

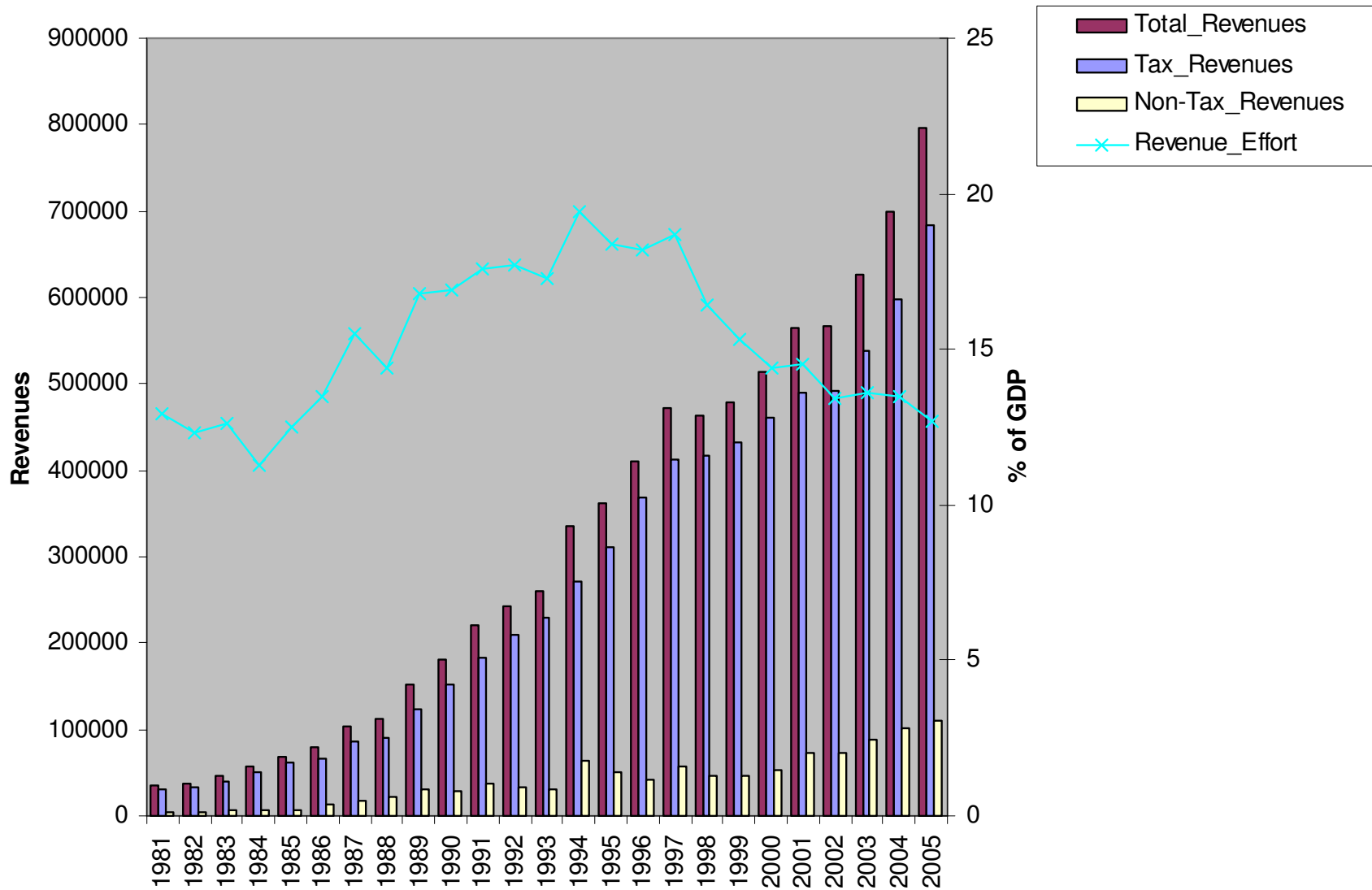
**WELCOME!**

Home Guaranty Corporation

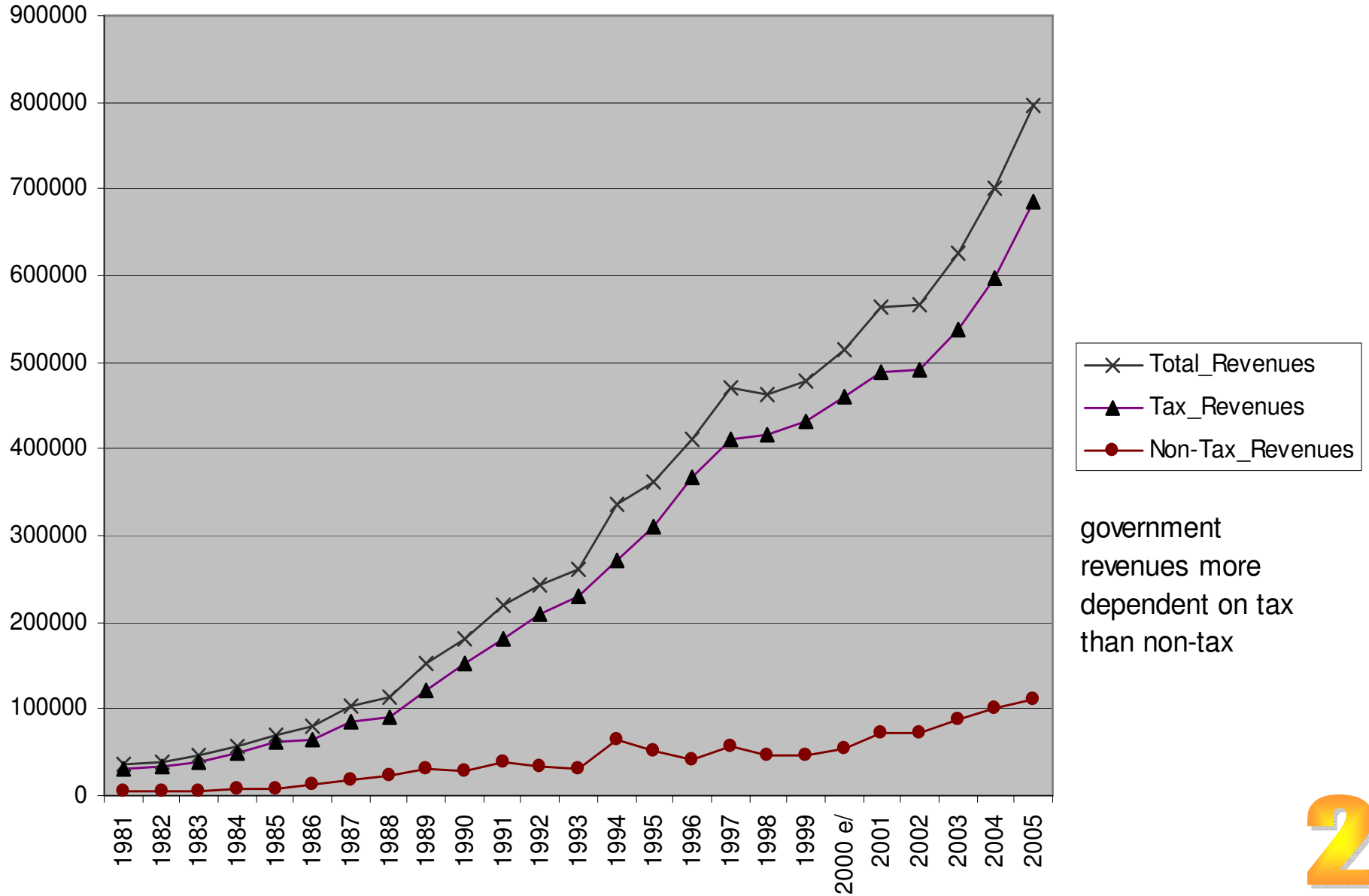
**Third Research Presentation**

# Housing Prospects

# REVENUES VS. PERCENTAGE OF GDP



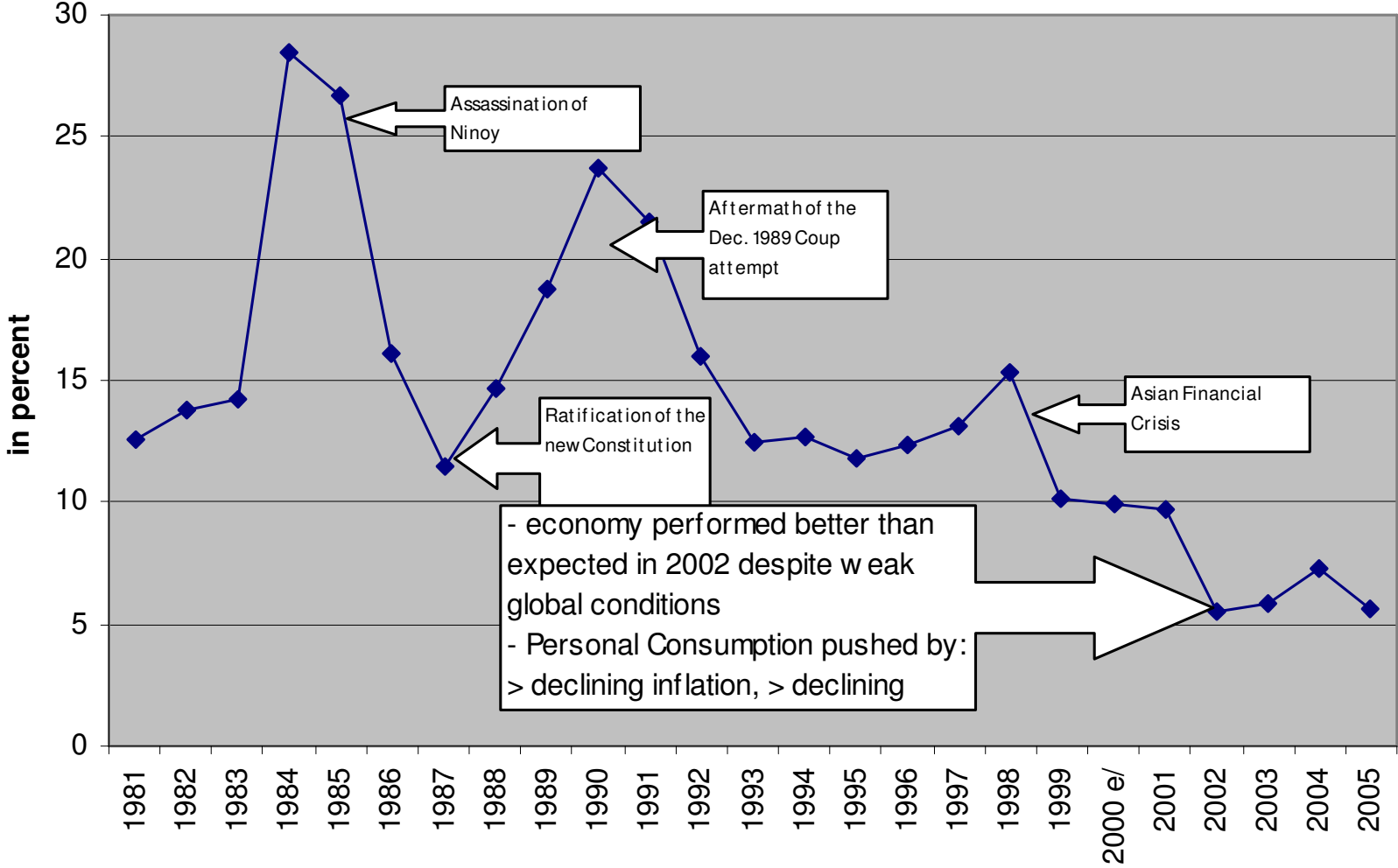
### Government Revenues (in Million Php)

