



FIRST METRO
INVESTMENT CORPORATION

Metrobank Group

Philippines On the Rise

June 18, 2013

2013 Economic Forecast



INDICATOR	2013 forecast
• GDP	7-7.5%
• OFW Remittance	4-5%
• Oil	USD94
• Inflation	2.8%
• Exports	6 - 8%
• Imports	8 - 10%
• Peso	41 - 43
• Rates	10Y - 2.675- 2.8%
• Deficit	1.8%
• PSEi	7,200
• PE Ratio	18.7x

January 2013 briefing – Signs to watch out for



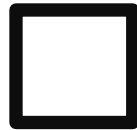
Unabated Peso Appreciation



May 2013 Mid Term Elections



Geo Political Situation in the Region



Delayed infrastructure projects



Looming Mindanao Power Crisis



Weak Global Economy



Unabated Peso Appreciation

ABENOMICS

More Liquidity, Weaker Asian Currencies



'Three Arrows' of Abenomics

Prime Minister Shinzo Abe aims to revive Japan's economy with a three-part package

Aggressive Monetary Policy

Goal: End Deflation **Steps:** Press the BOJ to ease policy, raise inflation target to 2%, appoint deflation fighter as Bank of Japan chief (Already implemented)

Expansionary Fiscal Policy

Goal: Provide short-term boost to economy **Step:** A ¥13 trillion (\$135 billion) special budget, largest since 2009 (Already implemented)

Growth Strategy

Goal: Create conditions for longer-term growth, improve corporate competitiveness **Steps:** Trans-Pacific Partnership trade agreement, employment reform, clean energy, medical care, agricultural exports (To be unveiled by midyear)

Sources: The Prime Minister's Office; staff and news reports

The Wall Street Journal

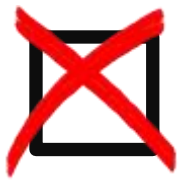


Unabated Peso Appreciation

USA

Mild Economic Recovery – stronger Dollar, weaker Peso



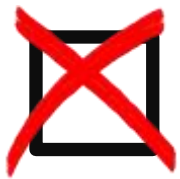


Geo Political Situation in the Region

North Korea

Military reshuffle removes military hardliners





May 2013 Mid Term Elections

Philippines Peaceful Elections





Weak Global Economy

USA & Japan Leading the Way

- Manufacturing
- Shale Gas
- Housing recovery
- Employment
- Dow Jones at 15,215



- Abenomics
- Quantitative Easing
- Cheaper Exports
- More Consumer Demand



Weak Global Economy

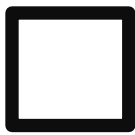
BRICS is BACK

IMF forecasts Global Economy at 3.3% in 2013



In 2012

- 25% of global output
- By 2020, projected to improve by 33%



Delayed infrastructure projects

NAIA to CAVITE 5.8 km elevated highway



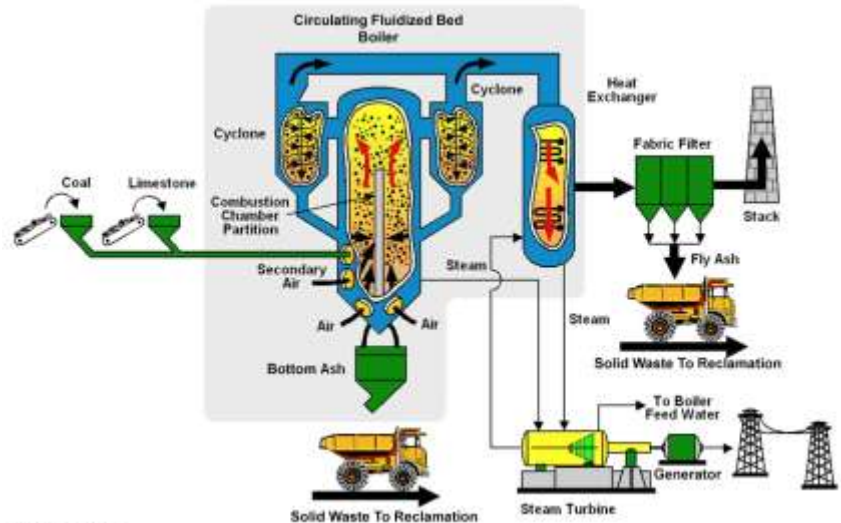
Looming Mindanao Power Crisis

In the pipeline:

Aboitiz Power - 300 MW

Alsons - 200 MW

Meralco-GBPC



PHL - Investment Grade status

Fitch Ratings

STANDARD
& POOR'S

= more investments from global funds

- CALPERS
- PIMCO
- Blackrock
- Aberdeen
- Mizuho
- Schroder
- Okasan
- and more...

BLACKROCK



Schroders

= more economic benefits

- Sovereign spreads reduced by 36%
- Corporate spreads reduced by 180 bps



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Thank You!

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