



# SUNRISE INDUSTRIES IN 2019 AND BEYOND

HIGH VALUE AGRIBUSINESS  
EDUCATION  
HEALTH

FOUR F's: FOOD, FASHION, FURNISHINGS, FUN  
TOURISM  
BPO – IT  
FINANCE



CONSTRUCTION  
REAL ESTATE  
LOGISTICS  
INFRASTRUCTURES  
(ENERGY, WATER, TELECOM)



## 20 SUNRISE COMPANIES IN 2019 AND BEYOND



Jollibee.



MEGAWORLD CORPORATION



MERALCO



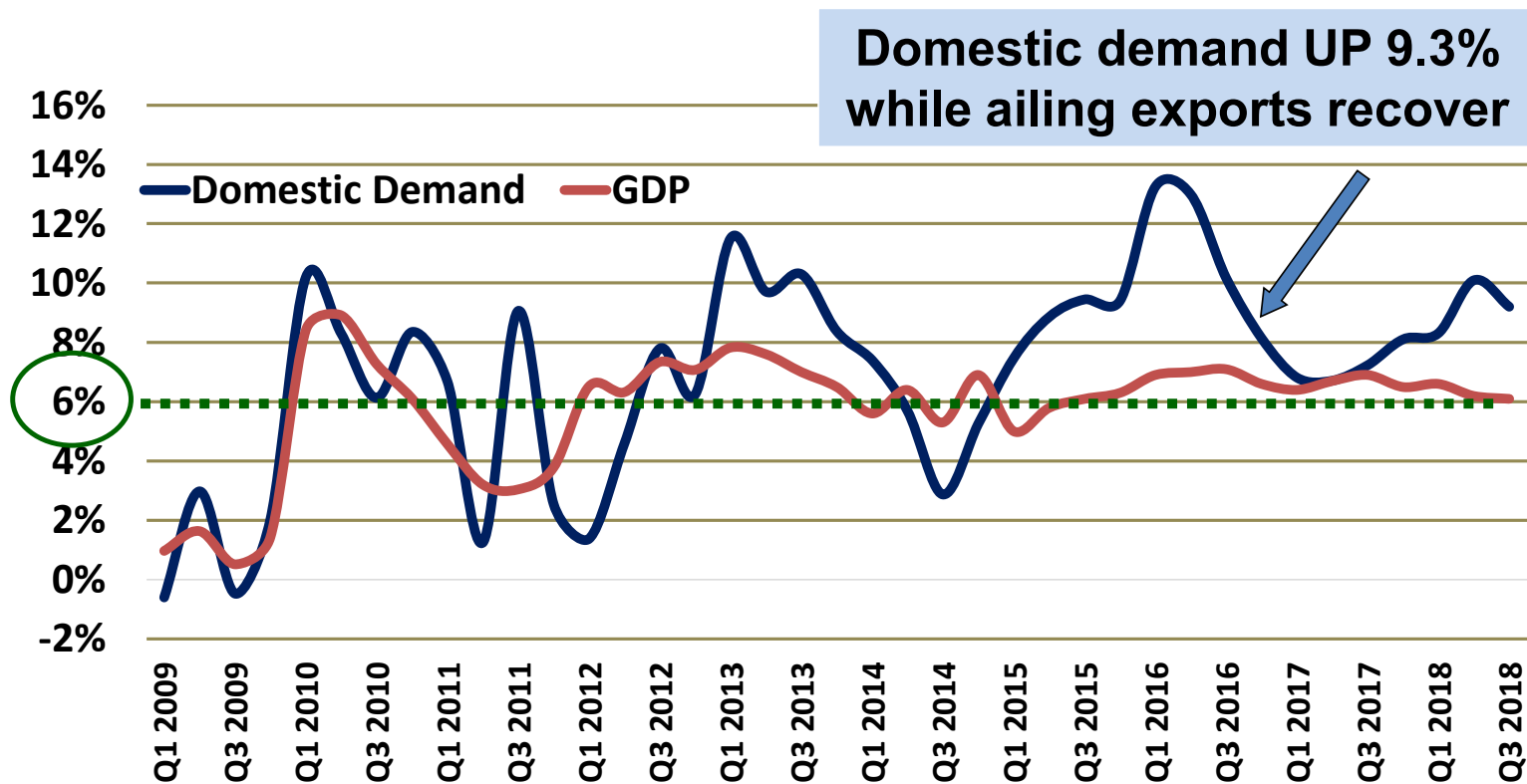
# Robust Macro Fundamentals

- ✓ **Fast growth of 6.5% to 7.0%**
- ✓ **Domestic Demand Driven**
- ✓ **Investment Spending-led**
- ✓ **Gains in Employment**
- ✓ **Lower inflation**
- ✓ **Strengthening Peso**



Source: As cited in the Presentation "Hot Philippine Economy Veiled by Negative Sentiment" by Dr. Victor Abola, July 16, 2018

# Domestic Demand & GDP Growth Rate (y-o-y) Q1-2009 to Q3-2018

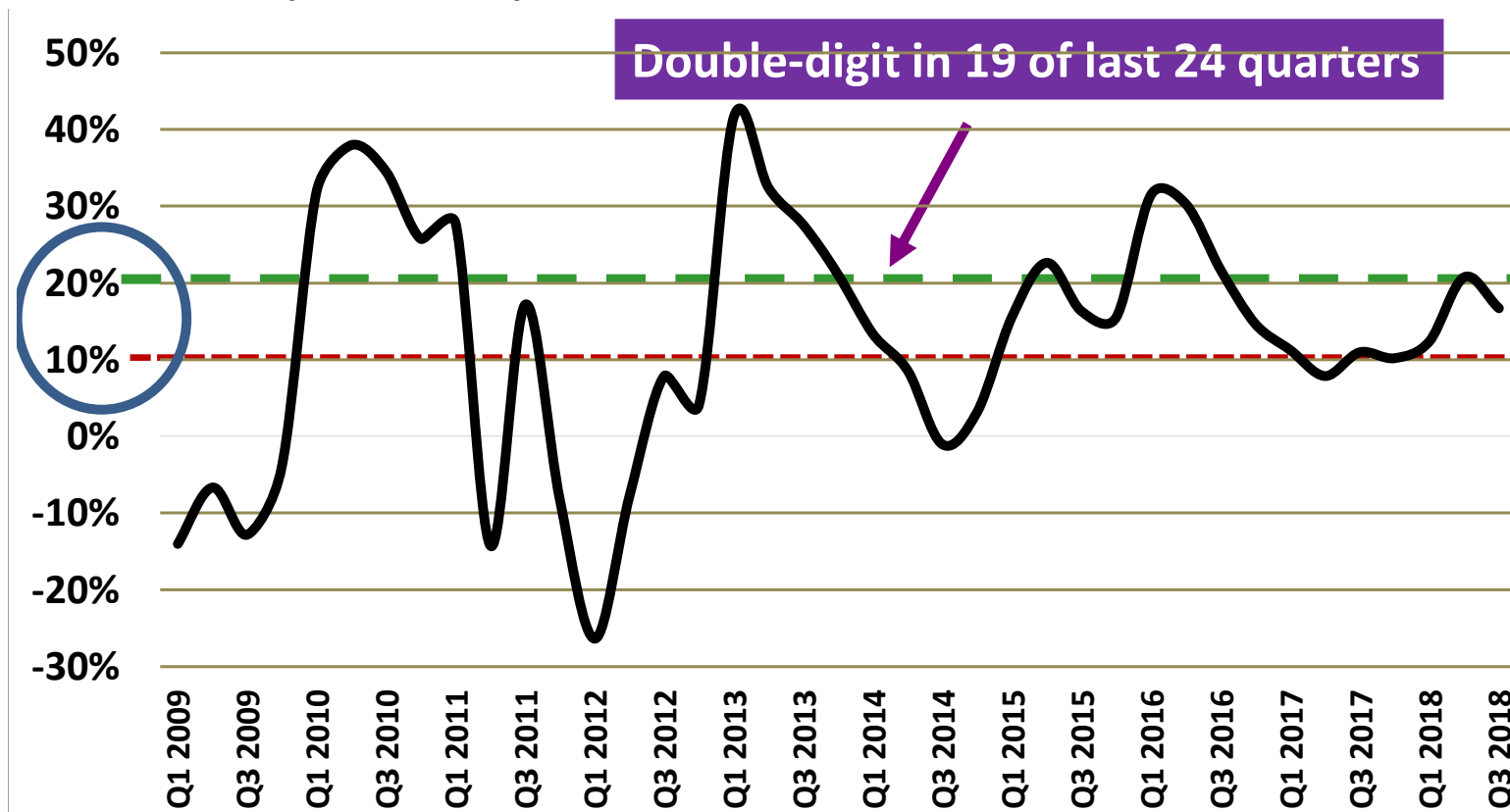


**Domestic demand continue to shore up the economy**

Source: As cited in the presentation of Dr. Victor A. Abola, Is The PH Economy Bottoming Out, January 15, 2019, University of Asia and the Pacific, Pasig City.

