

DASHBOARD

Changing News. Your Guide.

AVID Daily E- News

June 19, 2012

Volume 3 No. 84

MICROECONOMIC SNAPSHOT

Debt service to eat up big portion of budget

The government's debt servicing continues to eat up a significant portion of the budget for social services and infrastructure, according to the latest data from the Department of Finance. DOF data showed that the government collected P1.27 trillion from various taxes slapped on the public, the bulk of which was used by the government for various expenditures. According to the DOF, total government expenditure reached P1.97 trillion or P692 billion more than the P1.27 trillion tax-take last year. Local government units spent P321 billion or 16 percent of the total expenditure for 2011, data also showed. (The Philippine Star)

Consumer confidence index declines in Q2

Consumer sentiment weakened in Q2 2012 as the overall confidence index (CI) declined to -19.5 percent from -14.7 percent in Q1 2012, the Bangko Sentral ng Pilipinas (BSP) said. This means that the pessimists continued to outnumber the optimists in Q2 2012. The CI is computed as the percentage of households that answered in the affirmative less the percentage of households that answered in the negative with respect to their views on a given indicator. Respondents cited the following reasons for their bearish outlook during the current quarter: (a) perceived high cost of goods and services; (b) rising unemployment; (c) low salary and income; and (d) expected higher household expenditures. The weaker consumer sentiment was carried to the next quarter as the CI reverted to the negative territory at -2.4 percent in Q2 2012 from 2.8 percent in Q1 2012. (Malaya Business Insight)

Decline in 'hot money' inflow temporary - BSP

The Bangko Sentral ng Pilipinas (BSP) said the decline in hot money brought about by the crisis in the euro zone is temporary and that these portfolio inflows would start pouring in again once investors realize that the Philippines is a safe haven for their funds. "I believe it will catch up in due time. Now everybody is going crazy. They need to digest economic and market realities," said BSP Deputy Governor Diwa Guinigundo. He said that eventually investors would realize that the Philippines has a fundamentally sound economy. "We have a very strong balance of payments. Banking system is very stable. Fiscal condition is improving. Exchange rate is very stable. We did not experience any slowdown in 2011. Inflation rate is manageable and continues to come down," said Guinigundo. (The Philippine Star)

FINANCIAL TRENDS

PSEi soars 2.4% on Greek poll results

Stocks surged and closed above the 5,000 level, as a pro-austerity party came out ahead in Sunday's Greek poll, soothing worries of the debt-saddled country's exit from the euro zone. The Philippine Stock Exchange index (PSEi) rallied by 2.43% or 119.78 points to close at 5,050.41, while the broader all-share index climbed by 1.84% or 60.74 points to 3,356.71. (BusinessWorld)

P/\$ rate closes at P42.26/\$1

The peso exchange rate closed unchanged at P42.26 to the US dollar yesterday at the Philippine Dealing & Exchange Corp. (PDEX) from P42.26 last Friday. The weighted average rate appreciated to P42.161 from P42.344. Total volume amounted to \$782.2 million. (Manila Bulletin)

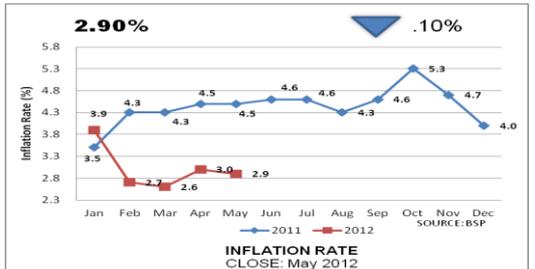
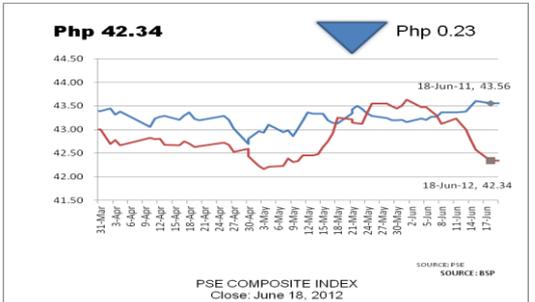
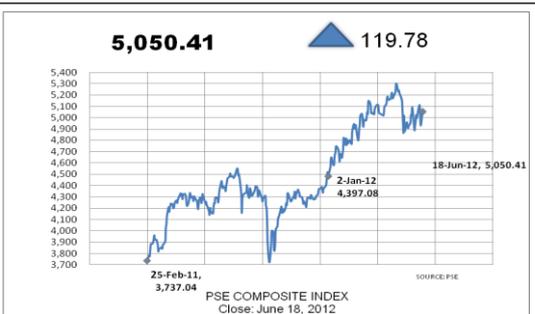
INDUSTRY BUZZ

Customs offers second chance for car owners to rectify mistakes

The Bureau of Customs will push through with its plan to implement the Voluntary Disclosure Program (VDP) this year which will give vehicle owners the chance to correct mistakes in import papers. Customs Commissioner Rufino Biazon said that the agency is coordinating with the Land Transportation Office for an agreement to allow VDP to start this year. The VDP is a non-punitive facility for importers to voluntarily report erroneous information on import entry declarations and underpayments of duties and taxes since these are unintentional mistakes. Importers and private vehicle owners must be willing to settle the obligations. (Malaya Business Insight)

Toyota fully recovers from disasters

Toyota Motor Corp. President Akio Toyoda repeated his pledge to maintain domestic vehicle production at three million vehicles a year, despite the negative impact of the strong yen on exports. Speaking at the company's annual meeting at its headquarters on Friday, Mr. Toyoda and other senior executives defended keeping about 40% of total production in Japan and called on authorities in Tokyo to combat the yen's rise against the dollar. "The Japanese auto industry won't give up on Japan-based manufacturing and will appeal to the government for help in defending this last bastion" of the country's industrial base, Mr. Toyoda said. (The Wall street Journal)



	Monday, June 18 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	7.78%	7.79%	7.79%

