

# DASHBOARD

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## MACROECONOMIC SNAPSHOT

### Inflation likely unchanged at 3% last month – poll

Inflation may have stayed at 3% last month or even dipped given lower fuel prices, analysts polled by BusinessWorld said. The median forecast for nine economists and analysts was 3%, the same rate as April's and within the Bangko Sentral ng Pilipinas' 2.5-3.4% outlook. May data is scheduled to be released tomorrow. "Oil prices, which have been the main driver of inflation over the past year, have fallen significantly over the last few weeks as the euro zone crisis worsens," DBS Bank, Ltd. economist Eugene Leow said in an e-mail. (BusinessWorld)

### Gov't deficit, revenue ratios improve

The national government is on track to meeting its revenue and deficit programs for the year as more revenues are collected to support the economy and contain the fiscal gap, data from the Department of Finance (DOF) showed. Revenues accounted for 14.9 percent of economic output in the first three-months of the year or 14.4 percent increase from a year ago, which also happens to be the target for this year. Tax collections, meanwhile, accounted for 12.5 percent of the country's gross domestic product (GDP) in the first quarter, jumping from 11.8 percent year-on-year. Full-year target is 13.2 percent. More revenues helped contain the budget deficit as of March, accounting only to 0.8 percent of GDP as against last year's 1.2 percent. The government has a 2.6 percent goal for the year. (Manila Bulletin)

### Invest in PH, foreign traders urged

German and Canadian entrepreneurs have been urged to consider doing business in the Philippines, which has seen a phenomenal rise in the number of call centers as well as business and knowledge process outsourcing (BPO/KPO) firms. "There is now high foreign investor confidence in the Philippines and the administration of President Aquino is actively seeking public-private partnerships and is encouraging stronger foreign direct investments," Philippine Ambassador to Germany Maria Cleofe Natividad told German businessmen during a forum cohosted last week by the Philippine Embassy in Berlin and the Wirtschaftsrat der CDU Berlin-Brandenburg. (Philippine Daily Inquirer)

## FINANCIAL TRENDS

### Philippine stocks seen to weaken this week

Risk aversion is expected to overcome investors this week amid doubts over the sustainability of the US recovery and the growing debt crisis in Europe. The benchmark Philippine Stock Exchange index (PSEi) returned to the 5,000-level last week following news that the country's economy grew faster in the first quarter, beating most analysts' expectations. The index closed at 5,062.44 on Friday, down 30 points from the previous trading session but up 2.77 percent week on week. (Philippine Daily Inquirer)

### Peso may be range-bound due to market cautiousness

The peso is expected to be range bound this week with its movement against the dollar largely dependent on developments in the US and the euro zone although a signal by the central bank on interest rates, after inflation data is reported tomorrow, may give it firmer direction. The local unit gained 35.5 centavos to close at P43.40 per dollar last Friday against its P43.755-perdollar finish the previous week. (BusinessWorld)

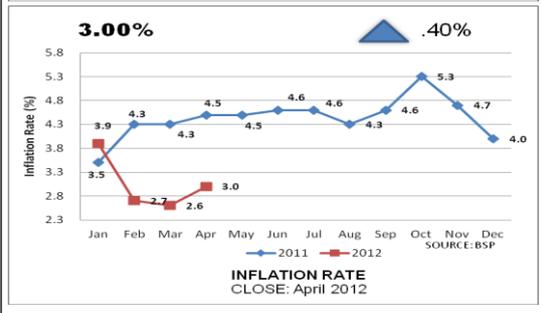
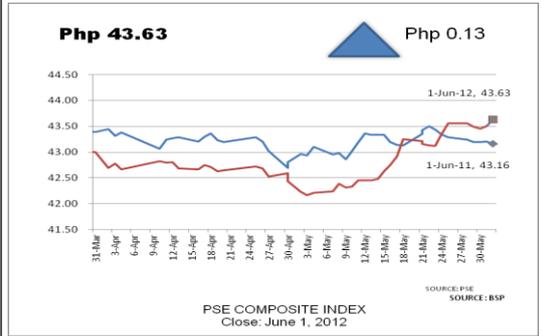
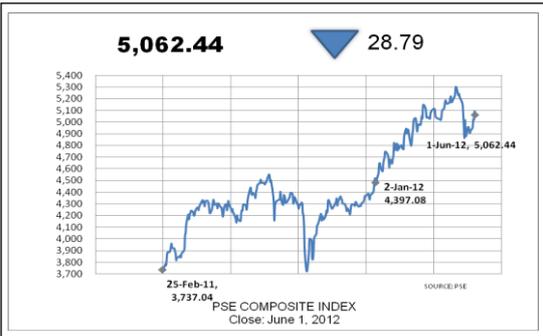
## INDUSTRY BUZZ

### US May auto sales fall short of expectations; demand slows

Automakers posted strong US May sales gains from a year ago, but the sales rate still fell short of expectations as the broader economy softened and gave pause to consumers mulling big-ticket purchases. The annual selling rate in May finished at 13.8 million vehicles. The sales results, when combined with Friday's anemic US jobs report, suggested the industry could face hurdles in its recovery from a recession four years ago that dragged General Motors (GM) and Chrysler into bankruptcy. Among the automakers posting disappointing results on Friday were GM, Toyota Motor Corp. and Chrysler. Honda Motor Co. Ltd. and Nissan Motor Co. Ltd. also posted weaker-than-expected sales in May, while Ford Motor Co.'s numbers fell short of what Barclays and Edmunds.com had forecast. Honda, Nissan and Ford's sales rose 48%, 21% and 13%, respectively. GM's sales rose 11%, while those at Chrysler and Toyota rose 30% and 87%, respectively. (BusinessWorld)

### Toyota urges government to capture 'third wave' of motorization

Optimistic that the third wave of high motorization in Southeast Asia is forthcoming, Toyota Motor Philippines Corp. (TMPC) President Michinobu Sugata called on the Philippine government to establish clear directions for the automotive industry so that players can prepare for the expected growth in demand for motor vehicles. The third wave of motorization, which refers to increased demand for mobility, is projected to happen in 2015. TMPC bared this positive outlook during a meeting among Toyota Group suppliers and Philippine Economic Zone Authority (PEZA) officers led by Director General Leila De Lima. (BusinessMirror)



	Friday, June 1 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%