# Investment Growth Rate

(year-on-year, Q1-2009 to Q3-2018)

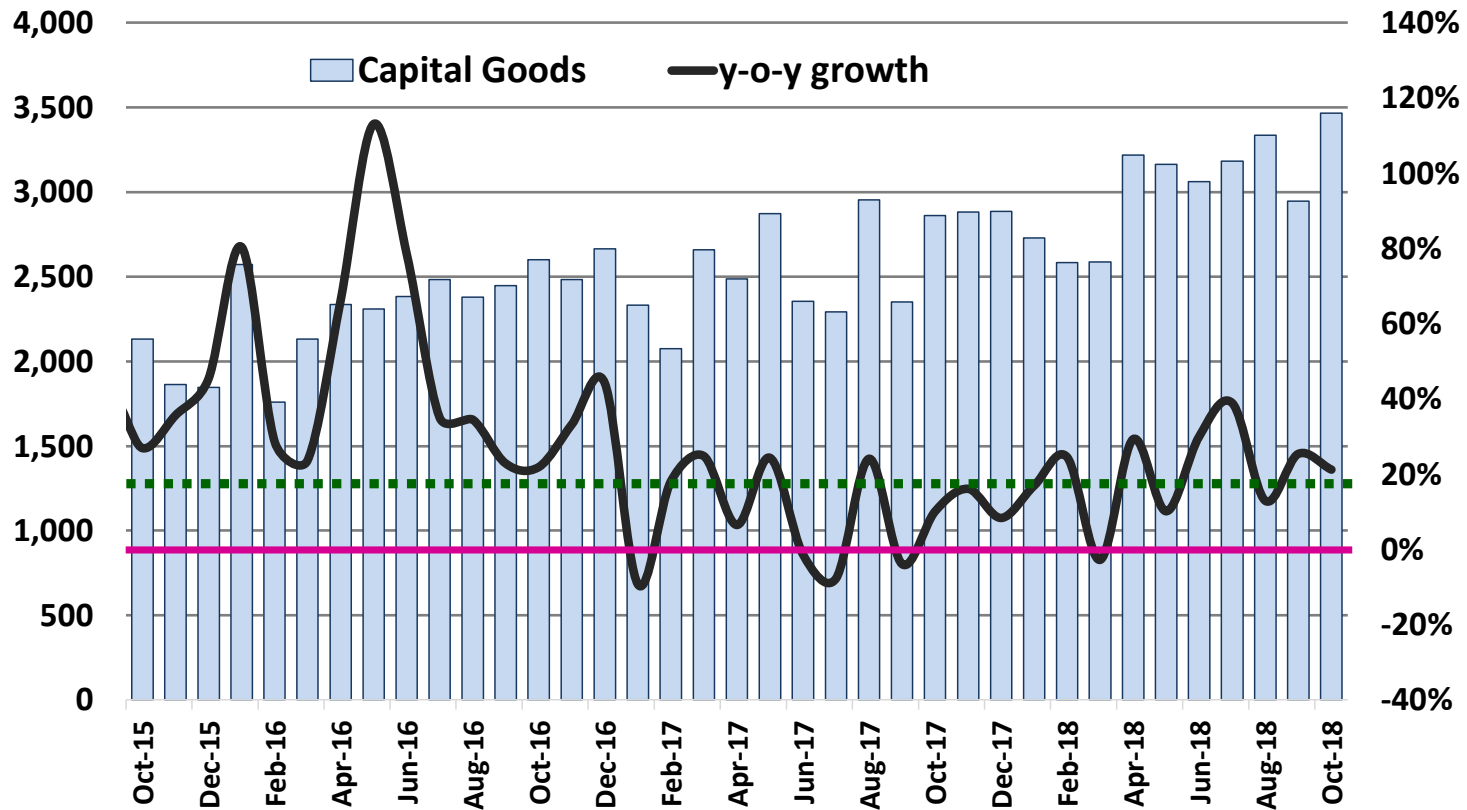


**Investments – the NEW, desired Economic Driver**

Source of Basic Data: PSA; As cited in the presentation of Dr. Victor A. Abola, Is the PH Fast Growth Story Ending? in the 2018 Year-end Business Economics Briefing , Nov. 20, 2018 at the University of Asia and the Pacific, Pasig City.

# Capital Goods Imports

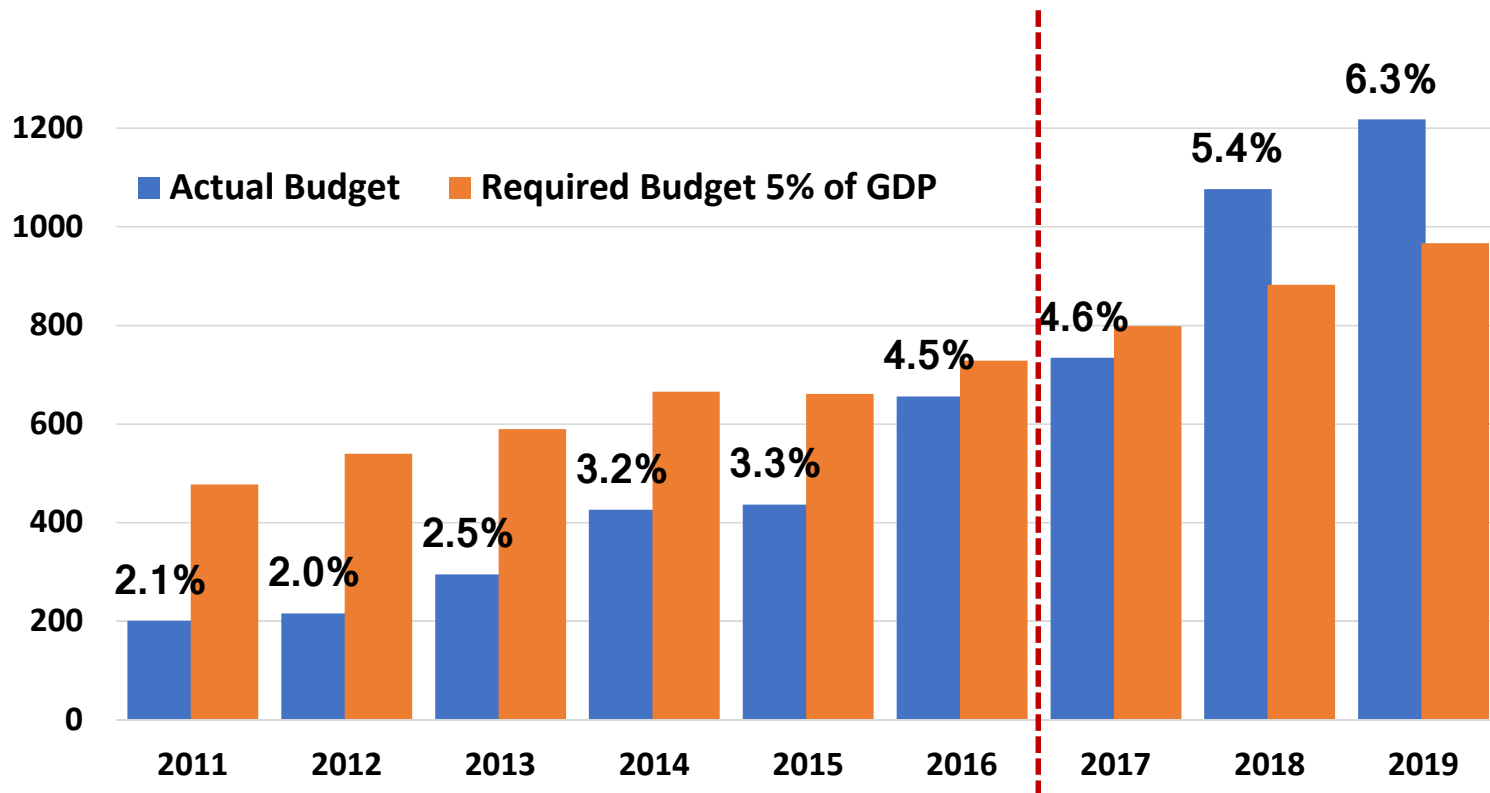
## (\$ B. Growth Rate)



