

# The Market Monitor

MINDING THE NATION'S BUSINESS

## Reorient dev't indicators—FDC

Budget watchdog Freedom from Debt Coalition (FDC) said President Duterte and his economic managers are resorting to the previous administrations' economic growth mantra of using "capacity to pay" as a measure of debt sustainability and economic soundness.

"Debt-to-GDP and debt-to-revenue ratios

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# Congress, BSP to probe BPI on 2-day tech glitch

By Riza Lozada

A computer glitch that lasted for two days had resulted in huge problems for the Ayala Group's banking arm, Bank of the Philippine Islands (BPI), including a possible congressional probe.

The glitch affected thousands of the bank's customers who can't access their accounts online or over the counter for nearly the entire two days the problem persisted.

The bank suspended electronic channels for a second day last Thursday to fix a systems glitch.

BPI depositors have complained of losing a significant



The headquarters of the Bank of the Philippine Islands (BPI) in Makati City. ALVIN I. DACANAY

amount of money to unauthorized withdrawals, while others discovered staggering amounts deposited in their accounts.

Some have said that their accounts were either debited or credited twice for a previous transaction.

One client narrated having the biggest shock of her life after discovering that her savings had ballooned to more than P12.4 billion overnight as a result of the glitch.

As of Thursday morning, the bank assured that it is "exerting all efforts" to correct the balances of accounts with mis-posted transactions.

"We have isolated the cause

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Bangko Sentral ng Pilipinas (BSP) Department of Economic Statistics (DES) Director Rosabel Guerrero announces sustained positive consumer confidence in the second quarter in a briefing at the BSP.

## Consumer confidence hits record level in Q2

Consumer confidence posted an all-time high of 13.1 percent, based on the periodic confidence index of a Bangko Sentral ng Pilipinas (BSP) survey in the second quarter, which was taken prior to President Duterte's declaration of martial law in Mindanao to quell the Islamic State (IS)-inspired siege of Marawi City.

Respondents to the Consumer Expectations Survey, taken between April 1 and 12, attributed their favorable view on the economy to the improved peace and order situation.

The latest survey is the fourth consecutive quarter that consumer confidence stayed

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EU Ambassador Franz Jessen. ALVIN I. DACANAY

## No pause in EU financial help as new aid deal eyed

Despite President Duterte's decision to reject European Union (EU) grants and aid with conditions involving governance, the EU continues to offer financial assistance to the country.

The government and EU were in talks for a possible development assistance, particularly for Mindanao, EU Ambassador Franz Jessen said.

He said the EU continued to work with various government agencies on projects and programs focusing on sustainable development.

"We have an ongoing dialogue with the government. And within that, we are focusing on the different sectors, particularly to support the peace process in Mindanao, and we do that with different actions," Jessen said.

He added that among the targeted development assistance of the EU in Mindanao, in collaboration with the Philippine government, include job creation, promotion of sustainable energy,

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## A third of P3.77-T budget for 2018 allotted to infra

By Luis Leoncio

Economic managers bared over the weekend a P3.767-trillion budget for next year, which is equivalent to 21.6 percent of the country's gross domestic product (GDP) and represents a 12.4-percent increase from the P3.350-trillion allocation this year.

Spending is projected to reach P5.661 trillion come 2022, equivalent to 22.3 percent of GDP, while the deficit-to-GDP ratio at 3 percent will be maintained from 2017 to 2022, the Development Budget Coordination Committee (DBCC) said after a meeting.

The DBCC is composed of the secretary of Budget and Management, as chairman; the director-general of the National Economic and Development Authority (Neda) as co-chairman; and the Executive Secretary, secretary of Finance and the Bangko Sentral ng Pilipinas (BSP) governor as members.

The infrastructure budget for 2018 was also pegged at P1.101 trillion, equivalent to 6.3 percent of GDP, DBCC data showed.

The allocation for infrastructure was higher than the P847.2 billion budget in 2017, which is equivalent to 5.3 percent of GDP.

Infrastructure spending will rise up to P1.840 trillion by 2022, reaching as high as 7.3 percent of GDP, DBCC figures showed.

The DBCC forecasts sustained economic growth in the Philippines as macroeconomic fundamentals including imports remain stable, while exports are expected to improve. "Furthermore, the expansionary fiscal policy of the government is expected to boost the performance of the Philippine economy," Budget Secretary Benjamin Diokno said.

Diokno added that the DBCC is also keeping growth targets for the medium term, while the inflation assumptions remain stable at 2 percent to 4 percent until 2022.



Budget Secretary Benjamin Diokno.

The estimates were based on DOF projections that the higher excise taxes on petroleum, automobiles, and sugar-sweetened beverages will have minimal effect on prices.

"Furthermore, this inflation outlook remains within target as inflation forecasts of external institutions such as the International Monetary Fund, World Bank, and AP

Consensus Forecasts belong within the said range," Diokno said.

"We expect the GDP growth to remain unchanged at 6.5 percent to 7.5 percent in 2017 and seven to eight percent from 2018 to 2022," he said.

The projected robust economy is expected to be driven by construction and infrastructure development, primarily fueled by the administration's Build, Build, Build program, Diokno said.

He added the increase in government spending is seen to propel the economy upwards as the government plans to expand its investment in human capital.

DBCC figures also showed the government is maintaining Dubai crude oil price assumptions for 2017 at the \$40 to \$55 per barrel level and \$45 to \$60 per barrel in 2018. Oil prices are expected to rise to \$50 to \$65 per barrel from 2019 to 2022.

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## Asian, European sales fuel robust growth in exports receipts, government data shows

Merchandise export receipts in April increased 12.1 percent year on year to \$4.8 billion from \$4.28 billion, data from the Philippine Statistics Authority (PSA) showed.

The data showed double-digit expansion of exports in April was brought by robust growth in nine of the country's

top 10 exports, led by outbound shipments of gold surging by 2,740 percent valued at \$122.81 million.

It was however noted that Philippine exports to Asian and European partners have expanded significantly.

The National Economic and Development Authority (NEDA)

expressed optimism on the country's trade performance for the rest of the year considering thriving exports and trade linkages, especially to Europe and East Asia.

Total trade grew to \$11.7 billion in April 2017, with the 12.1 percent growth in exports offsetting the 0.1 percent decline in

imports, PSA data showed.

"For exports, East Asia and the EU remain the top destinations of our products, accounting for 62.3 percent of total export receipts," said Socioeconomic Planning Secretary Ernest Pernia.

Exports to EU and East Asia grew by 36 percent and 10 per-

cent in April 2017, respectively.

"Despite global uncertainties, we remain upbeat that the country will sustain the strong performance of export and trade growth recorded in the first quarter," Pernia said.

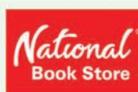
Meanwhile, sales of exports to Hong Kong (36.8 percent), China (26.4 percent), South

Korea (18.9 percent), and Taiwan (26.4 percent) posted double-digit growth while exports to Japan fell (-16.6 percent).

"We aim to deepen our engagement with our neighbors in the Asia-Pacific region to enhance trade and investment

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