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Impact of Super-Typhoon Haiyan on the Philippines' economy: in charts

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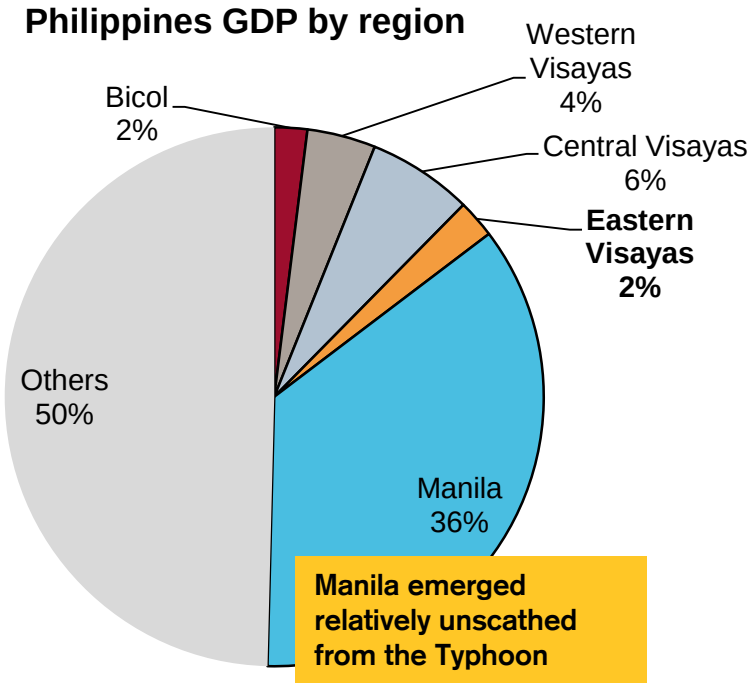
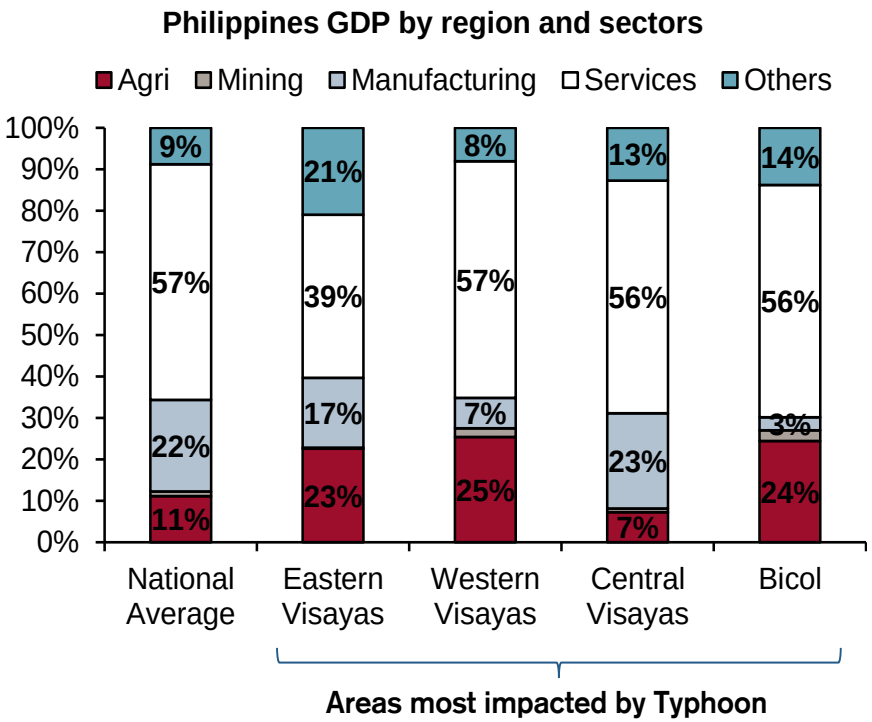
GDP impact likely short-term and limited



