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# BSP prepared to implement measures to rev up growth

By **LEE C. CHIPONGIAN**

**B**angko Sentral ng Pilipinas (BSP) Governor Amando M. Tetangco Jr. reiterated yesterday the BSP stands ready to adopt monetary policies in support of economic growth.

"Prudential measures put in place by the BSP are for the purpose of helping to ensure that the growth in vital sectors of the economy, including real estate, is healthy and sustainable over the longer run," Tetangco said yesterday.

In commenting on the first quarter gross domestic product (GDP) growth

of 5.7 percent, which was lower than consensus, Tetangco said the economy still managed to increase despite the November 8 super typhoon that devastated Eastern Visayas and the earthquakes that hit major rural areas last year.

"The GDP number, although slower, shows that the economy is able to grow despite natural disasters," he said. "We will continue to watch global/domestic developments, refine monetary policy settings and deploy macro-prudential rules, as appropriate, to keep liquidity and credit growth rates at levels that will continue to support sustained economic growth in a low and stable

inflationary environment," he added.

Socioeconomic Planning Secretary Arsenio Balisacan said the relatively slow growth was expected, given the magnitude of the destruction in production capacity.

"Apart from the disasters, prudential lending measures imposed beginning in the previous quarter to prevent the formation of 'real estate bubbles' have also contributed to the slowdown. Private construction was particularly affected by such measures," said Balisacan.

Tetangco said the use of macro-prudential measures has so far been effective. "By **B-10**

## BSP prepared... **B-1**

and large, volatilities in the financial markets have been contained," he said, adding that the central bank has used its enhanced tool kit to ensure that volatility in financial and real asset prices is kept at manageable levels.

In an assurance, Tetangco told members of the Chartered Financial Analyst (CFA) Society of the Philippines yesterday that so far as he could tell there are no evidences of asset bubbles forming yet.

"The indicators, as of now, show that we are not in one - but because it is our job to worry, we are mindful that pressures from excessive market exuberance can lead to a bubble," he said.

After much delay in reporting since the BSP is using a new method of capturing data on the real estate sector, the

BSP reported that as of end-2013, the banking industry's real estate exposures rose 7.1 percent quarter-on-quarter to P1 trillion. Of this total, 83.8 percent are real estate loans.

The BSP said monitors various segments of the credit market in its continuing effort to assess and address potential concerns that may "undermine the stability of the financial system."

As for soured or non-performing real estate loans the BSP remains confident that these are still at manageable levels. The BSP assessed previously that the industry apparently has breached the 20 percent cap of banks' total loans allotted to the property sector. But this, assured BSP officials, is not something to worry about yet.

## **Angara favors 51% foreign ownership**

Senator Sonny Angara is batting for a majority 51 percent foreign ownership in most industries and extending the 25-year land leasehold term, but not outright 100 percent land ownership by foreigners.

Angara, who is chairman of the Senate committee on ways and means, told reporters after a speech before the General Membership Meeting of the Makati Business Club that he is amenable to "very precise and clinical reforms" in the economic provisions of the Constitution.

These very precise and clinical reforms include the extension of the current land leasehold of 25 years to a longer period, increase the 40 percent maximum foreign ownership to a simple majority of 51 percent to most industries, but not full foreign land ownership.

Angara also called for allowing foreign investors a simple majority ownership of 51 percent from the current maximum of 40 percent in most industries, except those involving national security issues. This means more mining and utilities industries would be opened for majority foreign ownership. "Prices of utilities might even go down if we allow foreign investors in these industries," he said. But Angara stressed he is against outright free alienation of land because that idea alone is difficult to sell to people. (BCM)

Friday, May 30, 2014

# Isuzu Phils. reports 10% sales growth in January-April period

Sales of all-truck assembler Isuzu Philippines Corp. rose 9.5 percent in January-April period this year to 4,154 units from 3,793 units in the same period last year cementing the company's hold as third largest commercial vehicle player in the country.

Bolstering IPC's tally was the steady showing of IPC's heavy-duty trucks and the consistently reliable demand for Isuzu's N-Series trucks, which logged a 37.2% increase with 668 units delivered. The N-Series has been the country's bestselling in the light-duty truck segment for 15 straight years now.

IPC's medium-duty Category IV trucks sold a total of 219 units, or an 11.2% rise from the 197 units during the same period last year. As a result, IPC landed in fourth spot in the domestic automotive industry's total ranking and a solid third in the country's Commercial Vehicle segment.

