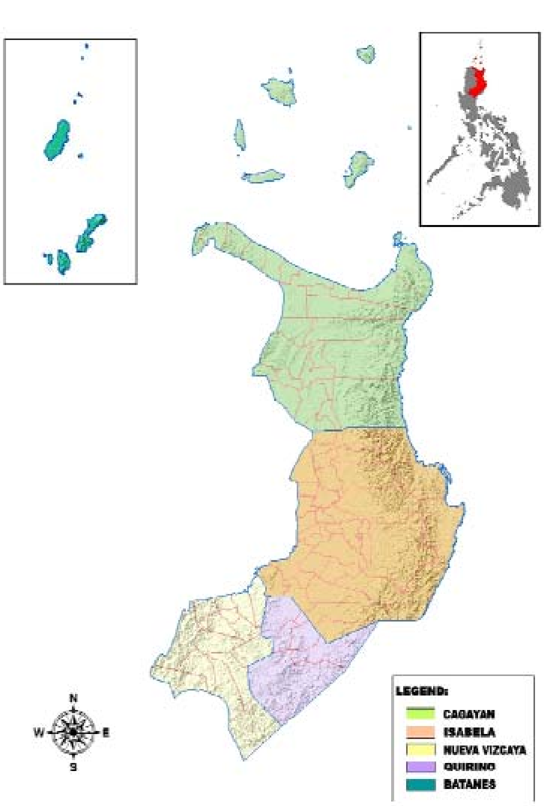
Annual Regional Economic Situationer
Cagayan Valley Region

An Assessment of the Regional Economy: CY 2012



March 2013
Tuguegarao City

At a Glance…

The region's economy in 2012 was relatively stronger compared to the previous year with notable stability in the region's agriculture, the backbone of the region's economy. The region's investment level also increased during the year in support to the government's call for investors to create economic activities and employment.

In particular, Agriculture and Fisheries performed well during the year in review. Agriculture was pushed by increases in the production levels of palay and corn with increases of 13.09% and 17.09%, respectively. Total production of fruits also increased by 6.71%. These performance levels cushioned the decreases in the production levels of vegetables with a 3.54% decrease.

In general, livestock and poultry also showed production gains during the year, with cattle production increasing by 6.10%, swine by 3.35%, goat by 0.54% and chicken by 10.19%.However, production of fisheries posted a total of only 59,968MT, down by 7.56% as compared to CY 2011's total, with production from commercial and municipal fishery sub-sectors decreasing by 19.36% and 7.39%, respectively.

The Services sector, likewise, reflected an upswing especially on telecommunications and transportation sub-sectors. There were 6 new cell sites established and 73 new channels created during the year. Likewise, transportation services in the region improved as evidenced by the 8.08% increase in the number of registered vehicles in the region during the year. Most of the vehicles registered were private vehicles and are mostly motorcycles and tricycles.

In support to the financial requirements of the sectors was capital assistance from the major financial institutions in the region such as the Land Bank of the Philippines (LBP) and the Development Bank of the Philippines (DBP). LBP outstanding loans for North Luzon increased by 21.52% while DBP Outstanding loans increased by 10.06%.

The activities across the sectors tend to trickle positively to the people in the form of employment absorption. While working age population (people 15 years old and over) was up by 0.94%, the percentage of those who participated in the labor force was only 66.9% of the total people aging 15 years and over. Of those who participated in the labor force, 97.3% were employed or 1.457Million in absolute figures. While there was a drop in employment compared to CY 2011 average, those employed are in a better situation in CY 2012 with underemployment at only 184 thousand from 221 thousand in CY 2011. Likewise, inflation on the average was only 2.16% despite strong pulls from the clothing and footwear and alcoholic beverages and tobacco commodity groups.

The succeeding sections discuss in detail these performance levels and their contributions to the regional economy.

A Look Back at 2011

The economy of the region grew by 5.4% in 2011, a rebound from the 1.1% decline in 2010. This was attributed mainly to the growth in Agriculture, Hunting, Forestry and Fishing Sector.

In CY 2011, the services sector provided the largest contribution to the regional economy, but a little bit lower compared to its 50.1% share in CY 2010. Agriculture, Hunting, Fishery and Forestry (AHFF) accounted for 39.8% and Industry Sector at 10.9%.

Services went down from 3.7% in 2010 to 3.6% in 2011 due to the decelerated growths of Trade and Financial Intermediation and the slump of Public Administration and Defense. Real Estate, Renting and Business Activity (RERBA) was now at 4.6% from 2.7% in 2010.

AHFF showed a 13.3% growth in 2011, attributed to Agriculture and Forestry which showed a turnaround from a negative 11.0% to a positive 13.8% growth. In addition, Fishing also recovered from a decline of 6.5% in 2010 to a 5.3% growth in 2011.

On the other hand, Industry suffered a reversal from a 14.1% growth in 2010 to negative 10.6% in 2011 due to the decrease in Construction from 10.0% in 2010 to negative 23.9% in 2011. Meanwhile the other subsectors showed decelerated growth in CY 2011 such as Electricity, Gas and Water (EGW) from 11.4% in CY 2010 to 0.4% in CY 2011, Mining and Quarrying from 24.9% to 7.2% and Manufacturing from 34.6% to 24.3%.

In the absence of ready estimates for the Gross Regional Domestic Product (GRDP) for CY 2012, proxy indicators were used to assess the possible economic standing of the region during the year as discussed in the following subsections.

Agriculture and Fisheries

This sector of the economy has been the major sector from 2004-2009 and the main economic activity in the region. The stability of the sector would ensure food security and social equity through the provision of income and employment opportunities to the people. Regional stakeholders provide ways to protect and develop the farmers through the provision of agricultural facilities; proper management of agricultural land and water resources and establishments and rehabilitation of irrigation systems, among others. The better performance of the sector would provide opportunities for the improvement of human lives. The performance levels of the region in CY 2012 vis-à-vis CY 2011 in terms of crop production, livestock and poultry, fruits and vegetables and fisheries shows the standing of the sector in CY 2012 as compared to CY 2011. The good weather in CY 2012 brought significant gains in the sector during the year, as compared to CY 2011.

