28 March 2017

MBC

MAKATI BUSINESS CLUB

THE FORUM FOR CONSTRUCTIVE IDEAS

MBC EXECUTIVE OUTLOOK SURVEY:

BUSINESS REMAINS UPBEAT ON PHILIPPINE ECONOMY THIS YEAR

In its First Semester Executive Outlook Survey for 2017, the Makati Business Club members expressed a highly optimistic outlook for the Philippine economy expecting it to either surpass or sustain last year's 6.8% GDP growth. This is despite anticipating an increase in inflation and interest rates this year, coupled with a critical outlook on trade.

The MBC survey received responses from 76 out of its 380 (20%) corporate members; majority of these responses were received from senior executives and top management representatives.

ECONOMIC OUTLOOK

Majority **(83%)** of the senior business executives polled expect a higher or same level of GDP growth for 2017 compared to last year's 6.8% growth rate. Only 17% of the respondents project a lower economic growth rate.

On consumer prices, a high majority (85%) expects the country's headline inflation in 2017 to be higher than last year's average rate of 1.8%. On the other hand, 12% expect inflation to stay at the same rate, while 3% project it to be lower than 2016.

On interest rates, 57% of the respondents foresee a higher 91-day Treasury Bill Rate than last year's rate of 1.50%; 39% still foresee constant interest rates and expect it to stay the same, while 4% expect to see it moving lower in 2017.

On the peso-dollar rate, 80% expect the peso to depreciate against the US dollar by an average of 5.16% by year-end 2017; the 2016 year-end rate was P49.82 / US$. Meanwhile, 11% expect the peso-dollar rate to stay the same as end-2016, while the remaining 9% expect the local currency to appreciate against the dollar by 3%.

On prospective investments for 2017, 29% of the respondents remain positive expecting an increase of approved investments from the 2016 figure, while 24% foresee the same level of approved investments this year. On the other hand, 47% anticipate approved investments this year to be lower than the P89.4 billion recorded by the Philippine Statistics Authority last year.

On trade, the general outlook is slightly critical, as a significant number of MBC members project a decrease in both imports and exports. 53% of the respondents expect exports either to increase (29%) or stay on the same level (24%) as last year's exports figure, while close to half (47%) expect lower exports than last year's US$51.36 billion (from January to November).

For imports, 64% expect lower imports than last year's US$73.72 billion, while 24% expect it to stay the same; the remaining 12% stay fairly optimistic and expect imports to be higher than last year.

CORPORATE OUTLOOK

A positive outlook remains in terms of corporate performance for 2017, with a large majority of the respondents projecting an increase in both gross revenues and net income in the coming year. About 93% expect higher (83%) or the same level (10%) of gross revenues this year compared to last year, and only 7% expect their gross revenues to be lower than 2016. Similarly, 74% of the respondents also project higher net incomes in 2017, while 14% foresee no change, and only 12% expect lower net incomes this year.

On investments for 2017, the projection remains bright with 74% of the respondents said they will make additional investments in the coming year, with an average of P785 million; the highest projected investments of over P1 billion are under the Diversified / Conglomerate and Services sector.

In terms of workforce, 51% of the respondents plan on expanding their workforce; majority of these member companies planning to hire more workers belong in the Services sector. Meanwhile, 48% expect to hold their workforce size steady, while only 1% foresees the possibility of laying off workers.

RESPONDENT PROFILE

The 2017 First Semester Executive Outlook Survey was conducted among MBC members from 2 February to 15 March 2017. A total of 76 corporate members submitted survey responses, representing 20% of MBC's 380 member companies, excluding foreign embassies and trade offices.

Of the total respondents, 84% are in top management, while 16% are in middle management. Majority of these respondents are Filipino (91%), while 9% are foreigners.

The Services sector make up the largest representation, with 46%, while Manufacturing and Non-Manufacturing industries make up 11% and 8%, respectively. 14% are from the Conglomerate/Diversified sector, and 3% are in Agriculture. Other sectors make up the remaining 18% of the respondents.

In terms of company size, majority of MBC members (62%) have annual revenues of over P999 million, while 12% record less than P100 million; 5% have P500-999 million, 8% have P300-499 million, and another 13% have P100-299 million.

In terms of workforce size, 34% of the MBC member companies represented have over 999 employees; 18% have less than 99 employees; 12% make up those employing 500-999, 16% employing 300 – 499, and another 20% employing 100 – 299 people.

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MBC EXECUTIVE OUTLOOK SURVEY
FIRST SEMESTER 2017

ECONOMIC OUTLOOK FOR 2017

GDP Growth (6.8% in 2016)

Better than 2016	34%
Same as 2016	49%
Worse than 2016	17%

INFLATION RATE (1.8% in 2016)

Higher than 2016	85%
Same as 2016	12%
Lower than 2016	3%

91-DAY T-BILL RATE (1.5% in 2016)

Higher than 2016	57%
Same as 2016	39%
Lower than 2016	4%

PESO-DOLLAR RATE (P49.82/US$ year-end 2016)

Appreciating	9%
Same as end-2016 rate	11%
Depreciating	80%
Rate of Depreciation in %	5.16%

APPROVED INVESTMENTS (P89.4 billion in 2016)

Higher than 2016	29%
Same as 2016	24%
Lower than 2016	47%

EXPORTS (US$51.6 billion in 2016)

Higher than 2016	24%
Same as 2016	31%
Lower than 2016	45%

IMPORTS (US$73.72 billion in 2016)

Higher than 2016	12%
Same as 2016	24%
Lower than 2016	64%

Number of respondent companies represented: 76 or 20% of 380 member companies (excluding foreign embassies and trade offices)
Survey period: 2 February to 15 March 2016
Note: Totals may not add up to 100% due to rounding off or no response

MBC Executive Outlook Survey
First Semester 2017

CORPORATE OUTLOOK FOR 2017

GROSS REVENUES

Higher than 2016	83%
No change	10%
Lower than 2016	7%

NET INCOME

Higher than 2016	74%
No change	14%
Lower than 2016	12%

INVESTMENTS

Will make additional investments	74%
Average amount	*P785 million*

HIRING

Will hire more workers	51%
Will hold workforce size steady	48%
Will lay off workers	1%

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MBC EXECUTIVE OUTLOOK SURVEY
FIRST SEMESTER 2017

RESPONDENT DATA

POSITION

Top Management	84%
Middle Management	16%

NATIONALITY

Filipino	91%
Foreigner	9%

SECTOR

Agriculture/Agribusiness	3%
Manufacturing	11%
Services	46%
Diversified/Conglomerate	14%
Others	18%

COMPANY SIZE (in annual revenues)

Less than P100 M	12%
P100 M - P299 M	13%
P300 M - P499 M	8%
P500 M - P999 M	5%
P 1,000 M and up	62%

COMPANY SIZE (in number of employees)

Less than 99	18%
100 - 299	20%
300 - 499	16%
500 - 999	12%
Over 1,000	34%

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