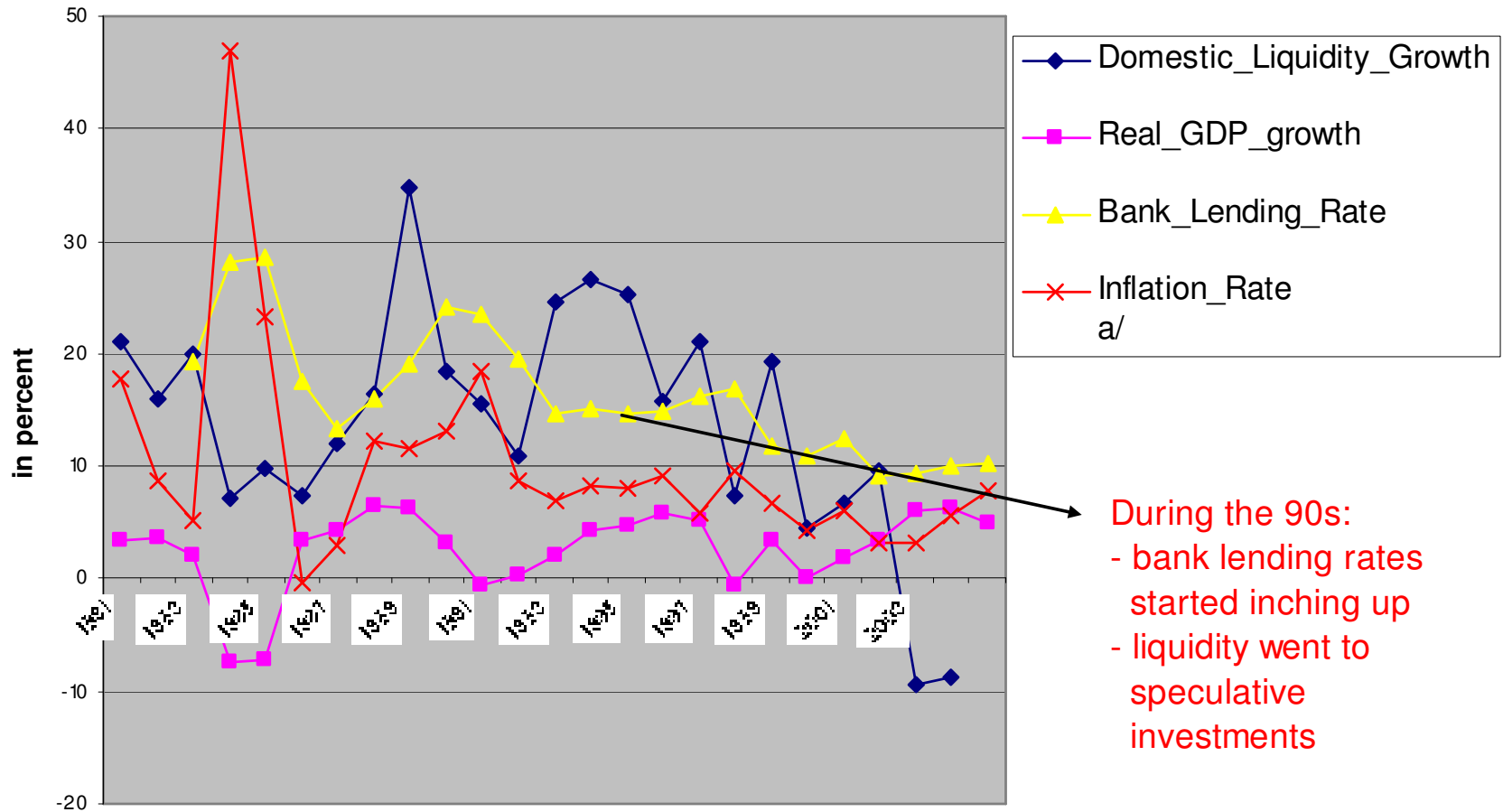


government revenues more dependent on tax than non-tax

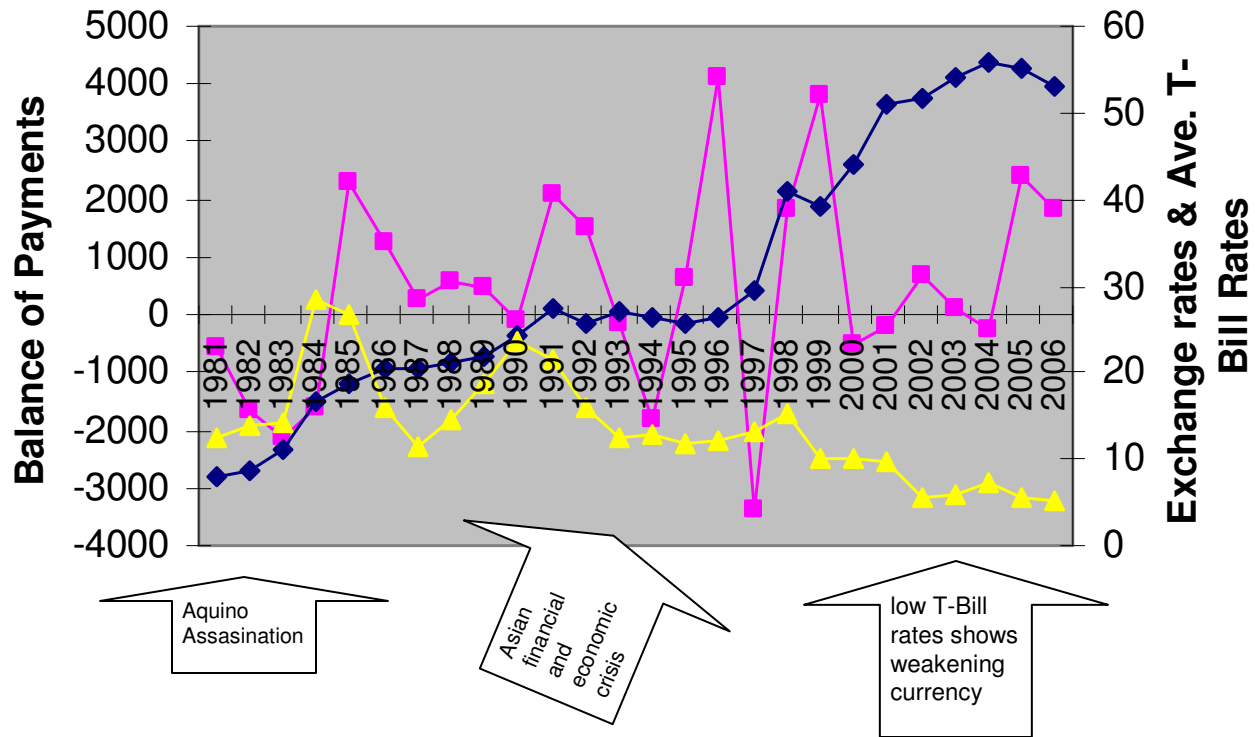


# 91 day T-bill Rate

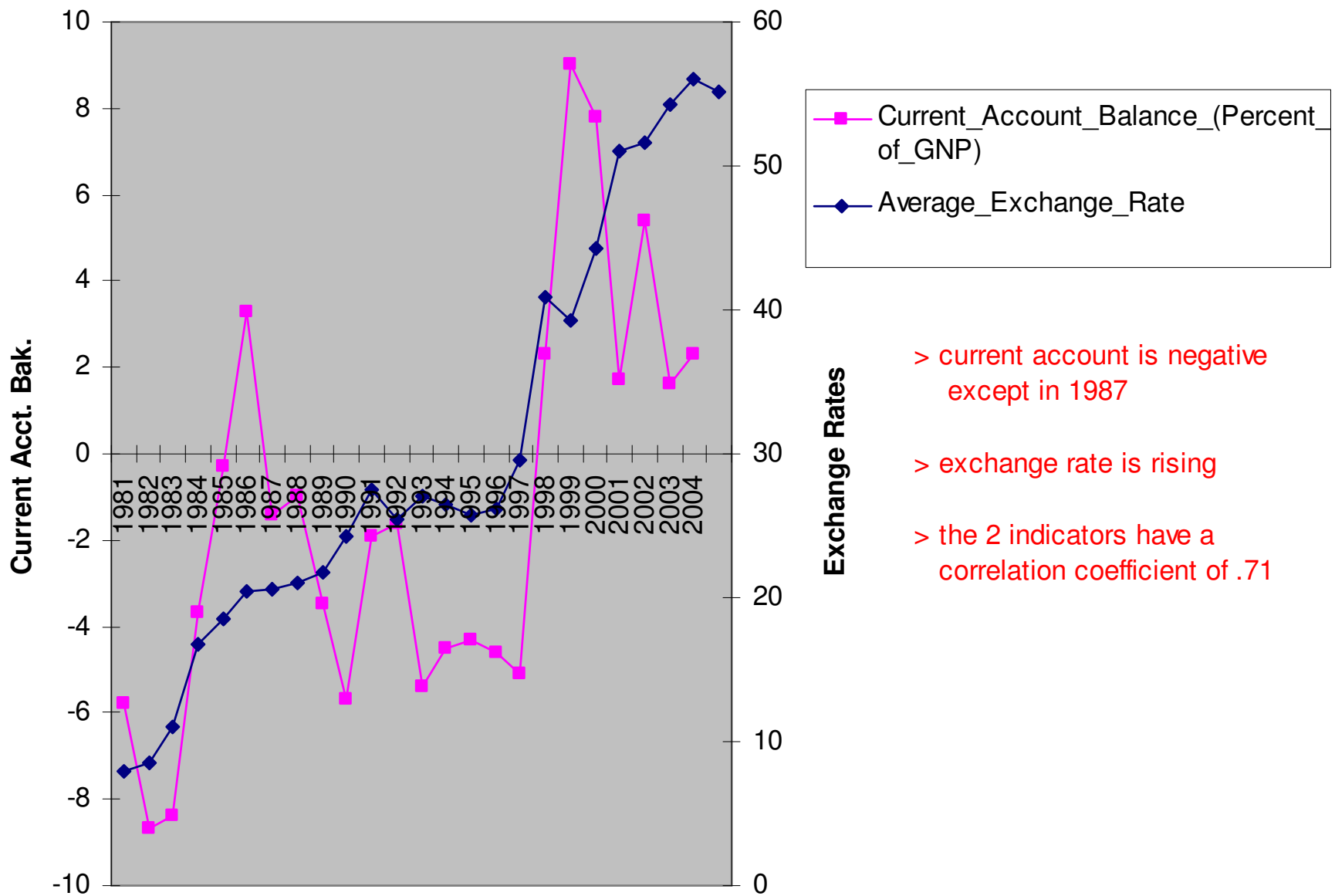




■ Balance of Payments (in million US\$)
 ◆ Average\_Exchange\_Rate
   
▲ 91-day\_Treasury\_Bill\_rate

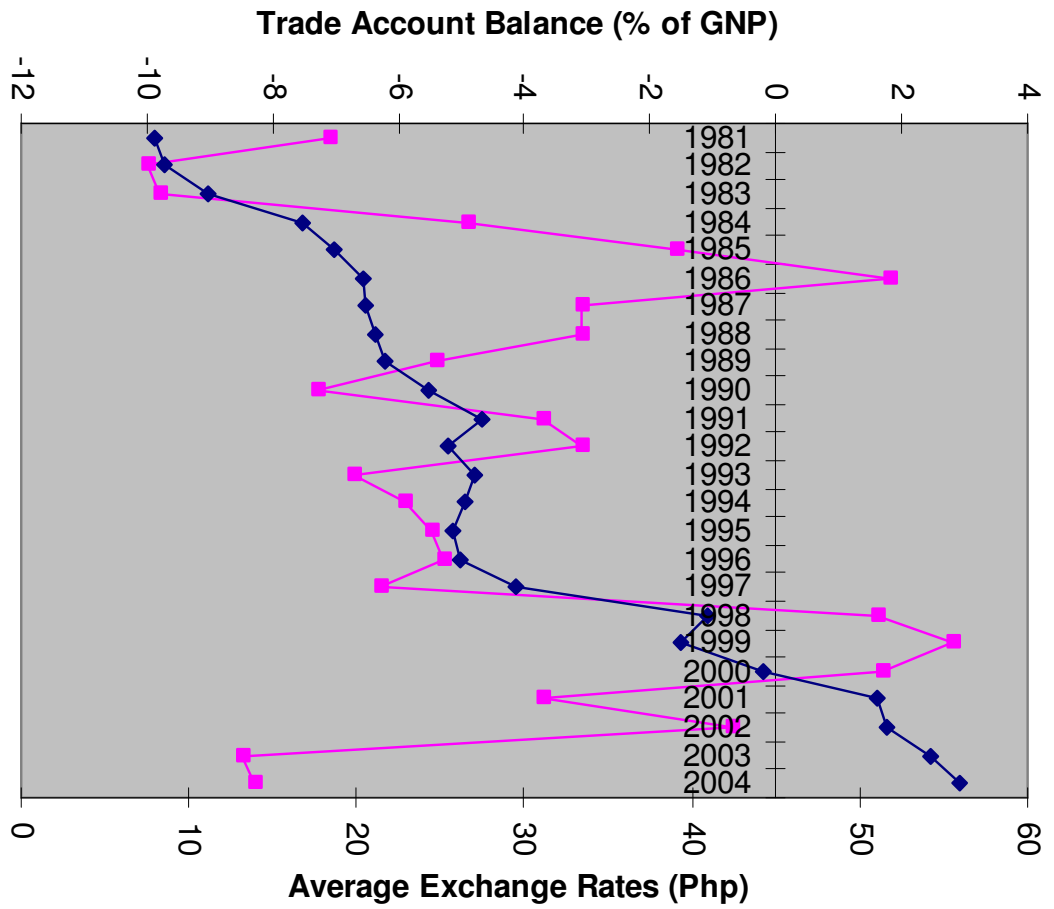


- tremendous increase in export in 2005  