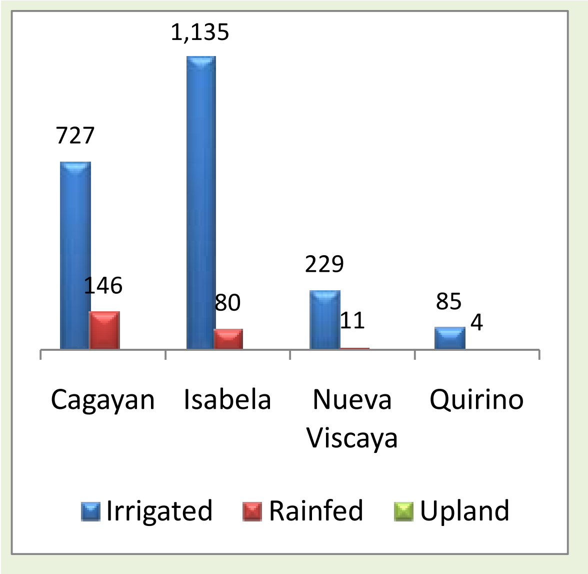
Palay

In CY 2012, the production based on actual harvest was up by 280,666MT, or a 13.09% increase from CY 2011's 2,144,766MT. Production increased due to higher area harvested during the year. The higher area harvested was the result of the good weather(no typhoons) and increase in cropping intensity (almost 5 croppings in two years in irrigated lands) during the year.

Of 2012's figure, 50.16% came from the Province of Isabela with a total production increasing by 13.88%, from only 1.068Million in CY 2011. While only contributing a meager share of 3.8% in the region's total, the production from the province of Quirino grew by 24.24%, from 73,423 in CY 2011.

The yield improved, from 3.81MT/Ha in CY 2011 to 4.06MT/Ha during the year.

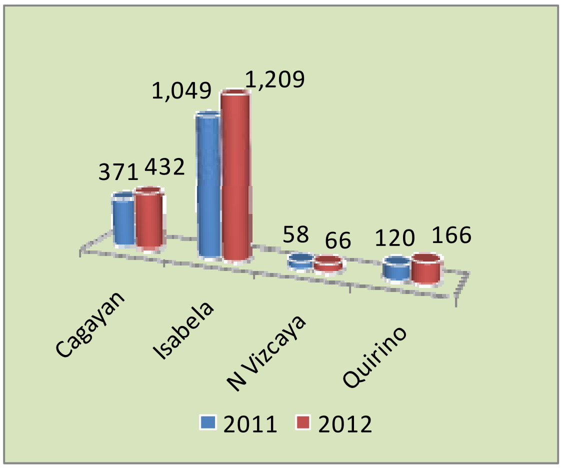
Figure 1: Palay Production by Province, In Thousands Metric Tons



For the yield, the increment came from recovered losses from calamities in the second semester of last year and the gains from sustained use of certified and hybrid seeds for the two cropping seasons, continuous supply of irrigation water and rainfall from planting until maturity of the crops.

Corn

Figure 2: Corn Production, By Province, In Thousands Metric Tons.



Corn produced this year increased by 17.1% compared to last year coming from 2.4% expansion in harvested area. The increase in harvest area of around 10,271 hectares accounted in the 2nd Semester of 2012 was due to the recovery of damaged areas during the series of calamities last year (Juaning, Mina, Pedring and Quiel and flood last week of December).

The expansion in area can also be attributed to the kaingin activities in Cagayan and conversion of tobacco areas for corn production in Isabela.

Likewise, yield per hectare (productivity) increased by 14.51%. Productivity was estimated to have increased by about 11 sacks (of 50 kgs. each) due to sustained use of Genetically Modified variety for yellow corn and Open Pollinated Variety for white and recovery of losses due to effect of the series of calamities during the second semester.

Fruits

Total production of fruits during the year was up by 6.71%, from a total of 396,306.8MT. Major fruits which include banana, calamansi, mango and pineapple improved by 8.3% from a total of 349,326.47MT. Likewise, priority fruits like balimbing, durian, lanzones, papaya, rambutan, tamarind, watermelon, mandarin and orange, showed production increasing by 1.69%, from a total of 21,711 MT.

The high production from major crops came from banana and pineapple with no significant damages resulting from weather conditions experienced this year as compared to last year. Bigger pineapple fruits were harvested this year due to the favorable weather condition/lesser calamities this year.

However, production of calamansi and mango was low due to the effect of continuous rainfall during flowering and fruit setting stage.

Meanwhile, area harvested on watermelon, the most dominant priority crop, was wider this year. Moreover, the use of hybrid seeds in Isabela brought bigger sizes of fruits produced – thus increasing production level

Vegetables

On the average, production of vegetables and root crops decreased by 3.5% compared to CY 2011 production total of 270,747.09MT with decreases shown in all vegetable commodity groups. Except for eggplant which showed a 2.69% increase (from 19,320.39MT in CY 2011), all major vegetable crops showed decreases in production during the year. The region's major vegetables include mongo, peanut, cabbage, eggplant, tomato, garlic, onion, camote, and cassava.

Among the reasons cited for the decrease in production were the following: there were no lag time in the planting of palay that would have allowed the planting of mongo in between palay period.

It should be noted that mongo was planted in lieu of palay during periods of when water is scarce. Likewise, effects of calamities in the 4th quarter of 2011 were carried over and experienced in the first semester of 2012.

Non-Food, Industrial and Commercial Crops (NFICC)

Total for this commodity group significantly increased by 49.96% (from a total of 273,258.45) in CY 2011.

Major industrial and commercial crops which include coconut with husk, coffee (Dried with pulp), sugarcane (cane) and tobacco (dried leaves), increased by 42.66%, from a sub-total of 249,372.36MT. Coconut trees which were damaged in CY 2011 were able to recover during the year. Meanwhile, there is a bigger area harvested for sugarcane and coffee due to better weather during the year. LGUs have also committed their support in the planting of the industrial crops.