**Still accelerating at above double-digit pace**

Source: As cited in the presentation of Dr. Victor A. Abola, Is The PH Economy Bottoming Out, January 15, 2019, University of Asia and the Pacific, Pasig City.

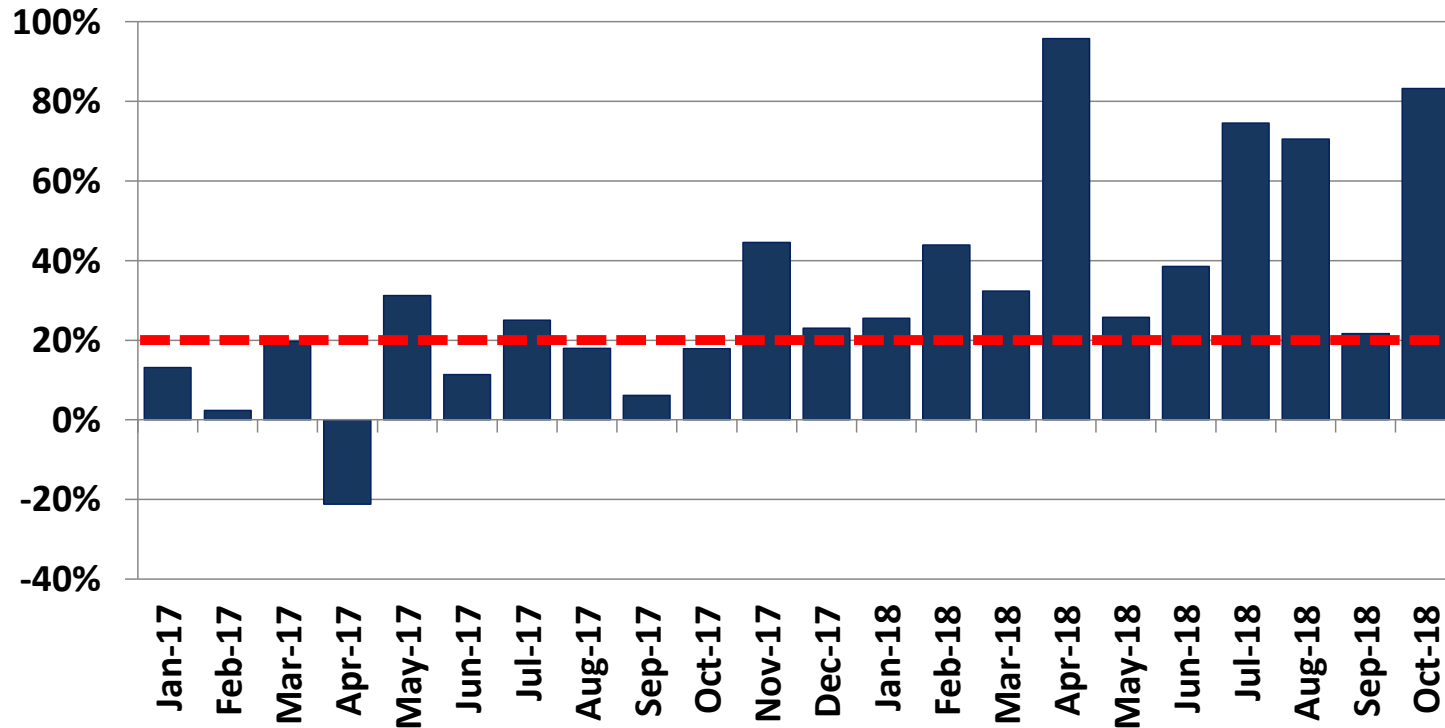
# Rising Infrastructure Spending (% of GDP)



**Acceleration in Infra Spending with "Build, Build, Build"**

Source of Basic Data: DBM; As cited in the Presentation "Hot Philippine Economy Veiled by Negative Sentiment" by Dr. Victor Abola, July 16, 2018

# Huge Gains in Infrastructure Spending



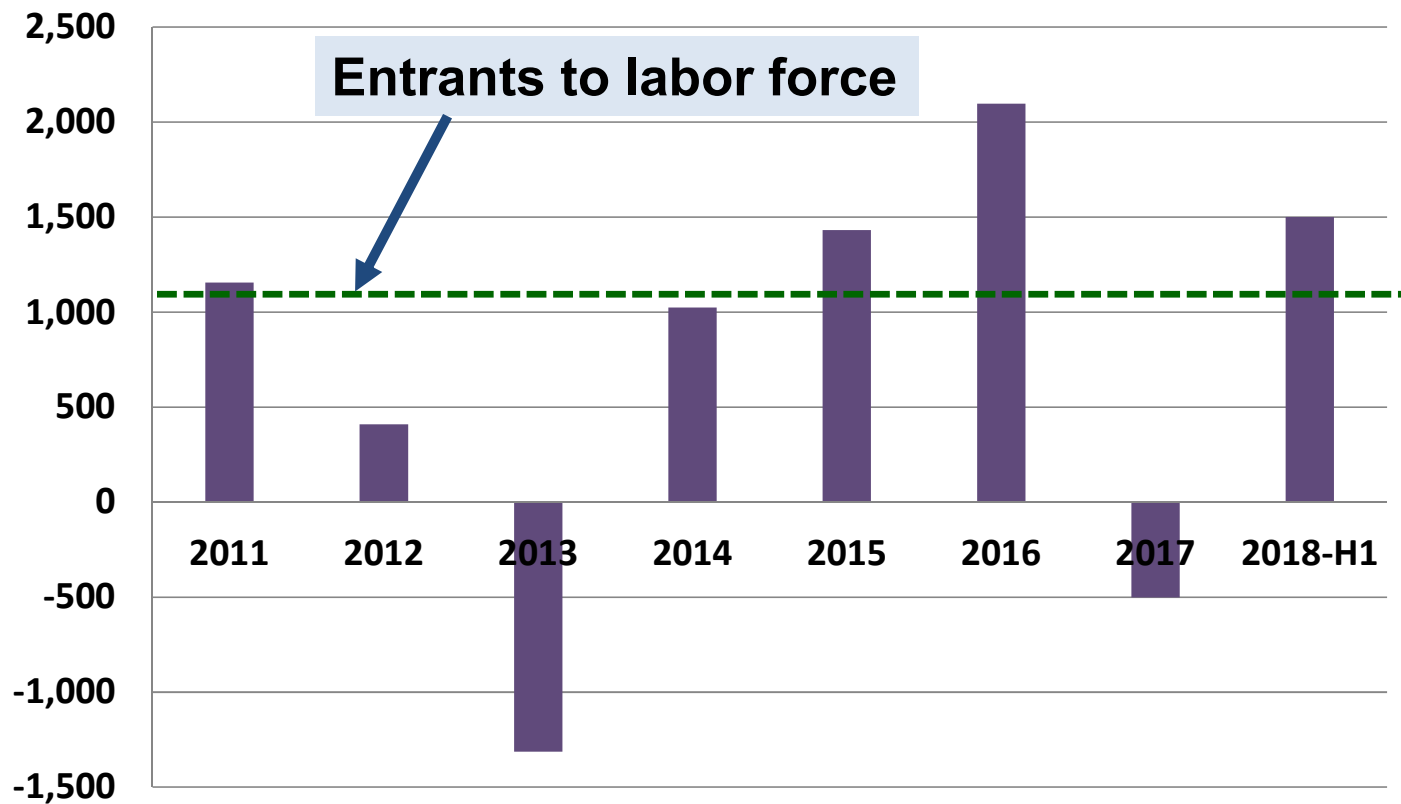
**Over-20% growth in last 12 months.  
Over -10% in 19 out of last 22 months.**

