

Philequity Corner (July 30, 2012)
By Valentino Sy

SONA in Tables and Graphs

Rather than commenting on President Aquino’s SONA and describing what he has done the past two years, we’d like to show you in tables and graphs how PNoy has performed since he took over.

PSE Index (since PNoy presidency to present)



The PSE index was below 3,400 when President Aquino took over and now it is well above 5,000.

Stock Market Performance (since PNoy presidency to present)

Asia Pacific	Index	% Chg since Jun-2010	US & Europe	Index	% Chg since Jun-2010
Philippines	PSEi	54.8%	US	Nasdaq Comp	40.2%
Thailand	SET	47.7%	US	S&P 500	34.5%
Indonesia	JCI	40.2%	US	DJIA	33.8%
Malaysia	KLCI	23.7%	UK	FTSE	14.4%
South Korea	KOSPI	7.7%	Germany	DAX	12.1%
Singapore	STI	5.7%	Canada	TSX Comp	4.2%
Australia	All Ordinaries	-2.7%	Switzerland	SMI Index	3.8%
Taiwan	TWSE Index	-2.8%	France	CAC 40	-4.7%
Hong Kong	Hang Seng	-4.2%	Spain	IBEX 35	-28.6%
India	SENSEX	-4.9%	Italy	MIB Index	-29.6%
Japan	Nikkei 225	-8.7%	Greece	Athex	-59.1%
China	Shanghai Comp	-11.2%			

The PSE index is up 54.8 percent since June 30, 2010, outperforming the rest of Asia and the developed world.

US Dollar-Philippine Peso Exchange Rate (since PNoy presidency to present)



Meanwhile, the Philippine peso has strengthened against the US dollar by almost 10 percent from 46.50 to 42 during the past two years. Note that the BSP has successfully kept the peso stable between the 42 to 44.50 range from September 2010 to June 2012.

Euro-Philippine Peso Exchange Rate (since PNoy presidency to present)



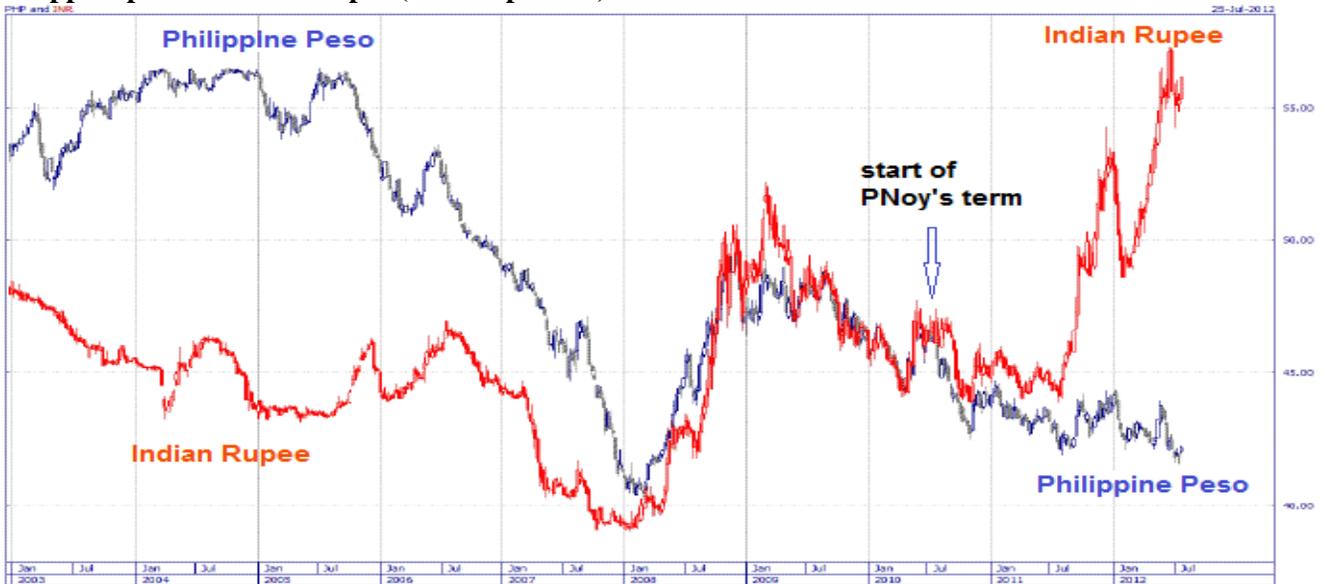
Similarly, the peso has appreciated a little over 10 percent against the euro over the same period.