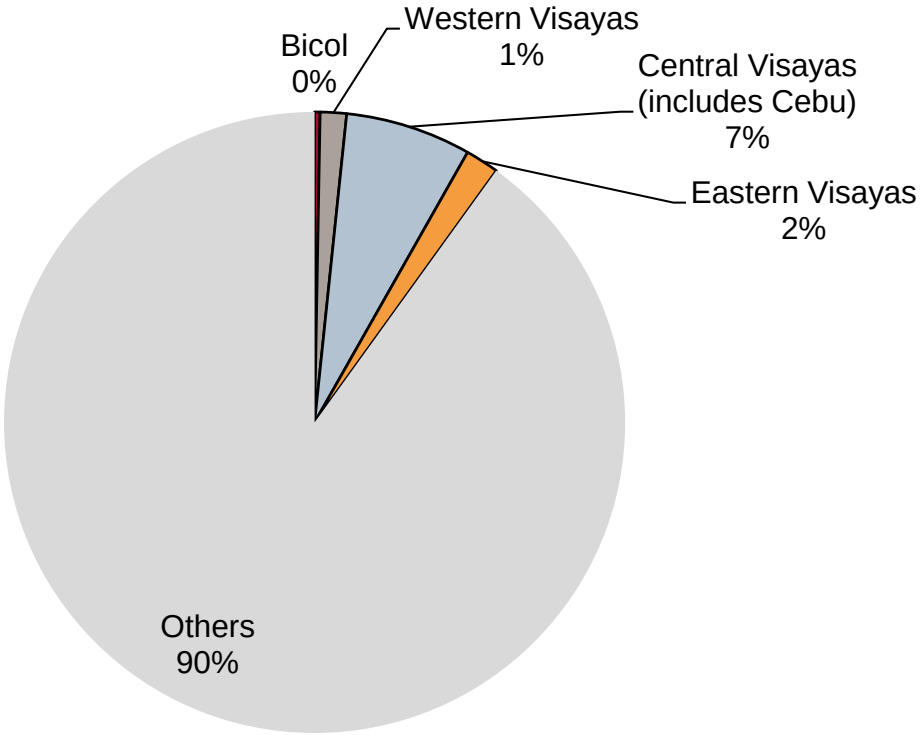


- Areas most badly affected by the Super Typhoon account for a relatively small proportion of overall GDP.
- Manufacturing areas not as badly affected (e.g., Northern Cebu, which is in Central Visayas, was impacted, but the main city suffered less damage).
- What about tourism/BPOs/agriculture activity?

Source: NSCB, CEIC, Credit Suisse estimates

GDP impact likely short-term and limited

Share of Philippines manufacturing activity



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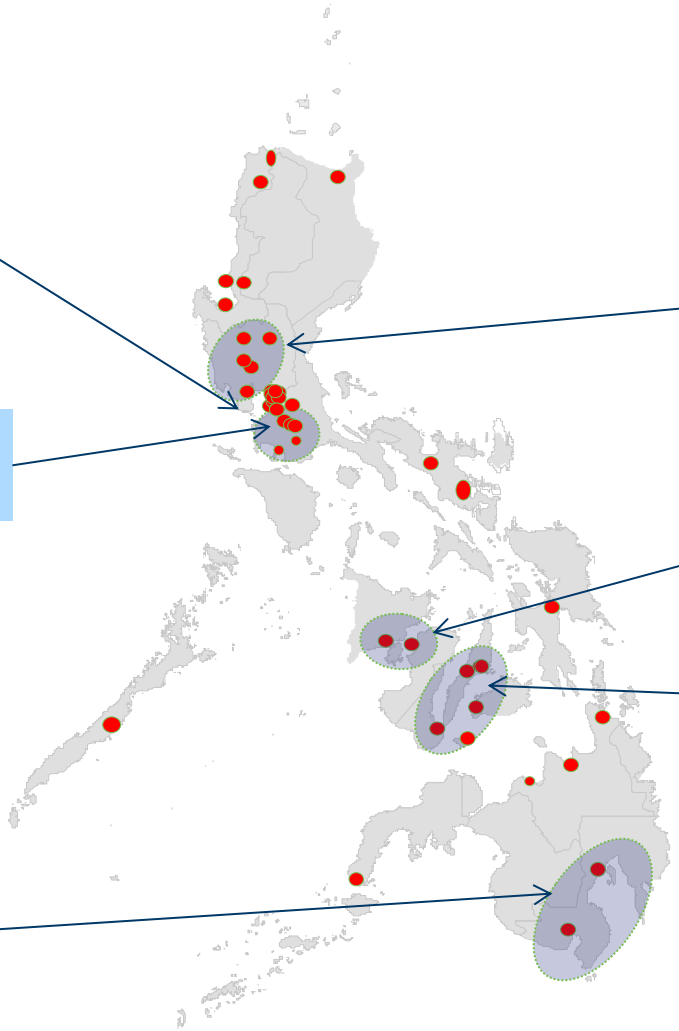
Most BPO centers located outside of badly affected areas