Source: As cited in the presentation of Dr. Victor A. Abola, Is The PH Economy Bottoming Out, January 15, 2019, University of Asia and the Pacific, Pasig City.



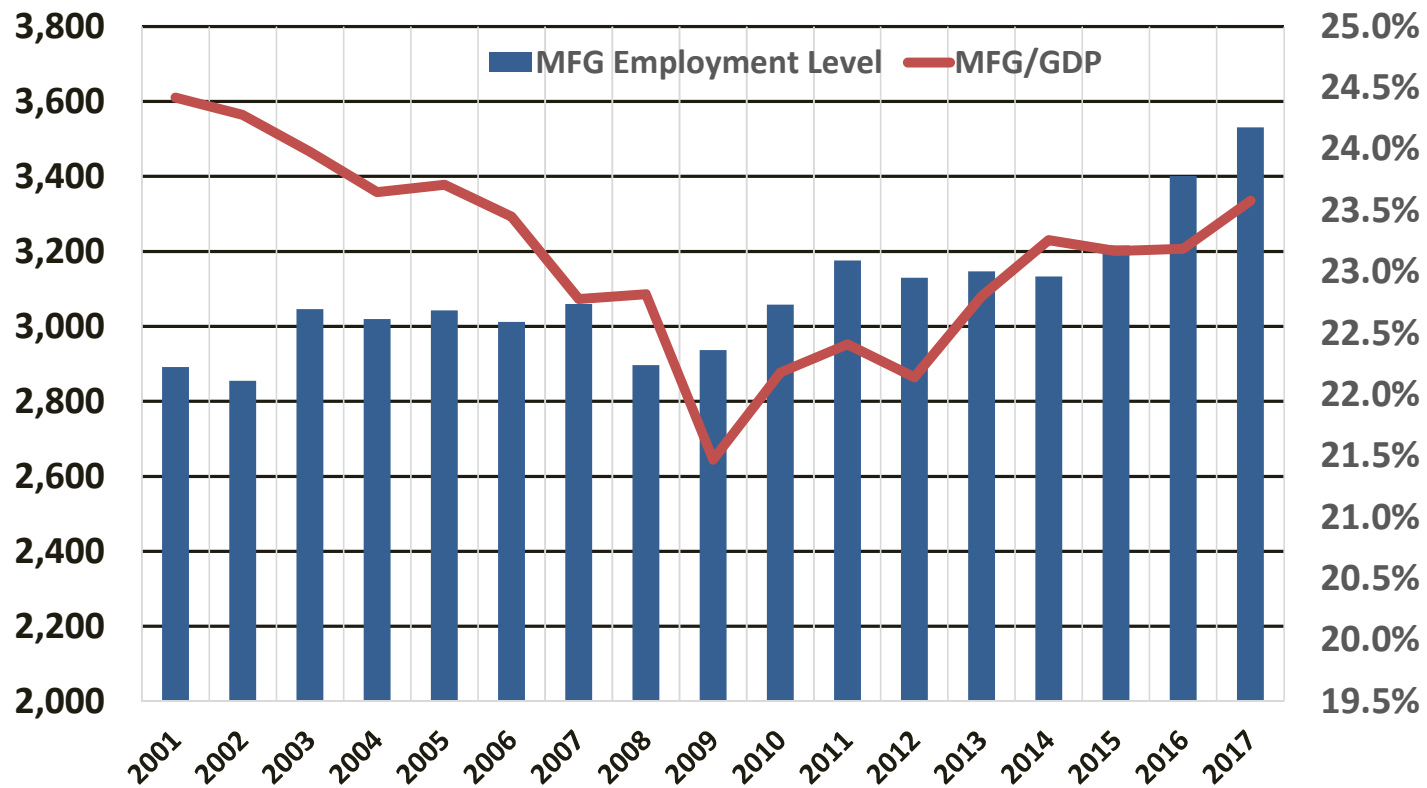
# Net New Jobs Generated (000)

## 2011-2018-H1



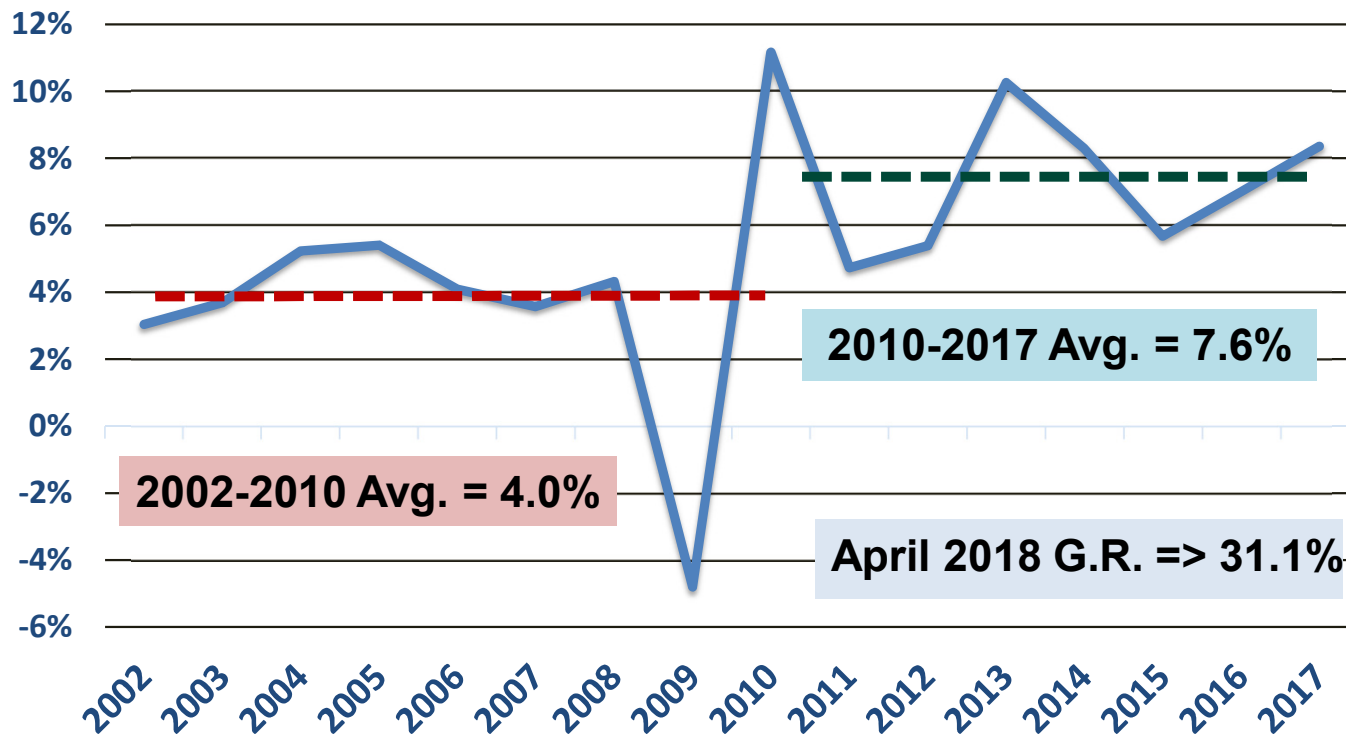
**More job creation in 2018-H1 after correction in 2017**

