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Stock Market & Peso Performance under Past Presidents

Today is election day. In this article, we are reviewing the performance of the stock market and the peso during the administrations of past presidents. We want to see what worked, what failed, what helped the country, and what did not. For more than four decades, our economy experienced booms and busts under the administration of five presidents. Looking back at their performance might guide voters on how to choose our next leader.

Stock Market Performance

Past President	Presidential Term	PSE Index Level		Absolute Return	Average Annual Return
		Start	End		
Marcos	1965 - 1986	31.57	166.38	+427.0%	+21.4%
Cory	1986 - 1992	166.38	1,525.32	+848.4%	+141.4%
Ramos	1992 - 1998	1,525.32	1,723.37	+13.0%	+2.2%
Estrada	1998 - 2001	1,723.37	1,452.93	-15.7%	-6.3%
GMA	2001 - 2010	1,452.93	3,142.06	+116.3%	+12.2%

Peso's Performance

Past President	Length of Office	Php / US\$ Exchange Level		Depreciation / (Appreciation)	Avg Annual Dep'n / (App'n)
		Start	End		
Marcos	20	3.90	19.03	+387.9%	+19.4%
Cory	6	19.03	25.60	+34.5%	+5.8%
Ramos	6	25.60	41.97	+63.9%	+10.7%
Estrada	2.5	41.97	55.50	+32.2%	+12.9%
GMA	9.5	55.50	45.53	-18.0%	-1.9%

Marcos: Strong Leadership

The Ferdinand Marcos presidency was characterized by a strong and effective leadership. Infrastructure development, land reform, stable government finances, and strong international relations were his greatest achievements in his first term. He was a visionary. Long before remittances became a significant part of our economy, he already put in place a program for Filipinos working abroad. During the first term of his 20-year reign, the country's GDP expanded by 4.9% on the average.

During his second term, the economy grew at about the same pace although inflation started to accelerate. The peso likewise started to depreciate against the US dollar. Facing growing civil unrest and a receding economy, Marcos proclaimed Martial Law in 1972, which paved the way for him to exercise absolute legislative power. By this time, massive corruption had taken place and the country's fiscal deficit grew out of proportion. In the mid-80s, the economy experienced 10 successive quarters of GDP contractions. Only after his ouster in 1986 did the economy regain a new lease on life.

Aquino: Return to Democracy

More than the first female president whose ascension to the highest office gained world recognition, Corazon Aquino is an icon to the Filipino people. She is best remembered as the leader who handed back power to the people during the historic EDSA People Power revolution. For the business community, her presidency symbolized restoration of investor confidence and hope of economic revival in spite of her inherent lack of experience. The stock market gained the most, returning in excess of 800% over her six-year tenure. Inflation rate returned to normal immediately following the country's exit from an authoritarian regime. Sector deregulation and asset privatization were instituted as a means to attain fiscal discipline.

In spite the numerous coup d'état attempts which stifled the economy's performance during the latter half of her term, the economy, under the Cory administration, performed better than under the Martial Law rule. In spite of calls for Aquino to seek re-election considering her eligibility, Cory resisted and supported the candidacy of Gen. Fidel Ramos.

Ramos: Trade Liberalization

Fidel Ramos was recognized and lauded for renewing international confidence in the country's economy. His term experienced political stability, an exit to the power crisis, liberalization of telecom industry, and a steady rise in economic growth. Through trade liberalization policies, the Philippines experienced influx of foreign investments and, as a result, was dubbed as *Asia's Next Economic Tiger*. Under his term, the unified Philippine Stock Exchange was established. The local bourse was at one point heralded as the best performing stock market in the world.

The country's unprecedented rise, however, was put on hold as the Asian financial crisis plagued the region. Exchange rate hit all-time lows as the Philippine peso mirrored the Thai baht's downward spiral. Over Ramos' administration, the country's GDP, on average, grew by 3.2%.

Estrada: Erap para sa Mahirap

Erap became the president under the empowerment of poor people. He won the 1998 presidential elections convincingly via a landslide victory. However, throughout Estrada's term in Malacañang, the PSEi recorded an average decline of 6.3%, underscoring the lackluster economic policies, poor governance, and low investor confidence. His term was cut short to only 2.5 years on allegations of corruption that led to an impeachment trial and quickly thereafter, his ouster.

Macapagal-Arroyo: Robust Economic Policies

Perhaps the strongest showing of strong economic reforms/policies and political will was demonstrated under the Arroyo administration. Although the implementation of the E-VAT was a bitter pill to swallow, the country accepted it. Eventually, it paid off. As a

direct consequence, the economy posted one of its highest GDP growth rate in decades. The stock market showed significant investment inflows resulting in the PSEi breaking past its historic peak. The country was likewise on the verge of attaining fiscal balance until the global crisis shook all nations. Unlike past presidents which ended each term with a weaker peso, the peso is likely to appreciate at the end of Arroyo's near-decade reign. Overall, Arroyo did implement the right policies at the start of her term. But the Arroyo administration was hounded with distrust with all the political debt she amassed. Her moves became unpopular. The trust and confidence the people bestowed her at the start has simply dissipated.

Finding the Right President

In today's election, we can use the past performance and traits of previous presidents to guide our choice of a leader. What we are looking for is a strong leadership as demonstrated by Marcos. We are also looking for a leader who would have our trust and confidence, which the people overwhelmingly showered to Cory. She demonstrated moral ascendancy to the highest level. As a military man, Ramos had the competence and work habits to govern this country. Estrada used his wit and charm to win the hearts of the masses especially the D and E classes. Economic expertise was what Arroyo exemplified. She instituted economic policies that led to the country's credit upgrade. A combination of these positive traits for the next president is what we need.

Acceptability of the next president among the business community is another key element. Investors need to see strong economic platforms. Considering the current deteriorating state of our fiscal health, the next president must take concrete actions to address very pressing issues.

Who do you think will best lead this country? Perform your civic duty. Go out and vote!

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