Calabarzon Hub:

Employment: 21,300

Central Luzon Hub:

Employment: 25,600

National Capital Region:

Employment: 485,600

Western Visayas Hub:

Employment: 24,900

Central Visayas Hub (includes Cebu):

Employment: 47,700

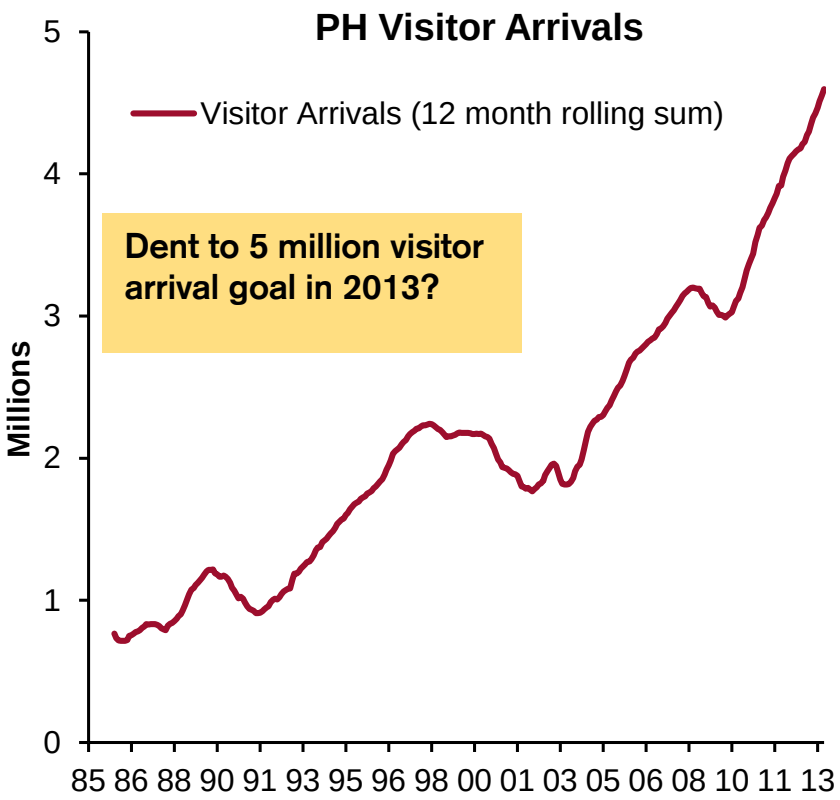
Davos-GenSan Hub

Employment: 10,000

Source: Business Process Association of the Philippines, Credit Suisse

Tourism revenues will be impacted in the short term

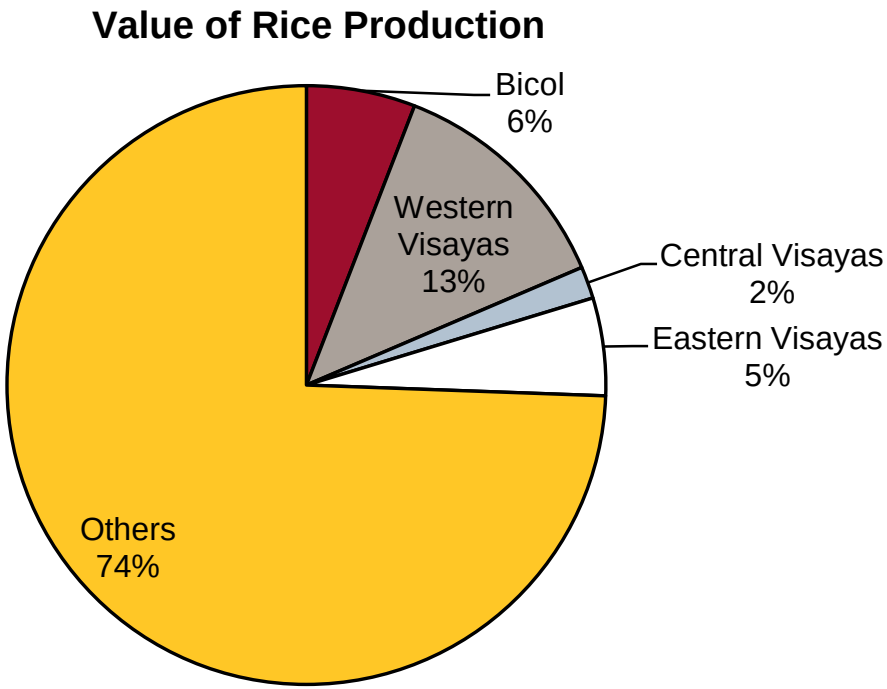
