

DASHBOARD

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MACROECONOMIC SNAPSHOT

PH seen posting 6.8% export growth

The Philippines is expected to register a 6.8-percent export growth this year, reversing the contraction last year, as China is seen importing more electronics goods in the second half. This was according to Moody's Analytics, which said that the latest slowdown in demand in China would likely be temporary. It said demand for electronics from the world's second-largest economy will jump in the remainder of the year, benefiting electronics-exporting countries including the Philippines. Electronics accounts for 50 to 60 percent of the Philippines' export revenues. China is one of the Philippines' biggest export markets. It was the fourth-biggest export market in April, accounting for nearly 11 percent of the Philippines' total export revenue of \$4.6 billion. (Inquirer)

Phl soon to join tiger economies, says expert

Philippines may soon join the ranks of the world's "tiger economies," an international expert said. Ruchir Sharma, chief of the Emerging Markets Equity team at Morgan Stanley Investment Management, said in his book "Breakout Nations: In Pursuit of the Next Economic Miracles" that Philippines is positioned for huge growth. "Now at long last, the Philippines looks poised to resume a period of strong growth," Sharma said in his now best-selling piece. "The new president, Benigno 'Noynoy' Aquino III, probably has enough support, and looks likely to generate just enough reform momentum, to get the job done. The Aquino name is still virtually synonymous with the promise of change," Sharma also wrote. (The Philippine Star)

BSP bans flat rates on loans

The Bangko Sentral said it has started implementing the tightened rules of the Truth in Lending Act, which protects bank customers and prohibits banks from charging 'flat' interest. Bangko Sentral Deputy Governor Nestor Espenilla Jr. said in the news briefing the new rules aimed to make lending rates more understandable, comparable and known to the client, so they could make better decision. Banks are now required to charge interest on the outstanding balance of the loan at the beginning of an interest period. The rules effectively prohibit charging 'flat' interest rates and other methods which misleadingly feature a markedly lower contractual interest rate than the actual effective interest rates. (Manila Standard Today)

FINANCIAL TRENDS

PSEi sets new record at 5,365

The local stock index skyrocketed to a new record high of 5,365.70 on Tuesday, outperforming all other Asian markets, as investors bet on favorable local macroeconomic and corporate fundamentals alongside further monetary easing across the globe. The Philippine Stock Exchange index breached a key resistance at 5,350 and gained 65.46 points, or 1.23 percent. Before closing at a new record finish of 5,365.70, the local stock market also hit fresh all-time intraday peak of 5,374.35. (Inquirer)

BSP watching peso's surges

The Bangko Sentral ng Pilipinas yesterday said the peso's appreciation was not yet worrisome but it was watchful of its impact on inflation. The country's exporters, meanwhile, said the peso's appreciation to the P41-per dollar level has started to hurt, dashing hopes of a recovery from the slump last year. "The recent peso movement is broadly in line with those in the emerging markets. The Philippines is a recipient of flows of late due to the recent rise in investor risk appetite, as well as the underlying strength of our domestic growth prospects," BSP Governor Amando M. Tetangco, Jr. said. (BusinessWorld)

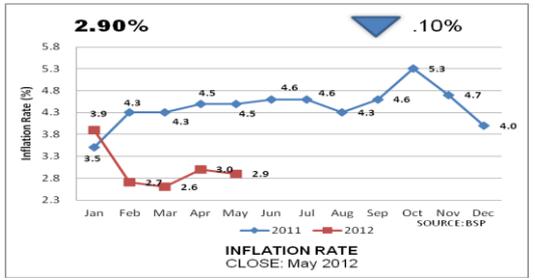
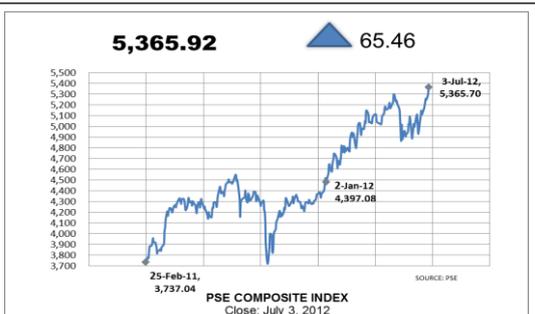
INDUSTRY BUZZ

Reliance on 3 Korean car firms

The government will try to convince Korean automotive giants Hyundai, Kia and Daewoo to buy more car parts from the Philippines as a short-term palliative to the scheduled exit of Ford Group from its assembly operations in the Philippines. Trade Undersecretary Cristiano Panlilio said that "if they cannot export cars, fine, our alternative is to ramp up exports of car parts and components". The Department of Trade is thinking that if parts export is pushed, it is possible to increase 2011 exports of \$3 billion by 50 percent in two years. (Malaya Business Insight)

Toyota pushes hybrid, fuel-cell tech tie-up with BMW

Toyota Motor is expanding a tie-up with BMW on hybrid and fuel-cell vehicle technology as the global carmakers push further into the green market. The two companies' top executives announced in Germany recently that they are boosting a previously bared agreement involving joint research on next-generation lithium-ion batteries, the Nikkei business daily said. (The Manila Times)



	Tuesday, July 3 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%

