

## MACROECONOMIC SNAPSHOT

### Government to maintain 5-6% growth rate for 2012

The government is keeping its economic growth targets for the year despite hitting a surprising gross domestic product (GDP) growth rate during the first quarter, the Aquino administration's economic team said. Socioeconomic Secretary Arsenio Balisacan acknowledged on Tuesday that the economic team has considered raising the growth target to 5.5 percent to 6.5 percent, but decided to take a more conservative approach, given the events in the world economy. The current target is placed at 5 percent to 6 percent. "Europe's economic crisis could affect us in various ways, especially in terms of exports and remittances," Balisacan said after the meeting of the Development Budget Coordination Committee (DBCC). "Credit-rating agencies also made some downgrades on Europe-based banks, making borrowing costs more expensive," he said. (Business World)

### NSO: April imports down 13.7% to \$4.77B

The country's merchandise imports for April declined by 13.7 percent to \$4.77 billion from \$5.52 billion due to lower purchases of chemicals, fuel and electronic products from abroad, the National Statistics Office (NSO) said in a report it released on Tuesday. Economist Benjamin E. Diokno of the University of the Philippines said the decline in April imports does not augur well for the country's economy in general as it suggests lower exports in the short and medium term. Figures from the NSO showed that electronic products, which accounted for 27.6 percent of total import bill for April, declined by 22.1 percent on year to \$1.31 billion. Import bill payments for fuels, which ranked second among the top 10 imports of the country, went down by 24.3 percent on year to \$1.05 billion in April. (Business Mirror)

### P2.006-trillion budget ready to be presented

The 2013 budget has been pegged at P2.006 trillion but the figure could still be revised when the proposal is forwarded to President Benigno S. C. Aquino III and his Cabinet on Friday. The Development Budget Coordination Committee (DBCC) met yesterday to approve the national expenditure plan for next year along with its accompanying macroeconomic assumptions. "We are now ready to present the 2013 national budget to the President and the Cabinet on Friday. The P2.006-trillion ceiling is the proposal," Budget Secretary Florencio B. Abad said at the sidelines of the DBCC meeting. (Business World)

## FINANCIAL TRENDS

### Local share prices buck global slump

Philippine stocks continued to climb yesterday; pushing the main composite index past the 5,200-mark as rising home prices in the US eased jitters over the robustness of the world's No. 1 economy. At the Philippine Stock Exchange (PSE), the main composite index (PSEi) rose 1.23 percent or 64.08 points to settle at 5,257.92 while the broader all-share index similarly went up by 1.10 percent or 37.62 points to 3,449.07. (Philippine Star)

### P/\$ rate closes at P42.37/\$1

The peso exchange rate closer higher at P42.37 to the US dollar yesterday at the Philippine Dealing & Exchange Corp. (PDEX) from 42.47 the previous day. The weighted average rate appreciated to P42.37 from P42.50. Total volume amounted to P721.81 million. (Manila Bulletin)

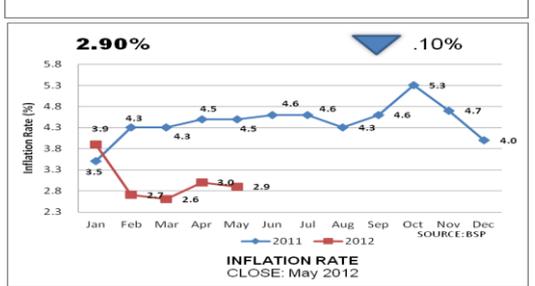
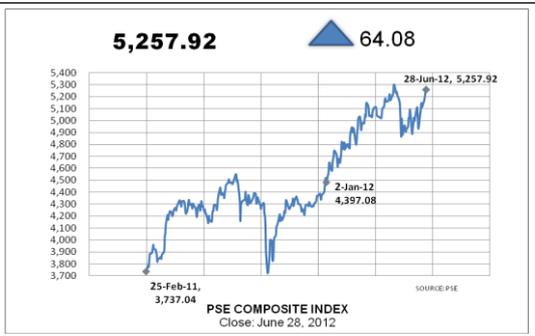
## INDUSTRY BUZZ

### DTI Probes Auto Industry, Dealers

The Department of Trade and Industry (DTI) is investigating reports that automotive companies do not accept cash payments preferring financing settlement or instalment basis, which is in violation of fair trade practice. DTI Secretary Gregory L. Domingo announced during a press conference they are looking into this practice following several consumer complaints received by his office. "We are looking at auto and motorcycle dealers because there have been complaints that all they want is financing. They don't want cash and if consumers pay in cash the delivery took longer. We have to look into this for unfair trade practice," Domingo said. (Manila Bulletin)

### BMW, Toyota Plan Tie-up

German luxury-car maker BMW AG and Japanese auto giant Toyota Motor Corp. plan to sign a memorandum of understanding as early as Friday on widening their cooperation in areas such as electric powertrains and lightweight construction, people familiar with the matter said. The deal is due to be signed by BMW Chief Executive Norbert Reithofer and Toyota CEO Akio Toyoda. The plan to sign an agreement was reported earlier Tuesday by Japanese daily Nikkei. In December, BMW and Toyota agreed to cooperate on lithium-ion battery cells. As part of the deal, BMW will supply Toyota's European division with 1.6 liter and 2.0 liter diesel engines from 2014. (Wall Street Journal)



|                          | Wednesday, June 26 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%    |