	2011 Foreign Travellers (Regional) – thousand	% of Total Foreign Travellers (Regional)
Total	4,900	100%
Eastern Visayas	24	0.5%
Central Visayas (includes Cebu)	1,030	21%
Western Visayas (includes Boracay)	494	10%
Visayas Sub-Total	**1,549**	**32%**
Bicol Region	675	14%
Total affected	**2,223**	**45%**

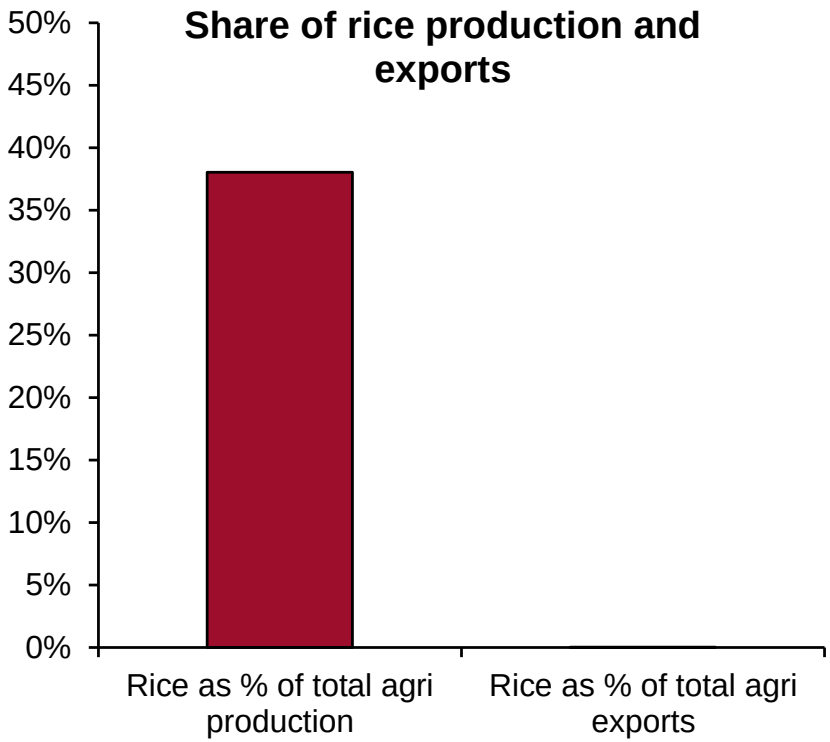


- President of the Philippine Tour Operators Association has been quoted saying up to 30-40% cancellations at major destinations such as Boracay, Palawan, Cebu, and Bohol post the Super Typhoon.