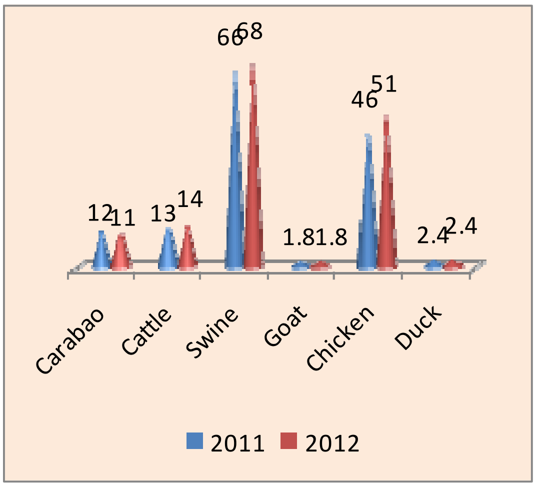
Livestock and Poultry

Carabao

Production of carabao decreased by 8.98%, from a total of 12,688MT being produced in CY 2011. The low inventory during the period led to few slaughtering activities on farm and abattoirs and disposal of live animals in Isabela and Nueva Vizcaya.

The increase in inventory could be attributed to the promotion of dairy industries in the region which encourages milk and milk products production. Building up of stocks was also observed in Cagayan, in which farmers were not disposing their stocks because of expectations for a better price in the succeeding semesters. Relatedly, animals disposed were those of smaller sizes, thus, lesser live weights were observed. In Cagayan, there was a buy-back scheme by the government in which pregnant carabaos were bought back from those who will dispose them for reproduction.

Figure 3 Livestock and Poultry Production CY 2011- 2012, Per Types, In Thousands



Cattle

Production of Cattle increased by 6.1%,(from 13,563MT in CY 2011). There were observed increases in the number of slaughtered cattle on farm and abattoir due to increase in demand for beef as substitute for carabeef. In addition, high demand from assemblers and outside buyers offering a good price encouraged raisers to dispose their stocks. However, there was a reduction of live weight observed in most of the disposed stocks because of the preference over young stocks by outside buyers.

Swine

Swine production also posted growth of 3.35%, from 66,302MT in CY 2011.This was traced to the increase in extraction rate triggered by the high demand for pork and increase in number of stocks available for disposition. The industry is growing as there were no recorded incidents of swine diseases and lesser occurrence of calamities in the region.

Goat

Goat production for Region 2 increased by 0.54% attributed to weight gained by stocks disposed in Nueva Vizcaya and Cagayan. There were lesser animals slaughtered but such decrease in number was offset by bigger sizes of animals disposed, hence, the heavier weight (in Metric Tons) of production.

Chicken

Overall production of chicken increased by 10.19%, from 46,970MT in CY 2011 due to expansion of existing farms and opening of new farms in Isabela and availability of day-old chicks in Cagayan.

Duck

Duck meat production decreased by 0.17% attributed to the decrease in inventory, thus, there were limited stocks available for disposition.

Fisheries

Commercial fisheries production estimates for the year dropped to as low as 19.36% or 3,108 MT, from last year's level of 16, 050MT. There were less fishing efforts during the year due to high cost of fuel and rough seas especially in the first and last quarter of CY 2012. Some fishermen/crew opted to gather elvers in the coastal areas of Cagayan than undergoing deep sea fishing for higher income/profit. Likewise, some fishing vessels were dry docked due to diminishing catch and less appearance of some species during the second and third quarters of CY 2012.

Municipal marine production decreased by 14.84%, from 22,156MT in CY 2011. The decrease came from the province of Cagayan where "artificial" catch on elvers is observed. Most commercial and municipal fishermen were focused on the catching of "elvers" in the coastal areas of Cagayan due to high demand and very good price of the commodity in the market. During the first quarter of the year, about 60-80% of fishermen shifted from original schedule of fishing to catch elvers because of better income, lesser input used, secured fishing environment and sure market.

Meanwhile, municipal inland production increased by 5.71%, from 12,595MT in CY 2011. The increment came from all provinces of the region.

Continuous dispersal of tilapia and carp fingerlings in Communal Bodies of Water and escaped fish from fishponds and cages resulted in bigger volume of catch. Sufficient rains that caused water levels of rivers, lakes, creeks, dams, irrigation canals to be at stable levels became good breeding grounds for freshwater species. Likewise, existence of fish shelters/sanctuaries also boosted production in inland waters.

Production of aquaculture was also up by 5.47%, from 14,073MT in CY 2011. More areas were utilized or harvested due to normal water level on ponds and availability of fingerlings. Moreover, more and bigger sizes of ponds were developed, rehabilitated and harvested, particularly in Isabela, which help boost production in the aquaculture fishery sub-sector.

Farm Gate Prices

Since the region is a major producer of Palay and Corn, the increases in the farmgate prices of the commodities have significantly helped boost household income of majority of the farmers during the period. Farmgate price of palay was 2.92% higher in CY 2012, from an average of Php16.03/Kg in CY 2011 to an average of Php16.49/Kg in CY 2012. Likewise, average farmgate price of white corn was 10.02% higher, from Php10.24/kg in CY 2011 to Php11.27/Kg in CY 2012. Price of yellow corn was also 12.79% higher, from Php11.94/Kg in CY 2011 to Php12.79/Kg in CY 2012.

Meanwhile, farmgate prices of vegetables, root crops and condiments significantly showed decreases. While the decrease would pull the income of vegetable farmers, such decrease was perceived to have positively affected the region's people as most of the vegetables in the region are for domestic consumption unlike palay and corn which were exported/transported to other regions in bulk. With most of the people in the region as consumers, the decrease in farmgate prices of vegetables, root crops and condiments imply lower market prices for the commodities. Farmgate price of tomato decreased by 11.78%, eggplant by 10.22%,cabbage by 4.38%, cassava by 2.25%, camote (sweet potato) by 10.31%, garlic by 4.55%, native onion by 19.67, mongo by 37.09%, ampalaya by 12.07% chayote by 15.38%, native pechay by 9.43%, finger pepper by 9.87% and squash by 13.24%.

On the negative side, the low farmgate price for the vegetable sub-sector would lead to a lower Gross-Value Added[1] from the agriculture subsector, such is negated by the possible Gross-Value Added from palay and corn, which are of higher farmgate prices and more quantity produced.

