



DASHBOARD

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MACROECONOMIC SNAPSHOT

Spending challenge for gov't

The government has pledged to ramp up spending after missing its first-quarter target but increasingly larger outlays programmed for the rest of the year could make the task of catching up difficult. The Budget department said it aimed to make up for lost ground in the second quarter after government spending only hit P394.883 billion as of March, nearly P46 billion short of the P440.588-billion target. The first-quarter expenditure goal is already the lowest for the year. The government aims to disburse P444.7 billion in the second quarter, P467.9 billion in the third quarter and P486.6 billion in the fourth quarter, for a 2012 total of P1.84 trillion. "If we are to pick up spending over the next months, agencies must ensure that they are able to execute key programs and projects within schedule," Budget Secretary Florencio B. Abad said in a statement. (BusinessWorld)

BSP: Banking system 'stable'

No matter the occasional bank failure, the local financial system is robust and problem-free, with the banks highly capitalized and very liquid, the Bangko Sentral ng Pilipinas said. Deputy BSP Gov. Nestor A. Espenilla Jr. emphasized this on Friday as he announced the closure of the moribund Export Import Bank and placing the lender under immediate receivership by the Philippine Deposit Insurance Corp. "In the over-all scheme of things our system remains very strong, highly-capitalized, highly liquid, and this is just one of those things that happen. And I don't think this is anywhere near a reflection of the real situation of the banking system in totality," Espenilla said. (BusinessMirror)

ADB approves \$21.7-billion loans

The Asian Development Bank (ADB) has approved \$21.72 billion in financing operations in 2011, up by 14.5% from 2010, according to its 2011 annual report. "Poverty reduction remains the greatest challenge for developing Asia and the Pacific," ADB President Haruhiko Kuroda said. "Although significant progress has been made in reducing income poverty, large pockets of deprivation remain, and disparities within and across countries continue to grow." (Manila Bulletin)

FINANCIAL TRENDS

Philippine stocks seen to gain

The stock market may continue to gain this week as cash-rich investors may decide to pursue selective buying and take their cue from the start of the first-quarter corporate earnings report season. Last week, the Philippine Stock Exchange index rallied for four straight days, hitting new record highs before pulling back on Friday. Week on week, the index was still a net gainer of 12 points to 5,169.05. (Philippine Daily Inquirer)

Rate cut prospect to weaken peso

Developments in the US and the euro zone are expected to continue influencing the peso-dollar exchange rate but the Bangko Sentral ng Pilipinas' (BSP) statement that inflation may further ease in April could weaken the local unit. The peso may trade within the P42.10 to P42.80 per dollar band this week, analysts said. It closed at P42.37 to the dollar — a two-and-a-half month high — last Friday, soaring by 16 centavos against its P42.53-per-dollar close the day before. (BusinessWorld)

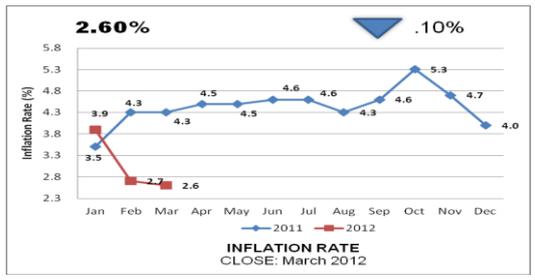
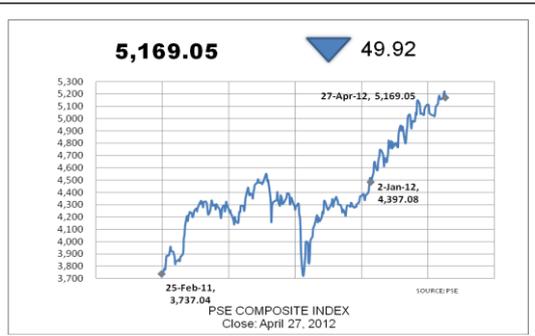
INDUSTRY BUZZ

High cost of manufacturing hampers Toyota Phls expansion

Toyota Motor Philippines Corp. is keeping a strong sales target as well as production target of locally-assembled vehicles for 2012 but is not aggressively expanding its operations this year because of the prohibitive cost of manufacturing. TMPC vice chairman Alfred Ty said the utilization rate of its manufacturing facility in Santa Rosa Laguna is "getting maximized" with a utilization rate of almost 90 percent. TMPC currently assembles the Vios and Innova models for domestic consumption. This year, TMPC is spending P1.757 billion for the production of the new Vios. The investment, which will create over 21 jobs, was approved for the provision of income tax holiday (ITH) by the Board of Investments during the first quarter of the year. (The Philippine Star)

Chrysler posts best quarterly profit in 13 years

Chrysler followed its strong first-quarter sales with a big profit as its 2009 brush with financial death faded in the rearview mirror. The company made a net profit of \$473 million, its best quarter in 13 years. The earnings came because Chrysler increased its U.S. sales 39 percent from January through March. It also saved \$71 million in interest costs for the quarter because it refinanced high-interest government loans last May. The profit was more than four times the \$116 million that Chrysler made in the first quarter of last year. Strong sales of the Ram pickup, Jeep Grand Cherokee SUV and the Chrysler 200 midsize sedan helped the company make the money. Revenue rose 25 percent to \$16.4 billion. (BusinessMirror)



	Friday, April 27 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	7.92%	7.93%	7.79%