Source: Department of Tourism, Credit Suisse estimates

Typhoon has affected rice production

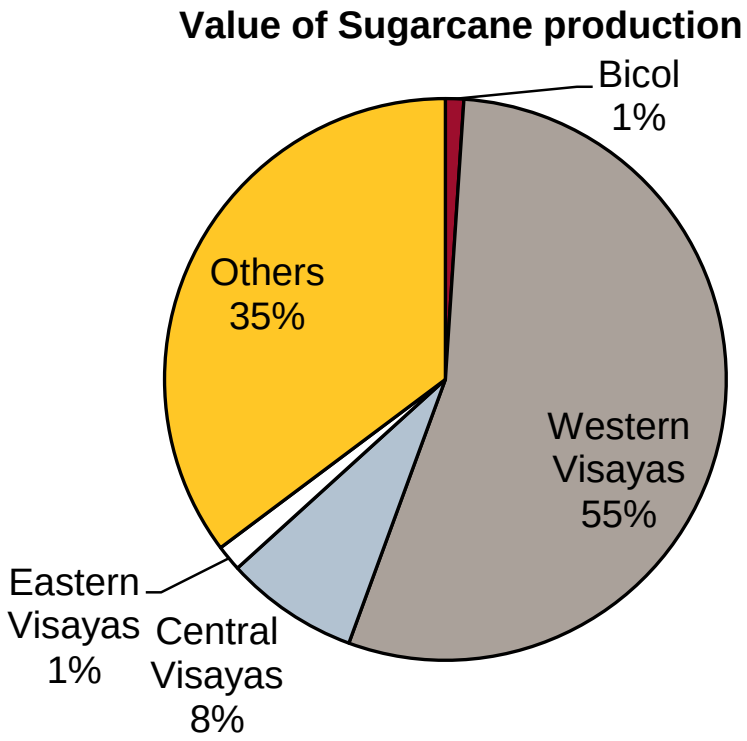


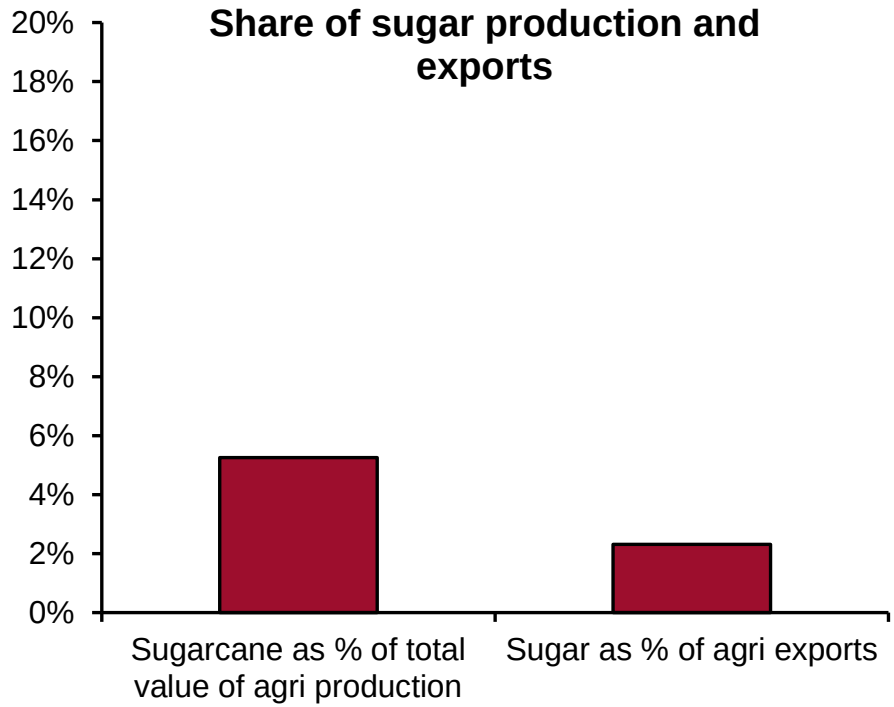


- Rice mainly for domestic consumption. Loss in production could lead to short-term inflation spike.
- Philippines likely to import more rice to meet domestic consumption demand in the short term.

