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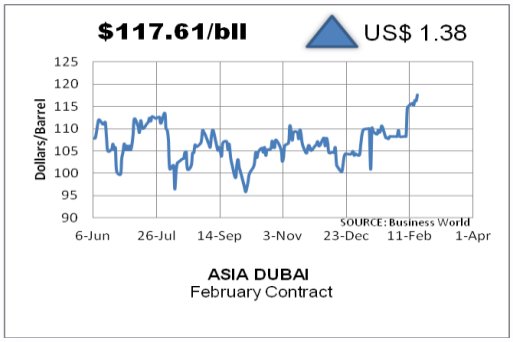
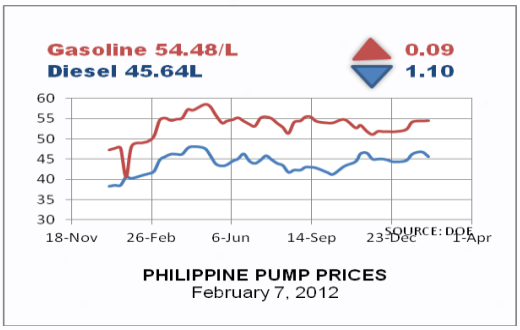
Changing News. Your Guide. AVID Daily E- News February 21, 2012 Volume 3 No. 11

PSE COMPOSITE INDEX
Close: February 20, 2012

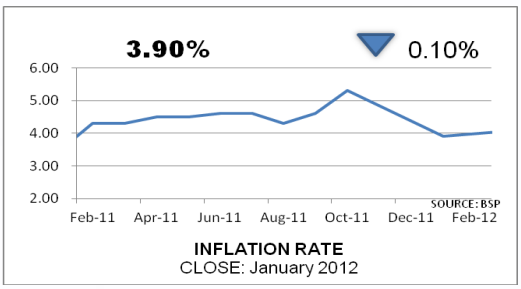
PESO-DOLLAR RATES
Close: February 20, 2012



ASIA DUBAI
February Contract



PHILIPPINE PUMP PRICES
February 7, 2012



INFLATION RATE
CLOSE: January 2012

	Monday, February 20 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	7.7430%	7.79%

MACROECONOMIC SNAPSHOT

Export figures seen to improve this year

The country's export performance is likely to improve this year despite weak global demand as the industry seeks alternative markets for Philippine-made products, Socioeconomic Planning Secretary Cayetano Paderanga Jr. said over the weekend. He said the 10 percent export growth assumption set by the interagency Development Budget Coordination Committee (DBCC) for this year, the group that sets the country's macroeconomic assumptions, is achievable. "For 2012, the performance of merchandise exports is expected to improve. The DBCC assumes that merchandise exports will grow by 10 percent," Paderanga said. At the same time, he noted that significant downside risks remain including slower growth in advanced economies such as China and other countries in the Southeast Asian region. (The Philippine Star)

January investments up 15% – BOI

Total investment commitments registered with the Board of Investments (BOI) for the month of January grew 14.6% to P3.74 billion compared with P3.26 billion in the same period last year, showing increased investor confidence at the start of the year. The 18 projects approved are expected to generate 3,026 jobs once operational. Trade and Industry Secretary Gregory L. Domingo said investment commitments for the month of January show dispersion of investments in the countryside and among key sectors, signaling that economic activities in the country are becoming more widespread. "We see strategic investments specifically in the sectors of tourism, energy, and agriculture – priority areas that the government has identified to boost income and value-added as well as create more jobs in the rural areas," Domingo said. (Manila Bulletin)

DOF to limit investor incentives

Finance Secretary Cesar Purisima wants to limit the fiscal incentives given to foreign investors and stop the perks enjoyed by domestic companies. This is in line with the Aquino administration's rationalization of the fiscal incentives being given to investors that the DOF believes is hurting the revenue stream of the government. "We have this fiscal rationalization that's now pending in Congress. It's a bill that's already in the Senate, but there are several things that we want to push," Purisima said. He said the government should put a limit, or a "sunset provision" to the fiscal incentives since the Philippine Economic Zone Authority (Peza) just renews such tax perks. (BusinessMirror)

FINANCIAL TRENDS

PhI share prices breach 4,900-point level

Local stocks roared to a new record high Monday, breaching the 4,900 level, buoyed by China's move to lower the reserve requirement for banks and optimism Greece will soon secure a second bailout package needed to avert a chaotic debt default. The Philippine Stock Exchange index (PSEi) surged 63.13 points or 1.29 percent to close at a new all time high of 4,943.84 on sustained positive investor sentiment. (The Philippine Star)

Peso extends gains on hopes for EU bailout

The peso posted a slight gain against the dollar yesterday, fuelled by market players' appetite for risky assets on hopes euro zone finance ministers will approve a second bailout package for Greece and following China's monetary policy easing over the weekend in a bid to spur economic growth. After gaining 22 centavos last Friday, the local currency strengthened by four centavos to close at P42.575 per dollar yesterday against its P42.615-per-dollar finish last Friday. (BusinessWorld)

INDUSTRY BUZZ

New incentives proposed for auto makers

Another set of fiscal incentives for local and foreign vehicle companies has been proposed in the House of Representatives in a bid to promote competitiveness and fair competition in the industry. Camiguin Rep. Pedro Romualdo said a new set of incentives could level the playing field among multinational automotive companies with established assembly facilities in the country that have become importers of large number of Completely Built Up (CBU) units and CBU importers. Romulado filed House Bill No. 5693 which proposes the formulation and adoption of a fiscal incentive package to be granted uniformly to motor vehicle manufacturers, assemblers and importers operating in the country. "With the enactment into law of this measure, it is envisioned that prices of motor vehicles in the Philippine market will be significantly reduced, making motor vehicles available to more Filipino consumers," Romualdo said. (Manila Bulletin)

Chinese automakers buying brands and factories in Europe

Chinese automakers have returned in force to Europe, buying up brands and plants after early efforts to get a foothold in one of the world's largest car markets failed. Great Wall Motor is the latest China entrant, with production at its plant in Bulgaria due to start Tuesday, giving it access to the European market of some 500 million people with a very competitive line up which may give Europe's established firms pause for thought. (BusinessWorld)