# Resurgence in Manufacturing



Source of Basic Data: PSA; As cited in the Presentation "Hot Philippine Economy Veiled by Negative Sentiment" by Dr. Victor Abola, July 16, 2018

# Manufacturing Growth Rate



**2011-2017 growth nearly doubled the 2000-2010 rate**

Source: PSA, NIA; As cited in the Presentation "Hot Philippine Economy Veiled by Negative Sentiment" by Dr. Victor Abola, July 16, 2018

# World Economic Outlook

	Estimates		Projections		Diff from Oct. 2018 WEO Projections	
	2017	2018	2019	2020	2019	2020
World Output	3.8	3.7	3.5	3.6	-0.2	-0.1
US	2.2	2.9	2.5	1.8	0.0	0.0
EU	2.4	1.8	1.6	1.7	-0.3	0.0
Japan	1.9	0.9	1.1	0.5	0.2	0.2
ASEAN-5	5.3	5.2	5.1	5.2	-0.1	0.0

- The global expansion has weakened. Global growth for 2018 is estimated at 3.7 percent, as in the October 2018 World Economic Outlook (WEO) forecast, despite weaker performance in some economies, notably Europe and Asia.
- The global economy is projected to grow at 3.5 percent in 2019 and 3.6 percent in 2020, 0.2 and 0.1 percentage point below last October's projections.

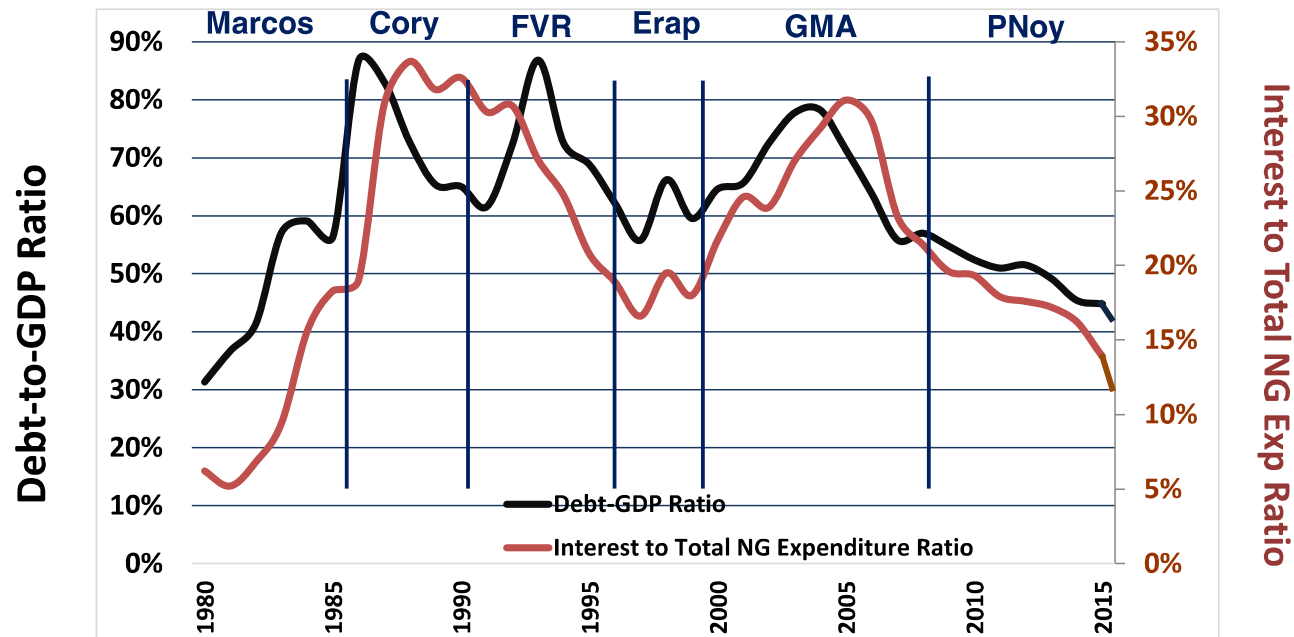
# Savings and Growth

<b>Comparative East Asian Savings Rates (% of GDP)</b>			
	1990	2000	2017
Korea, Rep. of	36.8	33.0	36.5
Singapore	42.9	44.2	46.0
Indonesia	28.1	24.9	31.7
Malaysia	30.5	35.9	28.4
Thailand	32.8	30.4	33.7
<b>Philippines</b>	<b>18.7</b>	<b>28.6</b>	<b>35.4</b>

**Main Cause of Low Interest Rates – High savings rate, thanks to OFWs entering into virtuous cycle of growth and savings**

Source: World Bank; As cited in the Presentation “Hot Philippine Economy Veiled by Negative Sentiment” by Dr. Victor Abola, July 16, 2018

