investments

Net inflows of direct investment rise markedly.

Direct investment net inflows amounted to US$439 million in Q2 2011, considerably higher than the US$18 million net inflows registered in the same quarter last year. Foreign direct investments yielded net inflows amounting to US$293 million, on account of positive balances posted in all components of the account. In particular, non-residents' net equity capital investments increased to US$95 million, more than 50 percent higher than the US$61 million registered in the same quarter a year ago. Investments were channeled to the real estate, mining and quarrying, and manufacturing sectors. Reinvested earnings likewise realized higher inflows of US$110 million from only US$49 million in Q2 2010. Non-residents' investments in other capital (consisting mainly of intercompany borrowing/lending between foreign direct investors and their subsidiaries/affiliates in the Philippines), on the other hand, reversed to positive territory, posting net inflows of US$88 million from US$6 million net outflows in the same quarter a year ago. On the asset side, other capital registered net inflows of US$194 million arising from advances to the resident parent company by its affiliate abroad (Table 7).

▪ Portfolio Investments

Net inflows of portfolio investments increase appreciably.

Net inflows of portfolio investments reached US$1.6 billion in the second quarter of 2011, a sharp turnaround from the US$590 million net outflows registered in the same quarter a year ago.

Significant inflows during the review quarter included:

a) Non-residents' net placements in peso-denominated government securities (US$617million);
b) Net placements by non-residents in equity securities (US$431 million);
c) Subscription by non-residents to the bonds flotation of local private corporations (US$275 million);
d) Non-residents' net placements in bonds/notes issued by local banks (US$140 million); and
e) Resident banks' maturing bonds/notes placements abroad (US$457 million).

These inflows were, in turn, partly offset by residents' net purchases through secondary market trading of Philippine debt papers originally issued abroad by public and private corporations (US$309 million). Foreign investments in equity securities were boosted by the positive

[3] The capital account consists largely of capital transfers. Capital transfers involve the change in the stock of assets attributed to transactions such as disposal and acquisition of fixed assets. By contrast, current transfers involve transactions that affect the level of disposable income and influence consumption of goods and services.

outlook for several local firms and the country's sound macroeconomic fundamentals. This development was reflected in the robust trading in the local stock market as the Philippine Stock Exchange index (PSEi) averaged 4,253.1 index points during the quarter, higher by 30.3 percent than the year-ago level. Investments in debt securities likewise improved markedly on the back of investors' search for high yields given the low-interest environment in most advanced economies.

- **Financial Derivatives**

Financial derivatives' trading records net gain.

Trading in financial derivatives registered a net gain of US$70 million in the second quarter, a turnaround from the US$26 million net loss posted in the same quarter last year (Table 9).

- **Other Investments**

Other investments reverse to net outflows.

The other investment account yielded net outflows amounting to US$2.3 billion during the review period, a reversal of the US$338 million net inflows in the comparable period last year. The following transactions contributed to the net outflows during the quarter:

a) Accounts receivable by local banks from non-residents (US$2.5 billion);
b) Net withdrawal by non-residents of currency and deposits in local banks and corporations (US$551 million);
c) Net repayment by local banks of accounts payable to non-residents (US$392 million); and
d) Net loan availments by non-residents from residents (US$280 million).

Meanwhile, the following inflows partly offset the above outflows:

a) Residents' net withdrawal of currency and deposits abroad (US$1.9 billion); and
b) Net loan availments by local banks from non-residents (US$332 million).

January–June 2011 Developments

Overall BOP Position

BOP for the first half of the year yields a higher surplus.

The BOP position yielded a surplus of US$5.0 billion in the first six months of 2011, representing close to 60.0 percent expansion compared to the year-ago surplus of US$3.1 billion. This developed due mainly to the higher net inflows in the capital and financial account which more than compensated for the lower surplus in the current account. Amid heightened concerns over the sovereign debt crisis in some Eurozone economies and the uneven pace of global growth, capital flows continued to surge in emerging economies as investor appetite was stimulated mainly by the relatively strong growth prospects in many Asian countries, including the Philippines (Table 1).

