



DASHBOARD

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MACROECONOMIC SNAPSHOT

April inflation well within gov't range at 3%

Inflation picked up in April to 3 percent, from 2.6 percent the previous month, due to price hikes of most commodity groups, including the heavily weighted food basket. Prices were reported to have increased faster in areas outside the National Capital Region. Still, April's inflation growth was well within the government's target range of 3 to 5 percent. The National Economic and Development Authority (NEDA) said that there could be "slight" acceleration in the rate of price hikes in the coming months due to volatile oil prices. Still, NEDA said, inflation for the whole of 2012 should stay within target. Private economists agreed that inflation would not likely breach the government target as food price increases so far had been relatively tame. (Philippine Daily Inquirer)

Bangko Sentral chief sees less need to support growth

Export growth and higher state spending mean the Bangko Sentral ng Pilipinas has less need to support the economy, its governor said, allowing monetary authorities to hold interest rates as they guard against inflation risks. The two factors are expected to power domestic growth this year to the government's target of 5-6%, against last year's lower-than-expected 3.7%. "Now we are seeing a pick-up in exports, and some moves towards the resolution of the crisis in Europe, and therefore the need to support growth is less," central bank Governor Amando M. Tetangco, Jr. told Reuters. "At the moment, there is maybe no need to tweak policy settings." The central bank next reviews base interest rates -- currently at an all-time low of 4.0% following two cuts totalling 50 basis points in January and March -- on June 14. Exports, accounting for about two-fifths of the country's economic output in expenditure terms, grew by 14.6% year on year in February, their fastest rate in 10 months as demand from major trading partners, including the United States, picked up pace. (BusinessWorld)

ADB economist sees strong remittance growth in region

The Asian Development Bank said the growth of remittances in the region would remain strong despite the economic woes in Europe. ADB chief economist Changyong Rhee pictured the remittance market of Asia as "robust." Rhee explained that in the 2008 crisis, the Asian market was heavily affected as a lot of deployments were centered on Europe and the United States. But since then, the Middle East, African and Asian markets have likewise increased productive activities and absorbed a considerable share of migrant workers. "Remittances can likewise be shielded from the disturbed economies in Europe and the US by increasing inter-regional trade and economic growth, and strong linkages (between the production chain of Asian-based companies)," the ADB chief economist added. (The Philippine Star)

FINANCIAL TRENDS

Philippine share prices knocked down by EU concerns

Local share prices on Monday tumbled as global jitters over the defeat of incumbent leaders in France and Greece added to profit-taking pressures. The main-share Philippine Stock Exchange index gave up 68.02 points, or 1.28 percent, to finish at 5,229.53, pulling back for the second straight session after breaking record levels last week. All counters ended in the red, but the most battered were the mining/oil and financial counters which fell by 3.05 percent and 2.22 percent, respectively. (Philippine Daily Inquirer)

P/\$ rate stands at P42.35/\$1

The peso exchange rate closed lower at P42.35 to the US dollar yesterday at the Philippine Dealing and Exchange Corp. (PDEX) from P42.32 last Friday. The weighted average rate depreciated to P42.384 from P42.234. Total volume amounted to \$678.6. (Manila Bulletin)

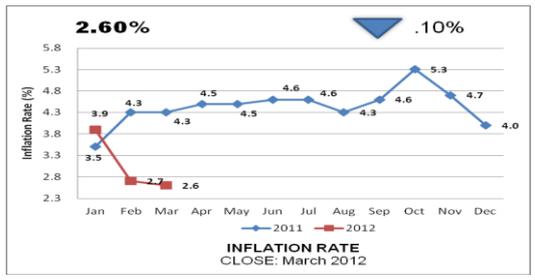
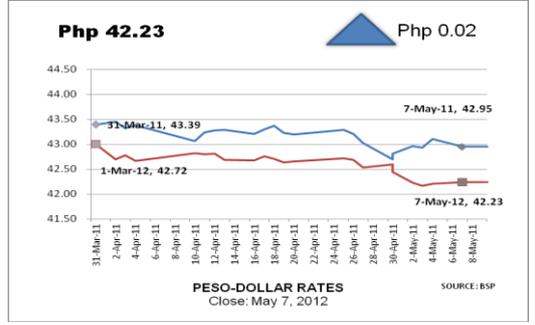
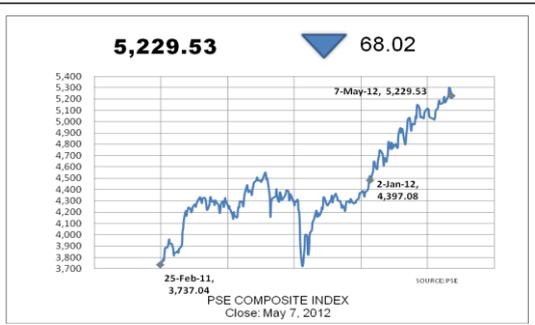
INDUSTRY BUZZ

Ford Motor sells interior parts business to Faurecia

Ford Motor Co. will sell its Saline, Michigan-based automotive interior trim business to French auto parts maker Faurecia, the companies said on Thursday. Ford will still own the plant through its Automotive Components Holdings (ACH) unit. Faurecia will lease the plant. After the deal, Ford's ACH unit will operate just two businesses: a lighting plant in Sandusky, Ohio, and a hydraulic steering systems plant in Plymouth, Michigan. (BusinessWorld)

BMW and Hyundai in talks on engine alliance

German premium carmaker BMW and South Korean group Hyundai Motor are discussing a possible tie-up in engine development and other areas, a source with direct knowledge of the matter told Reuters. "The talks are at early stages," the source said on condition of anonymity because the talks were confidential. Another source told Reuters the two companies had discussed a comprehensive alliance, including jointly developing an engine and sharing development costs equally. (BusinessWorld)



	Monday, May 7 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 TBill Rates	2.15%	2.15%	3.85%
Lending Rates	7.88%	7.91%	7.79%