# Fiscal Space: Made Possible with Falling... Debt-to-GDP Ratio & Interest to Total NG Exp Ratio 1980-2016

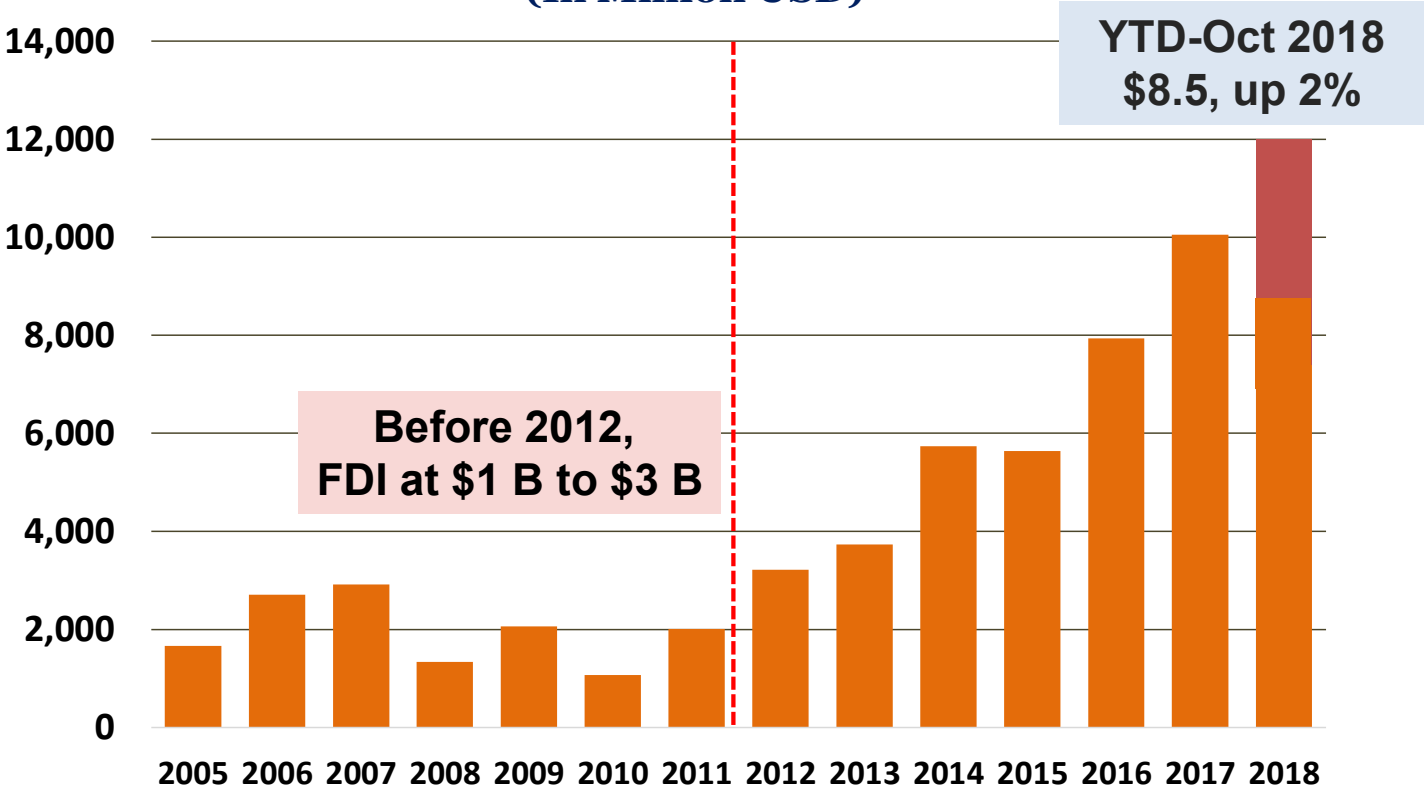


**Debt-GDP ratio lowest in 24 yrs at 42.1% (2016) and still falling**  
**Interest to total NG expenditure ratio at 11.2% from 32% in 2005, creating fiscal space**

Source: As cited in the Presentation "From Good to Great" by Dr. Victor Abola in the Year-end Economic Briefing UA&P held on Nov. 22, 2017

# Foreign Direct Investment in the Philippines

(In Million USD)



**Beyond 2017 record, NEW full year record in 2018**

Source: As cited in the presentation of Dr. Victor A. Abola, Is The PH Economy Bottoming Out, January 15, 2019, University of Asia and the Pacific, Pasig City.

# ASEAN Foreign Direct Investment net inflows

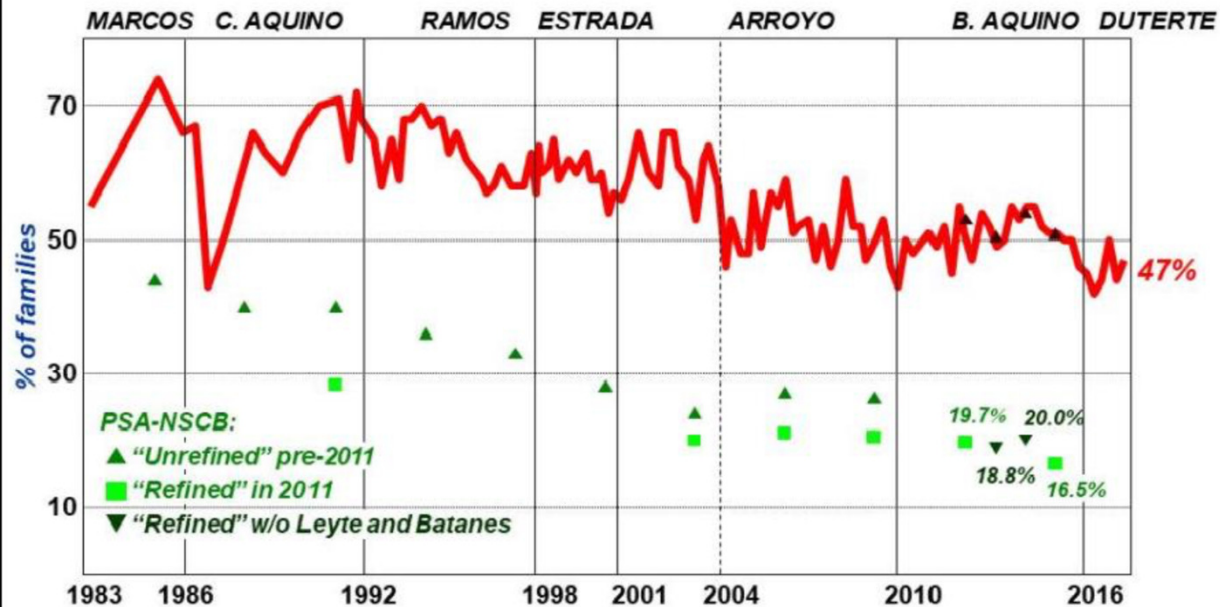
Value in US\$ million; share to total in percent

Host Country	2015	2016	2017
Brunei Darussalam	171.32	-150.44	460.15
Cambodia	1,700.97	2,279.67	2,732.15
Indonesia	16,642.15	3,920.65	23,063.62
Lao PDR	1,079.15	1,075.69	1,695.38
Malaysia	10,179.99	11,290.27	9,447.21
Myanmar	2,824.48	2,989.48	4,002.43
Philippines	5,639.16	8,279.55	10,057.39
Singapore	62,747.10	77,456.20	62,016.70
Thailand	8,927.58	2,810.18	8,045.51
Viet Nam	11,800.00	12,600.00	14,099.98
<b>ASEAN</b>	<b>121,711.89</b>	<b>122,551.26</b>	<b>135,620.52</b>

Source: [https://data.aseanstats.org/fdi\\_by\\_country.php](https://data.aseanstats.org/fdi_by_country.php)



## SELF-RATED POVERTY: FAMILIES WHO ARE "MAHIRAP", PHILIPPINES, APR 1983 TO SEP 2017



POVERTY.PRS

**Self-Rated Poverty Question:** Where would you place your family in this card? (Not poor, On the line, Poor)

\*Note: The NSCB figures, which compare income of the year to the official poverty line, are plotted in June of the year.