Balance of Payments (in million US$)	Jan-June 2011	Jan-June 2010	Growth Rate (%)
Current Account	3086	3351	-7.9
Capital & Fin'l Account	2982	309	865.0
Net Unclassified Items	-1052	-523	-101.1
Overall BOP	**5016**	**3137**	**59.9**

Current Account

The surplus in the current account declines.

The surplus in the current account declined to US$3.1 billion (2.9 percent of GDP) in the first half of the year compared to US$3.4 billion (3.6 percent of GDP) a year ago. The 7.9 percent contraction was due primarily to the higher deficit in trade-in-goods, which more than offset the higher net receipts in services, income and current transfers in the first six months of 2011.

- Net current transfers receipts rose year-on-year by 3.8 percent, on account of the 4.2 percent rise in remittances of non-resident OFs, which reached US$8.2 billion in the first half of the year. [4]
- The income account registered a surplus of US$219 million, a reversal of the US$278 million deficit recorded in the same period last year. The marked improvement was due mainly to the 14.7 percent expansion in gross earnings of resident OFWs which reached US$2.8 billion. Also contributing to the strong performance of the income account was the reduced deficit in investment income (by 5.2 percent). This was due to the higher receipts in direct investment income, particularly dividends and distributed branch profits (13.2 percent) and portfolio investment income attributed mainly to increased net income receipts from holdings of foreign debt securities by the monetary authorities (33.1 percent) and private corporations (27.3 percent).
- The trade-in-goods deficit rose by 20.5 percent to reach US$7.2 billion as the growth in imports at 7.7 percent outpaced that of exports at 4.4 percent. Increases in purchases of raw materials and intermediate goods (by 11.4 percent) and mineral fuels and lubricant (by 24.5 percent) were recorded in the first six months of the year, suggesting continued growth of domestic economic activity. On the other hand, except for exports of manufactured goods, higher shipments were recorded across all major commodity groups.

[4] Total cash remittances coursed through the banking system totaled US$9.6 billion.

- Meanwhile, the surplus in the services account rose by 10.0 percent to US$1.7 billion during the first semester, due mainly to higher net inflows in computer and information (26.4 percent), and other business services (3.8 percent), and lower net outflows registered in travel services (22.7 percent). These gains were, however, negated by higher net outflows in transportation, insurance, financial, construction, government, and personal, cultural and recreational services, as well as lower net inflows in communication services.

Capital and Financial Account

Capital and financial account improves significantly.

On a cumulative basis, the capital and financial account balance improved markedly in the first six months of 2011, posting higher net inflows of US$3.0 billion compared to US$309 million in the same period in 2010. This development was due to the rebound in the portfolio investment account to a net inflow from a net outflow last year and the higher net inflows registered in the direct investment account. These trends more than offset the reversal of the other investment account to a net outflow from a net inflow in the previous year.

Major developments in the capital and financial account during the review period included the following:

- The direct investment account in the first semester of 2011 recorded net inflows of US$838 million, more than twice the net inflows realized a year ago. In particular, net placements by non-residents of equity capital rose to US$193 million during the review period from US$106 million in the previous year. Moreover, the other capital investments by non-residents improved to a net inflow of US$363 million from US$331 million last year. Inflows of US$194 million arising from advances to the resident parent company by its affiliate abroad also contributed to the improvement in the direct investment account. Meanwhile, moderately lower reinvested earnings were recorded for the review period at US$223 million, from US$232 million in the first semester last year.
- The portfolio investment account posted net inflows of US$4.3 billion during the review period, a turnaround from the US$662 million net outflows in the previous year. The favorable performance of portfolio investments mainly reflected investors' preference for higher yields as well as the buoyant growth prospects of the Philippine economy.