 >Manufacturers export 80% of total exports against 43% in 1983

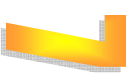
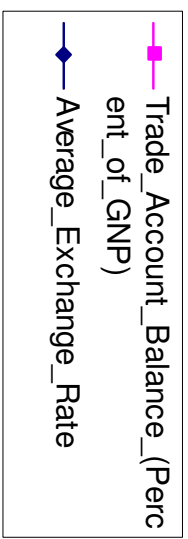


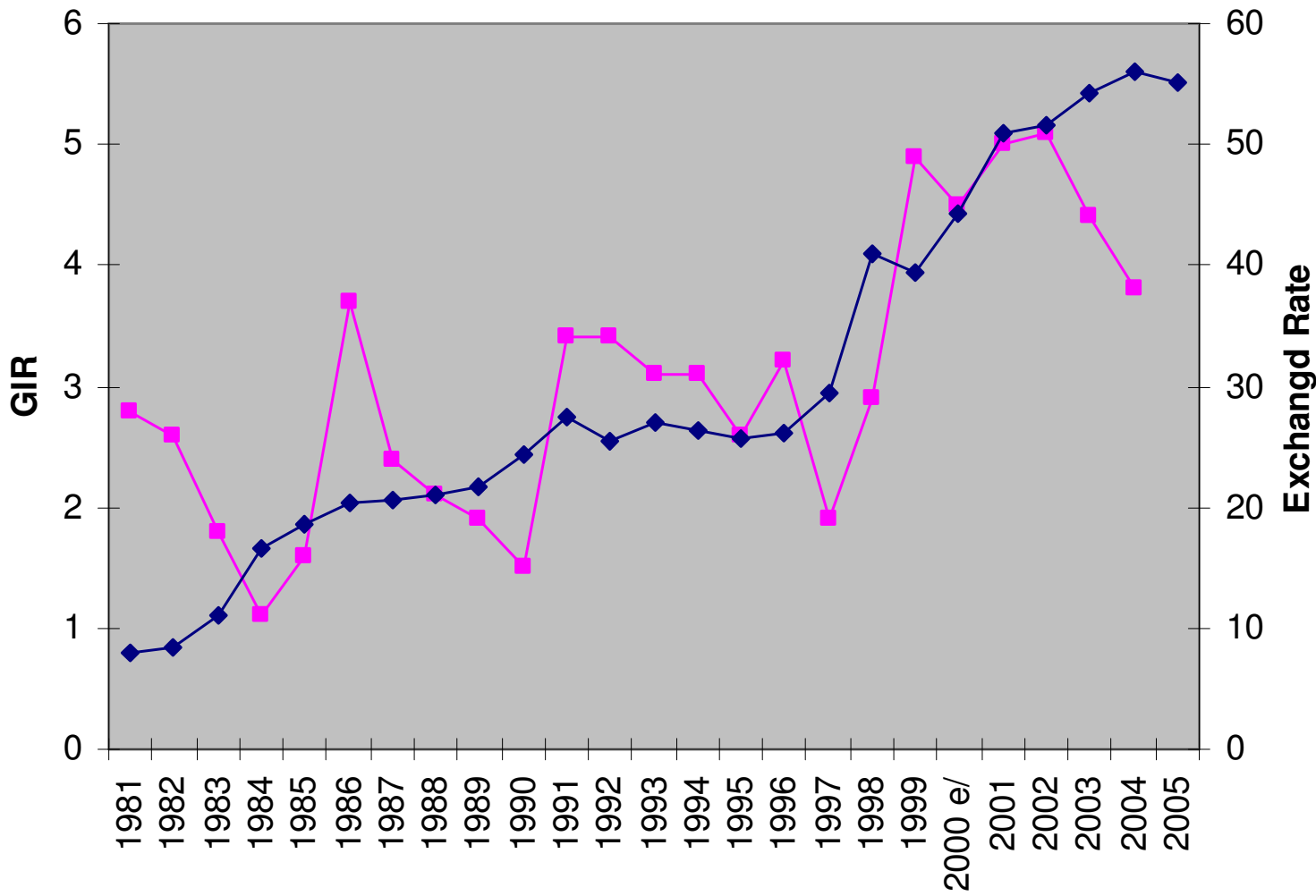
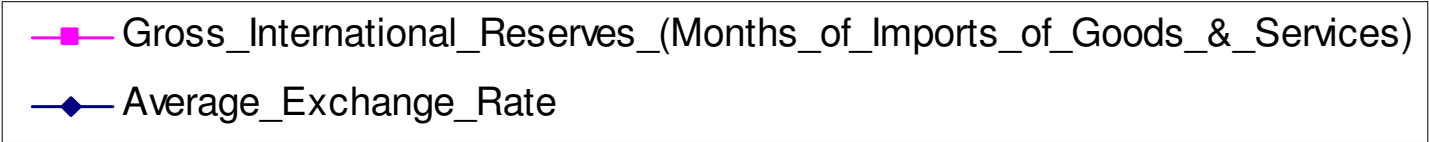
- > current account is negative except in 1987
- > exchange rate is rising
- > the 2 indicators have a correlation coefficient of .71