Sales of Isuzu's workhorse commercial vehicles in the first four months of the year totaled 894 units, compared to the 697 units sold during the same period in 2013, or a significant 28.3% spike.

D-MAX sold 1,292 units versus 723 units for the same months last year—a staggering 78.7% surge. This offset the dip in deliveries of the Isuzu Crosswind and Alterra. The Crosswind's 1,810-unit and the Alterra's 158-unit tallies may be 15.7% and 30.4% lower, respectively, than last year's results, but IPC's Light Commercial Vehicles still pushed forward with a rise of 5.3% in the charts.

"The upward trend in the movement of Isuzu's trucks confirms that entrepreneurs, companies with vehicle fleets and other businesses continuously patronize these models," said IPC President Nobuo Izumina. "Clearly, Isuzu trucks' reputed competence at serving a variety of purposes is recognized and is required by the market. Our efforts to directly reach out to our customers, like during the recent Truck Fest event held in Clark, Pampanga, where many of the guests were company owners, certainly impacted IPC's growth."

In April, IPC's results slid back 2.9% with 1,086 units moved compared to the traditionally high-volume tally in



IZUMINA

March, which stood at 1,119 units. But consumer preference for Isuzu trucks managed to drive the company's figures in the Commercial Vehicle segment with sales increasing 3.3% over March, or 250 units in April versus 242 units a month earlier.

An 11.6% slowdown in the movement of N-Series trucks in April, or 168 units against 190 units in March, was balanced by a 56.9% jump in the count of Isuzu's medium-duty truck models, which saw 80 units sold in April versus 51 units in the prior month. Sales of heavy-duty Isuzu trucks doubled two to one month on month.

Reflecting a traditional auto industry trend, performance of Isuzu's Light Commercial Vehicles weakened slightly in April with a 4.7% drop. Combined sales of the Crosswind, Alterra and D-MAX for the month, at 836 units, failed to match the 877 units delivered in March.

"Overall, Isuzu Philippines is in a strong position to continue its upward trajectory for the rest of the year. This optimism is based on the Philippine economy's impressive state at present, something that is recognized by global institutions like Fitch Ratings and, more recently, Standard and Poor's, which had raised the country's investment grade. Improved investor confidence will eventually stimulate consumer spending, and retail sales, including those from the automotive sector, are seen to rise along with this," Izumina said.

## Double Dragon on acquisition binge, eyes Globe Asiatique project

DoubleDragon Properties Corporation is planning to acquire the Skysuites project, a residential and office tower started by Globe Asiatique Realty Holdings Corporation that was foreclosed by Rizal Commercial Banking Corporation.

In a disclosure to the Philippine Stock Exchange, DD said it has moved forward to the next phase of the process relating to the memorandum of agreement with RCBC which grants DD a 90-day exclusivity and due diligence period for the possible acquisition of the property in Quezon City.

DD said it has just completed its initial due diligence and DD and RCBC will now be sending invitation letters to the existing buyers for a Buyer's Conference to discuss the proposal and conditions for the possible acquisition of the project.

The building is a 38-storey commercial, office and residential tower that sits on a 2,811.60 sqm prime corner lot property at the corner of EDSA and Quezon Avenue.

The structure as designed is sup-

posed to have two towers, a residential tower, and an office tower with a commercial and parking podium that connects the two towers.

DD said it intends to continue both the construction and sale of the remaining inventory of the residential units and intends to retain the commercial and office spaces for DD's recurring rental income.

The planned acquisition remains subject to the satisfaction of the completion of the conditions set forth by DD and RCBC in the MOA.

The property was foreclosed by RCBC three years ago, in September 2010. The land title of the property was transferred to the name of RCBC on December 2010 and there is no pending case between RCBC and GARHC pertaining to this property.

DD said it "expects the full cooperation of all the stakeholders of this project because the resumption of this project will not only contribute in the revenues and income of the acquirer but will also benefit all stakeholders, including the existing unit buyers." (JAL)

## PH economic growth cooled in Q1

By Jennifer Ambanta and Othel V. Campos

ECONOMIC growth slowed to 5.7 percent in the first quarter as the impact of super typhoon Yolanda and other natural disasters last year proved more serious than expected, and threatened to derail the administration's year-end targets.

The Palace played down the first quarter decline, saying the country was still on track to achieving 6.5 percent to 7.5 percent growth for the entire year, but former Budget secretary Benjamin Diokno disagreed.

"The 6.5-7.5 percent growth for the entire year is now unlikely," he said.

Diokno pointed out that the second quarter is almost done, and agri-

cultural production is likely to suffer from the El Niño phenomenon.

