

DASHBOARD

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MACROECONOMIC SNAPSHOT

Bangko Sentral expects credit upgrade in 2nd half

The Bangko Sentral ng Pilipinas said it believed another credit-rating upgrade for the country is likely in the second half. There is merit to projections of an improvement in the country's credit scores before the year ends, the BSP said, given the favorable developments in the economic environment. "We share that thought (that an upgrade is probable before the year ends) especially with the beautiful convergence of high economic growth and stable inflation," BSP Deputy Governor Diwa Guinigundo said. The Philippines is rated a notch below investment grade by Fitch Ratings and two notches below by Moody's Investors Service and Standard & Poor's. In a paper on the Philippines issued last week, international financial services firm Barclays said it expected either Moody's or S&P to upgrade the ratings on the Philippines before the year ends. Both Moody's and S&P have a "positive" outlook on their ratings for the country. Such an outlook indicated the probability of an upgrade should the country sustain current favorable macroeconomic trends. (Philippine Daily Inquirer)

DOF readies stimulus package in case of Eurozone

The Aquino administration will be ready with a fiscal stimulus package in the event that a contagion from the Eurozone erupts, Finance undersecretary Rosalia de Leon said. Additional spending will be necessary to help stimulate the economy should a contagion in the Eurozone affect Asian countries such as the Philippines. In the event that the debt crisis in Europe escalates, De Leon said, Philippine exporters may be affected through higher borrowing cost. Some European banks, she said, may find it difficult to extend credit lines to some of these private exporters. However, De Leon stressed that there's no reason to worry just yet. The Philippines would, nonetheless, be ready in case there's a need to cushion the economy from a possible debt contagion from Europe. (The Philippine Star)

Moody's economist: BSP seen to issue stricter policies in S2

Moody's Analytics, the research and analysis unit of the global credit watcher Moody's Investor Service, sees the local central bank, BSP, recalibrating its current accommodative policy stance in the waning months of the year because inflation pressures, trending lower for now, has not been tamed. Moody's economist Katrina Ell, in a commentary released June 5, 2012, said the risk for inflation in the Philippines to rear up again remains a possibility. "Risks to inflation are tilted to the upside. Global oil prices have come down in recent months, but remain volatile and could resume their upward climb, driving up supply side pressures. Moreover, domestic economic activity has picked up recently, adding to demand-side pressures," Ell said. (BusinessMirror)

FINANCIAL TRENDS

Outlook bleak on Spain, Greece worries

The Philippine Stock Exchange index (PSEi) surged by 1.64% or 81.78 points to close at 5,075.85 at the start of the week, while the broader all-share index climbed by 1.08% or 35.99 points to 3,371.10. Subindices gained, led by property that climbed by 2.85% or 50.99 points to 1,841.81 and services that jumped by 1.67% or 27.44 points to 1,666.93. (BusinessWorld)

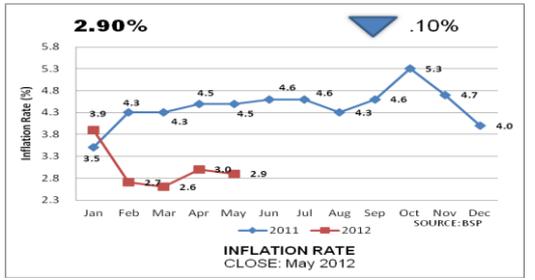
P/\$ rate closes at P42.92/\$1

The peso exchange rate stands at P42.92 to the US dollar, the closing rate on Monday at the Philippine Dealing & Exchange Corp. (PDEX). The weighted average stands at P43.004. (Manila Bulletin)

INDUSTRY BUZZ

All-New Focus, Ranger, Mustang

Ford Philippines is set to launch three new models - all new Ranger pick-up, all-new Focus and Mustang - in the second semester this year to sustain its strong growth momentum. In a statement, Ford Group Philippines president Randy Krieger, said the pending arrival of three more One Ford vehicles in the Philippines will further drive Ford's sales momentum through the second half of the year. Krieger said they will begin delivering to customers in July its class-defining all-new Ranger pickup truck. Ford will kick-off pre-launch activities this month for both the all-new Ford Focus and iconic Ford Mustang sports car. Both the all-new Focus and Mustang will be launched in July, with customer deliveries beginning in September. "We're gearing up for a strong second half of the year, and are looking forward to driving even more excitement with the market launch of so many, new and segment-leading One Ford vehicles," added Krieger. For the month of May, Ford reported overall retail sales of 675 units, led by the continued popularity of the all-new Ford Fiesta and momentum of the all-new Ford Explorer. (Manila Bulletin)



	Monday, June 11 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%	7.78%	7.79%