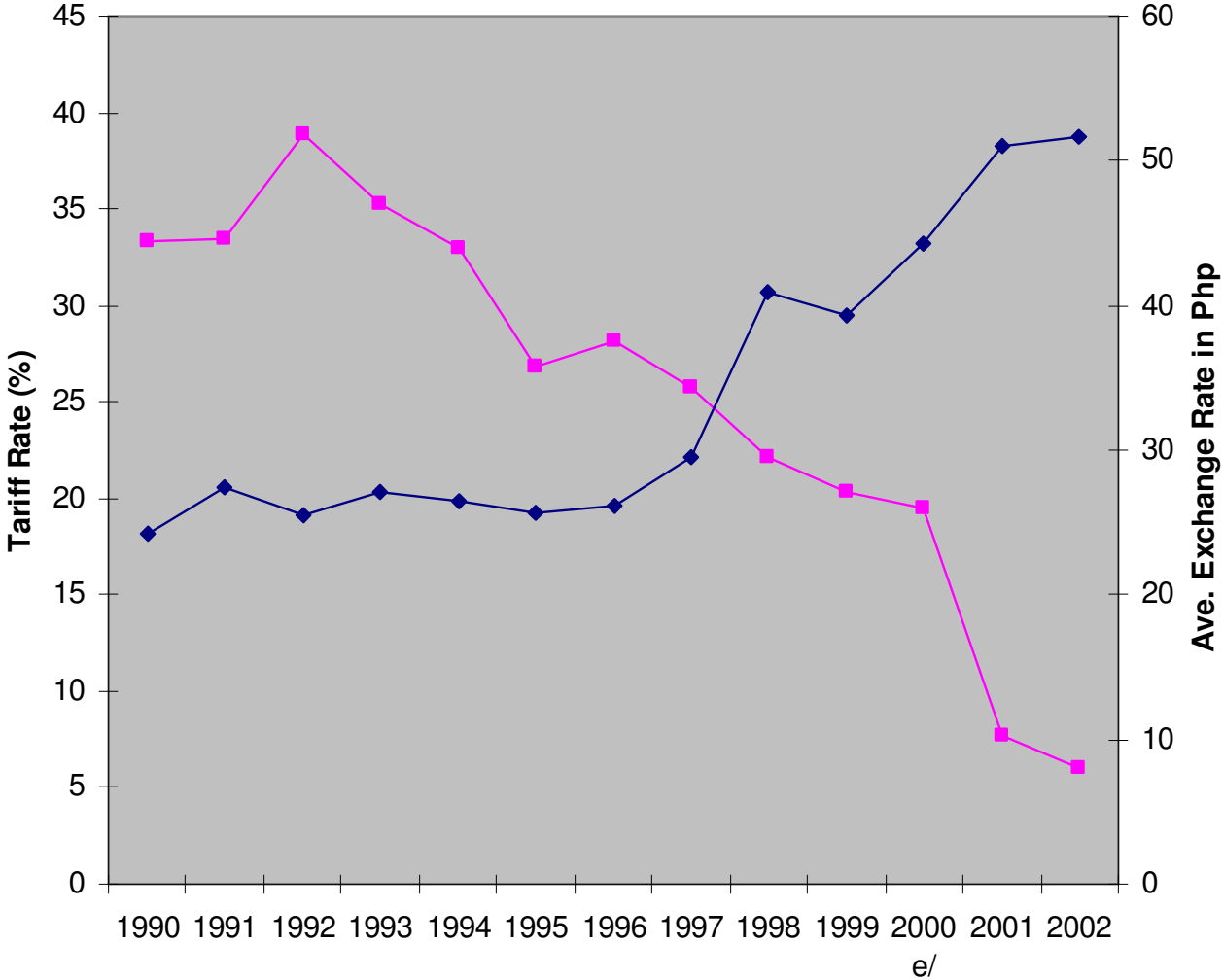
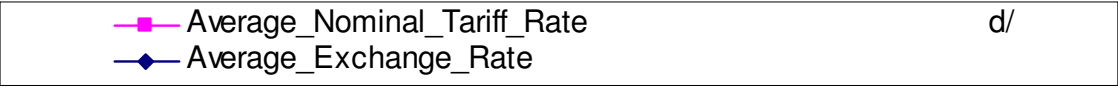
Low Trade Account Balance as percent of GNP shows weak currency



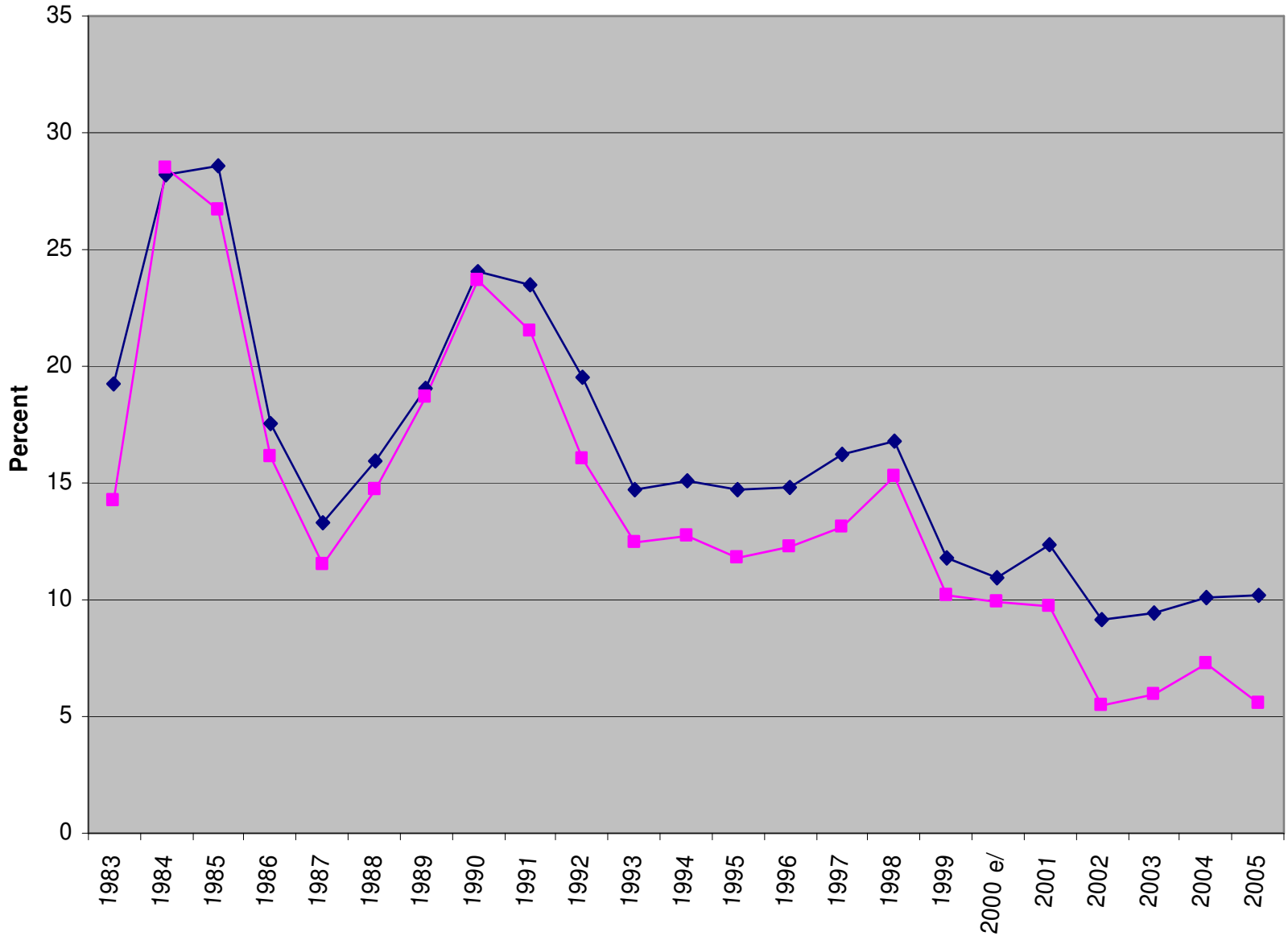


> counter intuitive  
 > in the short run, Gross International Reserves has an effect on the exchange rate but in long term they are not connected



