

May 27 to June 02, 2008

Economy

Government Cuts Growth Goal and Sees Deficit

Bowing to the reality of a global economic slowdown, the government announced that it had abandoned its goal of a balanced budget this year and had also reduced its 2008 growth target. Market and analyst reactions were muted as government officials previously said they were considering the possibility of revising official targets. Economists have also repeatedly said that the Philippines could afford a deficit this year given the need to prop up growth. The interagency Development Budget Coordination Committee (DBCC) also changed this year's import and export targets, and was also considering adjustments to other macroeconomic assumptions. The Philippines is now likely to post a budget deficit of P75 billion this year, equivalent to 1% of gross domestic product (GDP).

Business World 5/29/08

Return to Debt Market Possible

The Philippines may return to the international debt market this year to borrow up to \$750 million, which will be needed to plug a deficit incurred from economic pump-priming. With the 2008 balanced budget goal having been abandoned and a P75-billion shortfall now expected, Finance Secretary Margarito B. Teves said the need would be anywhere from an additional \$500 million to \$750 million in commercial borrowings. Incurring a deficit is the trade-off for supporting growth that is under threat from turmoil in global financial markets, rising domestic prices and a looming US recession, he said.

Business World 5/29/08

Money supply up 9.6% in March

Domestic money supply or M3 grew by a faster rate of 9.6 percent in March. In February, money supply posted a 6.6-percent growth. Domestic money supply reflects the total amount of money flowing in the system and the faster the growth, the higher the likelihood of creating inflationary pressures that would make prices of basic goods go up. Although the March growth rate was significantly faster than February, the present growth level was still below the rate considered by the BSP as appropriate given the current economic expansion rate. The Bangko Sentral ng Pilipinas (BSP) said domestic money supply could grow by an average of 14 to 15 percent this year without creating these inflationary pressures.

Philippine Star 5/31/08

Infrastructure

P350M Rehab Plan for Boracay Underway

Boracay, the country's prime tourist attraction, is now on its way to recovery. The government is set to start a P350-million project to save

the world-renowned resort island in Aklan from environmental degradation. The Philippine Tourism Authority (PTA) will immediately start the construction of new infrastructure on the island upon approval of the proposed Comprehensive Land Use Plan (CLUP). Under the proposed CLUP, the government would construct a circumferential road and a second wharf to decongest the existing road network and ease traffic on the island. The government's main agenda in implementing the CLUP is to bring development to the other part of the island and resolve decongestion in the Bulaboy portion.

Philippine Star 5/30/08

Information Technology

TeleTech Pampanga to Hire 1,700 Agents

TeleTech, one of the largest and fastest growing business process outsourcing (BPO) companies in the Philippines, is providing employment opportunities to Kabalens in Pampanga. The company is set to open its facility in the province this August, located at SM Mall in this town. It aims to hire at least 1,700 agents for this facility. TeleTech announced that it has reached its target of 15,000 workers in the Philippines. The company operates 12 delivery centers nationwide. Since it began operating in the Philippines in 2002, TeleTech has consistently increased its investments in the country. Unlike other BPO companies that flock to Metro Manila, TeleTech has chosen to invest in the countryside, into second-tier cities such as Bacoor in Cavite, Lipa in Batangas, Bacolod in Negros Occidental and Cainta in Rizal.

Sunstar 5/29/08

HP Sets up First Solution Center in Mindanao

Hewlett Packard (HP) Philippines is expanding in Mindanao, starting with the opening of an HP Solution Center in this city. The company will target local firms with proven track record, especially manufacturing firms, contact centers, and small and medium enterprises. HP's center in the city is being run in partnership with Globalchips Technologies Co., an information technology service company based here. Globalchips also operates branches in the cities of Butuan in Agusan del Norte, Malaybalay in Bukidnon, Iligan in Lanao del Norte, Tacurong in North Cotabato, Davao, Pagadian in Zamboanga del Sur and Zamboanga.

Business World 5/26/08

Japan BPO Firm Chooses Philippines over India Tokyo-based Transcosmos Inc., said to be the biggest contact center company in Japan, has chosen the Philippines over India as a launch pad for its entry into the English-language market. The local partner is the medium-sized call center firm,

Logicall Inc., based in Makati City. The objective of this partnership is for the Philippines and Logicall to become the primary English delivery location that will answer the existing demands of Transcosmos Inc.'s client base. Transcosmos would invest P120 million to help Logicall expand its capacity in the Philippines from 300 to 3,000 seats by 2011. The partnership also enables Logicall to offer more value-added services such as multilingual support, digital marketing and analytics. Transcosmos and Logicall officials said at a news briefing that Transcosmos would leverage its strength in the Japanese electronics market to offer technical support and after-sales call center services in North America, Europe, and Australia.

Inquirer 5/31/08

Office

Residential

Century Properties to Build P4.7B Residential Complex

Following the success of the Gramercy Residences, Century Properties is building its second residential project within Century City, a P40-billion integrated township at the former site of the International School in Makati. In a statement, Century Properties said the new residential project, to be called Knightsbridge Residences, will occupy 4,000 square meters at a development cost of P4.7 billion. Named after the most prestigious district in London, Knightsbridge Residences is envisioned as a towering landmark in Makati with a curved structural design by award-winning architectural firm Asya Design Partners. Century Properties, the largest privately-owned real estate firm in the country, remains bullish on the property sector despite rising commodity and oil prices.

Philippine Star 5/26/08

Filinvest Land Bullish About Davao Market

Filinvest Land Inc. is looking for more areas that it can develop, with roughly P2 billion still available for investment here. The company wants to put up more medium-rise condominiums and mid-priced residences in urban centers. Filinvest Land has started its first condominium project in the city, a seven-building property located just across the SM City Davao mall. The company is spending about P1.5 billion on One Oasis Davao. The company is building another condominium in a three-hectare area across the NCCC Mall of Davao in Matina. It has seven projects in the city, with investments worth P15 billion since 2000. But the City Council has rejected Filinvest Land's housing project in Dumoy district.

Business World 5/27/08