Source: NSCB, Bureau of Agricultural Statistics, CEIC, Credit Suisse estimates

Typhoon has affected sugarcane production

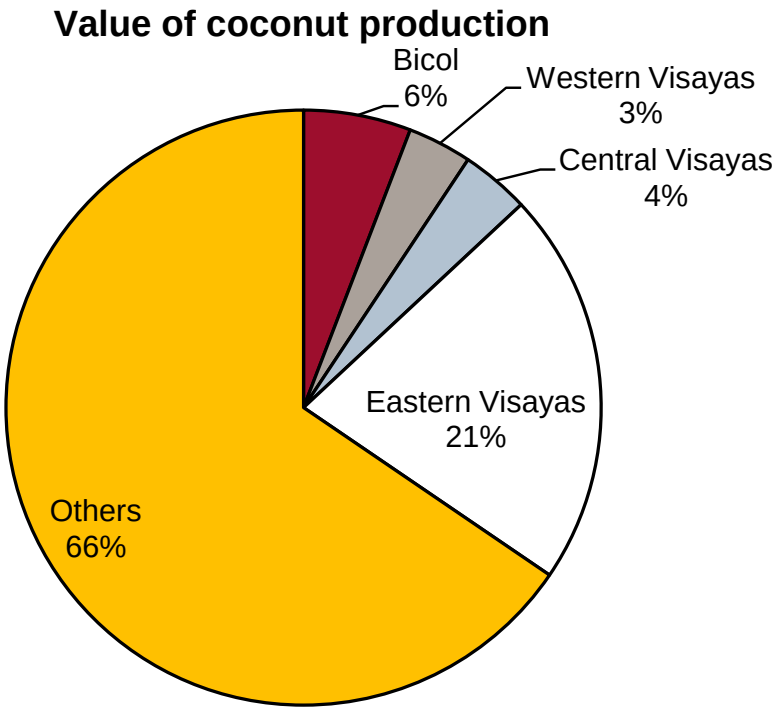


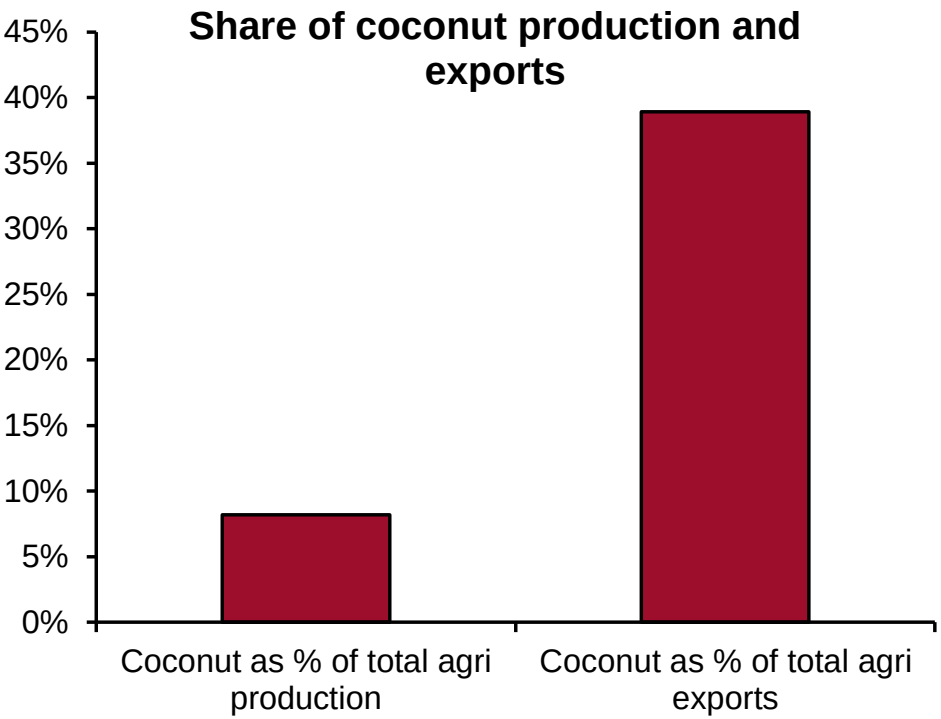


- Sugar constitutes a small percentage of the value of production and exports.

