

# DASHBOARD

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## MACROECONOMIC SNAPSHOT

### Inflation eases slightly to 2.9% in May

Philippine inflation eased slightly in May, supporting views of a manageable inflation outlook that should allow the BSP to keep interest rates at record lows to protect domestic demand in the face of a global economic slowdown. The National Statistics Office reported the consumer price index rose 2.9 percent in May from a year earlier, slowing from three percent in April on lower oil and utility prices and stable food costs. The index rose 0.1 percent in May from the previous month. But core inflation, which strips out some of the more volatile components, quickened slightly to 3.7 percent from a year earlier after the previous month's 3.6 percent reading. The statistics office has just completed the data series for core inflation using the new 2006 price base. BSP Governor Amando Tetangco Jr. said that lower inflation last month supports the latest assessment of generally well-behaved price movements. (The Philippine Star)

### Domestic demand to remain strong

Filipino's optimism with regard to the quality of their lives and the economy remains "high," the Social Weather Stations (SWS) said in a new report released after the government announced surprisingly strong first-quarter growth. A March 10-13 survey found 36% of respondents expecting their lives to improve in the next 12 months, down a point from December, compared to an unchanged 8% who felt otherwise. This put the net personal optimism score (the difference of optimists over pessimists), at +28, in the range the SWS classifies as "high" based on historical data. Optimism scores have stayed "high" to "very high" over the last two years, the survey research institution said. With regard to the economy's prospects, 28% (down two points from December) said it would get better in the year ahead versus the 22% (up from 16%) who held the contrary view. This put the net score at +6, a decline from +14 three months earlier, but the result was still classified by the SWS as "high." Given first quarter gross domestic product (GDP) growth of 6.4% and other recent gains, Presidential Spokesman Edwin Lacierda said Filipino bullishness would increase. (BusinessWorld)

### Tap China's market, companies told

A top official of the China Europe International Business School has encouraged Filipino companies to explore the Chinese market as China expects to become an even stronger economic force by 2015. Dr. John Quelch, vice-president and dean of CEIBS told a forum organized by the Asian Institute of Management Washington SyCip Graduate School of Business of the burgeoning Chinese economy and how foreign enterprises could gain footholds in Asia's largest consumer market. Dr. Quelch side-stepped the ongoing tiff between the Philippines and China on disputed territories. "Life has to go on regardless of what's on the front page. The only thing more dangerous than dealing with China is not dealing with China." The Shanghai-based educator cited the Chinese economy which has a current GDP growth rate of 9.1% per annum. (Manila Bulletin)

## FINANCIAL TRENDS

### Philippine stocks continue rebound

Most local stocks gained ground for a second straight session on Wednesday as global markets found relief from a better-than-expected US services index and a reported European Union credit line for Spain. The main-share Philippine Stock Exchange index added 40.91 points, or 0.83 percent, to finish at 4,966.58. (Philippine Daily Inquirer)

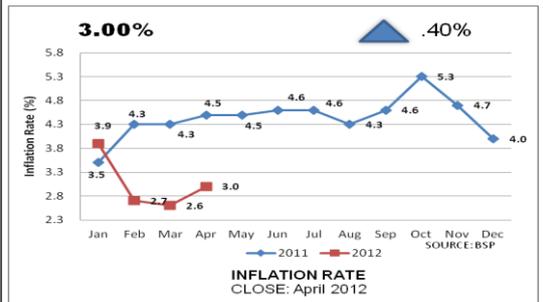
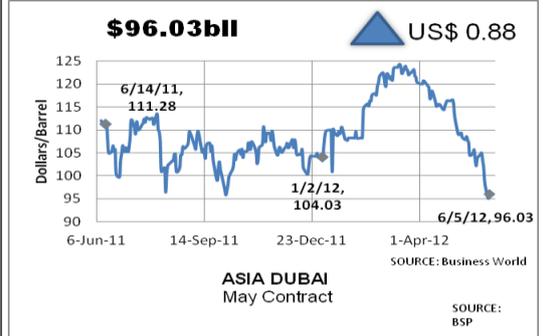
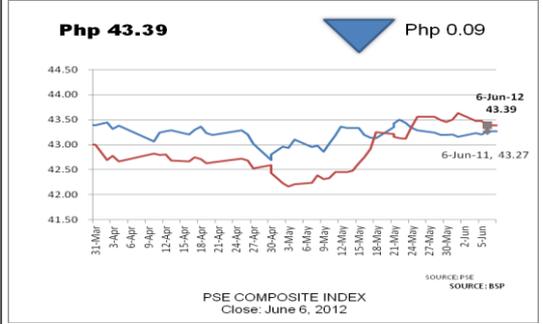
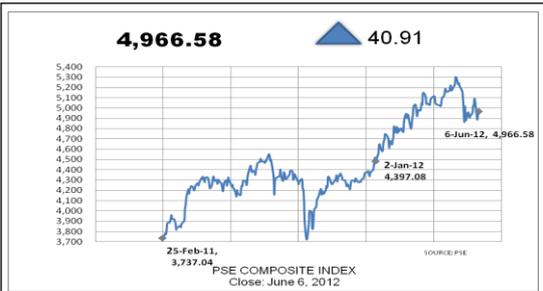
### Peso firms up despite lack of G7 assurance

The peso strengthened against the dollar yesterday despite the G7's failure to come up with fresh steps to address the worsening crisis in the euro zone. The local currency gained 25.5 centavos to close at P43.22 per dollar against its P43.475-per-dollar close last Tuesday. "The peso recovered on... talks that European leaders will address the euro zone debt crisis and the possibility that a fiscal union will be formed in Europe," a trader said a phone interview. (BusinessWorld)

## INDUSTRY BUZZ

### GM's china sales rise

General Motors Co. posted a 21% sales gain in China in May as demand for micro vans produced by a local joint venture boosted overall sales. The U.S. company's robust performance in May comes alongside healthy sales growth by other foreign auto makers in China and despite recent indications that economic activity in the country may be slowing. But a drop in the auto maker's premium Cadillac division here indicates GM continues to face an uphill battle as it expands the brand's presence in China. GM said in a statement on Tuesday that its sales and those by its China joint ventures rose in May from a year earlier to 231,183 vehicles. Sales were up 1.7% from April. For the January-May period, GM reported sales of 1.2 million vehicles, up 12% from a year earlier. (The Wall Street Journal)



	Wednesday, June 6 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	2.17%	2.15%	3.85%
Lending Rates	7.79%	7.88%	7.79%