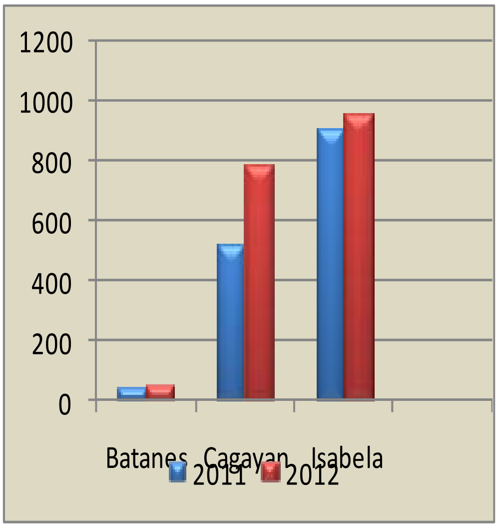
Loans and Investments

Loans and investment are very crucial to the development of the region's economy. Loans are the sources of financial capital of investors. Investments augment capital formation which leads to more extensive production and business operations. More loans and investments bring employment and income opportunities.

LBP Loans

Outstanding loans of the Landbank of the Philippines-Northern Cagayan Lending Center increased by 21.5%, from a total of Php1, 471,471,992 in CY 2011. Of the outstanding loans during the year, 43.47% were on Palay Production which increased by 9.56%, from Php709, 451,088 in CY 2011. This indicates that the bank has extended more support in the provision of credit in order to finance Palay Production activities in the region.

Likewise, 16.56% of the loans were given in support of agricultural trading activities at a total of Php296.04Million, up by 85.76% from a Php 159.37Million poured to the economic activity in CY 2011.



Outstanding loans for Public Administration granted to Local Government Units also increased by 72%, from Php202Million in CY 2011. Worth noting in CY 2012 is the very high increase in the outstanding loans along Poultry (from Php59Million in CY 2011 to Php113.19Million in CY 2012) and Piggery (from 113 thousand in CY 2011 to Php11.5Million in CY 2012). While the increase in outstanding loans may suggest slow loan repayment, it is an indication of the financial support extended by the financing institutions to sustain economic and development efforts in the region

[1] Gross-Value added pertains to the contribution of the agricultural sub-sector to the regional income or output embodied in the Gross Regional Domestic Product (GRDP)

DBP Loans

Despite 27.77% decrease in outstanding loans on Agri-Agra loans, loan portfolio of the bank grew by Php134.46Million brought largely by new exposures on Wholesale Banking. The decrease in loan exposures for Agri-Agra Loans was due to the moratorium on poultry industry since significant portions of financed projects were in past due terms.

Of the total loan portfolio for CY 2012, Php766.31Million or a 52% share were in Isabela Province. Outstanding loans in the province also posted an increase of 19.23%. The bulk of the projects financed were in the areas of wholesale banking; wholesale and retail trade; and public administration and defense, contributing to a total share of 56.71% of the total loan exposures.

Non-Agri Agra Loans comprised 97.66% share in the region's total loan portfolio for CY 2012 or an increase of 11.46% compared to CY 2011. Of the non Agri-Agra loans, 33.09% were LGU Loans which also showed a slight decrease of 2.21% as compared to CY 2011.

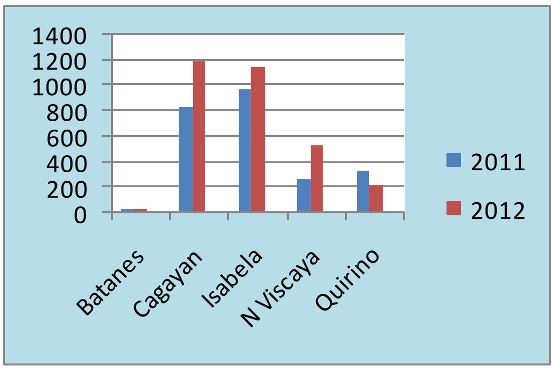
Loans granted to Private Corporations, Small and Medium Enterprises and Individuals were classified as "Others" under Non Agri-Agra Loans. Total Loan portfolio under this classification was Php911.17Million representing 61.95% share. Specifically, loans to private corporations amounts to Php153.68Million, SMEs at Php447.40Million and loans to individuals at Php310.09Million.

In terms of loans to economic activities, Agriculture grew by 10.94%, Wholesale and Retail by 98.50%, Real Estate Renting and Business Activities by 3,470.93%, Public Administration and Defense by 497.72%, Education by 139.33%, Financial Intermediation by 100%, Private Households with Employed Persons by 100%, and Health and Social Work by 500%.

Investments and Employment Through Business Name Registration

Number of firms registered under DTI's Business Name Registration grew by 11.74%, from a total of 9,491 firms registered in CY 2011. Most of the registered enterprises were in the province of Isabela accounting for 39.14% of the total registered firms during the year. Number of registered firms in the province increased by 18.6%, from a total of 3,500 in CY 2011.

Figure 4: Investments, By Province, In Million



The increase in number of firms increased by 27.9%, from Php2.445 Billion worth of investment in CY 2011 to Php3.127Billion worth of investment in CY 2012.

Likewise, the registered firms were able to contribute to a total of 25,513 jobs, or a 9.5% increase compared to CY 2011's 23,297jobs.

Most of the registered firms were on trading and services with number of firms registered in the said industries accounting for 91.71% of the total registered firms. Of the total registered firms during the year, 51.8% were on trading whose total was up by 5.47% compared to CY 2011's total of 5210 firms. Likewise, 39.9% were on services whose total showed a 20.89% compared to CY 2011's total at 3,500 firms.

Of the total investments created under Business Name Registration, 84% were on trading and services, with trading accounting for 41% and services for 43%. Likewise, majority of the employment generated were on the above industries accounting for an 88% of the total employment generated through Business Name Registration with trading accounting for 47% and services for 41% of the employment generated.

Industry and Services

The improvement of the Industry and Services sector fosters growth to the economy. Aside from the higher Gross Value Added as compared to agriculture, they provide for an alternative venue for employment and income opportunities other than agriculture to soften the region's strong reliance on agriculture.

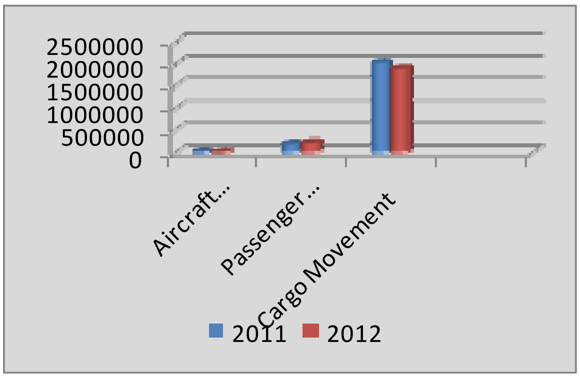
The following indicators provide a possible picture of the contributions of Industry and Services in the next reporting period.