Source: NSCB, Bureau of Agricultural Statistics, CEIC, Credit Suisse estimates

Typhoon has affected coconut production





- Coconut production could continue to be impacted in 2014.

Source: NSCB, Bureau of Agricultural Statistics, CEIC, Credit Suisse estimates

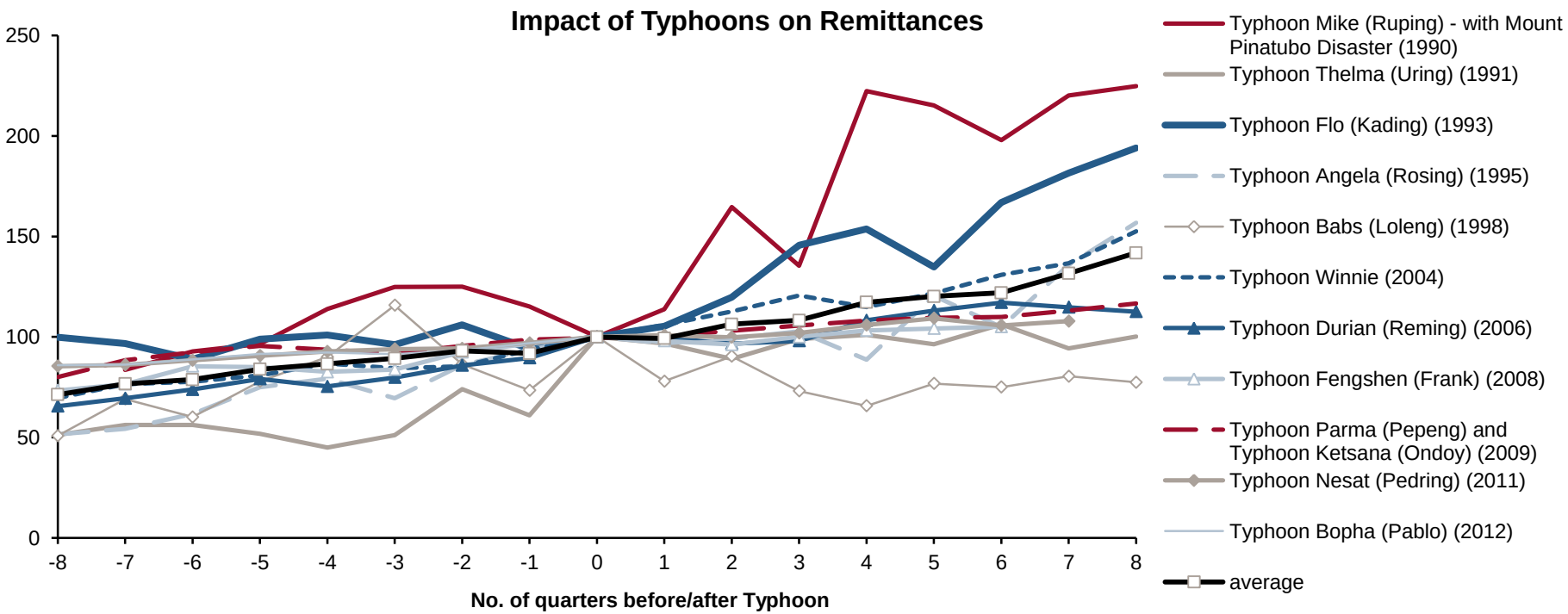
We expect a short-term but manageable inflation spike