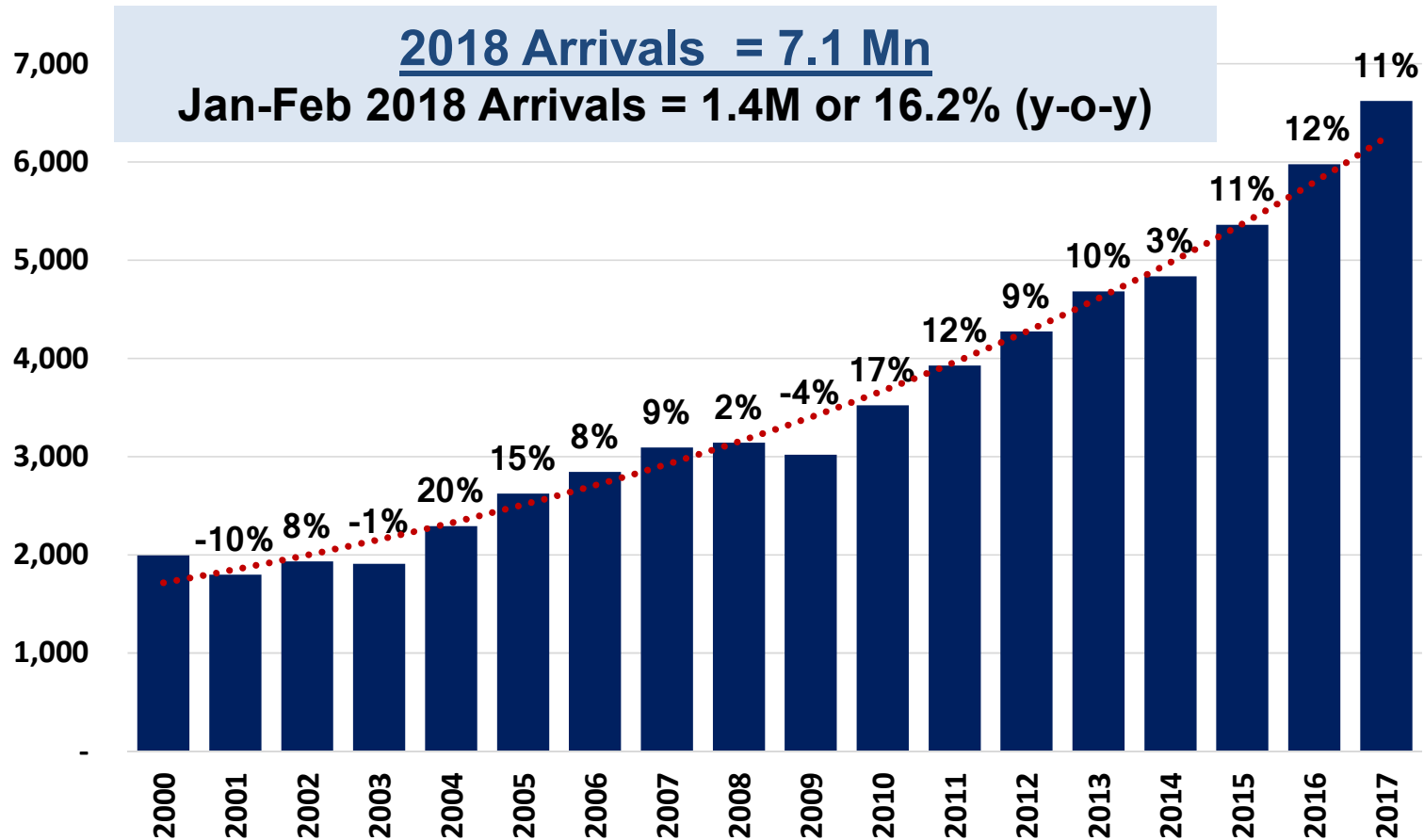


**Third Quarter 2017 Social Weather Report**

September 23-27, 2017 National Survey

**Ongoing downtrend: Duterte 1<sup>st</sup> 5 Qtr– 45.4 from 48.4 in PNoy last 5 Qtr**

# + Tourist Arrivals (In Thousands)



Source of Basic Data: DoT; As cited in the Presentation "Hot Philippine Economy Veiled by Negative Sentiment" by Dr. Victor Abola, July 16, 2018

# FX Movements, 2004-June 2018

	<b>2004-2016</b>	<b>2016-2018</b>	<b>2004-2018</b>
<b>Philippines (Peso)</b>	<b>16.7%</b>	<b>(12.1%)</b>	<b>4.6%</b>
<b>Indonesia (Rupiah)</b>	<b>(41.7%)</b>	<b>(4.7%)</b>	<b>(46.4%)</b>
<b>Vietnam (Dong)</b>	<b>(43.6%)</b>	<b>(4.0%)</b>	<b>(47.6%)</b>
<b>Malaysia (Ringgit)</b>	<b>(10.8%)</b>	<b>3.6%</b>	<b>(7.2%)</b>

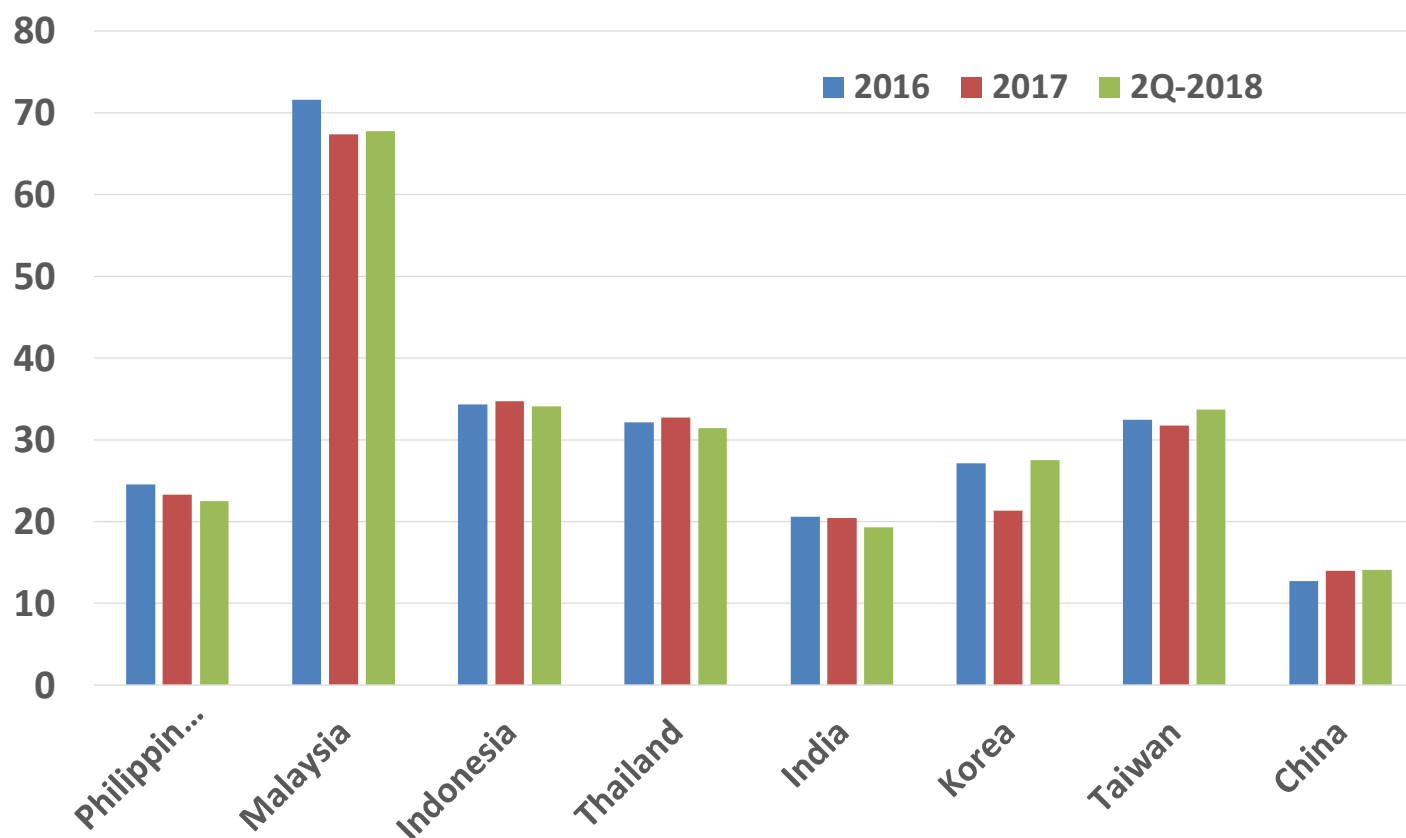
**(-) Depreciation (+) Appreciation**

## FX Rate Policy

**Previously: BSP Policy is to use FX rate to ease inflation**  
**Now: Greater willingness to let it depreciate to wipe out BOT**

Source: As cited in the Presentation "Hot Philippine Economy Veiled by Negative Sentiment" by Dr. Victor Abola, July 16, 2018

# External Debt to GDP



**Comfortably still at 3<sup>rd</sup> Lowest**

Source: Bangko Sentral ng Pilipinas (BSP)

As cited in the presentation of Dr. Victor A. Abola, *Is the PH Fast Growth Story Ending?* in the 2018 Year-end Business Economics Briefing, Nov. 20, 2018 at the University of Asia and the Pacific, Pasig City.

