



MACROECONOMIC SNAPSHOT

Philippine economic growth seen 4.8% in 2012, 5.0% in 2013

Increased public spending, investment, and private consumption will lift economic growth in the Philippines over the next two years, but long-standing structural weaknesses remain an obstacle to reaching the government's 7-8% growth target, the Asian Development Bank (ADB) says in a major new report. ADB's Asian Development Outlook 2012 (ADO 2012) said gross domestic product (GDP) growth for the Philippines is estimated to recover to 4.8% in 2012 and 5.0% in 2013, after posting a lackluster 3.7% in 2011. "Remittances and lower inflation will sustain private consumption, and strong business sentiment will continue to support private investment. A pickup in public investment and accommodative monetary policy will also aid the Philippine economy," said Neeraj Jain, ADB's Country Director for the Philippines. (Manila Bulletin)

Ratings upgrade hopes 'ambitious'

The Philippines' goal of securing investment grade status soon may be "a bit ambitious," as the government has to show evidence of sustained reforms to raise investments and state revenue as well as fuel faster growth, Fitch Ratings said. The agency, which upgraded the Southeast Asian nation to within one notch of investment grade in June with a stable outlook, said the upward and downward pressures on the country's rating remained broadly balanced over the next one to two years. "It is structural factors. These things do not change overnight. Just looking at that, it could be a bit ambitious to say by the end of the year," replied Philip McNicholas, Fitch's director of Asia Pacific sovereign ratings, when asked if the Philippines could get an investment grade rating this year. (BusinessWorld)

Asia's emerging economies told to be on their guard

The Philippines and other emerging economies in the region should be on their guard against any volatility in foreign capital inflows that may arise from a mild recession in the euro zone, according to Asian Development Bank. The probability of "large swings" in foreign capital flows should not be discounted, that is why emerging markets in Asia must have measures in place to protect their economies, ADB said. The multilateral institution said it would be advisable for Asia's emerging markets to discuss among themselves common policies that they could implement to minimize risks brought on by huge fluctuations in foreign capital flows. (Philippine Daily Inquirer)

FINANCIAL TRENDS

Four-day sell-off ends as Wall St. rebounds

Stocks snapped a four-day losing streak and closed higher on Thursday, tracking Wall Street that rebounded overnight on encouraging earnings news. The Philippine Stock Exchange index (PSEi) added 0.58% or 29.34 points to close at 5,046.78, while the broader all-share index rose by 0.24% or 8.26 points to 3,403.86. "The market went up and slightly recovered, tracking US markets," said Elizabeth S. Abadillo, analyst of brokerage Angping & Associates Securities, Inc., yesterday. (BusinessWorld)

P/\$ rate stands at P42.76/\$1

The peso exchange rate stands at P42.76 to the US dollar, at the closing rate on Wednesday the Philippine Dealing & Exchange Corp. (PDEX). The weighted average rate stands at P42.809. (Manila Bulletin)

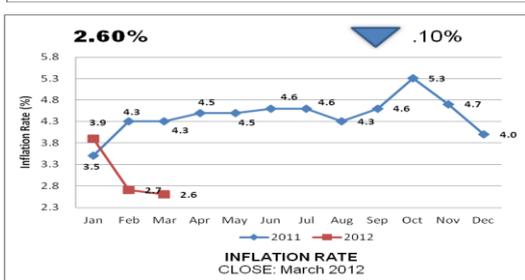
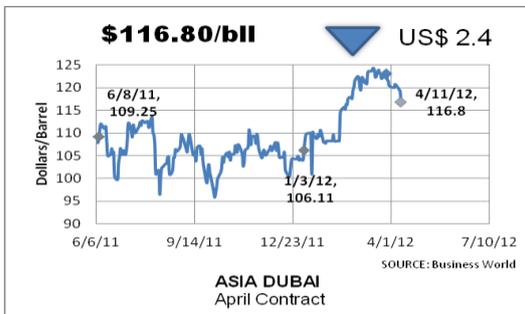
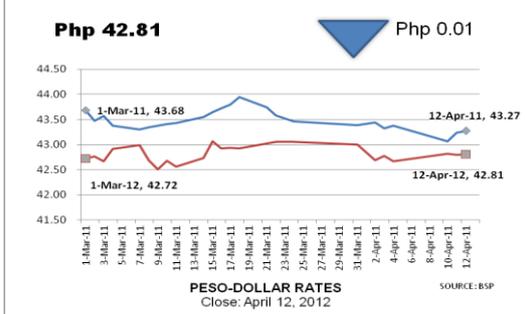
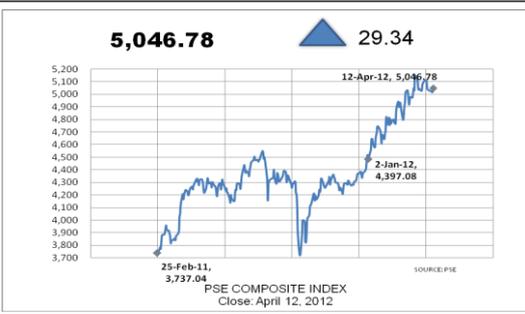
INDUSTRY BUZZ

China's car market absorbs new dents

Sales of new commercial and passenger vehicles in China shrank in the first quarter as slowing economic growth chipped away at demand, adding to concerns about the full-year sales outlook in the world's largest auto market. In the first quarter, total vehicle sales in China fell 3.4% from a year earlier to 4.79 million, the China association of Automobile Manufacturers said Wednesday. Sales of passenger cars fell 1.3% to 3.77 million vehicles. For March, passenger car sales rose 4.5% to 1.4 million vehicles, while total auto sales increased 1% to 1.84 million vehicles. Association officials expressed worries on early March that China's auto market might miss the association's full year forecast of 8% to 10% growth. Despite the weak first quarter figure, the association has yet to officially reduce its target. (The Wall Street Journal)

Ford signals recovery from Thai flood

The local arm of Ford Motor Co. posted sales growth last month versus February, showing signs of recovery from the supply chain disruption caused by last year's flood in Thailand. Ford Group Philippines, Inc. said in a statement it recorded a 50.12% sales increase to 623 units last month from 415 in February reportedly on the back of improved vehicle supply from their Rayong plant. But the recent March figure still falls short of the 881 units sold in the same month last year. The latest performance puts the car maker's sales tally at 1,405 for the first quarter, down 41.1% from year-ago levels. (BusinessWorld)



	Thursday, April 12 2012	Last Week	Year ago
Overnight Lending, RP	6.00%	6.00%	6.50%
Overnight Borrowing, RRP	4.00%	4.00%	4.50%
91 day T Bill Rates	2.15%	2.15%	3.85%
Lending Rates	7.9364%	7.91%	7.79%