PHP/kg (average)	Latest retail price in Nov 2013	Retail price in Oct 2013	Approximate weight in CPI
Manila Rice Retail Price (high)	37.0	37.0	8.9
Manila Rice Retail Price (low)	29.0	29.0	8.9
Brown Sugar – prevailing price	38.0	38.0	1.1
Refined Sugar – prevailing price	45.0	45.0	1.1
Coconut products: Copra	11.5	10.4	1.7

- Rice and sugar prices look to remain relatively well behaved … so far.
- Coconut prices have surged, but small weight in CPI.
- BSP Deputy Governor quoted as saying that Visayas region accounts for 15.8% of regional CPI weight.

Source: Bureau of Agriculture Statistics, United Coconut Association of the Philippines, CEIC, Credit Suisse estimates

Remittances could be boosted



- Impact on remittances is unclear, but we do expect some short-term boost.
- Should support current account.

Source: CEIC, National Disaster Risk Reduction and Management Council , Credit Suisse estimates

Reconstruction work could provide GDP boost in 2014

Name of Typhoon	Year	Estimated damage (PHP bn)	Estimated Damage to Assets (% of GDP)*
Typhoon Mike (Ruping)	1990	10.8	0.9
Typhoon Flo (Kading)	1993	8.8	0.5
Typhoon Angela (Rosing)	1995	10.8	0.5
Typhoon Babs (Loleng)	1998	6.8	0.2
Typhoon Fengshen (Frank)	2008	13.5	0.2
Typhoon Ketsana (Ondoy)	2009	11.0	0.1
Typhoon Parma (Pepeng)	2009	27.3	0.3
Typhoon Megi (Juan)	2010	8.3	0.1
Typhoon Nesat (Pedring)	2011	15.0	0.2
Typhoon Bopha (Pablo)	2012	42.2	0.4
Typhoon Haiyan (Yolanda)	**2013**	**(currently PHP 10 bn but expected to rise)**	**?**

- Reconstruction work to replace damaged assets could provide boost to GDP in 2014.

* Estimated damage to assets data are based on the Philippines National Disaster Risk Reduction and Management Council data. Due to differences in methodology, the numbers can differ from estimates provided by organisations such as the World Bank and the UN.
Source: National Disaster Risk Reduction and Management Council, Credit Suisse estimates

Impact of Super Typhoon on macroeconomy

- **GDP:** Impact on headline GDP likely to be small and manageable.

- Government is suggesting that 4Q GDP growth will print at 4.1-5.9% (implies 0% quarter-on-quarter growth in 4Q). This seems quite a big impact given:
  i) No data yet on holiday/Christmas spending
  ii) Areas affected by the Typhoon account for relatively small proportion of GDP
  iii) Most major manufacturing and Business Process Outsourcing areas were not impacted. Production will likely continue in 4Q.

- Difficult to make precise estimate on 4Q GDP now. Likely to print above government's current estimate, in our view.

- Reconstruction work likely to provide boost to 2014 GDP.

Impact of Super Typhoon on macroeconomy

- **Production and exports:** Agriculture sector likely most affected (11% of GDP). Exports of agricultural products will be impacted, but they form a relatively small portion of overall exports. BPO sector likely to be largely unaffected.

- **Inflation:** A short-term but manageable spike in inflation.

- **Imports:** Imports should be boosted in 2014 as reconstruction work begins.

- **Current account:** Remittances likely to be boosted in the near term, which would support the country's current account.

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