Air Transportation

There were a total of 9,889 flights during the year, only 60% of CY 2011's total of 16,453 flights.

The decrease in flights came from decrease in scheduled flights in Cauayan and Basco Airports. However, despite the decrease in number of flights, bigger aircrafts were used especially in commercial flights prompting more passenger movement during the year at a total of 213,249 flights, or a 9.51% increase from CY 2011's 194,737 passengers.

Figure 5: Aircraft, Passenger and Cargo Movement



Note: Figures for Palanan Airport in 2012 were not included

Meanwhile, volume of cargoes loaded and unloaded totaled to

1,877,690kilograms, down by 2,018,344kilograms in CY 2011.

Land Transportation

Number of Registered Motor Vehicles reached a total of 293,957 in CY 2012, up by 8.08% compared to CY 2011's total of 271,972 vehicles. The increase in registration came from increases in registered vehicles in the municipalities of Aparri (13.93%), Aritao (13.32%), Basco (9.57%), Bayombong (9.19%), Cabarroguis (97.10) and San Isidro (21.53%), and the cities of Cauayan (19.88%) and Tuguegarao (8.36%).

Of the registered vehicles, 75.65% (222,072) were private vehicles. A total of 70,286 were newly registered vehicles while 151,786 were only renewal. It can be inferred that most of the region's people recognize the need and the usefulness of private vehicles.

Number of licenses and permits was at a total of 152,304 during the year, up by 6.93% compared to CY 2011. Most of the licenses and permits were issued in the cities of Cauayan comprising for 13.47% and Tuguegarao at 24.5% of the total. Likewise, number of apprehensions increased by 5.97%, from a total of 55,535 in CY 2011 to 58,853 in CY 2012.

The giving of services and regulations such as the registration of vehicles, granting of licenses and permits, and apprehensions brought revenues totaling to Php485 million for all the Land Transportation Offices in the Region, increasing by 9.01%, compared to Php444Million generated in CY 2011.

Mineral and Quarry Production

Sand and Gravel Production increased by 71.5%, from 99,452.70 cu.m. in CY 2011 to 170,559.40 cu.m in CY 2012. The increase can be traced to the increase in demand for the commodity in Isabela and Nueva Vizcaya. Likewise, with increase in demand, production of pure sand in Cagayan increased from 3,989cu.meters in CY 2011 to 7,100cu.meters in CY 2012. Production of Magnetite sand also zoomed to a total of 292,770 cubic meters in CY 2012 from only 110,000 cubic meters in CY 2011 due to the very high demand for the commodity.

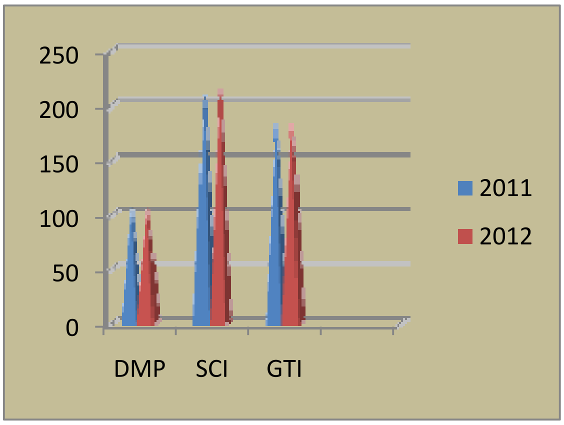
Meanwhile, the demand for boulders was very low during the year as shown in the production of the commodity with a total of only 3,425.50 cubic meters in CY 2012 from 51,425 cubic meters in CY 2011.

Revenue Generated in Mining through fees on Mining rights, Geological/Mining investigation & Verification and related Services amount to a total of Php3,719,743.57 during the year.

Telecommunication

Number of cell sites increased by 1.16%, from a total of 516 cell sites being established in 2011. Of the new sites built, 5 were from Smart Communication Inc. with number of sites now totaling to 223 in CY 2012.

Figure 8: Number of Cellsites and Channels



Likewise, in terms of the number of channels, the network has added 69 new channels, with the network having a total of 1,669 channels in CY 2012 from only 1,600 in CY 2011.

Globe Telecom had 1 additional cell site. The service provider now has a total of 190 cell sites in the region corresponding to a total of 1,328 channels. Digitel Mobile Philippines has 109 cell sites and 1,238 channels.

Development to the People

Economic growth should maximize human potential in order to achieve thorough development. Growth should provide employment opportunities where people can transform their skills and potentials into gainful income to support them and their families and enable them live a more decent life. Moreover, inflation should also be manageable so that goods and services will be more affordable to the people.

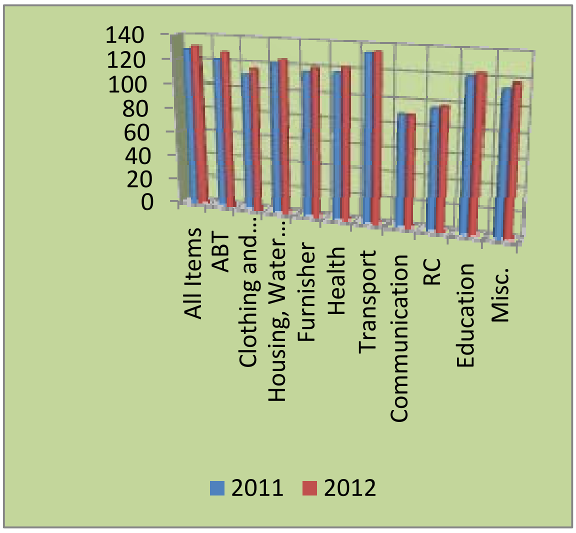
Inflation

In CY 2012, on the average, inflation was pegged at 2.16% with clothing and footwear registering a rate of 5.24% and 4.15%, respectively. Meanwhile, the passage of the Sin Tax Bill has somewhat pulled consumer index along Alcoholic beverages and tobacco with index inflation at 4.51% and 5.38%, respectively.

