

MACROECONOMIC SNAPSHOT

Economy to grow 6% this year - UA&P

The Philippine economy is likely to expand by at least six percent this year as government spending improves, an economist said in a report. According to Victor Abola, economist at the University of Asia & the Pacific, the government is expected to boost spending in 2012 to make up for the lackluster spending in 2011. Abola expects the industry sector to grow by 6.5 percent in 2012, above the projected five percent growth for 2011. Similarly, he expects the services sector to expand by 6.2 percent in 2012, above the projected 5.5 percent for 2011. Abola's six percent GDP growth projection is the higher end of the official economic growth range of five percent to six percent for 2012. (The Philippine Star)

Robust spending to spur '12 growth

The government's anticipated "robust" spending in the first semester of 2012 will help drive domestic consumption and spur growth in the country despite the unpredictable global economy next year, Palace officials said on Sunday. Responding to queries, Budget Secretary Florencio Abad said in a text message that the momentum of the accelerated government spending in the last quarter of 2011 due to the P72.11-billion fiscal stimulus, expenditure reforms and public-private partnership (PPP) projects to be implemented in early 2012 would contribute to such robust spending. (BusinessMirror)

AKFTA tariff cuts take effect; talks on fresh pledges OK'd

Tariff reductions under a trade deal between the Association of Southeast Asian Nations and South Korea take effect this year with both parties already considering fresh cuts, a local official said. While the Philippines will be delayed in adopting the ASEAN Korea Free Trade Agreement adjustments, "At the ASEAN Implementing Committee, we were looking at really pushing liberalization... Can we look at the sensitive track and see if we can accelerate it even beyond what we committed?" said Ramon T. Kabigting, Trade assistant secretary. The Philippines, which ratified the AKFTA in March 2010, however, has yet to issue a requisite Executive Order (EO). The draft EO, said Mr. Kabigting, is still up for National Economic and Development Authority board approval, after which it will be forwarded to Malacañang. (BusinessWorld)

FINANCIAL TRENDS

Stocks poised to continue climb for 4th straight year

Despite expectations that global economic uncertainties will persist throughout 2012, the main-share Philippine Stock Exchange index may yet again climb for the fourth straight year, and even reach new heights, aided by a resilient domestic economy and ample liquidity. Based on a yearend poll of market experts, the local stock index may rise to at least 4,700 to as high as 6,500 this year, depending on how the fiscal crisis in Europe pans out. The index ended 2011 at 4,371.96 points, up by a modest 4 percent, or around 170 points, from the end-2010 level of 4,200. It hit a record high of about 4,550 in August. In 2011, the PSEi rose for the third consecutive year, building on the 38-percent and 63-percent rise in 2010 and 2009, respectively. (Philippine Daily Inquirer)

P/\$ rate stands at P43.84/\$1

The peso exchange rate stands at P43.84 to the US dollar, the closing rate on December 29, the last trading day of 2011 at the Philippine Dealing & Exchange Corp. (PDEX). The weighted average rate stands at P43.919. (Manila Bulletin)

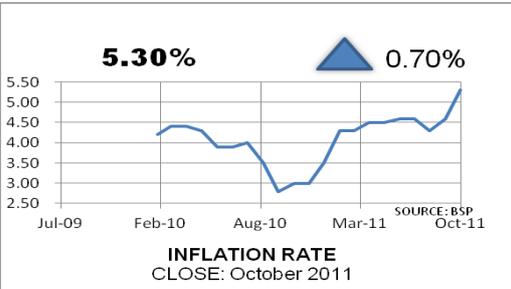
INDUSTRY BUZZ

Ford Motor brand 2011 sales in US overshoot two million

Ford Motor said its primary Ford brand vehicle sales topped two million in the United States this year, the first time since 2007 that any single automotive brand has reached that level. The Ford brand passed the two-million mark on Wednesday this week, said Erich Merkle, Ford US sales analyst. Ford's small cars sales are on pace to post an increase of more than 20% this year, while its utility vehicles are tracking a 30% gain, the company said. The Ford brand sold slightly more than 1.9 million cars in 2010 in the United States. Overall, including its Lincoln luxury brand and now-defunct Mercury brand, Ford company sales were up about 11% through November, and the Ford brand's sales were up about 18. (BusinessWorld)

Honda scraps 1,000 flood-ravaged cars in Thailand

Japanese automaker Honda on Tuesday began destroying more than 1,000 cars in Thailand to reassure customers that no vehicles damaged in the country's recent flood crisis will ever be sold. The scrapping process at Honda's plant in the central province of Ayutthaya is expected to take one month, the company said in a statement. The plant is located at the Rojana Industrial Park, where heavy flooding in early October brought production to a halt and aerial pictures showed hundreds of new cars submerged in muddy water. (Philippine Daily Inquirer)



	Thursday, December 29 2011	Year ago
Overnight Lending, RP	6.50%	6.00%
Overnight Borrowing, RRP	4.50%	4.00%
91 day T Bill Rates	0.919%	3.85%
Lending Rates	7.5320%	7.79%