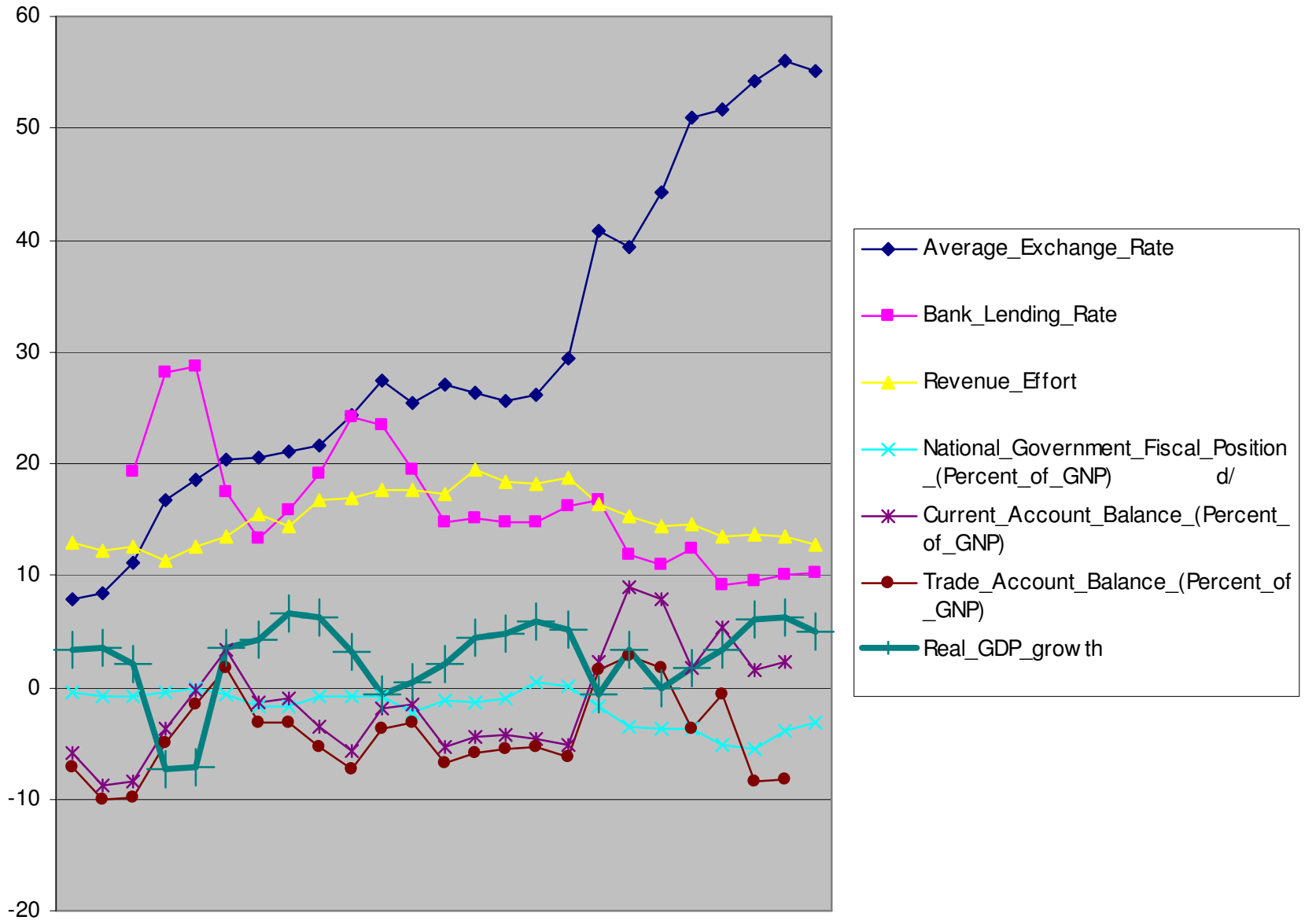


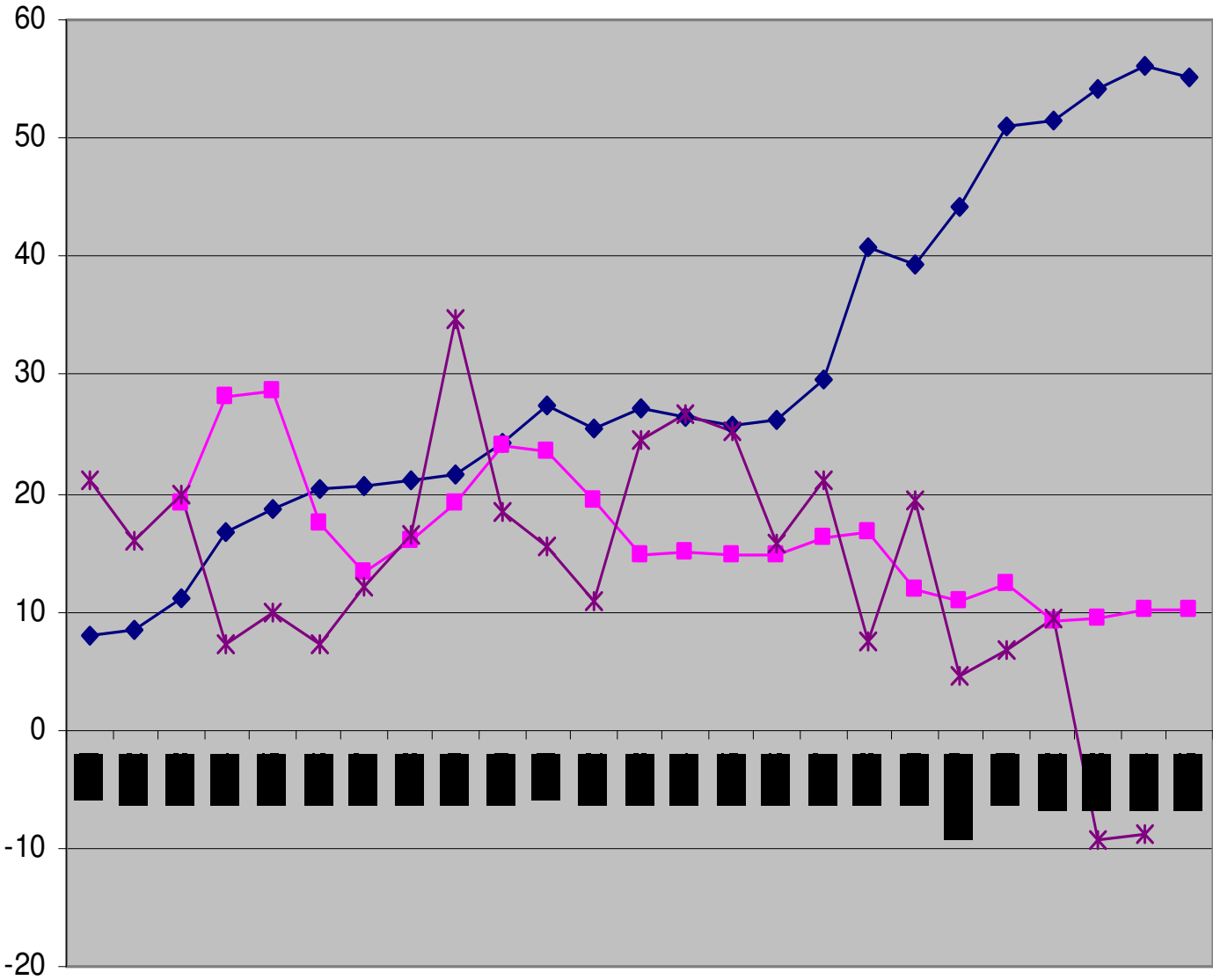
theory:  
 when nominal  
 tariff rate  
 declines, the  
 higher the  
 demand for  
 imports ergo  
 higher  
 demand for  
 dollar



