

MACROECONOMIC SNAPSHOT

BSP urges Aquino admin to spend more

The Bangko Sentral ng Pilipinas urged the Aquino administration to spend more to boost the country's economic performance amid the uncertainties in the US and the debt crisis in Europe. In a forum hosted by the Tuesday Club at EDSA Shangri-La, BSP Governor Amando M. Tetangco Jr. said the underspending by the government has pulled down economic growth to 3.6 percent in the first three quarters of last year. "The National Government has room to spend. Weak government spending has been credited as a factor for the recent growth numbers," Tetangco stressed. (The Philippine Star)

Be more competitive, exporters told

Trade and Industry Secretary Gregory L. Domingo has rallied exporters to rise above the global challenges and boost their performance by adding value to their products and services in the industry as the government projects exports to hit over \$64 billion in the next two years. Over the next two years, the Philippine export industry is targeting to grow to over US\$64 billion despite economic uncertainties. In the recent National Exporters Congress, the exporting community learned more of what they can achieve in global economies despite a continued slow recovery. With the theme, "Rev Up to Double Up!," this year's celebration of the National Exporter's Week not only focuses the contribution of the export industry to national income but also to identify and foster linkages between value-creating activities for competitive advantage. (Manila Bulletin)

Gov't seen to rev 'all engines of growth'

The central bank has room to lower its policy rates should the global economic growth slow down further, but Malacañang must spend wisely to maximize a "limited policy space," according to monetary officials. BSP Governor Amando M. Tetangco Jr. said that, along with an "appropriate" monetary stance, targeted government spending and the participation of the private sector would set "all engines of growth [to] fire up." In the Monetary Board's meeting on policy rates last December, it was decided that the overnight borrowing rate and overnight lending rate be maintained at 4.5 percent and 6.5 percent, respectively. The BSP said the decision was based on the assessment that the inflation outlook would continue to be manageable. (Philippine Daily Inquirer)

FINANCIAL TRENDS

Index rises as market reacts to positive US economic data

Local share prices rose on thin trading yesterday, led mainly by second and third-tier issues, analysts said. They also said the market reacted favorably to a slew of positive economic data from the US. The Philippine Stock Exchange index added 25.14 points to close at 4,422.22. The broader all-share index rose by 0.56 percent or 17.09 points to 3,081.96. All sub indices were in the green, led by mining and oil that grew by 2.26 percent or 534.21 points to 24,211.62. Financials advanced by 1.11 percent or 10.82 points to 983.23. (The Philippine Star)

Peso firms up on risk taking

The peso strengthened against the dollar yesterday on risk taking after data showed that the Chinese service sector had rebounded in December. After losing 10 centavos last Monday, the local currency firmed up by 17 centavos to close at P43.77 per dollar yesterday against its P43.94-per-dollar close last Monday. (BusinessWorld)

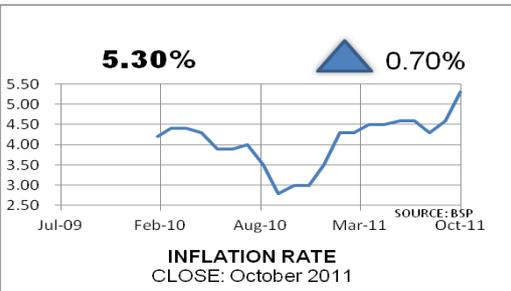
INDUSTRY BUZZ

Imported vehicles gain larger market vs local counterparts

Imported vehicles have gained a larger market share against locally assembled counterparts as of November due to supply disruptions from last year's Thai flood, Philippine Automotive Federation, Inc. reported yesterday. Sales of CBUs from overseas have grown 3.9% to 69,316 vehicles between January and November, based on PAFI data on member group's CAMPI. CKD units, on the other hand, dropped 7.6% to 61,926 units from 67,029 for the same year-on-year comparison. For the PC segment, locally assembled vehicles continued to corner majority of the market at 58.6% for the 11-month period even as sales fell 13.9% to 24,507 units last year from 28,448 in 2010 when CKDs cornered 64.3% of total sales. Conversely, commercial vehicle sales are mostly from CBU imports. Sales of shipped vehicles rose 2.2% to 52,034 units last year up to November from 50,904 in 2010, while locally built ones fell 3% to 37,419 units from 38,581. (BusinessWorld)

American auto industry sees another good sales year

After hitting a 30-year low in 2009, US auto sales poised for a second-straight year of growth – the result of easier credit, low interest rates and pent-up-demand for cars and trucks created by the Great recession. The sales forecast bodes well for the industry's continued recovery and for the broader American economy. (BusinessMirror)



	Tuesday, January 3 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	7.5334%	7.79%