# Macroeconomic Forecasts

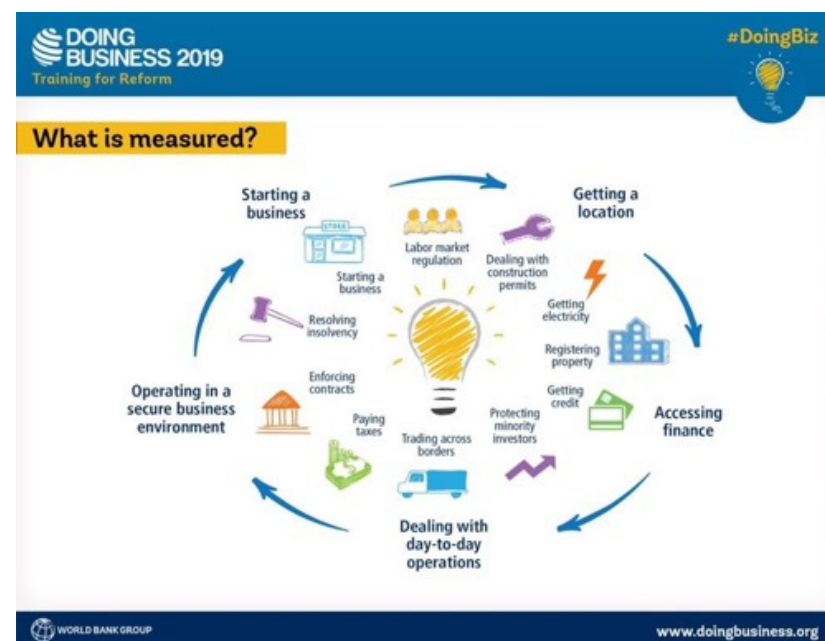
	2015	2016	2017	2018	2019F
<b>Inflation Rate (base 2012)</b>	<b>0.7</b>	<b>1.3</b>	<b>2.9</b>	<b>5.2</b>	<b>3.0-3.5</b>
<b>Peso-Dollar Rate</b>	<b>46.75</b>	<b>48.50</b>	<b>49.92</b>	<b>52.72</b>	<b>54.00</b>
<b>Gross Int'l Reserves (\$B)</b>	<b>80.6</b>	<b>81.1</b>	<b>81.5</b>	<b>78.5</b>	<b>84.0</b>
<b>GDP Growth Rate</b>	<b>5.9</b>	<b>6.9</b>	<b>6.7</b>	<b>6.5</b>	<b>6.8-7.2</b>
<b>Industry Sector</b>	<b>5.6</b>	<b>8.4</b>	<b>8.1</b>	<b>7.5</b>	<b>8.3</b>
<b>Services Sector</b>	<b>6.4</b>	<b>7.4</b>	<b>9.7</b>	<b>6.8</b>	<b>7.0</b>

Source: As cited in the presentation of Dr. Victor A. Abola, Is The PH Economy Bottoming Out, January 15, 2019, University of Asia and the Pacific, Pasig City.

## WORLD BANK'S EASE OF DOING BUSINESS 2019 RANKINGS

Economy	Global Rank			
	2019	Score	2018	Score
Singapore	2	85.24	2	84.57
Hong Kong SAR, China	4	84.22	5	83.44
Taiwan, China	13	80.90	15	80.07
Malaysia	15	80.60	24	78.43
Thailand	27	78.45	26	77.44
China	46	73.64	78	65.29
Brunei Darussalam	55	72.03	56	70.60
Vietnam	69	68.36	68	67.93
Indonesia	73	67.96	72	66.47
Mongolia	74	67.74	62	69.03
<b>Philippines</b>	<b>124</b>	<b>57.68</b>	<b>113</b>	<b>58.74</b>
Cambodia	138	54.80	135	54.47
Lao PDR	154	51.26	130	55.58
Myanmar	171	44.72	171	44.21

Source: <http://www.doingbusiness.org/>



# THE GLOBAL COMPETITIVENESS INDEX RANKINGS

Country/Economy	GCI 2018*		GCI 2017-2018		GCI 2016-2017		GCI 2015-2016	
	Rank (out of 140)	Score	Rank (out of 137)	Score	Rank (out of 138)	Score	Rank (out of 140)	Score
United States	1	85.6	2	5.9	3	5.7	3	5.6
Singapore	2	83.5	3	5.7	2	5.7	2	5.7
Germany	3	82.8	5	5.7	5	5.5	4	5.5
Switzerland	4	82.6	1	5.9	1	5.8	1	5.8
Japan	5	82.5	9	5.5	8	5.5	6	5.5
Hong Kong	7	82.3	6	5.5	9	5.5	7	5.5
Malaysia	25	74.4	23	5.2	25	5.2	18	5.2
Korea, Rep.	15	78.8	26	5.1	26	5.0	26	5.0
Taiwan, China	13	79.3	15	5.3	14	5.3	15	5.3
China	28	72.6	27	5.0	28	5.0	28	5.0
Thailand	38	67.5	32	4.7	34	4.6	32	4.6
Indonesia	45	64.9	36	4.7	41	4.5	37	4.5
<b>Philippines</b>	<b>56</b>	<b>62.1</b>	<b>56</b>	<b>4.4</b>	<b>57</b>	<b>4.4</b>	<b>47</b>	<b>4.4</b>
India	58	62.0	40	4.6	39	4.5	55	4.3
South Africa	67	60.8	61	4.3	47	4.5	49	4.4
Brazil	72	59.5	80	4.1	81	4.1	75	4.1
Vietnam	77	58.1	55	4.4	60	4.3	56	4.3
Cambodia	110	50.2	94	3.9	89	4.0	90	3.9
Lao PDR	112	49.3	98	3.9	93	3.9	83	4.0

Source: <https://www.weforum.org/reports/the-global-competitiveness-report-2018>

\*The 2018 edition of the Global Competitiveness Report represents a milestone in the four-decade history of the series, with the introduction of the new Global Competitiveness Index 4.0. The new index sheds light on an emerging set of drivers of productivity and long-term growth in the era of the Fourth Industrial Revolution.

# THE PHILIPPINES IN 2050 (FROM HSBC'S THE WIDER WORLD IN 2050)

Rank in 2050	Country	Change in rank from previous HSBC study	Rank in 2050	Country	Change in rank from previous HSBC study
1	China	+2	16	<b>Philippines</b>	<b>+27</b>
2	U.S.	-1	17	Indonesia	+4
3	India	+5	18	Australia	-2
4	Japan	-2	19	Argentina	
5	Germany	-1	20	Egypt	+15
6	UK	-1	21	Malaysia	+17
7	Brazil	+2	22	Saudi Arabia	+1
8	Mexico	+5	23	Thailand	+6
9	France	-3	24	Netherlands	-9
10	Canada	Same	25	Poland	-1
11	Italy	-4	26	Peru	+20
12	Turkey	+6	27	Iran	+7
13	South Korea	-2	28	Colombia	+12
14	Spain	-2	29	Switzerland	-9
15	Russia	+2	30	Pakistan	+14



# ASEAN GROWTH SCENARIO

SOUTHEAST ASIA	2013	2014	2015	2016	2017	2018f	2019f
Brunei Darussalam	-2.1	-2.3	-1.1	-2.5	1.3	2.0	2.0
Cambodia	7.4	7.1	7.0	7.0	6.9	7.0	7.0
Indonesia	5.6	5.0	4.8	5.0	5.1	5.2	5.2
Lao People's Dem. Rep.	8.0	7.6	7.3	7.0	6.9	6.6	6.9
Malaysia	4.7	6.0	5.0	4.2	5.9	4.7	4.7
Myanmar	8.4	8.7	7.2	5.9	6.8	6.6	7.0
Philippines	7.1	6.1	5.9	6.9	6.7	6.4	6.7
Singapore	5.1	3.9	2.2	2.4	3.6	3.3	2.9
Thailand	2.7	1.0	3.0	3.3	3.9	4.3	4.1
Vietnam	5.4	6.0	6.7	6.2	6.8	6.9	6.8

GDP Growth Rates; F-forecasts  
 Source: Asian Development Outlook Supplement, ADB, Dec 2018

## SUMMARY

- Fast growth based on robust domestic demand (investment-driven), and exports recovery
- Boost from Election Spending
- Heavy infrastructure spending, along with tourism growth as positive catalysts
- No sign of external weakness and property bubble
- Inflation set to fall especially in 2<sup>nd</sup> half



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# PROSPECTS FOR THE PHILIPPINE ECONOMY IN 2019 & BEYOND

*THANK YOU.*