



Consumer Markets (CM)



11/17/08 - 11/28/08

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This industry update from KPMG Manabat Sanagustin & Co. is a biweekly collection of the latest news and developments from the country's 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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Tuna fishermen incur P200M loss

General Santos City, Philippines -- Tuna handline fishermen incurred losses of around P200 million during the past two months because of pirates and bad weather condition at sea, an industry official said Friday.

Roger Lim, president of the Alliance of Tuna Handliners in the Soccsargen (South Cotabato-Sultan Kudarat-Sarangani-General Santos City) area said they thought they could already recover from losses when fuel prices recently started to go down.

He said that there was no remedy for the bad weather but the issue of piracy could be addressed.

Lim said fishing grounds near the provinces of Jolo, Sulu, Tawi-Tawi, Sarangani, Davao Del Sur and Davao Oriental teem with tuna but fishing operations in these areas are often disrupted by sea pirates.

He said among the remedies they considered against piracy was to ask government to allow them to carry firearms.

"Big tuna are still abundant in our own fishing grounds. There's no need to go to international fishing grounds if only our territorial waters are safeguarded against sea marauders," Lim said.

In Davao City, an official of Vitarich Corp. urged fishermen to consider growing the Mekong catfish, which has become so popular abroad that it is now a \$750-million business.

"It can be a lucrative option for tilapia and bangus farmers in Mindanao," Eduardo Lazo, Vitarich business development manager, said.

Currently, only Marilao in Bulacan and Pampanga grow the Mekong fish in the Philippines.

http://business.inquirer.net/money/topstories/view/20081128-174943/Tuna_fishermen_incur_P200M_loss

WWF: Yellowfin tuna sector may collapse

THE WORLD WIDE FUND FOR NATURE (WWF) has warned that the country's biggest marine exporter, the yellowfin tuna industry, was in danger of collapse due to overfishing.

The WWF said in a statement that overfishing of yellowfin tuna, which mainly breeds in the Western and Central Pacific region particularly the Sulu Sea region, could cause the collapse of the industry, in the same way it did the Mediterranean bluefin tuna.

The group urged the Western and Central Pacific Fisheries Commission to take prompt action that would mean "dramatic changes in the way tuna is harvested, without which fisheries could collapse.

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The Micronesia-based WCPFC groups 32 counties and territories, including the Philippines.

WWF said that in 2005, scientific advice indicated that overfishing of yellowfin tuna was occurring in the region and urgent action needed to be taken.

According to WWF, the yellowfin tuna is the most economically valuable tuna species found and caught in the Philippines.

It is believed that the majority of yellowfin tuna stocks in Southeast Asia breed in the Sulu Sea, near Palawan.

The WCFPC will convene on Dec 8-12 to discuss, among other things, management measures that would reduce the harvest of yellowfin tuna by 30 percent.

The WWF is also calling for improved catch documentation can also identify the size of the illegal tuna catch in the region.

http://business.inquirer.net/money/topstories/view/20081130-175347/WWF%3A_Yellowfin_tuna_sector_may_collapse

'09 corn yield seen below govt estimate

A farmer group expects corn production next year to be far below the government estimate, citing high input prices and a recent removal of tariff on feed wheat imports.

Philippine Maize Federation Inc. founder Rod Bioco said at a news briefing that given these developments "it would be impossible" to reach the government estimate.

For 2009, the Department of Agriculture has said it expects corn production to grow 12 percent to 7.8 million metric tons from an estimated 6.95 million this year.

Bioco explained that according to his group's estimates, about 30 percent of farmers had no intention of planting corn from December onward because of high prices of farm inputs and the removal of the feed wheat tariff.

Corn farmers have been reeling from the high costs of inputs, particularly fertilizers, which have led to reduced usage and consequently reduced yield per hectare.

http://business.inquirer.net/money/topstories/view/20081129-175103/%9209_corn_yield_seen_below_govt_estimate

Additional tax on food, beverage eyed

Belying an earlier claim, the Department of Finance wants to impose an additional tax on all manufacturers and importers using flavored or colored syrups in their produce.