Rehabilitation work in storm-battered areas, which was expected to pump-prime the economy, has been slow, he added, and several parts of the country are suffering from a shortage of energy.

"Depending on the severity of the El Niño and the power failure, growth [for the full year] could be below 6 percent," Diokno said.

He also said the third quarter was usually bad for construction because of the rains and flooding, which would hurt infrastructure spending.

"PPP [Public-Private Partnership] projects have to come big in the fourth quarter, but I am not that optimistic," he said.

The first quarter decline was the first time in over two years that gross domestic product (GDP) growth fell below 6 percent. It was also two percentage points below the 7.7 percent growth posted in the first quarter of 2013.

The National Economic and Development Authority (NEDA) said the slowdown was expected, given the magnitude of the destruction wrought by Yolanda.

"In agriculture, permanent crops, notably coconuts, were felled. Damage to agricultural output also disrupted supply chains, which may partly explain why food manufacturing output also declined," said NEDA director-general Arsenio Balisacan.

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# PH ...

"The tourism and insurance industries likewise slowed down in the first quarter as they are still reeling from the impact of natural calamities last year," he added.

Balisacan said the services sector was still the biggest contributor to the economy followed by manufacturing, despite the decline in production.

"The services and industry sectors primarily drove the growth with a contribution of 3.8 and 1.8 percentage points, respectively, to real GDP growth," Balisacan said.

Manufacturing remained the main driver of growth for the industry sector, followed by mining

and quarrying.

But agriculture was clearly suffering from the devastating effects of last year's typhoons, with a notable decline in fisheries.

On the demand side, private consumption, fixed capital formation and net exports respectively contributed 4.0 percentage points, 2.6 percentage points, and 1.8 percentage points, to the growth.

Household spending remained strong in the first quarter despite the higher inflation rate of 4.1 percent.

"The impact of a higher inflation was partly moderated by the weakening of the peso as the value of overseas Filipino remittances [rose] during the period," he said.

Public construction grew by 22.3 percent due to various proj-

ects of the Public Works and Highways, Transportation and Communications and Health departments and the Autonomous Region in Muslim Mindanao.

But this growth was offset by the 6 percent decline in private construction amid a drop in the building of mid-income housing and high-rise residential and commercial condominiums.

Bangko Sentral ng Pilipinas Governor Amando Tetanco, Jr. said the first quarter performance, although slower, showed that the economy was able to grow despite natural disasters.

UP professor of economics Ernest Pernia said to meet the whole-year target, the government must speed up infrastructure spending.

"Higher growth targets still achievable with rapid infrastructure spending and sustainable reforms," Pernia said.

Alvin Ang of the University of Santo Tomas added that other industries could pick up the slack from the decline in agriculture.

In the Palace, Communications Secretary Herminio Coloma said the government will focus on job-generating sectors, namely manufacturing, tourism, information technology, business process management, construction, logistics, and agri-business.

"Government shall focus on increasing investments on these priority sectors that, according to the National Economic and Development Authority, can provide remunerative

jobs, thereby promoting inclusive growth, especially among our countrymen in the marginalized sectors," Coloma said.

He said the massive reconstruction program for areas battered by Yolanda will also help pump prime the economy.

"According to NEDA, the country remains on track to reach its full-year growth target of between 6.5 to 7.5 percent as the government speeds up rehabilitation, construction, and recovery projects that will rebuild assets, restore supply chains, and strengthen capacity building, especially for people and communities affected by typhoon Yolanda," Coloma said.

From - January to March, the

country's economy grew by 5.7 percent, making the Philippines the third fastest growing economy in Asia for the first quarter, next to China's 7.4 percent and Malaysia's 6.2 percent.

Business groups also played down the slowdown in growth, saying this was "normal" and the economy would pick up again in the remaining three quarters.

"GDP performance in the first quarter is just normal compared to the first quarter of 2013, which was abnormal because it was election time. Consumer spending, then, was at its peak unlike this year, when everything else is tempered," said Philippine Chamber of Commerce and Industry (PCCI) president Alfredo Yao. **With Joyce Pangco Pajares, Bloomberg**

# Liberty stays under rehab

SAN Miguel Corp. plans to keep Liberty Telecoms under corporate rehabilitation until 2016 and transform the business to stop its losses, a top executive said Thursday.

"We are soon going to come out with a business plan for the telecoms [business] that will be able to serve the public better. I cannot divulge all the details, but yes it is part of a bigger plan. No timeline or plan I can share with you right now," San Miguel president chairman Ramon Ang said at the sidelines of the stockholders' meeting of Liberty Telecoms.