  Major inflows in the first semester included the following:

  a) Subscription by non-residents to the bonds flotation of the

National Government (US$2.7 billion);[5]

b) Non-residents' net placements in peso-denominated government securities (US$1.4 billion);
c) Non-residents' net placements in bonds/notes issued by local banks (US$1.1 million);
d) Subscription by non-residents to the bonds flotation of local private corporations (US$875 million);
e) Non-residents' net placements in equity securities (US$363 million); and
f) Resident banks' maturing bonds/notes placements abroad (US$1.1 billion).

These inflows were partly mitigated by the following outflows:

a) Repayments to non-residents of maturing bonds issued by the NG (US$1.3 billion);
b) Net purchase by residents through secondary market trading of Philippine debt papers issued abroad by the NG (US$929 million) and corporations (US$540 million); and
c) Residents' net placements in money-market instruments (US$285 million).

- The other investment account yielded net outflows of US$3.2 billion in the first semester of 2011, a turnaround from the US$654 million net inflows recorded a year ago, on account of the following factors:
  a) Accounts receivable by local banks from non-residents (US$3.2 billion);
  b) Net repayments of loans to non-resident creditors by the NG (US$375 million) as well as by public and private corporations (US$182 million);
  c) Net withdrawal by non-residents of currency and deposits in local banks (US$349 million); and
  d) Net repayment by residents of accounts payable to non-residents (US$153 million).

  Partly mitigating the impact of these outflows are inflows arising from residents' net withdrawal of currency and deposits in non-resident banks (US$1.1 billion).
- Trading in financial derivatives recorded a net gain of US$958 million in the first semester of 2011 from a net loss of US$66 million posted in the comparable period in 2011.
- Meanwhile, the capital account recorded net inflows of US$49 million in the first semester of 2011, slightly lower by 3.9 percent than US$51 million posted a year ago.

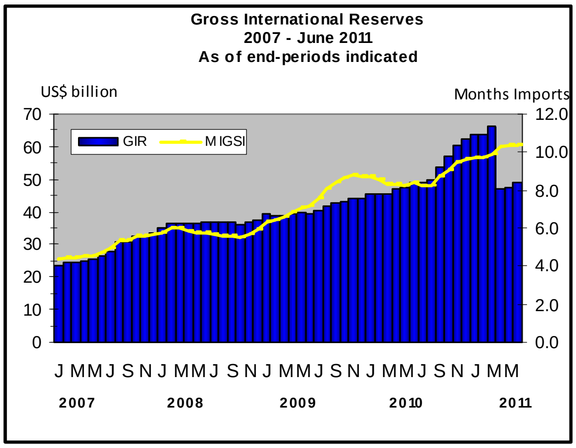
[5] Includes US$1.2 billion Global Peso Notes due 2036 and US$1.5 billion Global Bonds due 2026 which were issued in January and March 2011, respectively.

Reserve Assets

Gross international reserves continue to increase.

The country's gross international reserves (GIR) rose appreciably to US$69.0 billion as of end-June 2011, 41.7 percent higher than the year-ago level of US$48.7 billion (Table 12). At this level, reserves could adequately cover 10.3 months' worth of imports of goods and payments of services and income. It was also equivalent to 10.2 times the country's short-term external debt based on original maturity and 5.9 times based on residual maturity.[6]

In terms of asset component, reserves were predominantly in the form of foreign investments (86.2 percent), with the balance held in gold (11.0 percent), SDRs (1.7 percent), foreign exchange (0.5 percent), and as reserve position in the Fund (0.6 percent). By currency composition, foreign currency reserves (excluding gold) were held in US dollars (74.5 percent), Japanese yen (14.9 percent), euros (4.7 percent), and other foreign currencies (5.9 percent).[7]



Exchange Rate

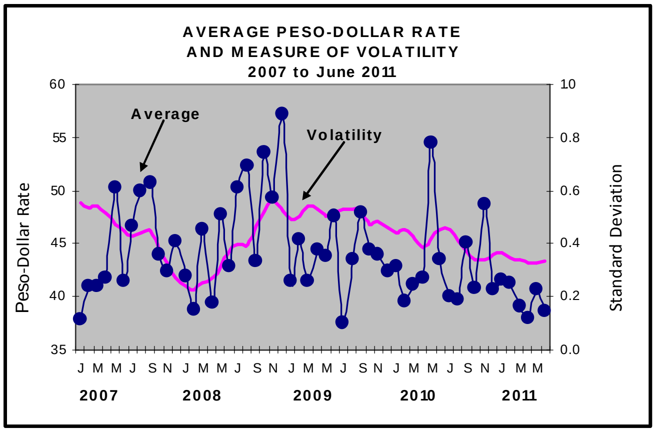
The peso continues to be resilient in Q2 2011.

