

MACROECONOMIC SNAPSHOT

Government likely raising 2013 borrowings

The national government likely to borrow more from local and foreign debt markets next year, preliminary data from the inter-agency Development Budget Coordination Committee (DBCC) showed. Under its proposed 2013 national budget, which will be presented to President Aquino today, the government's economic managers are looking at P757.3-billion gross borrowings, higher by 4 percent compared with P727.4-billion ceiling this year. Of the total proposed borrowing for 2013, the government is eyeing P567.9 billion from the domestic market while the remaining P189.4 billion will be sourced from foreign investors. The Department of Finance has been limiting the government's foreign borrowings since the start of the Aquino administration by increasing the domestic component of its entire financing program amidst a "very liquid" local market. (Manila Bulletin)

Positive rating momentum has stalled, says Fitch

Positive credit rating momentum in emerging Asia has stalled, Fitch Ratings warned, noting concerns over sovereign balance sheets and private sector leverage. In a statement released, the debt watcher noted that outlooks for region's "two giants" -- China and India -- are negative. Only Korea enjoys a positive outlook, it pointed out, while eight emerging sovereigns including the Philippines are stable. "The narrow balance of negative outlooks testifies to the stalling of upward rating momentum in the region, although this should be seen in the context of a run of positive actions in 2010-2011," Fitch said. (BusinessWorld)

NEDA unveils MDG target strategy

The National Economic and Development Authority has unveiled plans to improve the country's chances of achieving the millennium development goals (MDGs), particularly on basic education and maternal health by 2015. Socio-economic Planning Secretary Arsenio M. Balisacan said among the strategies are the immediate implementation of policy interventions on improving access to basic education, government's support for maternal and reproductive health, and intensified rollout of the conditional cash transfer (CCT) program. "We only have three years to go, and I would like the SDC to concentrate on untangling the issues that hamper our efforts in education and health," said Balisacan. (Manila Bulletin)

FINANCIAL TRENDS

Stocks likely to sustain upward momentum

Local stocks are likely to open higher after European leaders agreed on measures to stabilize the region's banks in addition to directly recapitalizing them. The Philippine Stock Exchange index (PSEi) climbed 126 points or 2.51 percent last week to close at 5,246, mainly driven by mid-year window dressing activities. (The Philippine Star)

EU summit results to give peso direction

The peso is expected to be rangebound this week, with its movement against the dollar to depend on how markets perceive the agreements struck at last week's European Union Summit to help debt-saddled euro zone members. The local unit gained 30 centavos to close at P42.12 per dollar last Friday against its P42.42-per-dollar finish the previous week. Analysts interviewed by phone last Friday said the peso may trade within the P41.70 to P42.50 per dollar band this week. (BusinessWorld)

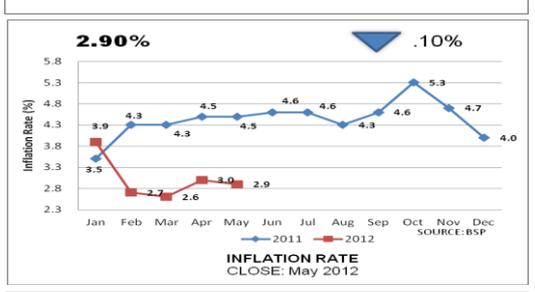
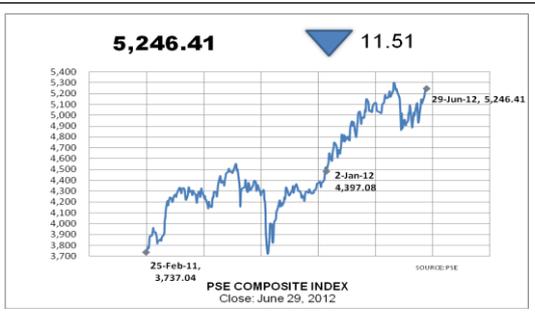
INDUSTRY BUZZ

Volvo develops safety systems at test facility

An entirely new test facility for active car safety is all set to play an important role for Volvo Car Corporation's continued leadership in the field of safety. The facility will be built and operated by the company Active Safety Test Area AB - ASTA. Operating under the AstaZero brand name, ASTA will run the test facility that will be located beside Volvo Car Corporation's existing proving ground at Hällered in western Sweden. Volvo Car Corporation will be one of the users of the unique test environments that will be available. "With the new facility we will have access to an excellent tool for the development of tomorrow's intelligent safety and driver support systems," says Peter Mertens, senior vice president, Research & Development at Volvo Car Corporation. (Malaya Business Insight)

Nissan to propose Sentra compact car at Mississippi plant

Japanese automaker Nissan Motor Co. said it will add workers and start production of the Sentra compact sedan at its Canton plant in Mississippi later this year. Adding Sentra production along with two previously announced vehicles by the end of the year will mean 1,000 more jobs at the plant, Mississippi Governor Phil Bryant said at an event held at the Canton plant on Thursday. Nissan officials said 400 of those jobs have already been added to prepare for production of the Xterra mid-sized SUV and the mid-sized pickup truck Frontier, which is starting in November. Total employment at the Canton plant will rise to 4,500 by year's end, Nissan officials said. (BusinessWorld)



	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 T Bill Rates	2.17%	2.15%	3.85%
Lending Rates	7.79%	7.78%	7.79%