Bank spread from T-bill rates increasing





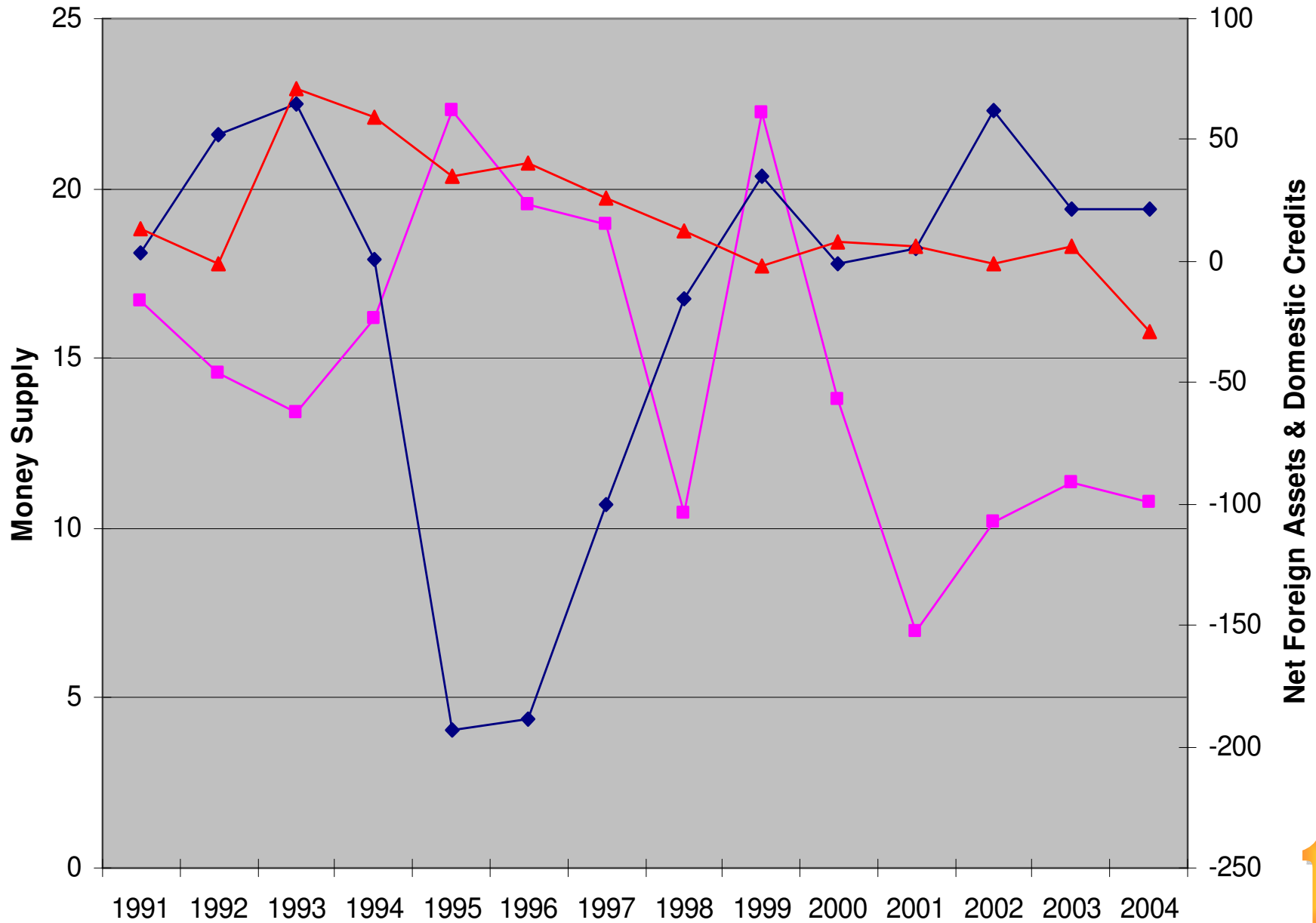


Money\_Supply

Net\_Foreign\_Assets

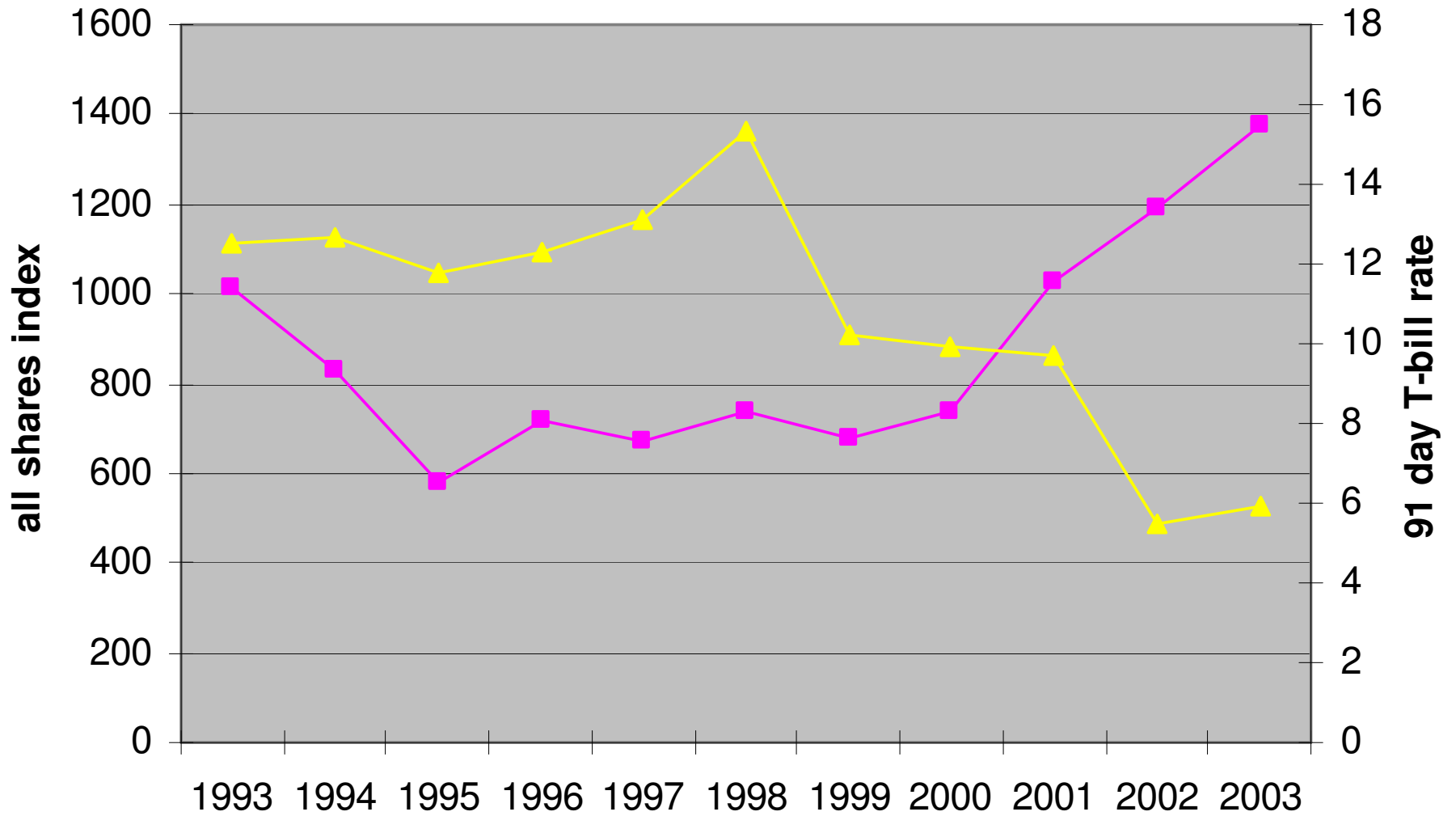
Net\_Domestic\_Credits

In Growth

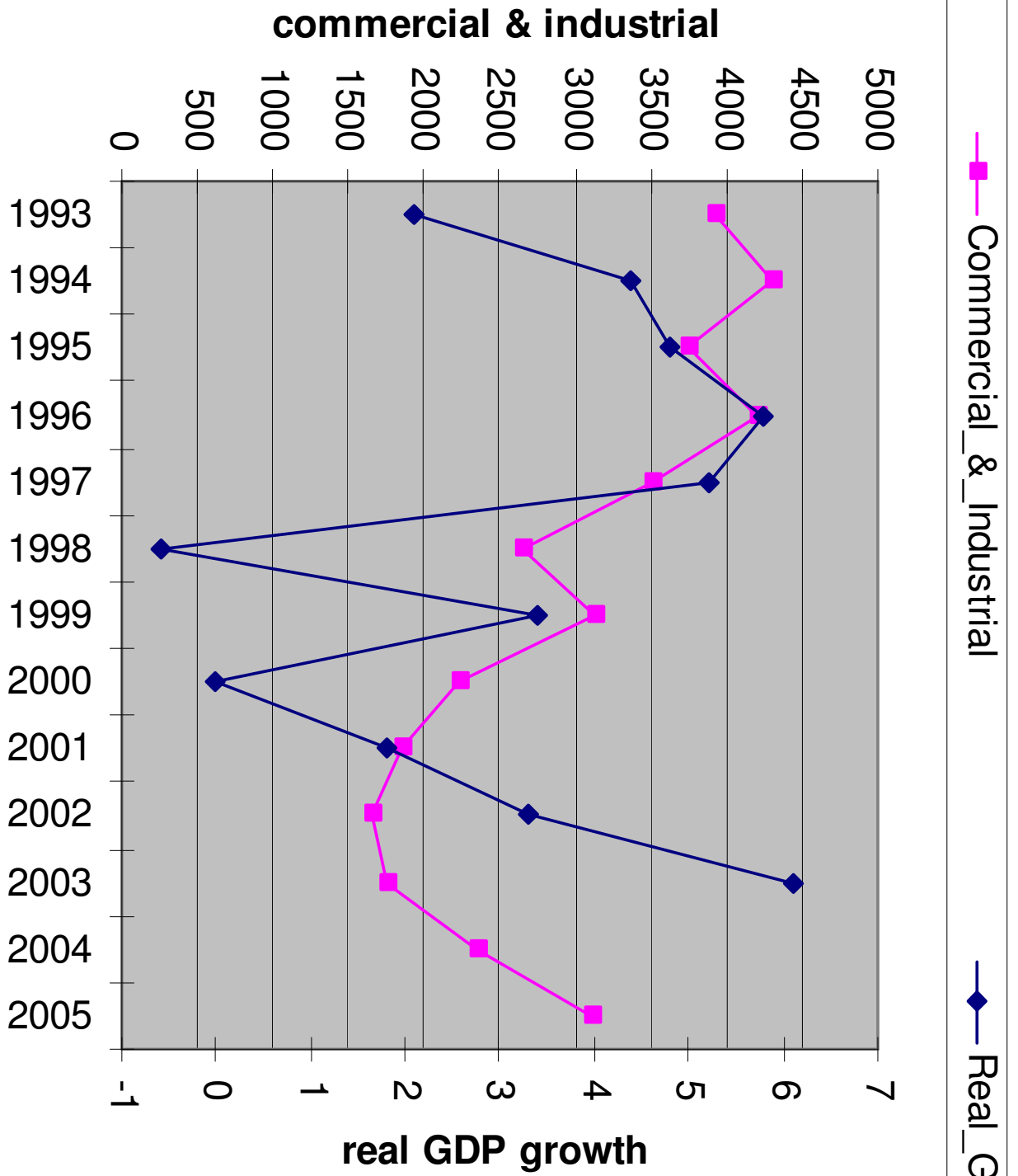


■ All\_Shares\_Index...

