DOF Economic Bulletin on Exports

13 May 2015

         Total exports in the month of March slowed down to 2.1%, down from the double-digit growth rate in the same period of 2014. This is traced to the reversal in the growth rate of agro-based products and the deceleration in manufactures. The modest growth in March exports, however, is a welcome development in the country's external sector after the negative growth rates in both January and February. For the first quarter of 2015, total exports declined by 0.2%, down from 6.9% recorded in the same quarter of last year.

         Export demand from Asian countries declined from double-digit growth last year. On the other hand, exports to the West caught up. Exports to Japan, the country's largest trading partner, declined by nearly 20% in the first quarter. In contrast, exports to the US, the country's largest trading partner in the West surged up by nearly 20%.

DOF VIEW

         The country should promote more agro-industrial activities. In addition, it should focus on the more value-adding processes, not merely producing raw agricultural materials.

         Exporters should take advantage of more favourable investor sentiment in the West. The Purchasing Managers' Index (PMI) in the USA, Germany and the Netherlands are above the neutral score of 50 while those in Asia are below 50. (Note: An index above 50 indicates expanding output; below 50 implies contraction. Note also that, as shown in Table 3, exports increased in countries where PMI is above 50 and declined where PMI is below 50 like in Japan and China.)

         The government should address structural issues like port congestion and the lack of port capacity. As the country's economy expands, as world trade intensifies, and as the AEC becomes more integrated the country should expand the capacity of its infrastructure so as to sustain, support and facilitate the flow of goods in and out of the country.

Table 1: Export Performance by Commodity Group

|  |  |  |  |
| --- | --- | --- | --- |
|   | March |   | Jan-Mar |
|   | Exports (USD million) |   | Growth (%) |   | Exports(USD million) |   | Growth (%) |
|   | 2014 | 2015 |   | 2014 | 2015 |   | 2014 | 2015 |   | 2014 | 2015 |
| Total Exports |         5,268 |   5,377 |   |    12.1 |       2.1 |   |   14,277 |   14,247 |   |       6.9 |     (0.2) |
| Agro-Based |             464 |      371 |   |    20.8 |   (20.1) |   |     1,157 |     1,011 |   |       1.7 |   (12.7) |
| Forest |                 7 |           7 |   |    26.9 |     (4.6) |   |           18 |           16 |   |       5.9 |   (11.8) |
| Mineral |             277 |      335 |   |    19.3 |    20.8 |   |         665 |         792 |   |    22.1 |    19.2 |
| Petroleum |               17 |         14 |   |   (76.5) |   (17.5) |   |         114 |           42 |   |   (33.6) |   (63.2) |
| Manufactures |         4,416 |   4,540 |   |    13.5 |       2.8 |   |   12,045 |   12,095 |   |       7.9 |     0.4 |
| Electronics |         2,232 |   2,332 |   |    13.5 |       4.5 |   |     6,177 |     6,342 |   |    11.7 |       7.6 |
| Machinery & Transport Eqt |             405 |      558 |   |    28.1 |    37.7 |   |     1,136 |     1,362 |   |    11.6 |    19.9 |
| Special Transactions |               87 |      109 |   |   (21.4) |    25.9 |   |         277 |         291 |   |   (17.2) |    4.8 |
| Source: NSO |

Table 2: Export Performance by Country

|  |  |  |  |
| --- | --- | --- | --- |
|   | March |   | Jan-Mar |
|   | Exports(USD million) |   | Growth (%) |   | Exports(USD million) |   | Growth (%) |
|   | 2014 | 2015 |   | 2014 | 2015 |   | 2014 | 2015 |   | 2014 | 2015 |
| Total |   5,268 | 5,377 |   |    12.1 |       2.1 |   |   14,277 |   14,247 |   |       6.6 |     (0.2) |
| Japan |   1,325 | 1,118 |   |    53.2 |   (15.6) |   |     3,653 |     2,943 |   |    45.6 |   (19.4) |
| USA |      714 | 880 |   |       0.5 |    23.2 |   |     1,927 |     2,305 |   |     (3.1) |    19.6 |
| China |      557 | 584 |   |   (13.6) |       4.8 |   |     1,672 |     1,472 |   |       7.5 |   (12.0) |
| Hong Kong |      413 | 511 |   |       6.2 |    23.8 |   |     1,068 |     1,361 |   |       9.7 |    27.4 |
| Singapore |      393 | 313 |   |    27.7 |   (20.4) |   |     1,090 |         885 |   |    30.3 |   (18.8) |
| Germany |      241 | 228 |   |    58.8 |     (5.4) |   |         642 |         673 |   |    35.2 |       4.9 |
| Thailand |      207 | 179 |   |    34.5 |   (13.7) |   |         602 |         581 |   |    25.6 |     (3.5) |
| Taiwan |      183 | 175 |   |    20.6 |     (4.3) |   |         473 |         476 |   |       9.3 |       0.6 |
| South Korea |      262 | 192 |   |   (19.9) |   (26.6) |   |         716 |         549 |   |   (37.1) |   (23.3) |
| Netherlands |      174 | 213 |   |     (7.3) |    22.4 |   |         463 |         471 |   |     (7.4) |       1.7 |
| Others |      800 | 985 |   |     (1.4) |    23.1 |   |     1,971 |     2,530 |   |   (21.1) |    28.4 |
|   |   |   |   |   |   |   |   |   |   |   |   |
| Total |   5,268 | 5,377 |   |    12.1 |       2.1 |   |   14,277 |   14,247 |   |       6.6 |     (0.2) |
| East Asia |   2,745 | 2,586 |   |    15.3 |     (5.8) |   |     7,592 |     6,825 |   |    14.7 |   (10.1) |
| ASEAN |      814 | 704 |   |    15.2 |   (13.5) |   |     2,237 |     2,124 |   |    11.6 |     (5.1) |
| USA |      714 | 880 |   |       0.5 |    23.2 |   |     1,927 |     2,305 |   |     (3.1) |    19.6 |
| EU |      614 | 695 |   |       3.9 |    13.3 |   |     1,621 |     1,729 |   |     (6.8) |       6.7 |
| Others |      382 | 512 |   |    22.7 |    34.0 |   |         899 |     1,264 |   |   (13.3) |    40.5 |
| Source: NSO |   |   |   |   |   |   |   |   |   |   |   |

Table 3: Purchasing Managers' Index of RP's Major Trading Partners

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   | Feb-15 | Mar-15 | Apr-15 |   |
| Japan | 51.6 | 50.3 | 49.9 |   |
| USA | 55.1 | 55.7 | 54.1 |   |
| China | 50.7 | 49.6 | 48.9 |   |
| Hong Kong | 50.7 | 49.6 | 48.6 |   |
| Germany | 51.1 | 52.8 | 52.1 |   |
| Taiwan | 52.1 | 51.0 | 49.2 |   |
| South Korea | 49.2 | 49.2 | 48.8 |   |
| Netherlands |   | 52.5 | 54.0 |   |
| Sources: HSBC, Markit |   |