

## MACROECONOMIC SNAPSHOT

### June inflation may fall within 2.5-3.4% range

June Inflation could turn out to be broadly the same as last month, the Bangko Sentral ng Pilipinas (BSP) chief said, with lower fuel prices tempering increases in utility and food costs. Governor Amado M. Tetangco, Jr. offered reporters a forecast range of 2.5-3.4%. Consumer prices eased to 2.9% in May from 3% in April while June data will be released next week. "The latest projection continues to support our view that inflation is manageable," Mr. Tetangco said. The BSP expects inflation to average 3.1% this year, within its 3-5% target range. (BusinessWorld)

### Gov't to sustain spending in Q2 to boost economy

The Department of Budget and Management (DBM) said a sustained rise in government spending in the second quarter would further boost the country's gross domestic product (GDP). Budget Secretary Florencio Abad said in a statement that government spending from April to June would continue to boost GDP growth just like in the first quarter of the year. Disbursements in the second quarter would sustain the gains of the first quarter wherein public spending was a key driver of the stronger-than-expected 6.4 percent GDP growth. Data showed that government expenditures went up by 13.1 percent to P668.431 billion in the first five months of the year from P591.04 billion in the same period last year. (Philippine Star)

### PHL domestic interest rates to remain stable

Makati-headquartered Esquire Financing Inc. forecasts domestic interest rates to stabilize throughout the year, despite global events tending to unsettle markets and likely forcing central banks like the Bangko Sentral ng Pilipinas (BSP) to make appropriate adjustments. The stable outlook forms part of Esquire's business plans this year under which it looks to disburse total loans of P3 billion. Rajan Uttamchandani, Esquire Financing president and chief executive officer, said in a briefing that the local financial system is very liquid and small and medium scale entrepreneurs forming its core clients look to expand their activities through financing. (Business Mirror)

## FINANCIAL TRENDS

### Index eases as market succumbs to profit-taking

Local share prices eased yesterday as the market succumbed to profit-taking following a four-day winning streak. Analysts said the drop was also in line with the weakening of major markets abroad as European leaders prepared for yet another meeting in Brussels to discuss how to tame a spiraling debt crisis. At the Philippine Stock Exchange (PSE), the main composite index slid 1.77 points to close at 5,256.15, while the broader all-share index climbed by 0.05 percent or 1.86 points to 3,450.93. (Philippine Star)

### Peso up anew as sales of US durable goods rebound

The peso inched up against the US dollar on Thursday as reports of an increase in orders for durable goods in the United States rose in May, thereby lifting sentiment for the global economy. The local currency closed at 42.34 against the US dollar, up by 3 centavos from the previous day's finish of 42.37:\$1. Intraday high hit 42.20:\$1, while intraday low settled at 42.35:\$1. Volume of trade amounted to \$980.08 million from \$721.81 million. (Philippine Daily Inquirer)

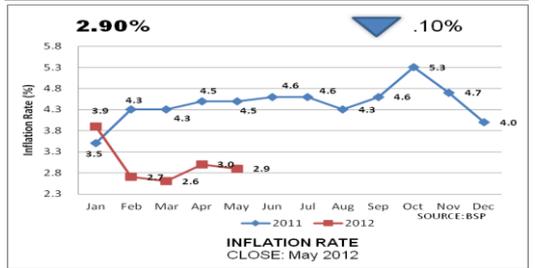
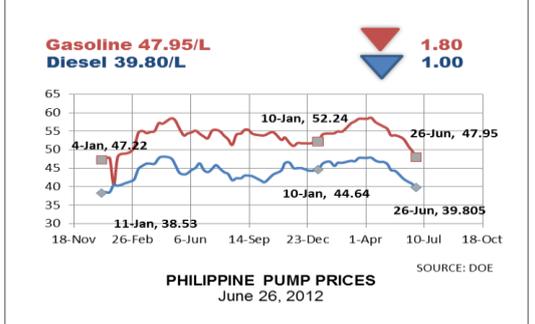
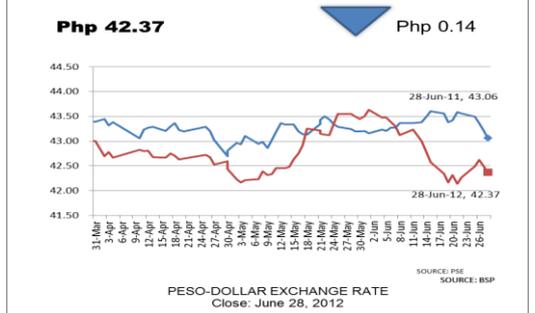
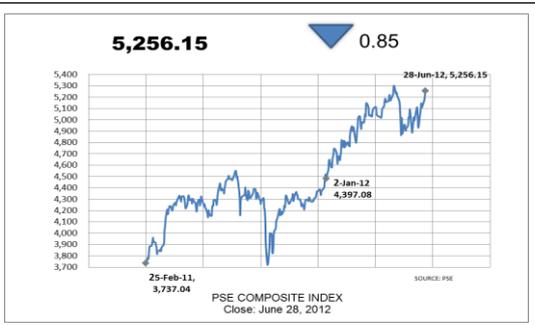
## INDUSTRY BUZZ

### Ford to shut down Sta. Rosa plant

US Automaker Ford Motor Co. will stop making vehicles in the Philippines, yesterday announcing plans to close its plant in Sta. Rosa, Laguna after almost 13 years of operations. "We have reached a decision that by the end of 2012, we will not be able to continue production in the Philippines," Ford ASEAN President Peter Fleet said. "The Santa Rosa plant will conclude operations as we produce the last Ford Escape in December," he told reporters. The Escape, a compact SUV, will be the sole model to be produced locally starting next month as production of the Focus compact car will be transferred totally to Thailand by end-June. "The company studied every possible scenario and opportunity, but we could not make a strong enough business case for future manufacturing," Ford Philippines President Randy Krieger said. (BusinessWorld)

### PH to become e-vehicle hub

The Philippines will emerge as the hub of electric vehicle parts manufacturing in the region, once the government's electric tricycle program becomes successful, two industry associations said Wednesday. The Motor Vehicle Parts Manufacturers Association of the Philippines and the Electric Vehicle Association of the Philippines said the ailing vehicle parts industry would be revitalized with the expected influx of local and foreign investments in the e-trike program. (Manila Standard)



	Friday, June 29 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 TBill Rates	2.17%	2.15%	3.85%
Lending Rates	7.78%	7.79%	7.79%

