

Philequity Corner (January 13, 2014)

By Valentino Sy

There's More in the Philippines!

Typhoon Yolanda battered not only our country, but the stock market as well. After Yolanda struck, foreign investors began a vicious sell-off of Philippine stocks as our vulnerability to natural disasters was exposed. However, our sterling macroeconomic story remains intact. In fact, it has only gotten stronger over the years. Below, we would like to show you that despite all the damage and negative headlines brought about by Yolanda, there are reasons to remain bullish on the country. There is more in the Philippines!

More beauty queens

In 2013 alone, our country took home an outstanding total of 4 beauty titles. This is a record for one country. Our contestants garnered the Miss World, Miss International, Miss Tourism International and Miss Supranational crowns. We also won as 3rd runner-up in the Miss Universe Pageant and garnered a top 8 finish in the Miss Earth contest. In the past 50 years, our beauty queens have clinched a total of 11 top awards and many more 2nd and 3rd place prizes. This goes to show that our race is gifted with many beautiful women who are admired the world over. Congratulations again to our beautiful Filipinas!

More than 100 million

Last week, the Commission on Population reported that we are set to hit the 100 million population mark this year. This is a good thing if everyone is given access to better health programs, education and infrastructure. While more developed nations are beset by a silvering of their population which leads to lower productivity, we are instead blessed with a very young demographic. However, for us to take advantage of this, we must provide the youth with much-needed livelihood and access to quality education. Eventually, our burgeoning population will put a strain our country's resources and may lead to uneven GDP growth if not accompanied by enough education and employment opportunities.

More smiles

Not only do we have a big population, but a very cheerful and warm one. Since we are also very hospitable and helpful, tourists enjoy travelling to our country. Even *balikbayans* want to retire here because there are just more smiles here than anywhere else in the world. Filipinos are really just very accommodating, welcoming, affectionate and friendly.

More happy people

International surveys have shown that Filipinos are ranked as one of the happiest people in the world. There is also a lot of anecdotal evidence for this. Recently, the daughter of an expat went on an immersion with poor children in Sorsogon. She posed a question to her parents and I quote, "Are the people there really poor? Then why are they so happy?" This goes to show that the Filipino people have a happy disposition. Even in the face of adversity, we still manage to maintain a positive perspective.

More OFWs and BPOs

Our positive attitude has also redounded to the benefit of our economy. Because we are more cheerful, polite and courteous than other races, our OFWs are welcomed abroad. This has also helped the growth of the BPO sector, where courtesy over the phone is a big advantage. This good disposition is an asset for the Philippines which brings us \$22 billion worth of remittances and BPO revenues amounting to \$13 billion. These numbers still continue to rise and play a significant role in boosting our GDP via increasing our spending power.

More shopping

Out of the 10 biggest malls in the world, 3 of them are in the Philippines. Thanks to SM, Robinson's and the Ayala group, we have a place to shop wherever we go. From designer clothes to household items, we can shop for anything in our country's malls. Some of them are so big that one will take days to explore their entirety.

More music

Filipinos are known for their love for music. We are also naturally inclined towards dancing and singing. Therefore, it is no surprise that many of our nearly 100 million countrymen have chosen to become musicians, entertainers, singers, band members or dance instructors. Many of our television shows are also oriented towards music, such as singing and dancing contests.

More concerts

From current pop idols like Miley Cyrus and Katy Perry to music icons like Tony Bennett and Frankie Valli, performers consider the Philippines as one of the top choices for staging a concert. The audience here is so lively that they inspire the artists to perform even better. Many *balikbayans* also come back to watch concerts and live bands here because they are more enjoyable, especially those that play music from the 60s and 70s.

More islands

The Philippines is also one of the largest archipelagos in the world, with a total of 7,107 islands. As a result of our geography, we also have hundreds of beaches stretching across more than 36,000 kilometers of coastline. Not only do we have among the best beaches in the world, but also the most popular diving sites. Our internal and surrounding waters are also home to thousands of species of aquatic creatures, including the largest fish in the world, the *butanding* (whale shark).

More tourist attractions

In addition to beaches, our country has many more tourist attractions. These include historical churches, Intramuros, Vigan, Ilocos Sand Dunes, Banaue Rice Terraces, Chocolate Hills, Mayon Volcano, Mt. Pulag, Palawan's underground river and resorts, and many more. With the proper infrastructure, all these will help boost our tourism sector.

More Christmas

The Philippines has the longest Christmas season. Starting from October, people are already talking about Christmas gifts, preparing for Christmas parties and listening to Christmas carols. Christmas trees are erected even before November as a sign that the festive season has begun. Many Filipino-Chinese keep their Christmas decorations up until Chinese New Year. This year, it falls on January 31.

More Christmas holidays

Have you noticed the list of holidays in 2014? This year has the longest Christmas holiday – a total of 12 days from December 24, 2014 to January 4, 2015. With only 2 working days in between (December 29 and January 2), this is practically a long vacation waiting to be booked. So, for all intents and purposes, it is likely that people will not go to work anymore. Factories and other businesses may just declare these 2 days as holidays as well.

More Growth

The latest GDP growth figure of 7.0% in 3Q13 puts the Philippines at par with China. We are one of the fastest growing economies in the world. Again, this is possible because of the Filipino people. With 75% of our GDP coming from domestic consumption, we have ourselves to thank for our stellar growth numbers, especially the OFWs who toil abroad so that their loved ones here may have comfortable lives.

More Reserves

The Philippines gross international reserves are as high as they have ever been, amounting to \$84 billion as of November 2013. This is enough to pay for about a year worth of imports and 9 times our country's short term external debt, a testament to our country's strong fundamentals. It is important to note that our reserves are now larger than our debt.

More Fun Soon

With a solid macroeconomic story and a resilient people, we believe that sentiment towards the Philippines will become positive once again. Investors will once again focus on the good things happening to us and see that we are in much better shape than our neighbors. This is why we think that the slogan "More fun in the Philippines" will be back sooner than you think.

More than 6,000

We believe that our stock market will be above 6,000 in the not too distant future. With all the reasons we cited above that the Philippines has more of, we see the index rising to 6,400 within the year.

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