In a position paper submitted to Congress, Finance Undersecretary Gil Beltran said the government should be fair, adding that imposing ad valorem tax exclusively on soft drink manufacturers would be hard to administer and would lead to tax evasion.

If the government imposed the ad valorem tax solely on soft-drink makers, "the industry might clamor that this is unequal tax treatment," he said.

The Finance department's position paper is addressed to House Bill 595, which seeks to impose a 10-percent ad valorem tax on flavored or colored syrups exclusively used in the manufacture of soft drinks.

The agency has recommended an additional 10-percent ad valorem tax be likewise levied on juices, beer, ice cream, bakery products and fruit preserves. The tax imposes a percentage rate based on the selling price or other specified value of the target goods.

But before the government decides on the proposed new tax measure, the Finance department also wants the Department of Health and Bureau of Food and Drugs to establish and confirm the alleged health risks of soft drinks to the consuming public.

<http://www.manilatimes.net/national/2008/nov/27/yehey/business/20081127bus3.html>

Rice production on target

Over 6.7 million metric tons of palay or unhusked rice have been harvested

from half of the 2.5 million hectares of lands planted to rice for this wet or main cropping season for the staple.

Ginintuang Masaganang Ani (GMA) Rice Program National Coordinator Dr. Frisco Malabanan said the initial yield report indicates that the Department of Agriculture (DA) could still attain a positive growth in palay production this year.

In a report to Agriculture Secretary Arthur Yap, Malabanan said the full-year production forecast of 16.6 million metric tons was based on the combined yields of 10.587 million metric tons in the first three quarters of 2008, which represents a growth rate of 7.22 percent compared to the aggregate volume of 9.874 million metric tons during the same period last year.

The Bureau of Agricultural Statistics showed palay production in the third quarter reached 3.467 million metric tons, a 10.17-percent growth compared to the 2007 yield of 3.146 million metric tons for the same period.

However, despite the decline in fertilizer usage, the Agriculture department managed to offset the potential production losses by increasing by 7 percent the total area planted to palay during the wet cropping season.

Malabanan said field reports reaching his office as of the first week of November showed that an estimated 5.23 million metric tons of palay have been harvested from nearly 1.3 million hectares. That represents 51 percent of the 2.5 million hectares of paddy fields planted during the wet crop.

<http://www.manilatimes.net/national/2008/nov/25/yehey/metro/20081125met2.html>

DTI launches stricter ICC mark to protect consumers

THE Department of Trade and Industry on Wednesday launched the improved Import Commodity Clearance (ICC) mark that, it said, would further ensure the quality and safety of imported consumer goods.

According to the Trade department, the security features of the seal have been improved to prevent any unauthorized usage of the Import Commodity Clearance mark. The improvements include the textured print of the mark in silver background color with black ICC letters, the hidden message when the ICC mark is peeled and the gear edges in waved die-cut.

Department of Trade and Industry's Bureau of Product Standards (DTI-BPS) regulates the sale of critical consumer goods such as chemical and consumer products, construction materials, electrical and wiring devices and home appliances under the department's mandatory Import Commodity Clearance Product Certification Scheme. Under this scheme, importers should have the abovementioned products undergo inspection and testing at the Bureau of Product Standards Testing Center or any DTI-accredited testing laboratories before these imported goods are distributed and sold locally, the Trade department said.

DTI-BPS then issues the ICC certificate to importers whose products have passed the quality and safety tests. ICC holders are authorized to affix the ICC sticker on their products, the Trade department said.

<http://www.manilatimes.net/national/2008/nov/20/yehey/business/20081120bus10.html>

Government reduces rice import program

THE Philippines plans to buy a smaller volume of rice from abroad next year, as state-run National Food Authority (NFA) is expected to purchase the bulk of the country's requirements from local farmers.