Currency Performance (since PNoy presidency to present)

US Dollar vs. Major Currencies	%Change since Jun-2010	US Dollar vs. Asian Currencies	%Change since Jun-2010
Australian Dollar	22.7%	Singapore Dollar	10.3%
New Zealand Dollar	15.5%	Philippine Peso	9.5%
Japanese Yen	11.6%	Taiwanese Dollar	6.3%
Swiss Franc	8.2%	Korean Won	5.9%
Canadian Dollar	4.4%	Chinese Yuan	5.8%
British Pound	3.7%	Thai Baht	2.4%
Euro	-0.8%	Malaysian Ringgit	2.0%
		Indonesian Rupiah	-4.3%
		Indian Rupee	-20.2%

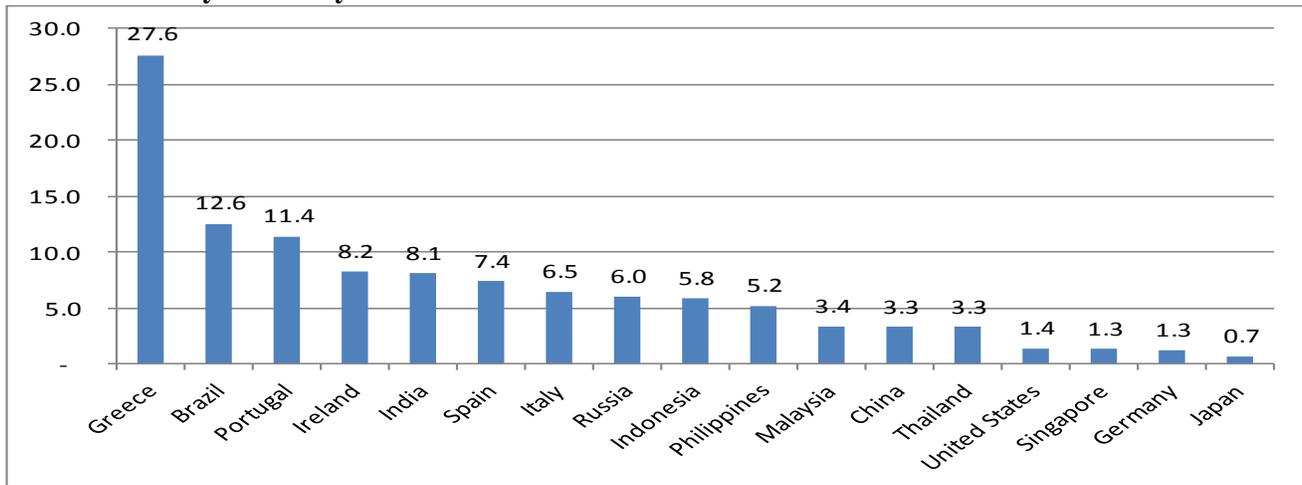
In Asia, only the Singapore Dollar came ahead of the peso. What we find alarming, however, is the peso's strong appreciation against the Indian rupee (see our article *Too Much of a Good Thing*, July 9, 2012).

Philippine peso vs. Indian rupee (2003 to present)



India is our biggest competitor in the business process outsourcing (BPO) industry. We are concerned that Philippine BPO companies are slowly losing its competitiveness given the 30% appreciation of the peso against the rupee over the last two years.

Government 10-year bond yields



Honesty emanates from the top

We would like to reiterate what Washington Sycip, one of our directors in Philequity has told us in several of our meetings. *“We now have an honest president and this is an important factor for investing in our country.”* It instills confidence and trust in the people around him. The cabinet is honest and is doing a good job without fanfare. Investors take that as an important cue for making further investments in the Philippines. Honesty emanates from the top.

More than words, we believe that our tables and graphs show how the PNoy presidency has performed.

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