▲ 91-day\_Treasury\_Bill\_rate



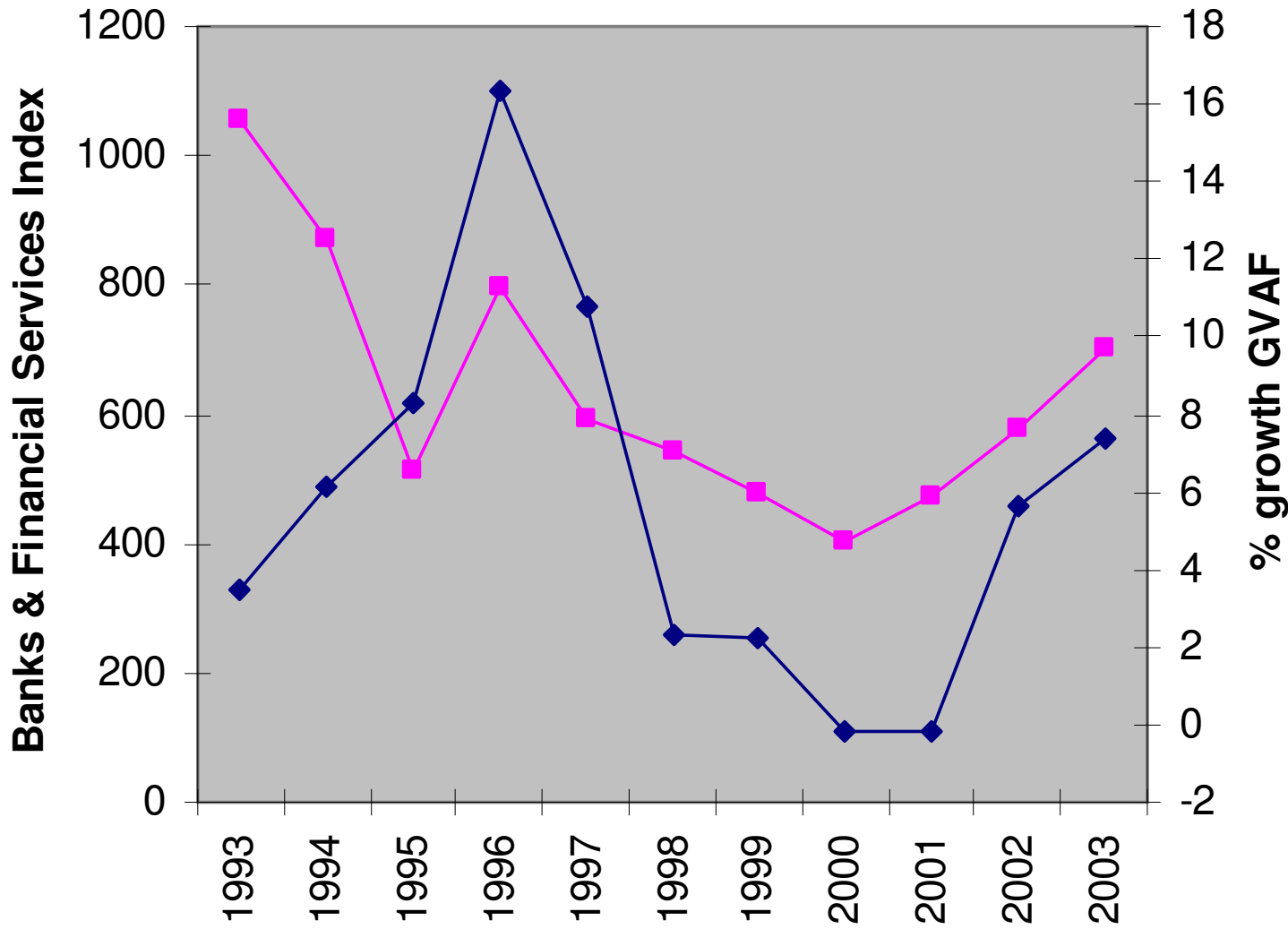




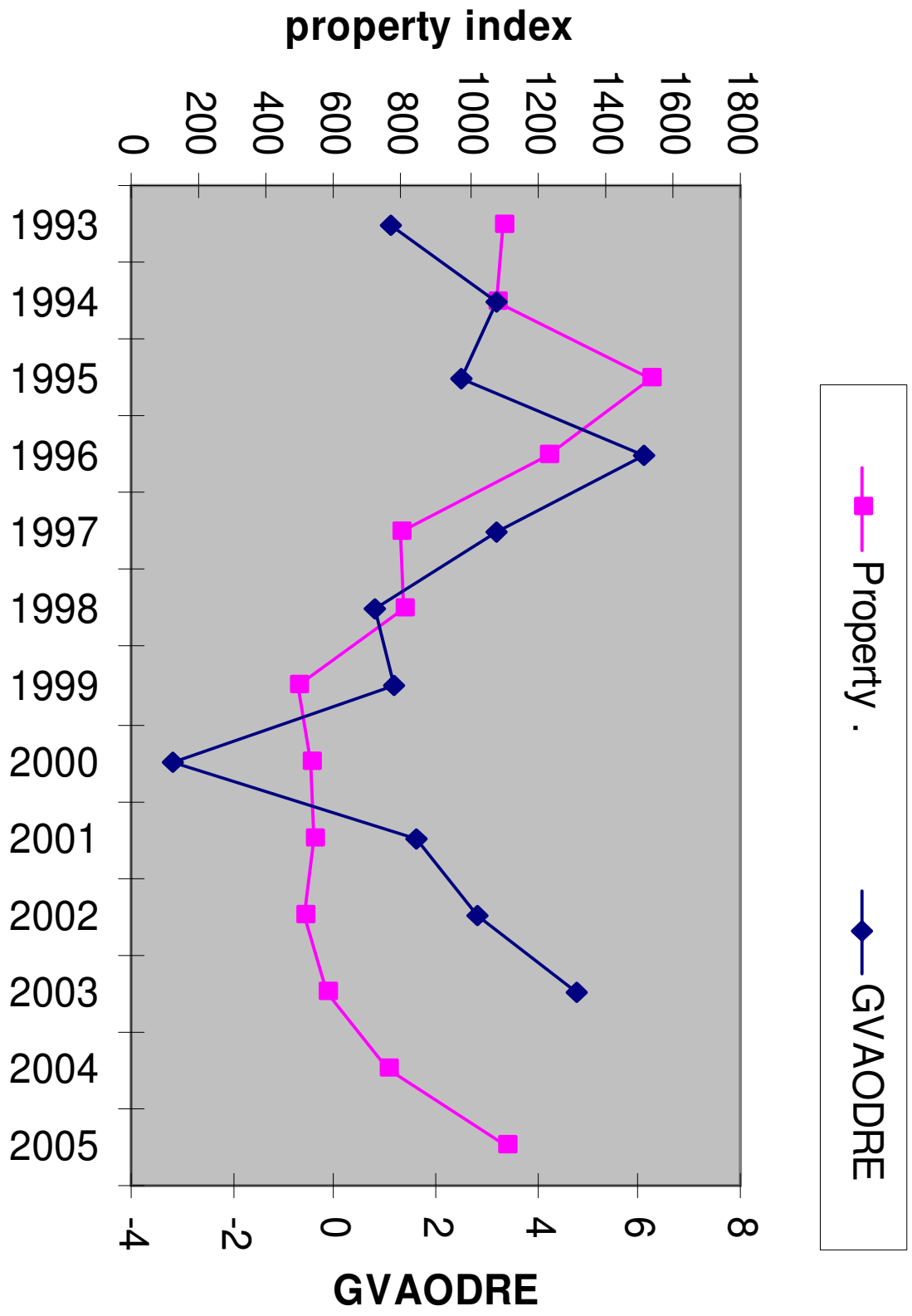
Commercial & Industrial

Real GDP growth

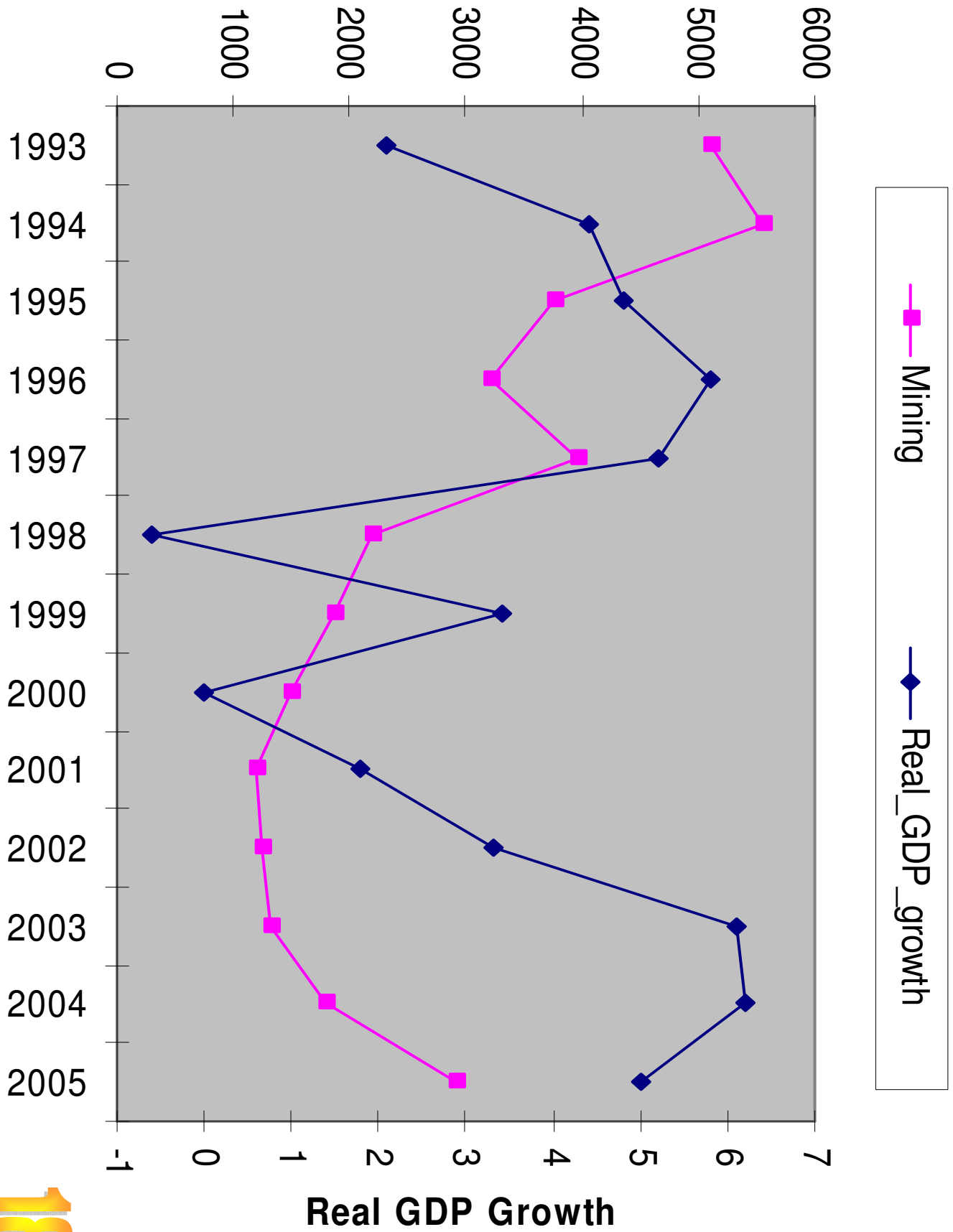
■ Banks\_ & Financial\_Services ... 
 ◆ Gross Value Added in Finance

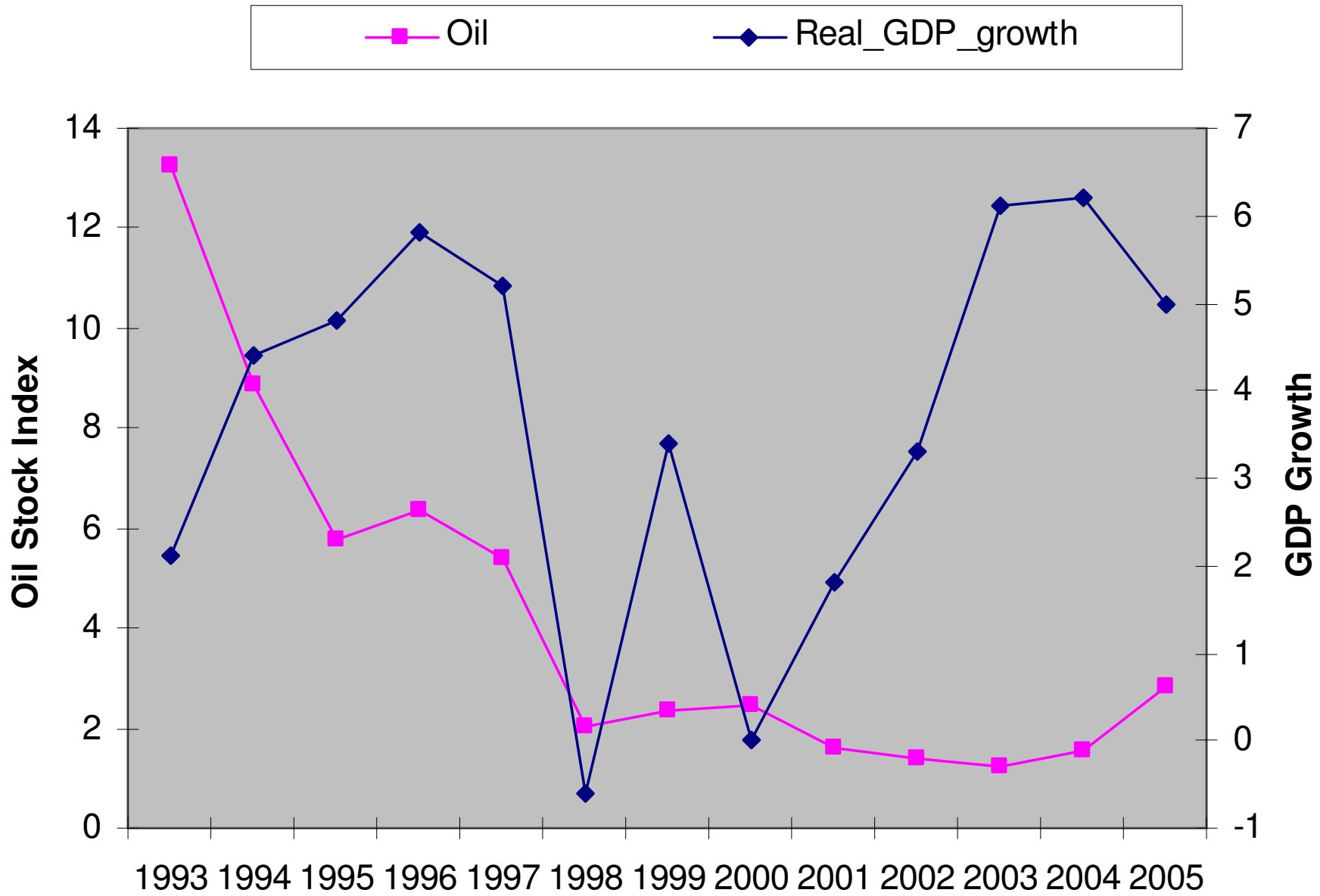


High growth in GVAF, high index in Banks & Financial Services  
 low growth, low index  
 2 indicators move the same except in 1993-1996