Meanwhile, with more quantity of agricultural commodities produced during the year, inflation rate of Food was at only 1.48% during the year. The decrease in the food price index came from negative rates (deflation or decrease in price index) from corn at -3.98%; meat at -0.75%; oils and fats at -4.61%; vegetables at -2.11%; and sugar, jam, honey, chocolate and confectionary commodity group at -6.15%.

Meanwhile, the relatively lower fishery catch during the year has affected fish index which increased by 6.89%. Likewise, the low production of major fruits and the high prices of imported fruits brought fruit price index to move up by 8.27%.

Figure 6:Consumer Price Index and Inflation (%)



Electricity, Gas and other Fuels also moved up by 4.44% due to high prices of petroleum products. However, the relatively good weather conditions during the year characterized by less storms and short duration of rains has encouraged more maintenance and repair projects on dwellings which prompted prices of materials and labor to go up. Inflation on maintenance and repair of dwelling registered 3.66% in CY 2012.

Employment

Based on the four survey periods, on the average, working age population (people 15 years old and over) was at 2.246Million during the year, up by 0.94% over CY 2011's 2.225Million. Of the working age, 66.9% or an average of 1.498Million participated in the labor force (currently employed or are actively looking for work) during the year, lower by 0.73% from 1.509Million in CY 2011. This implies that on the average, less people have trust on the employment situation of the region during the year as compared to last year. For those in the labor force, 97.3% were employed or 1.457Million in absolute figures. Employment in 2012 is 0.54% lower than CY 2011's 1.465Million employed. However, those employed are better off in CY 2012 with less underemployment at only 184thousand from a 221thousand in CY 2011.

Development Prospects

The following are expected to contribute to the improvement of the regional economy during the quarter and beyond.

- The May 2013 elections will boost the region's economy in the short run or in the succeeding months of the year. The opportunity the election period provides may help the economy in two ways. First, it can be an opportunity for new leaders to institute fiscal reforms. The people will have the chance to elect new leaders whose development agenda will include focus on the provision of income and employment opportunities specially for the poverty-stricken segment of the population. Second, the election period is expected to increase spending on goods and services that will provide additional business opportunities for hotels and restaurants, printing, souvenir items and food, among others. The anticipated spending will likewise create employment and income opportunities to people particularly to the unemployed and to OSYs.

- The region's agricultural sector is expected to experience a production rebound during the early part of 2013. It should be noted that the good weather experienced during the last semester of CY 2012, characterized by less weather disturbances/calamities and sufficient rainfall is a very good foundation for a better production in the 1st semester of the year especially on agricultural crops production such as palay, corn and vegetables and fruits. While a production rebound is expected on the 1st semester of the year, should there be prolonged absence of rainfall during the start of the 2nd quarter of the year, it might affect the expected harvests in the 2nd semester of the year.

- The influx of huge investments in the region such as Save More, Puregold and Mariton's Supermarket in Tuguegarao City; and of SM and Robinson's Malls, among others, is seen to continuously provide employment and income opportunities for the people in the region. Moreover, various programs of the government such as the SPES Program of DOLE, the Kanan program of DPWH and the operators of PCOS Machines during the elections will also provide short term employment for the people.

TABLES

Table 1: Palay Production (in Metric Tons)
By Province and By Sector, CY 2011 vs. CY 2012

Province	Irrigated		Rainfed		Upland		Total		% Change
	2011	2012	2011	2012	2011	2012	2011	2012	
Cagayan Valley	1,924,301	2,177,335	216,857	243,579	3,608	4,518	2,144,766	2,425,432	13.09
Cagayan	645,666	727,268	136,949	146,273	2,007	2,179	784,622	875,720	11.61
Isabela	1,002,162	1,135,271	65,744	80,738	369	526	1,068,275	1,216,535	13.88
Nueva Vizcaya	208,545	229,271	9,521	11,715	380	970	218,446	241,956	10.76
Quirino	67,928	85,525	4,643	4,853	852	843	73,423	91,221	24.24

Source: BAS RO2

Table 2: Palay Area Harvested (in Hectares)
Region 2: CY 2011 vs. CY 2012

Province	Irrigated		Rainfed		Upland		Total		% Change
	2011	2012	2011	2012	2011	2012	2011	2012	
Cagayan Valley	479,036	495,498	81,016	84,222	2,754	2,736	562,806	582,456	3.49
Cagayan	159,572	167,224	51,316	51,305	1,365	1,167	212,253	219,696	3.51
Isabela									

	248,420	255,278	24,223	27,361	389	510	273,032	283,149	3.71
Nueva Vizcaya	52,059	53,386	3,595	3,906	345	614	55,999	57,906	3.41
Quirino	18,985	19,610	1,882	1,650	655	445	21,522	21,705	0.85

Source: BAS RO2

Table 3: Palay Productivity (in Metric Tons)
Region 2: CY 2011 vs. CY 2012

Province	Irrigated		Rainfed		Upland		Total		Difference
	2011	2012	2011	2012	2011	2012	2011	2012	
Cagayan Valley	4.02	4.39	2.68	2.89	1.31	1.65	3.81	4.16	0.35
Cagayan	4.05	4.35	2.67	2.85	1.47	1.87	3.70	3.99	0.29
Isabela	4.03	4.45	2.71	2.95	0.95	1.03	3.91	4.30	0.38
Nueva Vizcaya	4.01	4.29	2.65	3.00	1.10	1.58	3.90	4.18	0.28
Quirino	3.58	4.36	2.47	2.94	1.30	1.89	3.41	4.20	0.79

Source: BAS RO2

Table 4: Corn Production (in Metric Tons)
Region 2: CY 2011 vs. CY 2012

Province	White		Yellow		Total		% Change
	2011	2012	2011	2012	2011	2012	
Cagayan Valley	56,786	66,601	1,544,900	1,808,784	1,601,686	1,875,385	17.09
Cagayan	25,818	35,675	345,981	396,658	371,799	432,333	16.28
Isabela	25,768	26,401	1,024,186	1,183,123	1,049,954	1,209,524	15.20
Nueva Vizcaya	4,507	3,982	54,459	62,723	58,966	66,705	13.12
Quirino	693	543	120,274	166,280	120,967	166,823	37.91

Source: BAS RO2

Table 5: Corn Area Harvested (in Hectares)
Region 2: CY 2011 vs. CY 2012

Province	White		Yellow		Total		% Change
	2011	2012	2011	2012	2011	2012	
Cagayan Valley	24,619	23,873	397,476	408,493	422,095	432,366	2.43
Cagayan	12,526	13,324	93,057	96,098	105,583	109,422	3.64
Isabela							

