

DASHBOARD

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MACROECONOMIC SNAPSHOT

Economy seen growing 7% in Q1

The Philippine economy is expected to accelerate to a growth of seven percent in the second quarter of the year and hit a full-year growth of six percent to seven percent, economist Victor Abola of the University of Asia & the Pacific said in a midyear economic briefing. Drivers will be the recovery of agriculture and industry sectors and the steady growth of services but threats remain, he said. Abola expects the industry sector to grow by six to seven percent and the services sector by seven to eight percent this year. External threats to growth include the debt crisis in the Eurozone and global oil prices, he said. (The Philippine Star)

Moody's sees 'positive trends'

Government hopes of securing a credit rating upgrade have been bolstered with Moody's Investors Service noting "positive trends" in the Philippines. The debt watcher last month raised its outlook on the Philippines to "positive" from "stable" and a team was in town earlier this week as part of regular meetings with the government and the private sector. Moody's currently rates the country a Ba2, two notches below investment grade. The revised outlook indicated that an upgrade could come in the next 12 to 18 months. A disappointment of sorts came on Tuesday when Fitch Ratings -- which grades the Philippines as BB+, one notch below investment grade -- announced that it was affirming the rating and an accompanying "stable" outlook. "Overall, we continue to observe many of the positive trends that underpin the outlook change," Moody's Assistant Vice-President Christian de Guzman said. (BusinessWorld)

Inflation seen remaining at 3 percent

Inflation rate is likely to remain at 3 percent, or lower in the second quarter of the year, according to the latest issue of The Market Call, a newsletter published by First Metro Investment Corp., and University of Asia and the Pacific Capital Markets Research. The newsletter revealed that the projected decline of consumer prices was probably because of the decline of oil prices in the world market, citing Dubai crude oil that has fallen below the main support price of \$100 per barrel from a high of \$123.40 per barrel in February. It said that after the continuous deceleration trend of the headline inflation rate from January to March this year, inflation in April went up to 3 percent from 2.6 percent in the previous month. (The Manila Times)

FINANCIAL TRENDS

PSEi slides as Fed cuts US growth forecast

Stocks closed lower on Thursday, snapping a three-day advance as investors took profits on news the Federal Reserve has cut its forecast for US economic growth this year. The Philippine Stock Exchange index slipped by 0.72% or 37.03 points to close at 5,109.43. The broader all-share index fell by 0.40% or 13.72 points to 3,380.94. (BusinessWorld)

Peso falls on reduced US growth outlook

The peso fell on Thursday following the move of the US Federal Reserve to slash its 2012 growth outlook for the world's biggest economy. The local currency closed at 42.425 against the US dollar, down by 29.5 centavos from the previous day's finish of 42.13:\$1. Intraday high hit 42.15:\$1, while intraday low settled at 42.44:\$1. Volume of trade amounted to \$941.1 million from \$1 billion previously. (Philippine Daily Inquirer)

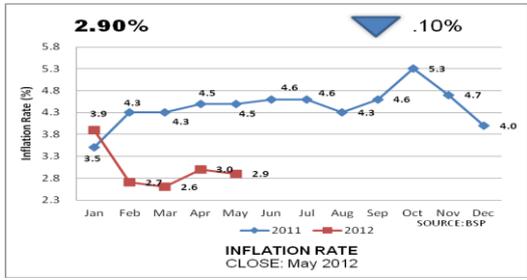
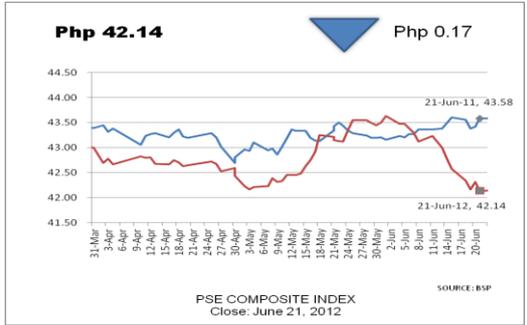
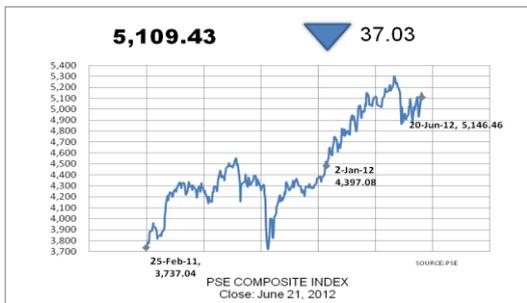
INDUSTRY BUZZ

Honda to recycle rare earths to be green

Honda Motor Co. said it will start recycling rare earths and other key materials in hybrid auto batteries this year — a key innovation in the Japanese automaker's effort to be green. Honda officials said the company was targeting September or October to begin recycling of rare earths. They said it would be a first for the auto industry. Honda President Takanobu Ito acknowledged uncertainty about the future of Japan's energy policy, which has been thrown into doubt by the nuclear crisis set off by the earthquake and tsunami last year. "In the long term, we hope to move to renewable energy sources that won't harm the environment," he said at headquarters in Tokyo. (BusinessMirror)

Car dealers excluded from customs amnesty program

Commissioner Rozzano Rufino Biazon of the Bureau of Customs will push through with the long-delayed amnesty program or voluntary disclosure program of the agency, focusing on vehicle importation. The amnesty program, however, would exclude car dealers to prevent some unscrupulous quarters from deliberately smuggling items then lining up for the amnesty program of the government. "We are coordinating with the Land Transportation Office for the forging of a MOA [memorandum of agreement] that will enable us to pursue the VDP within the year," Biazon said. "The VDP will strictly pertain to private individuals and does not include [car] dealers or manufacturers," he added. (BusinessMirror)



| | Thursday, June 21 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% | 7.79% | 7.79% |

