

# DASHBOARD

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## MACROECONOMIC SNAPSHOT

### Bangko Sentral cuts key policy rates

The BSP has cut its key policy rates by a quarter of a percentage point, a move intended to boost the growth of the domestic economy and counter the adverse impact of a prolonged debt crisis in Europe. With the rate adjustment, the central bank's overnight borrowing and lending rates, which influence commercial interest rates, now stand at 4.25 and 6.25 percent, respectively. BSP Governor Amando Tetangco said that given the unfavorable developments offshore, the Philippines should find ways to boost growth and one practical way was to boost domestic demand through a reduction of interest rates. With lower interest rates, monetary officials are hoping demand for banks loans, which already grew at a double-digit pace last year, would rise further to support more consumption and investments. (Philippine Daily Inquirer)

### BOP surplus down 29% to \$10.18 B

The country's balance of payments (BOP) surplus plunged 28.8 percent last year on the back of the sudden reversal of foreign capital inflows toward the end of the year amid the contagion from the fragile economic recovery in the US as well as the sovereign debt crisis in Europe. The Bangko Sentral ng Pilipinas (BSP) reported yesterday that the country's BOP surplus reached \$10.179 billion last year or \$4.192 billion lower than the previous year's \$14.308 billion. The BOP position surpassed the revised full-year target of \$10 billion from the original target of \$6.7 billion. For the month of December alone, the country's BOP position reversed to a deficit of \$114 million from a surplus of \$1.226 billion in December of 2010. The BSP pointed out that outflows in the form of debt payments by the government and the central bank exceeded inflows consisting mainly of foreign currency deposits by authorized agent banks and the government. (The Philippine Star)

### Poverty count improves

Filipino families' claims of being "poor" declined last month to just a few points shy of the record low, the Social Weather Stations (SWS) said in a new report, prompting the Aquino administration to claim gains in its fight against poverty. Results of a Dec. 3-7 survey had 45% of the respondents saying they were "mahirap" or poor, a seven point improvement from the 52% (10.4 million families) recorded three months earlier. The survey also found that 36% (estimated 7.2 million) consider themselves as poor in terms of food, five points down from 41% (estimated 8.2 million) in September and marking the third time that this level — five points higher than March 2010's record low of 31% — was hit in the last six quarters. The December poverty result — the lowest so far under Benigno S. C. Aquino III's presidency — put the 2011 average at 49%, up a point from last year. The food poor count average, meanwhile, was 38%, two points higher compared to 2010. A Palace official attributed the latest results to the implementation of anti-poverty programs, particularly conditional cash transfers under the Social Welfare department. (BusinessWorld)

## FINANCIAL TRENDS

### Correction seen after PSEi hits new peak

Stocks are expected to trade within a tight range this week with some becoming ripe for profit taking after climbing to new peaks last week. The Philippine Stock Exchange (PSEi) index gained 1.01% or 47.53 points to close at a record 4,747.90 last Friday, eclipsing the highs reached on Wednesday (4,677.62) and Thursday (4,700.37). The broader all-share index also added 0.76% or 24.09 points to 3,193.15 on Friday. Financial markets were closed yesterday for the Chinese New Year holiday and reopen today. "We believe the market may have risen too much too soon and should be due for a correction soon. It may happen [this] week or momentum may carry it on for another week," said brokerage AB Capital Securities, Inc.. (BusinessWorld)

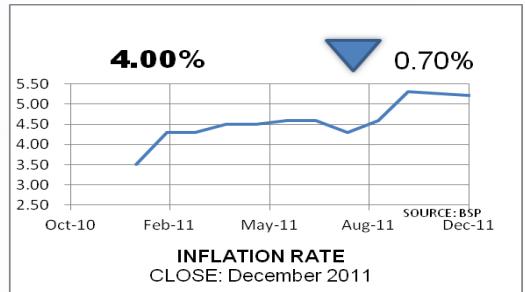
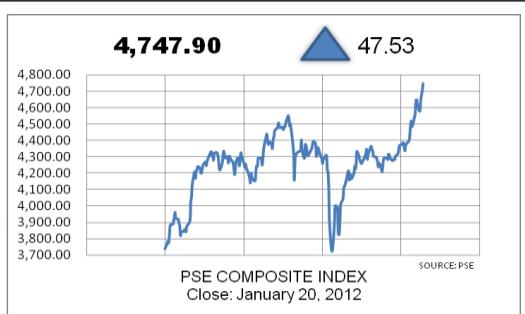
### P/\$ rate stands at P43.275/\$1

The peso exchange rate stands at P43.275 to the US dollar, the closing rate last Friday at the Philippine Dealing & Exchange Corp. (PDEEx). The weighted average rate stands at P43.299. (Manila Bulletin)

## INDUSTRY BUZZ

### BMW projects 5% sales growth this year

Asia Carmakers Corp. (ACC), the official importer and distributor of BMW in the Philippines, announced yesterday they will grow their sales by five percent this year as they launch the new series 3 this second quarter. ACC president Maricar Parco said they want to sell 859 units this year. She said the five percent is a conservative projection given that they grew 19 percent in 2011 to 792 units. Parco said their sales would depend highly on how the market would react to the new series 3. The series 3 is a compact executive sedan and its sales account for 30 percent of the sales of BMW. ACC closed 2011 with a 33-percent share in the segment, solidifying its leadership in the premium luxury segment for the ninth consecutive year. (The Philippine Star)



	Friday, January 20 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	7.7099%	7.79%