Ang said San Miguel had no intention of taking Liberty Telecoms out of the rehabilitation plan until 2016. "As of now the board has no plans to get out of the rehabilitation plan earlier than 2016," he said.

The Makati regional trial court placed Liberty Telecoms under corporate rehabilitation in August 2005. The lower court approved the company's request in November 2011 to extend the implementation of its rehabilitation plan until December 2016.

Ang, who also serves as chairman of Liberty Telecoms, said while San Miguel was not abandoning the telecommunications business, Liberty Telecoms would not make money unless a major transformation was made.

"I don't think Liberty Telecoms will make money in the next year or so. A major change is really needed for it to make money," he said.

Liberty Telecoms, a venture between San Miguel and Qatar Telecom, serves the holding company of wi-tribe Telecoms Inc. and Skyphone Logistics Inc. Liberty Telecoms incurred a net loss of P307.6 million in the first quarter, up by 2 percent from P301.9 million a year ago. Revenues fell 39 percent to P78.38 million from P128.89 million, on lower average revenue per unit and the drop in subscriber base.

Lailany P. Gomez

## GT Capital set to sell ₱12b worth of bonds

By Jenniffer B. Austria

GT CAPITAL Holdings Inc., the holding company of tycoon George Ty, disclosed a plan to issue up to P12 billion worth of retail bonds to partially finance the P50-billion capital spending this year.

GT Capital president Carmelo Maria Bautista said in a text message the company planned to sell P10 billion worth of bonds, with an option to increase by another P2 billion in case of oversubscription.

Bautista said the bonds would have tenors of five, seven and 10 years. Philippine Rating Services Corp. said in a statement posted on its Website it gave the highest rating of PRS Aaa to GT Capital's proposed P12-billion bond offering.

Obligations rated PRS Aaa are of the highest quality with minimal credit risk, as the obligor's capacity to meet its financial commitment on the obligation is extremely strong.

Philratings also maintained the PRS Aaa rating to GT Capital's outstanding P10-billion bonds issued in 2013.

GT Cap's current portfolio includes directly-held interests in Metropolitan Bank & Trust Company, Federal Land Inc., Global Business Power Corp., Toyota Motor Philippines, AXA Life Insurance Corp., Charter Ping An Corp., Toyota Manila Bay Corp. and Toyota Cubao Inc.

## Tetangco warns of 3 risks to growth

By Jennifer Ambanta

BANGKO Sentral Governor Amando Tetangco Jr. on Thursday warned against three risks that may dampen the country's growth momentum.

Tetangco said these risks include threat to price stability, the impact of the gradual tightening of US monetary policy and the rapid growth in domestic liquidity and credit.

Tetangco made the statement as the government announced that the gross domestic product grew by 5.7 percent in the first quarter, the first time it fell below 6 percent in over two years.

The Bangko Sentral said despite the risks, the regulator was able to keep inflation rate within the target range of 3 percent to 5 percent.

"We've been able to keep inflation within the government's target for five consecutive years now," Tetangco said in a speech before the Philippine

Retail Investment Conference organized by the CFA Society Philippines at SM Aura in Taguig City.

"Inflation is seen to be manageable over the policy horizon, even as the inflation path has somewhat moved higher," he said.

Tetangco, however, said potential price pressures were coming mostly from the supply side, notably potential increases in power rates and higher food prices that could stem from an expected El Niño episode in the second half of 2014. Inflation rate in May could reach as high as 4.7 percent, Tetangco said earlier.

Tetangco said the spill-over effect of the US monetary policy normalization could also affect growth, although "portfolio investments are now posting inflows, following outflows registered during the latter part of 2013 to the first three months of 2014."

"In this period of uncertainty and market volatility, good surveillance is key. The BSP will not hesitate to deploy contingency measures in response to sharp volatility in capital flows. With an expanded monetary policy toolkit and a broad-range of macroprudential measures to help ensure financial stability, we are optimistic that we are equipped to deal with potential market volatility," he said.

Tetangco said the third risk was the build-up of financial stability pressures from high liquidity and credit growth that could lead to potential asset bubbles.

"The use of macroprudential measures has so far been effective. By and large, volatilities in the financial markets have been contained. We can use our enhanced tool kit to ensure that volatility in financial and real asset prices is kept at manageable levels," he said.

## Landco Pacific boosts capex to P9B for next 5 years

UPSCALE leisure developer Landco Pacific Corp. (Landco) said it has set aside capital expenditure (capex) of P9 billion for the next five years to fund its expansion.