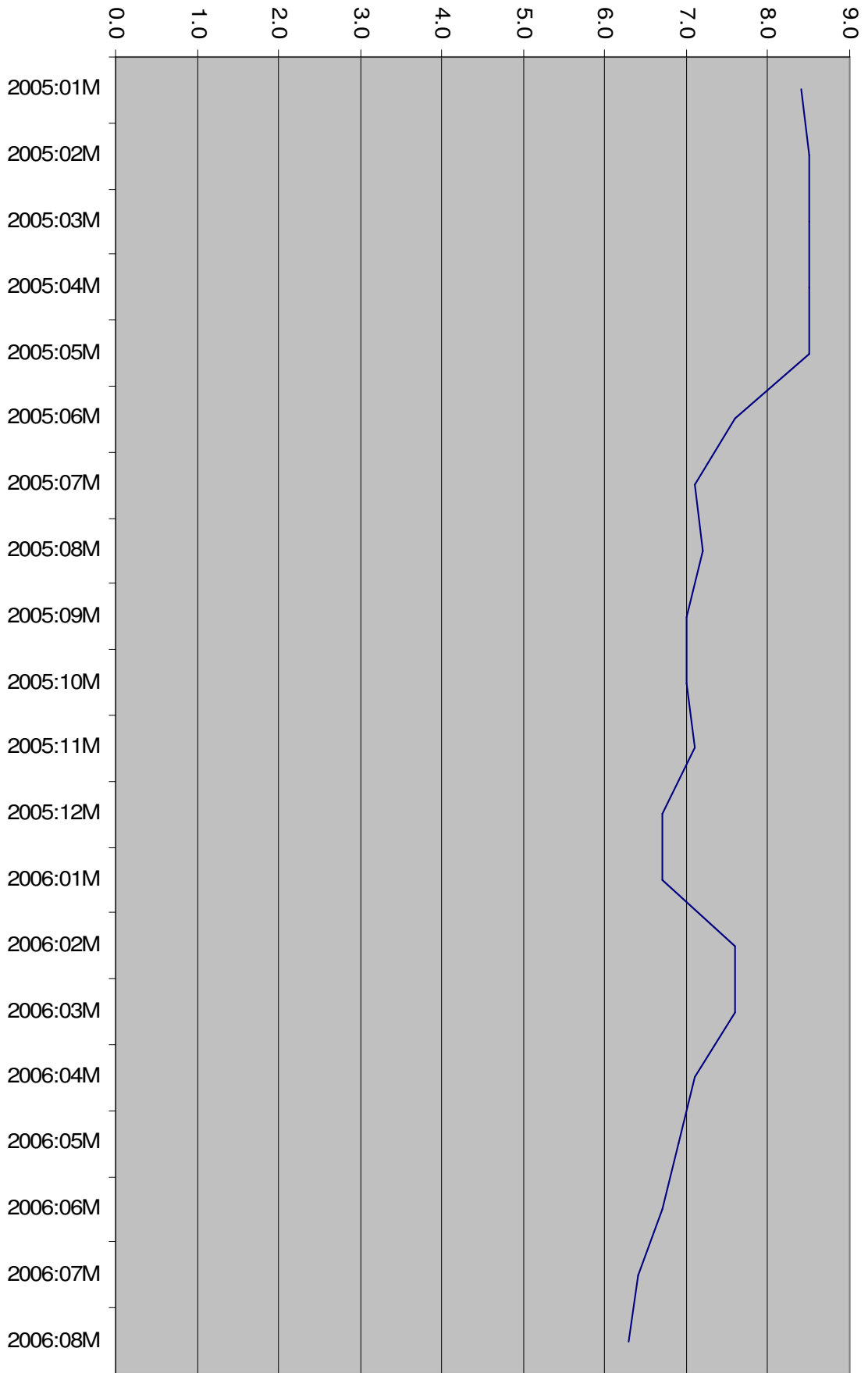


# Mining

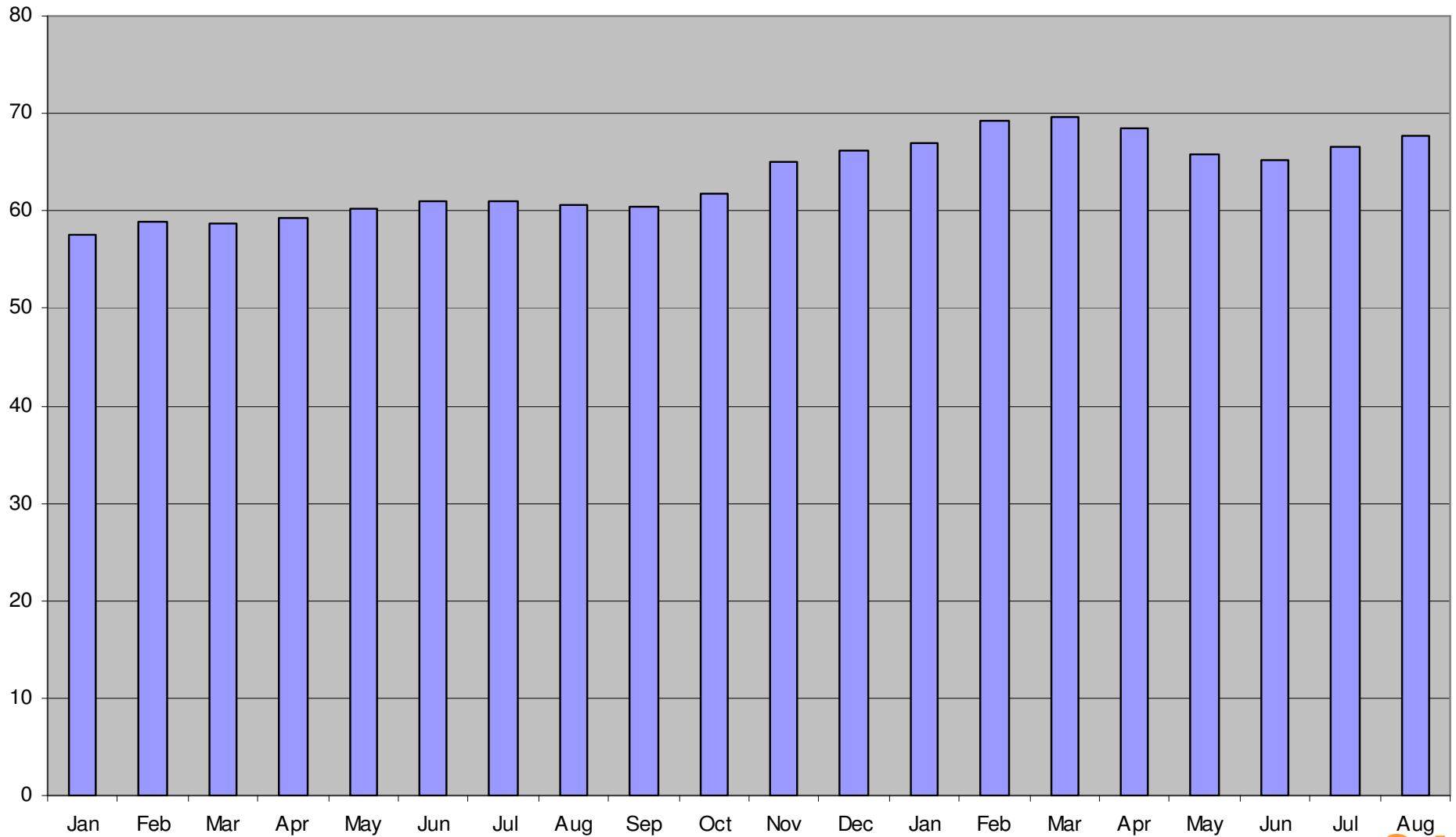




# 2005-2006 Monthly Inflation



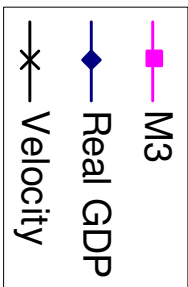
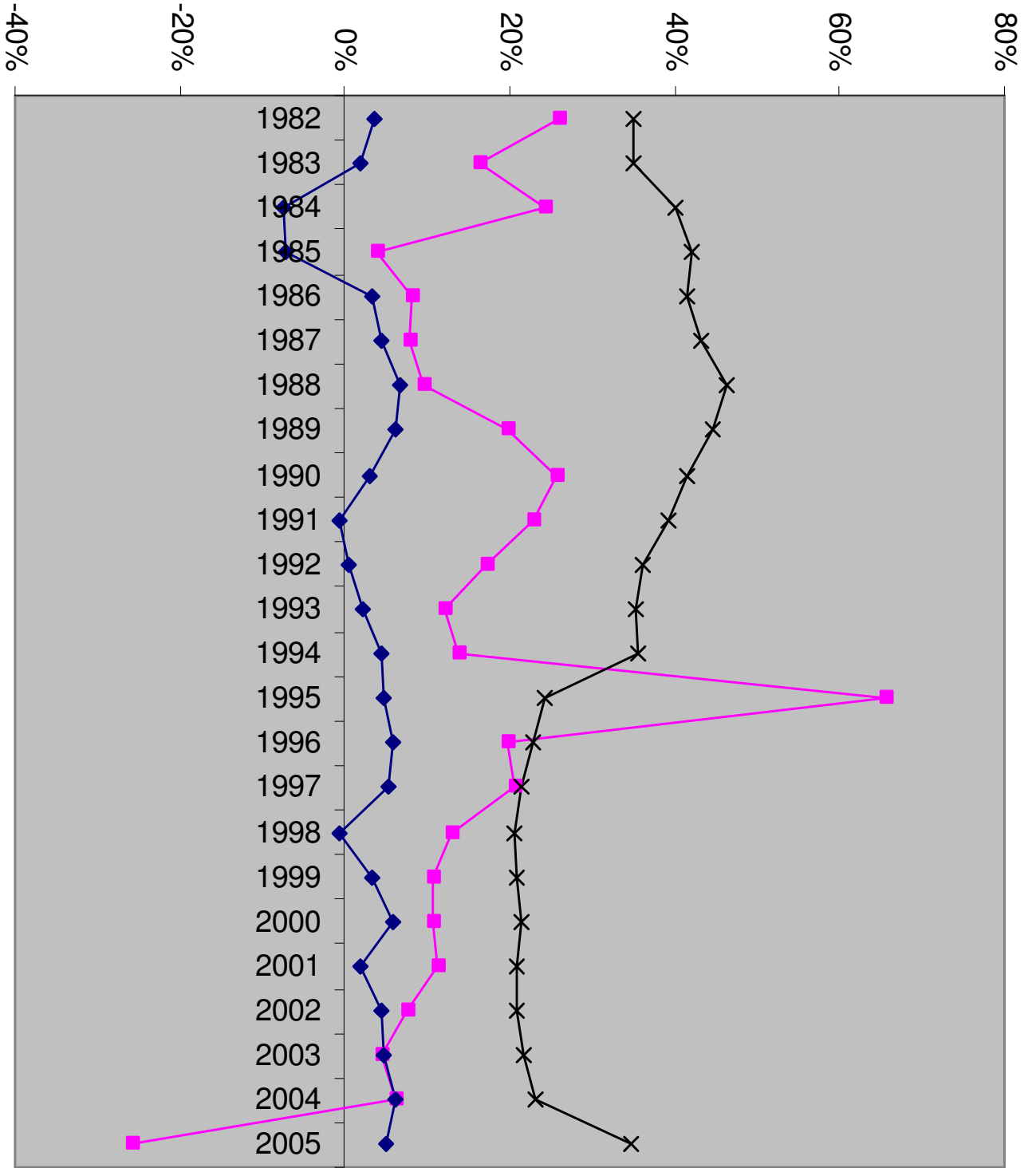
# Monthly Exchange Rate



2005

2006

# Y-O-Y Growth





Y-O-Y Change	Actual 1 <sup>st</sup> Sem		Forecast	
	2005	2006	2006	2007
Real GNP	4.9	6.55	6.4	6.2
Real GDP	4.9	5.6	5.8	5.8
Personal Consumption	4.9	5.4	5.5	5.0
Exports	2.65	17.4	18	6.0
Imports	-0.9	2.35	3.4	3.5
Service	6.6	6.1	6.3	6.5
Manufacturing	5.35	6.4	6.3	6.4
AFF	0.9	5.25	5.3	6.0
Agriculture and Fishery	2.0	5.2	5.3	6.0
Forestry	-25.4	28.95	20.0	2.0

Year on Year Change	Actual 1 <sup>st</sup> Sem		Forecast	
	2005	2006	2006	2007
Finance	12.1	12.3	12.4	10
Trans, Comm, & Storage	8.95	5.4	5.7	8.0
Trade	5.8	5.25	6.0	6.1
GVAODRE	12.1	12.3	11.5	12.4
Capital Formation	-6.4	-3.25	2.2	3.5
Domestic Liquidity (M3)	14.38	11.32	12.0	12.0

Year on Year Change	Actual		Forecast	
	2005	2006	2006	2007
Number of LTS	9.0	10.0	8.0	8.0
*Number of Residential Construction Permit	3.4	-9.2	2.2	3.5
*Amount of Approved Residential Construction Permit	-16.7	16.6	16.0	18.0
***91 Day T-Bill Rate	6.6	5.19	5.0	5.5
**/**Unemployment Rate	12.7	8.2	8.0	8.5
***Inflation Rate	8.3.	7.1	7.0	6.8
***Lending Rates	10.11	9.92	9.5	9.2

\*1<sup>st</sup> Qtr

\*\*April

\*\*\*Rates