	10,154	9,008	256,770	259,750	266,924	268,758	0.69
Nueva Vizcaya	1,624	1,336	12,986	14,625	14,610	15,961	9.25
Quirino	315	205	34,663	38,020	34,978	38,225	9.28

Source: BAS RO2

Table 6: Corn Productivity (in Metric Tons)
Region 2: CY 2011 vs. CY 2012

Province	**White**		**Yellow**		**Total**		**Difference**
	2011	**2012**	**2011**	**2012**	**2011**	**2012**	
Cagayan Valley	2.31	2.79	3.89	4.43	3.79	4.34	0.54
Cagayan	2.06	2.68	3.72	4.13	3.52	3.95	0.43
Isabela	2.54	2.93	3.99	4.55	3.93	4.50	0.57
Nueva Vizcaya	2.78	2.98	4.19	4.29	4.04	4.18	0.14
Quirino	2.20	2.65	3.47	4.37	3.46	4.36	0.91

Source: BAS RO2

Table 7: Production Estimates of Livestock and Poultry
Region 2: CY 2011 vs. CY 2012

COMMODITY	**CAGAYAN VALLEY**		**% change**
	2011	**2012**	
CARABAO	12,688	11,549	(8.98)
CATTLE	13,563	14,391	6.10
SWINE	66,302	68,525	3.35
GOAT	1,864	1,874	0.54
CHICKEN	46,970	51,757	10.19
DUCK	2,410	2,406	(0.17)

Source: BAS RO2

Table 8: LBP Outstanding Loans, By Economic Activity (in Million Pesos)
Region 2: CY 2011 vs. CY 2012

Economic activity	**Batanes**		**Cagayan**		**Northern Isabela**		**Cagayan Valley Total**	
	2011	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**

Agricultural trading			61,760,586	181,213,667	97,606,089	114,829,831	159,366,675	296,043,497
Construction			28,357,020	70,356,994	4,229,528	5,000,000	32,586,547	75,356,994
Corn Production			12,575,930	12,287,382	67,638,400	43,242,300	80,214,330	55,529,682
Distributorship				10,997,467			0	10,997,467
General Merchandise	10,850,000	10,850,000	29,189,443	65,945,473	325,000	820,000	40,364,443	77,615,473
Hospital			1,266,667	1,130,206	4,000,000	4,303,924	5,266,667	5,434,131
Hotel and Restaurant				500,000			0	500,000
Manufacturing	141,669	66,667	11,842,678	2,300,000	18,433,000	3,625,000	30,417,346	5,991,667
Mortgage Loan			1,997,171	2,026,153			1,997,171	2,026,153
Palay Production			258,759,790	298,573,285	450,691,298	478,670,311	709,451,088	777,243,596
Piggery	113,008	10,635,489		900,000			113,008	11,535,489
Poulry				7,850,000	58,975,556	105,338,888	58,975,556	113,188,888
Public Administration(LGU Loans)		28,275,819		127,811,028	202,361,965	192,034,759	202,361,965	348,121,605
Real Estate	32,116,050		108,104,806	1,044,727		4,301,390	140,220,856	5,346,117
School Building			8,226,966	1,800,000	1,909,375	1,363,839	10,136,341	3,163,839
TOTAL	**43,220,727**	**49,827,974**	**522,081,056**	**784,736,382**	**906,170,210**	**953,530,242**	**1,471,471,992**	**1,788,094,598**

Source: LBP RO2

Table 9: Aircraft, Passenger and Cargo Movement
Region 2: CY 2011 vs. CY 2012

AIRPORT	**Aircraft Movement**		**Passenger Movement**		**Cargo Movement**	
	Landing	Take-Off	Arrival	Departure	Load	Unload
TUGUEGARAO						
2011	1620	1620	64014.0	64828.0	950829.0	305063.0
2012	1607	401	70943.0	70932.0	862003.0	469127.0
CAUAYAN						
2011	5006	5019	16810.0	16112.0	167669.0	126978.0
2012	2876	2877	22942.0	19804.0	185874.0	167182.0
BAGABAG						
2011	254	254	422.0	438.0		

2012	19	19				
BASCO						
2011	988	988	14248.0	14180.0	267860.0	137137.0
2012	1045	1045	14241.0	14387.0	145640.0	47864.0
ITBAYAT						
2011	44	42	450.0	439.0	2464.0	2463.0
2012						
PALANAN						
2011	309	309	1405.0	1391.0	31549.0	26332.0
2012						
TOTAL						
2011	8221	8232	97349.0	97388.0	1420371.0	597973.0
2012	5547	4342	108126.0	105123.0	1193517.0	684173.0

Source: CAAP- Northern Luzon

Table 10: Company or Service Provider
Region 2: CY 2011 vs. CY 2012
Per Provinces

COMPANY/SERVICE PROVIDER												
Province	**Digitel Mobile Philippines, Inc. (Sun Cellular)**				**Smart Communication, Inc.**				**Globe Telecom, Inc.**			
	Cell Sites		Channels		Cell Sites		Channel		Cell Sites		Channels	
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
Batanes	0	0	0	0	8	8	57	57	6	6	31	31
Cagayan	33	33	370	360	88	89	581	592	86	86	634	620
Isabela	57	57	696	718	83	86	721	753	62	63	439	451
N. Viscaya	19	19	166	160	32	33	192	209	26	26	166	166
Quirino	0	0	0	0	7	7	49	58	9	9	60	60
Total	**109**	**109**	**1232**	**1238**	**218**	**223**	**1600**	**1669**	**189**	**190**	**1330**	**1328**

Source: NTC RO2

Table 11: Investments and Employment through Business Name Registration
Region 2: CY 2011 vs. CY 2012
By Province

Sector	No. of Firms		Investments		Employment	
	2011	**2012**	**2011**	**2012**	**2011**	**2012**
Batanes	210	210	37,645,310	26,410,000	397	364
Cagayan	3,784	3,748	828,769,283	1,199,525,000	8,003	9,436
Isabela	3,500	4,151	978,821,823	1,144,960,000	10,360	9,208
N. Vizcaya	1,059	1,682	270,919,608	541,708,000	2,228	5,036
Quirino	938	814	328,602,913	214,660,000	2,309	1,469
Total	**9,491**	**10,605**	**2,444,758,937**	**3,127,263,000**	**23,297**	**25,513**