In 2013, the company's capex stood at P1 billion.

"I have our capex requirement for the next five years. We're looking at spending about P9 billion, including the finishing of all our existing projects and launching new ones," Alfred Xerez-Burgos, president and chief executive officer of Landco, told *The Manila Times* on the sidelines of the CEO Awards on Thursday.

"There are several [challenges for the business]. It depends on the area where we are operating, such as for example, in Davao, the challenge for us is to buy more land for expansion because the inventory is going too fast and our problem is we're not able to cope with demand. So that's the challenge—to buy more properties," Burgos said.

Landco sales in 2012 rose 17 percent to P3.09 billion from P2.65 billion in 2011.

The company said sales were driven by earnings from the Urban and Visayas-Mindanao Communities, which reached P1.63 billion, Hometown Communities which netted P760 million, and Leisure Communities which made P703 million.

Tribeca Private Residences in Sucat, Muntinlupa City remained its biggest sales driver, posting P1.01 billion in sales. Playa Azalea in Samal, Davao del Norte is second, earning P373 million.

Landco recently launched Nautijus, the first tower of its upcoming seaside condominium development called Playa Calatagan Residences. A total of three buildings are set to rise in Playa Calatagan Residences.

Landco's beach resort amenity, Aquaria, is expected to rise in Calatagan, Batangas.

ROSALIE C. PERIABRAS

## PH stocks fall on Q1 economic slowdown

PHILIPPINE shares slumped on Thursday, falling below the 6,700-points level for the first time in weeks, following the release of weaker-than-expected economic results for the first quarter.

The Philippine economy grew at a slower pace of 5.7 percent in the first quarter, well below the 6.3 percent growth achieved in the fourth quarter of 2013 and the 7.7 percent growth recorded in the first quarter of last year.

Rajiv Biswas, chief economist at IHS Asia-Pacific, said this was the first time that the country's GDP growth has dipped below 6 percent in nine quarters.

"A key factor that contributed to the moderation in the pace of growth was the continued economic effects of the natural disasters that hit the

Philippines in the last quarter of 2013, notably Super Typhoon Haiyan, which damaged agricultural production with adverse effects on food manufacturing production due to the supply chain disruption," he explained.

On Thursday, the Philippine Stock Exchange index (PSEi) sank 111.21 points or 1.64 percent to 6,676.67, while the wider all shares retreated 56.55 points or 1.39 percent to 4,004.09.

"The market took the lower-than-expected first quarter GDP result as an excuse to capitalize on their gains as the numbers were quite disappointing," said Jonathan Ravelas, chief market strategist with BDO Unibank Inc.

The first time that the index hit the 6,700-level this year was in April, when the local barometer surged 1.44 percent to close at

6,767.51, up 96.33 points.

All sectors were in the red. Property posted the largest decline, falling 64.53 points or 2.40 percent to 2,624.37, followed by the services sector, which was down 40.16 points or 1.97 percent to 2,002.68.

Holding firms fell 101.53 points or 1.65 percent to 6,049.01, while mining and oil dropped 186.75 points or 1.19 percent. Financials gave up 16.06 points or 1.00 percent to 1,582.43, while industrials retreated 83.91 points or 0.81 percent to 10,238.09.

Market participation was little changed with the total volume of shares traded standing at 1.8 billion, valued at P8.3 billion. Decliners beat advancers 133 to 51, while 39 stocks were unchanged.

Some of the most actively

➤ Stocks B2

### STOCKS FROM B1

## PH stocks fall

traded stocks on Thursday were Metropolitan Bank and Trust Co., down 2.96 percent at P83.50; BDO Unibank, Inc., dropping 0.56 percent to P88.40; Megaworld Corp., down 2.37 percent at P4.53; and SM Investments Corp., down 0.97 percent at P763.50.

Shares are expected to consolidate further today, Friday, as the market continues to digest the weaker-than-expected first quarter growth.

"We now expect the market to weigh in on the developments of the GDP. The market will

deal with headwinds on its ascent on the basis of contracted growth in the first quarter of this year," Gab Aguila, equity analyst at BDO Unibank, Inc., said.

Ravelas said that with the recent correction, the market may fall further toward the 6,500-level.

On Wednesday, Philippine shares bounced back from a three-day losing streak, inspired by firmer Asian markets after the release of strong economic data in the United States.

The benchmark Philippine Stock Exchange index (PSEi) added 0.11 percent to close at 6,787.88 while the wider all shares index rose 0.26 percent to 4,060.64.

MADELAINE B. MIRAFLOR