



# DASHBOARD

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## MACROECONOMIC SNAPSHOT

### Infrastructure spending up

State spending, particularly on infrastructure, improved significantly as of April, data from the Department of Budget and Management showed. Infrastructure and capital outlays surged 49.71% in the first four months, hitting P52.1 billion compared to the P34.8 billion spent the year before. Maintenance and other operating expenditures similarly jumped 41% to P75.5 billion as of April from only P53.5 billion in the same period in 2011. Infrastructure spending was driven by the Department of Public Works and Highways, DBM said, while MOOE supported the conditional cash transfer program for the poorest households in the country. Spending on personal services, which showed a smaller year-on-year increase, still made up bulk of government expenditures. Government expenditures totaled P517.127 billion in the first four months. While it rose by more than a tenth from the P461.352 billion spent in the same period in 2011, Budget Secretary Florencio B. Abad had admitted that public spending still needs to gain speed. (BusinessWorld)

### Risk aversion seen to mute GIR growth

The country's foreign exchange reserves, after posting double-digit annual growth rates since 2004, are seen to stay nearly flat this year due to heightened global risk aversion that is tempering investments in portfolio assets from emerging markets like the Philippines. According to the Bangko Sentral ng Pilipinas, the gross international reserves (GIR) may not significantly change this year because stronger inflows of remittances, investments in business process outsourcing and tourism revenues, among others, may be offset by outflows resulting from reduced appetite for portfolio investments. The GIR stood at \$75.1 billion at the end of 2011, up 20 percent from the previous year's \$62.4 billion. (Philippine Daily Inquirer)

### Manufacturing growth likely slows in April

Manufacturing likely grew at a slower pace in April, the month being a "lean" one for the sector, according to the Purchasing Managers' Index (PMI) of the Asian Centre for Enterprise Development (Ascend). The PMI manufacturing index in April showed a slower growth with an index of 55.71, down 2.42 index points from March. "The month of April was described as a lean month hence a decrease in manufacturing is expected," the research note said. An index above 50 implies economic expansion and an index below 60 implies a contraction. Despite the slowdown, the April index is the second highest for the year, next to March. (The Philippine Star)

## FINANCIAL TRENDS

### PSEi dips ahead of crucial EU meet

Local stocks returned to the doldrums on Wednesday, ending a two-day bounce, as regional markets turned cautious ahead of a crucial European Union leaders' meeting meant to contain the fiscal contagion. The main-share Philippine Stock Exchange index lost 29.9 points, or 0.6 percent, to close at 4,928.53, reflecting sluggish trading across regional markets. (Philippine Daily Inquirer)

### Emerging Asian currencies slump

The Philippine peso slumped to a four-month low, shedding 31 centavos to close at P43.44 per dollar against its P43.13-perdollar close last Tuesday. Traders in Manila pointed to risk aversion as cause for the peso's weakness, after Fitch on Tuesday downgraded Japan by two notches to A+ due to its huge debt and a Greek official made comments about a Greek exit from the euro zone. (BusinessWorld)

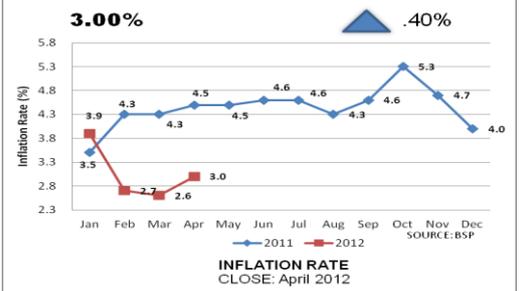
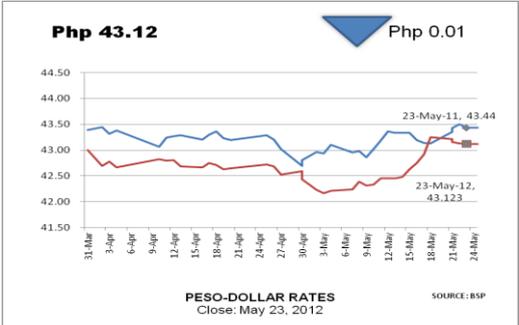
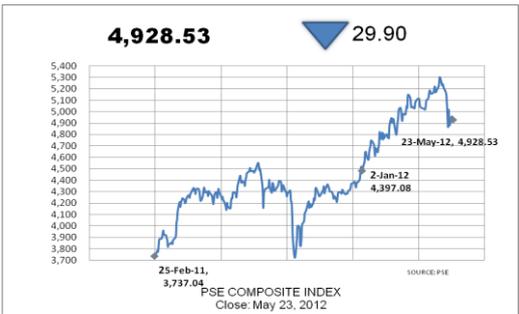
## INDUSTRY BUZZ

### Mitsubishi wants to locally assemble Montero model

Mitsubishi Motors Philippines Corp. has sought permission from its Japan-based parent from Mitsubishi Motors Corp. for the right to assemble the Montero Sport model in the Philippines to maximize the utilization rate of its production facility in Cainta, Rizal. "Up to now, it is not yet fully-formed but we are applying for a volume model that we can produce in the Philippines," said Mitsubishi Philippines vice president for marketing service, Froilan Dytianquin. (The Philippine Star)

### California Senate votes to allow self-driving cars

California took a step toward becoming the second state in the nation to allow self-driven cars on its roads on Monday, as the state Senate unanimously agreed to allow autonomously driven vehicles such as those pioneered by Google. Google's self-driving cars have already crossed the Golden Gate Bridge and driven along the picturesque Pacific Coast Highway, according to the company, which has taken California lawmakers on test drives. The California bill, which passed in a 37-0 vote, will now go to the state Assembly for consideration before heading to the desk of Governor Jerry Brown. If passed and signed, it would go into effect in January 2013. (Philippine Daily Inquirer)



	Wednesday, May 23 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	7.79%	7.88%	7.79%

