



Consumer Markets (CM)



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The attached industry update from KPMG Manabat Sanagustin & Co. is a bi-weekly collection of the latest news and developments from the Consumer Markets (CM) sector. We hope that you will find this service, which the Firm provides its clients for the different Lines Of Business, interesting and useful.

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Farmers caution new corn buying price not enough

The government has raised its buying price for yellow corn by a third but the move might not be enough to prevent shortages as expensive fertilizer deters farmers from planting, the head of a farmers' group yesterday warned.

The increase was less than half the 73% hike sought by farmers and may not prevent further escalation in corn prices and domestic inflation if supply dwindles, said Roger V. Navarro, president of the Philippine Maize Federation, Inc. (Philmaize).

The Inter-Agency Committee on Rice and Corn last Friday approved the increase in the government's buying price for white corn to P13 per kilogram and yellow corn to P10 per kilo, both up from P7 per kilo, Agriculture Secretary Arthur C. Yap told reporters yesterday. <http://bworldonline.com/BW080508/content.php?src=1&id=005>

Coffee companies enjoy vigorous sales; no let up in consumption

Filipinos are not giving up their lattes and cappuccinos despite rising oil and food prices, with local coffee shops continuing to enjoy brisk sales.

Rustan Coffee Corp., owner of the market-leading Starbucks franchise, said sales remain strong, unlike in the US and Australia where the coffee company has been forced to close branches.

Alexandra Bustalino, Rustan Coffee marketing head, said the local coffee market does not have to track the closure of more than 600 Starbucks stores in the US and 61 in Australia.

She said 19 Starbucks outlets have been opened this year, but declined to say how many more are in the works. <http://bworldonline.com/BW080508/content.php?src=1&id=041>

Sugar exports up, output down

The Philippines' sugar exports in 2008/09 are projected to increase by more than 51% to 280,000 tons, even though production next season will fall due to high production costs, a senior official of the Philippine Sugar Millers Association (PSMA) has said.

PSMA Executive Vice-President Francisco Varua said on the sidelines of the annual meeting of the American Sugar Alliance that sweetener exports by Manila would reach the highest level in over 30 years.



"That [sugar exports] will be one of the biggest since the 1970s," he said, adding the main export markets will be the tariff quota program in the US, Japan and South Korea.

<http://bworldonline.com/BW080508/content.php?src=1&id=053>

Bread prices to remain stable next week

Bread makers and flour millers on Friday assured that prices of pan de sal and loaf bread will remain stable next week.

Philippine Baking Industry Group (PhilBaking) director for consumer affairs Walter Co said both groups agreed not to increase prices after a meeting with the Department of Trade and Industry (DTI) on Thursday.

"In the meantime, there will be no increase. We have another meeting with flour millers next week and we hope to reconcile our figures because there should be no increase in flour prices, given a drop in world wheat prices," he said in an interview on Friday.

<http://bworldonline.com/BW080908/content.php?src=1&id=003>

SMC first-half profit higher on nonrecurring gains

Food and beverage giant San Miguel Corp. (SMC) reported a 199-percent jump in its net profit from January to June this year to P19.7 billion.

In a report to the stock exchange, the listed firm said the results included a P5.67-billion gain from the discontinued operations of J. Boag and Sons, which it sold late last year, and nonrecurring gains from the public offering of San Miguel Brewery Inc. and the sale of its ownership in KSA Realty.

Consolidated revenues for the first half also rose 9 percent from P73.4 billion to P79.8 billion as a majority of its businesses led by its beer subsidiary, registered steady volume and strong sales.

"Faced with challenging economic conditions affecting consumer spending behavior and escalating input costs, we're particularly encouraged by these results," said president Ramon Ang.

<http://www.businessmirror.com.ph/08132008/companies04.html>

Convenience stores take aim at fast food

With inflation hitting double digits and the economy slowing down, the Philippines' two largest convenience store chains are eyeing to cash in on a growing number of middle-income consumers dropping out of the fast-food circuit in search of more value for their money.

Last month, the inflation rate accelerated to a 16-year high of 12.2 percent. The higher-than-expected price increases forced the Bangko Sentral ng Pilipinas to recast its whole-year forecast to a higher 9 percent to 11 percent range from the original 7-percent to 9-percent estimate.

As low-income families shy away from dining out, fast-food chains like Jollibee are moving up the market to capture those from the higher-income set opting to scale down their tastes. For the two convenience store giants, this shift in the fast-food demographics presents a challenge and an opportunity.

With the middle-income consumer on the prowl for cheaper yet filling meals, convenience stores are scampering for a piece of the action.

<http://www.manilatimes.net/national/2008/aug/07/yehey/business/20080807bus1.html>



RFM hikes earnings by 7% to P132.1 M

Despite rising fuel and food prices, food and beverage conglomerate RFM Corp. reported a 7.1 percent rise in net profit in the first half this year to P132.1 million.

In a financial report filed with securities regulators, RFM attributed the growth in net earnings to improved sales of its branded consumer products, amid calibrated price increases across its food and drink categories.

While revenues from its food and drink businesses grew, RFM merely replicated last year's consolidated revenues of P3.5 billion for the period January to June this year, primarily due to a slowdown in real estate development.

RFM said the implementation of better plant efficiencies and cost management have aided in alleviating the rising costs of domestic raw materials, freight and handling, utilities and wages.

<http://www.philstar.com/index.php?Business&p=49&type=2&sec=27&aid=2008081224>

Feedback

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