The peso-dollar exchange rate averaged ₱43.25/US$1 in the second quarter of 2011, stronger by 5.2 percent relative to the average of ₱45.51/US$1 in the same quarter a year ago.[8] Factors which continued to support the peso's resilience during the quarter in review were the sustained inflows from overseas Filipinos' remittances, export revenues, and foreign direct and portfolio investments. The continued foreign exchange inflows to the country were strongly driven by the bullish outlook for emerging Asian economies despite renewed concerns over a possible global economic slowdown and the worsening debt crisis in some parts of Europe.

[6] 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.
[7] Similar to the previous year, the bulk of reserves was also held in U.S. dollars (77.5 percent).
[8] Dollar rates or the reciprocal of the peso-dollar (reference) rates were used to compute for the year-on-year percent change.

Peso stabilizes in Q2 and in the first half of the year.

In terms of volatility, the peso remained broadly stable during the second quarter of 2011 as the standard deviation of the peso's movement decreased considerably to ₱0.20, from ₱0.86 posted in the same period last year. For the first semester of 2011, the peso also showed less volatility, with a lower standard deviation of ₱0.40 compared to ₱0.69 in the same period last year. On a daily basis, the peso-dollar exchange rate traded within a range of ₱42.69/US$1 to ₱44.59/US$1 during the first half of the year.



Peso's external price competitiveness improves against the basket of currencies of competitor countries in the broad and narrow series, but slightly weakens against that of the MTPs in Q2 2011.

Relative to last year's levels, the peso's average nominal effective exchange rate (NEER) index for Q2 2011 depreciated across currency baskets of major trading partners (MTPs) (by 1.7 percent) and competitor countries in the broad and narrow series by 1.3 percent and 1.0 percent, respectively.[9] In terms of the real effective exchange rate (REER), the peso lost some external price competitiveness against the baskets of currencies of MTPs as the REER index of the peso against this basket slightly increased by 0.2 percent during the quarter in review.[10] This came about as the widening inflation differential relative to those of MTPs more than offset the nominal depreciation of the peso against this currency basket. Meanwhile, the peso gained external price competitiveness against the basket of competitor countries in both the broad and narrow series during the same period as the REER indices of the peso fell by 1.4 percent and 1.6 percent, respectively. This development mirrored the combined effects of the nominal depreciation of the peso and narrowing inflation differential against these baskets of currencies.

[9] The NEER index represents the weighted average exchange rate of the Philippine peso vis-à-vis 3 baskets of foreign currencies of major trading partners and competing countries (i.e., broad and narrow economies). Major trading partners include the U.S., Japan, European Monetary Union and the U.K. The broad basket is composed of the currencies of Singapore, South Korea, Taiwan, Thailand, Malaysia, Indonesia, and Hong Kong, while the narrow basket is composed of the currencies of Indonesia, Malaysia, and Thailand.