Source: DTI RO2

Table 12: Investments and Employment through Business Name Registration,
Region 02: CY 2011 vs. CY 2012
BY Industry

Sector	**No. of Firms**		**Investments**		**Employment**	
	2011	**2012**	**2011**	**2012**	**2011**	**2012**
Manufacturing	521	627	128,631,924	124,892,500	1,642	1,890
Agri-Based	163	126	72,768,394	82,220,250	233	255
Construction	97	126	229,494,863	289,744,000	1,066	1,021
Trading	5210	5,495	987,322,571	1,297,658,776	10,810	11,924
Services	3500	4,231	1,026,541,186	1,332,747,474	9,546	10,423
Total	**9,491**	**10,605**	**2,444,758,938**	**3,127,263,000**	**23,297**	**25,513**

Source: DTI RO2

Table 13: Labor Force and Employment, CY 2011 vs. CY 2012

INDICATOR	2011					2012 p				
	Ave	Jan	Apr	Jul	Oct	Ave	Jan	Apr	Jul	Oct
Household Population 15 Years Old and Over (in thousands)	2,225	2,217	2,233	2,203	2,247	2,246	2,254	2,243	2,246	2,242
Labor Force (in thousands)	1,509	1,464	1,503	1,497	1,570	1,498	1,507	1,530	1,462	1,493
Employed(in thousands)	1,465	1,418	1,454	1,462	1,526	1,457	1,471	1,487	1,415	1,456
Underemployed (in thousands)	221	248	235	199	203	184	163	159	237	177
Visibly (in thousands)	143	160	148	133	133	NA	NA	NA	NA	NA

Unemployed (in thousands)	44	46	50	35	44	41	36	43	47	37
Labor Force Participation Rate (%)	67.8	66.0	67.3	68.0	69.9	66.7	66.9	68.2	65.1	66.6
Employment Rate (%)	97.1	96.9	96.7	97.7	97.2	97.3	97.6	97.2	96.8	97.6
Underemployment Rate (%)	15.1	17.5	16.2	13.6	13.3	12.6	11.1	10.7	16.8	12.1
Unemployment Rate (%)	2.9	3.1	3.3	2.3	2.8	2.7	2.4	2.8	3.2	2.4

Table 14: Consumer Price Index and Inflation
Region 2: CY 2011 vs. CY 2012

Commodity Group	Consumer Price Index		Inflation 2012
	2012 Ave	**2011 Ave**	
ALL ITEMS	131.2	128.43	2.16
I. FOOD AND NON-ALCOHOLIC BEVERAGES	141.5	139.41	1.50
* Food	142.9	140.81	1.48
Bread and Cereals	146.5	144.00	1.74
Rice	148.2	146.10	1.44
Corn	136.3	141.94	-3.98
Meat	129.7	130.69	-0.75
Fish	143.8	134.53	6.89
Milk, Cheese and Eggs	129.8	126.64	2.49
Oils and Fats	143.5	150.43	-4.61
Fruit	164.7	152.11	8.27
Vegetables	162.8	166.31	-2.11
Sugar, Jam, Honey, Chocolate and Confectionery	123.3	131.39	-6.15

Food Products N.E.C.	139.9	136.34	2.61
* Non-alcoholic Beverages	120.8	118.41	2.01
II. ALCOHOLIC BEVERAGES AND TOBACCO	127.8	121.86	4.88
Alcoholic Beverages	122.1	116.83	4.51
Tobacco	134.3	127.44	5.38
NON-FOOD	122.0	118.51	2.94
III. CLOTHING AND FOOTWEAR	116.2	110.41	5.24
Clothing	115.6	109.36	5.71
Footwear	118.0	113.30	4.15
IV. HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	124.7	121.01	3.05
Actual Rentals for Housing	113.9	111.69	1.98
Maintenance and Repair of the Dwelling	127.3	122.80	3.66
Continuation of Table 14			
Water Supply and Miscellaneous Services Relating to the Dwelling	112.2	117.00	-4.10
Electricity, Gas and Other Fuels	140.0	134.04	4.44
V. FURNISHINGS, HOUSEHOLD EQUIPMENT AND ROUTINE MAINTENANCE OF THE HOUSE	119.8	115.91	3.35
Furniture and Furnishings, Carpets and Other Floor Coverings	105.3	104.47	0.79
Household Textiles	107.9	104.66	3.10
Household Appliances	104.2	103.76	0.43
Glassware, Tableware and Household Utensils	116.9	112.59	3.83
Tools and Equipment for House and Garden	119.5	113.64	5.15

Goods and Services for Routine Household Maintenance	125.6	120.73	4.04
VI. HEALTH	121.8	116.93	4.17
Medical Products, Appliances and Equipment	118.2	115.46	2.38
Out-patient Services	118.0	113.23	4.21
Hospital Services	135.6	126.06	7.57
VII. TRANSPORT	135.0	133.87	0.84
Operation of Personal Transport Equipment	122.7	119.91	2.32
Transport Services	138.6	137.93	0.49
VIII. COMMUNICATION	89.6	89.74	-0.16
Postal Services	135.0	134.86	0.11
Telephone and Telefax Equipment	52.0	53.79	-3.32
Telephone and Telefax Services	102.2	101.77	0.42
IX. RECREATION AND CULTURE	98.2	96.17	2.11
Audio-visual, Photographic and Information Processing Equipment	87.4	86.89	0.59
Other Major Durables for Recreation and Culture			
Other Recreational Items and Equipment, Gardens and Pets	102.6	99.21	3.41
Recreational and Cultural Services	107.0	101.90	5.00
Newspapers, Books and Stationery	112.9	97.09	16.29
X. EDUCATION	123.5	120.20	2.75
Pre-primary and Primary Education	130.2	120.80	7.78
Secondary Education	131.1	130.20	0.69
Tertiary Education	116.5	116.40	0.09
XI. RESTAURANTS AND MISCELLANEOUS GOODS AND SERVICES	118.6	114.74	3.36
Catering Services	122.2	118.51	3.11
Personal Care	113.7	110.06	3.31
Personal Effects N.E.C.	121.3	113.03	7.32

Source: NSO RO2