Finance Undersecretary Jeremias Paul Jr. said the country would import only 1.5 million metric tons of rice next year from 2.3 million metric tons this year due to the good harvest of the staple in the domestic market.

The Finance department raised its projection on the Food bureau's net loss this year to P72 billion from the previous P43 billion due to high cost and higher volume of rice importation.

During the first semester, the country suffered from the rapid rise in international price of rice, which had breached the \$1,000-a-metric-ton mark. But since the start of the second half, rice prices in the world market have eased and are expected to decline further due to lower demand amid the

global economic slowdown and good harvest in rice producing countries. Rex Estoperez, NFA spokesperson said the total cost of rice imports reached P80 billion, which is equivalent to 2.3 million metric tons.
<http://www.manilatimes.net/national/2008/nov/19/yehey/business/20081119bus4.html>

Refillers cut cooking gas prices anew

The LPG Marketers Association announced that its members will reduce their cooking gas prices by P2.00 per kilogram or a P22.00 reduction in the price of the 11-kilogram LPG tanks effective today.

Arnel Ty, LPGMA president, said the group expects prices to go down further in the coming weeks.

He said the latest price cut will effectively bring down prices below P500.00 per 11-kilogram cylinder from the current P515.00.

Prior to the latest adjustment, LPGMA members had cut prices by a total of P10.00 per kilogram so far this month.

The reduction in cooking gas prices follows a similar downtrend at the pump after crude prices in the international market, which peaked in July, began to soften amid concerns over a global economic slowdown.

Energy Secretary Angelo Reyes said earlier that from \$804.00 per metric ton in October, the contract price of LPG has gone down to \$490.00 this month. He said this should translate to P191.00 in additional reductions in the price of an 11-kilogram cooking gas cylinder, which retailed at about P545.00 to P627.00 per 11-kilogram tank prior to a P6.00 cut implemented by large oil firms.

<http://www.manilatimes.net/national/2008/nov/18/yehey/business/20081118bus3.html>

NFA to start 'palay' buying nationwide

THE National Food Authority (NFA) announced Monday it has started putting up palay (unhusked rice) buying stations in time for the main harvest, as the food agency is targeting to procure 500,000 metric tons of the staple from local farmers.

Food Authority administrator Jessup Navarro said the additional buying stations would increase the agency's buying capacity and support its intensive palay procurement in the next four months.

Navarro said more farmers are expected to benefit from the high buying price of palay of his agency, as it plans to establish additional buying stations in production areas for the wet crop harvest.

At present, there are 350 operational buying stations in palay-producing areas nationwide, Navarro said. He also expressed confidence that the present buying price of palay can attract local farmers to sell their harvest to the food agency.

The food agency is buying clean and dry palay with 14-percent moisture content and a minimum of 95-percent purity at P17 a kilogram.

To attract more farmers, the government is granting an additional incentive of P1,800 to farmers for every 50 bags of 50 kilograms of palay sold to the food agency.

<http://www.manilatimes.net/national/2008/nov/18/yehey/metro/20081118met5.html>

Philippine Stock Exchange Weekly Top Gainers

Last Trade Price, Comparative Price Change & Total Value

Rank	Stock	Last Traded Price (in P)	Comparative Price Change (%)		Total Value (in P'000)
			1 Week	4 Weeks	
1	Oriental Peninsula Resources Group, Inc.	0.67	67.50	34.00	358
2	Benguet Corporation "B"	10.00	53.85	(25.93)	29

3	Philweb Corporation	0.0300	36.36	(3.23)	12
4	First Abacus Financial Holdings Corporation	0.50	35.14	11.11	365
5	Microasia Corporation	3.75	29.31	25.00	7,357
6	Ionics, Inc.	0.40	29.03	11.11	16
7	Mabuhay Vinyl Corporation	0.38	26.67	(9.52)	475
8	Alcorn Gold Resources Corporation	0.0060	25.00	-	1,103
9	SM Prime Holdings	7.20	24.14	(14.29)	362,735
10	NiHAO Mineral Resources International, Inc.	4.25	23.19	(8.60)	3,379