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

EFFECTIVE EXCHANGE RATE INDICES OF THE PESO For periods indicated December 1980=100							
		NEER			REER		
			CC			CC	
		MTP 1/	Broad 2/	Narrow 3/	MTP 1/	Broad 2/	Narrow 3/
2009	Jan	13.11	44.17	93.25	77.91	152.32	197.58
	Feb	13.24	45.74	97.25	78.64	157.46	204.99
	Mar	13.04	45.32	96.24	77.56	156.05	202.76
	Qtr 1	13.13	45.08	95.58	78.04	155.28	201.78
	Apr	13.07	43.12	91.03	78.02	148.52	190.75
	May	13.02	41.82	87.84	77.84	146.08	189.68
	Jun	12.78	41.04	85.68	76.63	145.59	187.47
	Qtr 2	12.96	42.00	88.18	77.50	146.73	189.30
	Jul	12.64	40.72	84.82	76.95	145.20	185.77
	Aug	12.59	40.26	83.78	76.69	144.11	184.34
	Sep	12.42	39.91	83.13	75.20	141.02	180.34
	Qtr 3	12.55	40.30	83.91	76.28	143.44	183.48
	Oct	12.66	39.84	82.52	76.90	139.48	178.00
	Nov	12.54	39.52	81.86	76.79	140.06	176.76
	Dec	12.79	40.04	82.98	78.71	141.63	179.56
	Qtr 4	12.67	39.80	82.46	77.47	140.39	178.11
Ave.	Jan-Dec	12.83	41.79	87.53	77.32	146.46	188.17
2010	Jan	12.79	36.50	78.23	79.99	136.89	173.97
	Feb	12.87	36.54	78.18	80.57	136.06	172.85
	Mar	13.10	36.46	77.75	81.98	136.52	172.64
	Qtr 1	12.92	36.50	78.05	80.84	136.49	173.15
	Apr	13.55	36.80	78.34	85.21	137.31	172.62
	May	13.55	36.64	77.76	85.23	138.18	175.67
	Jun	13.44	36.29	76.50	84.82	138.01	173.32
	Qtr 2	13.52	36.58	77.53	85.09	137.83	173.87
	Jul	13.12	35.97	75.67	83.93	137.21	170.49
	Aug	13.32	36.42	76.73	85.39	139.27	173.63
	Sep	13.50	36.90	77.85	85.52	138.75	173.62
	Qtr 3	13.31	36.43	76.75	84.95	138.41	172.58
	Oct	13.40	37.09	78.67	84.43	137.36	173.50
	Nov	13.46	37.01	78.58	85.64	138.61	173.24
	Dec	13.52	36.92	78.42	86.27	137.62	172.39
	Qtr 4	13.46	37.01	78.56	85.45	137.86	173.04
Ave.	Jan-Dec	13.30	36.63	77.72	84.08	137.65	173.16
2011	Jan	13.38	36.52	78.10	85.36	135.50	170.56
	Feb	13.41	36.74	78.43	86.00	136.33	171.57
	Mar	13.32	36.52	77.37	85.20	136.08	170.14
	Qtr 1	13.37	36.59	77.97	85.52	135.97	170.76
	Apr	13.33	36.29	77.12	85.29	135.08	168.62
	May	13.32	36.10	76.61	85.32	135.91	171.93
	Jun	13.21	35.96	76.44	85.06	136.54	172.65
	Qtr 2	13.29	36.12	76.72	85.22	135.84	171.07
Memo Items: % Change, y-o-y							
2009	Qtr 1	-11.58	19.20	23.03	-5.78	13.09	9.10
	Qtr 2	-7.03	15.96	18.87	-3.51	8.69	5.04
	Qtr 3	-6.48	16.00	18.48	-4.95	6.90	3.53
	Qtr 4	-2.24	8.12	9.03	0.25	1.17	-3.57
	Jan-Dec	-6.96	14.81	17.36	-3.55	7.44	3.52
2010	Qtr 1	-1.60	-19.03	-18.34	3.59	-12.10	-14.19
	Qtr 2	4.32	-12.90	-12.08	9.79	-6.07	-8.15
	Qtr 3	6.06	-9.60	-8.53	11.37	-3.51	-5.94
	Qtr 4	6.24	-7.01	-4.73	10.30	-1.80	-2.85
	Jan-Dec	3.66	-12.35	-11.21	8.74	-6.02	-7.98
2011	Qtr 1	3.48	0.25	-0.10	5.79	-0.38	-1.38
	Qtr 2	-1.70	-1.26	-1.04	0.15	-1.44	-1.61

1/ Major trading partners: 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.