

The Philippines has been growing at a robust pace since 2010, the start of the decade, and has emerged as one of the fastest-growing economies in the Asia region.

In the last six years, the country's GDP growth has accelerated to 6.2% on average, from 4.5% in 2000-2009, and 2.3% in 1990-1999.

More importantly, the quality of growth has improved with greater contribution from manufacturing and investment.

The economy expanded by 6.9% in the first half of 2016, the fastest in 3 years, driven by consumption and investment on the demand side, and services and manufacturing on the supply side.

Household consumption grew by 7.2%, the fastest in 4 years. Fixed investment grew 27.7% and reached 23.7% of GDP, the highest in more than ten years and closer to other SE Asian peers: Malaysia (24.8% of GDP), Thailand (25.3% of GDP) and Indonesia (32.1% of GDP).

Despite the accelerated growth, inflation pressures continue to ease from a high of 9.3% in 2008, to 4.2% in 2014 and now to a record-low of 1.4% in 7M16.

With inflation well below the government's target range of 2% to 4%, the PHL Central Bank continues to pursue an accommodative monetary stance. It lowered the key policy rate by 100 bps to 3.0% in June, coinciding with the introduction of an interest rate corridor system, and has kept rates unchanged since then in three succeeding meetings.

The Philippine banking system remains stable and adequately capitalized. Total loans rose 16% to P9.6 trillion. NPL ratio stood at 2.2%, half the level in 2012.

The industry CAR of 15.7% is well above the BSP's 10% (+2.5% capital conservation buffer) statutory requirement and the BIS international minimum of 8%.

Robust economic growth and low inflation have resulted in higher job creation. Four million jobs were created in the last six years and the unemployment rate has declined to a record-low 5.4%.

The \$25-b Information Technology – Business Process Outsourcing industry or IT-BPO has contributed significantly, from 138k jobs IT-BPO jobs in 2005 to 1m in 2014 and expected to reach 1.3m in 2016.

As a result, one million overseas Filipinos have come home, since the peak of 10.4m in 2011.

Having achieved fiscal consolidation, i.e. reduced budget deficit of 1.7% of GDP and public debt of 43% of GDP, the country's fiscal position will be more supportive of growth in 2017.

The 2017 budget proposal calls for P3.35 trillion budget, 11.5% higher than in 2016, with a deficit ceiling of 3.0% of GDP and infrastructure investments of 5.4% of GDP.

In line with the 2017 budget, the government is targeting PHP7 trillion in new infrastructure spending over 2017-2022, part of which will be implemented through Public-Private Partnership (PPP) projects.

The country has ample buffer against external shocks. The favorable BoP position has lifted the GIR level to an all-time record of \$85.3b, equivalent to 10.4 months of imports.

The current account has recorded a surplus for 14 consecutive years. FDI inflows doubled to US\$4.2b in 1H16.

The strong macro fundamentals is reflected in the strengthening of the Peso. The Peso Real Effective Exchange Rate has appreciated by 23% over the past 10 Years or 2.3% per year.

Nominal Peso: Dollar rate has appreciated by only 4%; YTD Nominal Peso: Dollar is down -0.1% vs. Peso REER -3.0%.

The Philippine stock market is on an eight-year bull run. It has gained 308% or 41% per year since March 2009, the strongest bull market in the world. YTD, the PSEi is up 9%. It reached a high of +17% on July 22, supported by net foreign buying of P34B.

Domestic market capitalization grew 14% to \$12.7 trillion. Equity capital raisings reached P96b YTD, from P185b last year.

Government bond yields have come down significantly YTD. The yield on the 20-year LCY government bond has fallen by 70 bps to 4.82% while the yield on the 24-year dollar-denominated government bond has declined by 49 bps to 3.36%.

LCY bond issuances have increased by 30% to P277b in 1H16. Private sector issuances increased by 42% to 50b YTD July.

2016 being a national election year, we present the performances of past Philippine presidents, in terms of GDP and the stock market, during their respective terms of office.