Philippine Stock Exchange Weekly Top Gainers PER, EPS & BPV

Rank	Stock	PER	EPS	PBV
1	Oriental Peninsula Resources Group, Inc.	(12.27)	(0.05)	0.56
2	Benguet Corporation "B"	38.01	0.26	(1.05)
3	Philweb Corporation	11.87	0.003	2.95
4	First Abacus Financial Holdings Corporation	(9.16)	(0.05)	0.87
5	Microasia Corporation	16.92	0.22	2.30
6	Ionics, Inc.	(1.47)	(0.27)	0.09
7	Mabuhay Vinyl Corporation	(3.21)	(0.12)	0.24
8	Alcorn Gold Resources Corporation	58.65	0.0001	0.55
9	SM Prime Holdings	15.07	0.48	2.13
10	NiHAO Mineral Resources International, Inc.	(7.92)	(0.54)	(7.62)

Source: Philippine Stock Exchange, Weekly Market Watch, VOL. II NO. 48

Philippine Stock Exchange Index Composition for Industrials As of Dec. 2, 2008

SECURITY NAME	PRICE	OUTSTANDING SHARES	FREE FLOAT LEVEL	FREE FLOAT - ADJUSTED MARKET CAPITALIZATION	% WT
ALASKA MILK CORPORATION	4.00	898,851,200	49.0%	1,761,748,352.00	1.43
ABOITIZ POWER CORPORATION	3.55	7,358,604,307	24.0%	6,269,530,869.56	5.10
SOUTHEAST ASIA CEMENT HOLDING, INC	0.27	6,449,920,939	16.0%	278,636,584.56	0.23
CHEMREZ TECHNOLOGIES, INC	1.76	1,323,174,472	30.0%	698,636,121.22	0.57
ENERGY DEVELOPMENT (EDC) CORPORATION	2.42	14,907,000,000	60.0%	21,644,964,000.00	17.61
EEL	0.81	1,036,281,485	47.0%	394,512,361.34	0.32

Feedback

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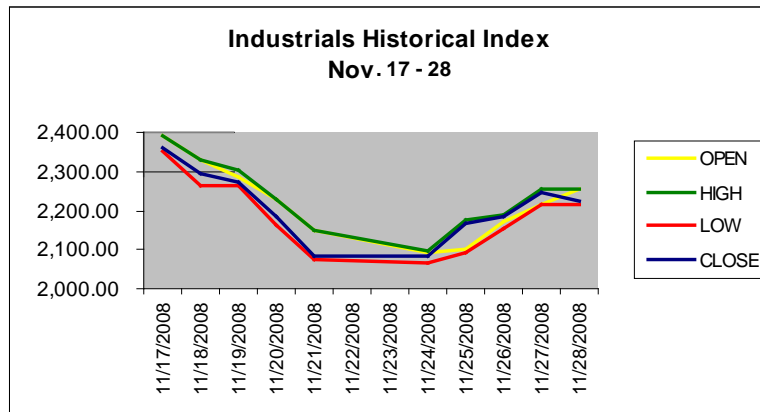
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CORPORATION					
FIRST GEN CORPORATION	11.50	809,666,226	33.0%	3,072,683,327.67	2.50
FIRST PHILIPPINE HOLDINGS CORPORATION	15.75	590,340,305	55.0%	5,113,822,892.06	4.16
HOLCIM PHILIPPINES, INC.	2.26	6,452,099,144	22.0%	3,207,983,694.40	2.61
JOLLIBEE FOODS CORPORATION	37.00	1,021,548,851	38.0%	14,362,976,845.06	11.69



Source: Philippine Stock Exchange, PSE Composite and Sectoral Indices