



DASHBOARD

Changing News. Your Guide.

AVID Daily E- News

February 7, 2012

Volume 3 No. 1

MACROECONOMIC SNAPSHOT

Infra spending to push growth

The country's economic growth for this year will be driven by the administration's spending on public infrastructure, Budget Secretary Florencio Abad has said. As early as last month, he said, the Department of Budget and Management has already released 71 percent, or P150 billion, of the programmed infrastructure outlays for the year. The agency also disbursed the P85 billion for the administration's disbursement acceleration plan (DAP), or the stimulus package to spur the slowing economy, during the fourth quarter last year and the projects will be implemented by this year. In 2011 the country's economy, as measured by gross domestic product (GDP), slowed down to 3.7 percent, mainly as a result of the government's underspending for most part of the year. This year, the administration projects a 5-percent to 6-percent GDP growth. (BusinessMirror)

Inflation expected to have slowed anew in Jan.

Inflation likely eased anew last month on the back of lower food prices, analysts said, with some saying this would bolster the case for a fresh policy rate cut next month. The median January inflation forecast was 4.035% for eight analysts surveyed, within the Bangko Sentral ng Pilipinas' 3.6-4.5% outlook. Under a new data series based on 2006 prices that will be used solely starting this year, December inflation stood at 4.2%, down from November's 4.8%. The 2011 average was 4.8%. The BSP expects inflation to average 3.1% this year, within its target of 3.0-5.0%. "Food prices will be lower because of weaker post-holiday demand," University of the Philippines economist Benjamin E. Diokno said. Fuel prices, meanwhile, were likely not a major factor last month. (BusinessWorld)

BSP cut in bank reserves frees up P100B

The decision of the Bangko Sentral ng Pilipinas (BSP) to slash the reserve requirement ratio for banks by three percentage points effective April 6 could free up at least P100 billion worth of funds to the financial system and help boost the country's slackening economy, the country's top banker said. BSP Governor Amado M. Tetangco Jr. said in a statement that the central bank's Monetary Board decided to reduce the reserve requirement ratio by three percentage points to 18 percent from the current level of 21 percent to help offset the impact on the intermediation costs of banks. He said the reduction would apply to the reservable liabilities of universal banks, commercial banks, thrift banks, rural banks, cooperative banks, and non-bank financial institutions with quasi-banking functions. (The Philippine Star)

FINANCIAL TRENDS

Philippines stock index hits new record high

The local stock index broke to a new record high on Tuesday as yield-seeking investors loaded up on blue chips in anticipation of good prospects for corporate earnings in a low-interest rate environment this 2012. The Philippine Stock Exchange index gained 19.48 points, or 0.43 percent, to close at a new record high of 4,561.08. Tuesday's upswing was led by the property counter, which surged by 1.17 percent. Value turnover amounted to P6.26 billion. There were 100 advancers that edged out 57 decliners while 42 stocks were unchanged. (Philippine Daily Inquirer)

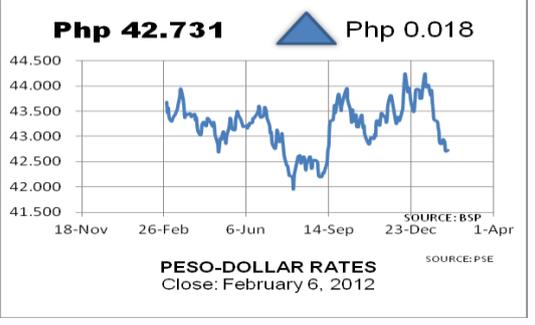
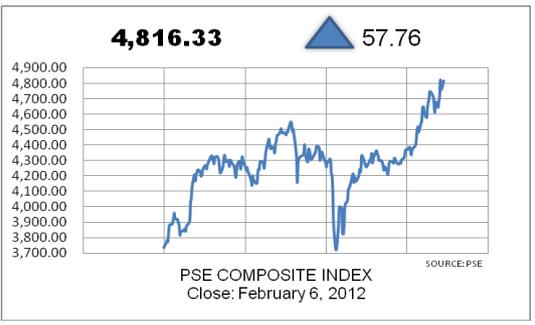
Peso sustains momentum on hopes of debt deal in Europe

The peso sustained its momentum to strengthen against the dollar for the third straight trading session yesterday, driven by market players' continued appetite for risky assets as Greece struggled to clinch a bailout deal. The local currency gained five centavos to close at P42.55 per dollar yesterday against its P42.60 to a dollar finish last Friday. It sank to its weakest level of P42.70 and hit its strongest at P42.52 in the middle of trading. (BusinessWorld)

INDUSTRY BUZZ

Progressive auto industry roadmap pushed

Various local automotive organizations have banded together to give the lethargic industry the needed shot in the arm to attain an objective the Philippines as an alternative automotive production hub in ASEAN. This developed as the Chamber of Automotive Manufacturers of the Philippines Inc., the Philippine Automotive Federation Inc., Truck Manufacturers Association, and the Philippine Automotive Competitiveness Council Inc. rallied behind the crafting of a progressive local automotive industry roadmap. CAMPI president Atty. Rommel Gutierrez said that "CAMPI will continue to work closely with the government particularly the Board of Investments under the Department of Trade and Industry, and other industry associations under the Philippines Automotive Federation, Inc. such as Philippine Automotive Competitiveness Council Incorporated and Truck Manufacturers Association in re-crafting the new Motor Vehicle Development Program. The proposal of CAMPI will also take off from the roadmap which was drafted by PAFI. (Manila Bulletin)



	Monday, February 6 2012	Year ago
Overnight Lending, RP	6.25%	6.50%
Overnight Borrowing, RRP	4.25%	4.50%
91 day T Bill Rates	0.919%	3.85%
Lending Rates	7.5804%	7.79%

