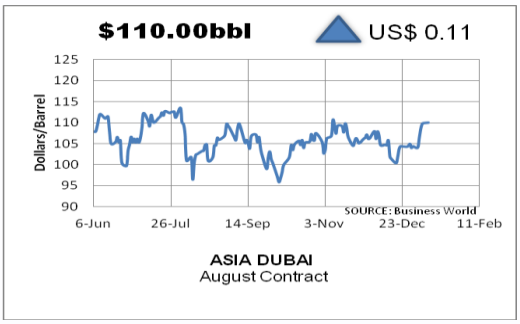
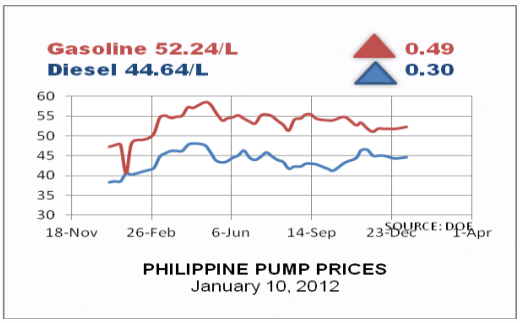
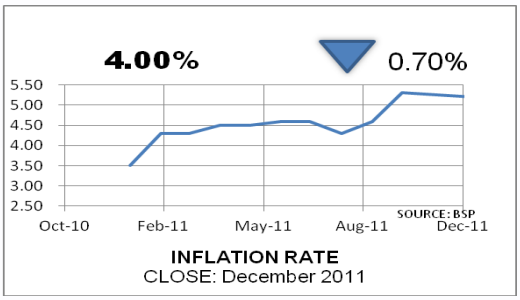
AVID
ASSOCIATION OF VEHICLE IMPORTERS AND DISTRIBUTORS

DASHBOARD

Changing News. Your Guide. AVID Daily E- News January 11, 2012 Volume 2 No 83







	Tuesday, January 10 2012	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	7.7390%	7.79%

MACROECONOMIC SNAPSHOT

Foreign investment inflows recover as Asia draws capital

The country registered a net inflow of foreign direct investments in October last year, recovering from the net withdrawal suffered during the same period in 2010, as Philippine growth prospects eased the impact of the bearish global economy on investor sentiment. BSP reported Tuesday that FDI inflows to the country stood at a net inflow of $58 million last October, a swing from the net outflow of $32 million in the same month of the previous year. Gross inflows for the month were recorded at $60 million, while the outflows stood at $2 million. Officials said the reversal in October was due to the belief that Philippines, like other emerging economies in Asia, would still grow despite the ill-effects of the debt crisis in the eurozone, as well as the sluggish growth of the US economy. (Philippine Daily Inquirer)

Exports fall for 7th straight month in Nov

Philippine exports fell an annual 19.4 percent in November, the seventh straight month of decline, with value of shipments at nearly a two-year low as global demand for the country's top electronics shipments slumped. Electronics and semiconductor shipments, which dominate exports, contracted 34.5 percent, slightly lower than October's 36.5 percent annual fall, NSO said Tuesday. The country's exports in November declined to $3.34 billion from $4.15 billion a year ago. Receipts from merchandise exports from January to November fell by 5.6 percent to $44.636 billion, from the year-ago figure of $47.296 billion. Philippine exports may have fallen 1 percent in 2011, according to the Philippine central bank, in contrast with a previously downgraded 5 percent growth estimate, due largely to the slowing global demand. (The Philippine Star)

Infrastructure projects seen creating jobs

The government expects to generate at least 1.63 million domestic jobs this year with the infrastructure and tourism sectors accounting for the bulk of employment opportunities, the Labor department announced yesterday. “For 2012, we have a high expectation on the growth of local employment [from infrastructure projects] both funded by the government and private investment,” Undersecretary Danilo P. Cruz claimed in a press briefing. He noted that based on the General Appropriations Act for 2012, the public budget for infrastructure was P224 billion while that for infrastructure with a private sector investment component was P571.7 billion. The “medium” outlook involves the creation of 694,000 jobs from the public infrastructure program and 1.772 million out of private investment projects, while the most optimistic forecast counts jobs of 925,000 and 2.361 million, respectively. (BusinessWorld)

FINANCIAL TRENDS

PSEi climbs to new record high of 4,561

Rising investor confidence, due to more upbeat news from the US and expectations of healthy earnings by Philippine firms amid a low interest rate environment and a planned rise in government spending, pushed up the main index to a new record high yesterday. PSEi rose by 0.43% or 19.48 points to close at 4,561.08. The broader all-share index was also up by 0.40% or 12.38 points to 3,106.43. (BusinessWorld)

Peso up over news on eurozone debt, lower PH interest rates

The peso inched up further on the second trading day of the week as ongoing discussions to solve the debt crisis in the eurozone and likelihood of lower domestic interest rates prompted investors to buy Philippine assets. The local currency closed at 44.01 against the US dollar on Tuesday, up by 10 centavos from 44.11:$1 on Monday. (Philippine Daily Inquirer)

INDUSTRY BUZZ

Toyota to hike local content of its cars

Toyota Motor Philippines Corp. plans to increase the domestic content of locally-assembled automotive vehicles. TMPC president Michinobu Sugata said they are planning to increase the local content of their vehicles. “We will increase to at least 40 percent, otherwise we cannot be competitive,” he said. The current domestic content of locally-assembled vehicles, he said, is 20 to 25 percent. Sugata said they will invite more Japan-based suppliers to locate in the Philippines. This will hopefully revitalize the local auto parts industry. (The Philippine Star)

GM expects market share gains in China and Korea

General Motors Co. expects to post market share gains this year in both China and South Korea, a top GM executive said on Monday. “I see us growing with the markets and I see us taking share,” Tim Lee, president of GM’s international operations, told REPO. Lee said 2012 sales should be better than last year in the international division which includes China, the world’s largest auto market and a crucial part of GM’s growth strategy. GM’s international operations division had sales of 3.7 million vehicles last year, of which 2.5 million were in China. GM said it increased its market share in China to market-leading13.6 percent last year from 12.7% in 2010. (BusinessWorld)