

MACROECONOMIC SNAPSHOT

Moody's unit sees Phl growing at 4.8% in Q1

Moody's Analytics Inc., a unit of New York-based Moody's Investor Service, sees the country's gross domestic product (GDP) growth accelerating to 4.8 percent in the first quarter of the year. In its "Asia Pacific Review," Moody's Analytics said the GDP growth of the Philippines in the first quarter likely grew faster than the 3.7 percent booked in the fourth quarter last year on the back of higher government spending. Moody's Analytics said higher government spending helped lift growth from January to March this year as exports remain soft amid weak global demand. "GDP in the Philippines likely grew 4.8 percent in the first quarter, after 3.7 percent in the fourth, increased government spending drove the acceleration, boosting domestic demand amid still-weak exports," Moody's Analytics said. (The Philippine Star)

Rates seen steady for rest of the year

The Philippines, along with most countries in Asia, is expected to keep rates steady for the rest of the year on the back of foreseen growth in exports and domestic demand, Citi Investment Research & Analysis said. "Our base case is that almost everyone in Asia keeps interest rate/monetary policy stance unchanged this year, with a delayed bias to normalize (i.e. tighten) monetary policy starting in 2013," Citi said. The exceptions, the firm said, applies to India, Vietnam and China, where easing is seen, and to Sri Lanka, where tightening is forecast. (BusinessWorld)

Government creates P25-billion infrastructure fund

The Aquino administration has announced the creation of a P25-billion infrastructure fund, the largest ever assembled in the country, with the Government Service Insurance System as the lead investor. President Aquino made the announcement at the 75th anniversary of GSIS, the state-owned pension fund for state workers. GSIS would pour in half of the P25 billion or roughly \$300 million for the fund which may be used for public-private partnership for infrastructure projects, GSIS president and general manager Robert Vergara said. The pension fund is the lead investor in the so-called Philippine Investment Alliance for Infrastructure or which will be managed by Maquarie Infrastructure and Real Assets, a division of the Macquarie Group. (The Philippine Star)

FINANCIAL TRENDS

PSEi breaches 5,000 mark anew

The main equity index on Tuesday rose to its highest level in more than two weeks, again breaching the 5,000-level after credit watchers raised the Philippines debt rating outlook to "positive." This indicated the country's likely upgrade to "investment" grade from "junk" status, owing largely to the plugging of tax loopholes under the Aquino administration. The benchmark Philippine Stock Exchange Index (PSEi) rose 1.4 percent, or 70.37 points, to 5,023.11—the highest level since May 14. Advancers, at 109, outnumbered the 43 decliners by more than two to one, while 45 issues were unchanged. (Philippine Daily Inquirer)

P/\$ rate stands at P43.22/\$1

The peso exchange rate closed higher at P43.22 to the US dollar yesterday at the Philippine Dealing & Exchange Corp. (DPEX) from 43.54 the previous day. The weighted average rate appreciated to P43.494 from P43.553. Total volume amounted to \$878.74 million. (Manila Bulletin)

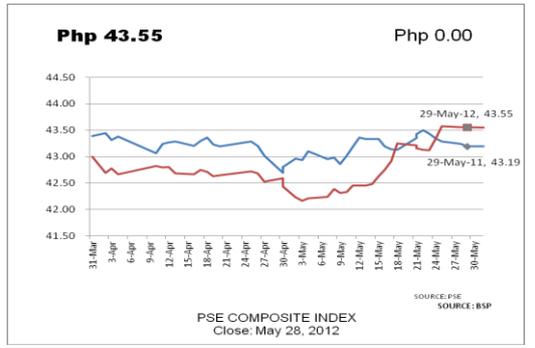
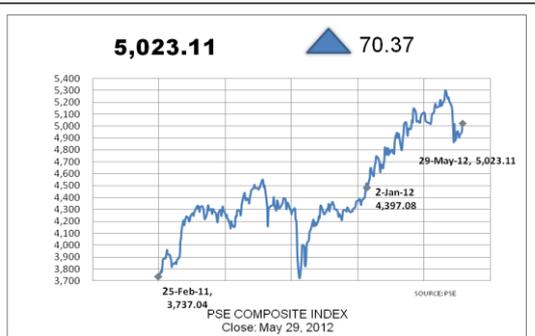
INDUSTRY BUZZ

Japan's April auto output soars after quake

Japan's major automakers reported huge production increases for April, as the hard-hit sector recovers from the devastating impact of last year's quake tsunami. Heavyweights Toyota, Nissan, and Honda saw huge jumps in output from the same month a year earlier when they slashed production and shuttered plants due to power shortages and a parts supply crunch after the disaster. Toyota, the nation's biggest automaker, said output at its factories in Japan surged more than three-fold to 352,973 vehicles last month, while overseas production rose 64.8% in the period to 439,988. Honda Motor said its production at home skyrocketed 514.4% to 87,049 vehicles, while foreign output climbed by 112.5% to 264,614. Nissan's production, meanwhile, jumped 94.0% to 85,734 at home, while overseas production rose 39.2% to 283,788. (BusinessWorld)

Lexus's hybrid hatchback tops Japan safety rating

Lexus bared that its CT 200h gasoline-electric hybrid, five-door hatchback model has earned the highest performance rating for all vehicle models tested in the Japan New Car Assessment Program (JNCAP) vehicle-safety evaluation. According to the carmaker, the CT 200h had also received the top five-star mark in the 2011 JNCAP—the first to receive the award in the new safety assessment structure introduced last year. The carmaker explained that the new assessment integrates vehicle occupant protection and pedestrian protection performance during collisions, providing an overall safety evaluation. (The Manila Times)



	Monday, May 29 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%

