

DASHBOARD

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MACROECONOMIC SNAPSHOT

Inflation eases to 2.8% in June

The nationwide inflation rate dipped further to 2.8 percent in June from 2.9 percent in May, reflecting a drop in prices of housing, water, gas and other fuels, as well as alcohol and tobacco, the National Statistics Office (NSO) reported yesterday. Inflation was recorded at 5.2 percent in June last year. Year-to-date inflation stayed at three percent, falling at the lower end of the central bank's three- to five-percent target for the year. Bangko Sentral ng Pilipinas (BSP) Governor Amando Tetangco Jr. said the June result still points to a manageable inflation throughout the year even as he stressed the BSP will continue to be watchful of developments. (The Philippine Star)

Ratings upgrade from S&P

Standard & Poor's (S&P) has raised the Philippines' credit rating to one notch below investment grade, citing the country's prudent fiscal management, strong external position and stable economic growth. The country has been upgraded to BB+ from the BB assigned in November 2010, the debt watcher said. In line with this, the credit ratings of the Bangko Sentral ng Pilipinas and the Development Bank of the Philippines were likewise raised to BB+ from BB. All ratings were given a stable outlook. The country's strong external position, driven by remittances from overseas Filipino workers and an export expansion, also supported the upgrade. (BusinessWorld)

Weak global growth takes toll on emerging Asia's prospects

Weaker global growth has taken its toll on emerging Asia's own growth prospects due to dwindling exports, Fitch Ratings said in a new report. The debt watcher now expects emerging Asia to grow by 6.3 percent from its 6.7 percent forecast in December and slower than the 6.9 percent expansion last year. Growth is expected to pick up to 6.8 percent in 2013 and 6.6 percent in 2014. Despite the downgrade, growth in emerging Asia, which includes the Philippines, will still outpace that of the world, which is expected to post 3.3 percent expansion in 2012, 3.9 percent in 2013 before inching up to four percent in 2014. (The Philippine Star)

FINANCIAL TRENDS

PH stocks mark new high at 5,369.98 over credit rating upgrade

The local stock index closed at a new record high on Thursday as news about Standard & Poor's sovereign credit rating upgrade on the Philippines and benign local inflation cushioned against a regional downtrend. The main-share Philippine Stock Exchange index gained 15.26 points or 0.29 percent to close at a 5,369.98, a new all-time high closing. Value turnover amounted to about P5.2 billion. There were 91 advancers that beat 59 decliners while 50 stocks were unchanged. (Philippine Daily Inquirer)

Peso gains further after ratings upgrade by S&P's

The Philippine peso gained after the nation's debt rating was raised to its highest level since 2003 by Standard & Poor's. The peso climbed 0.4 percent to P41.69 per dollar, near a four-year high of 41.60. (Manila Bulletin)

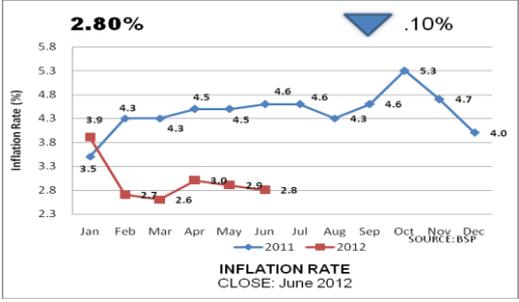
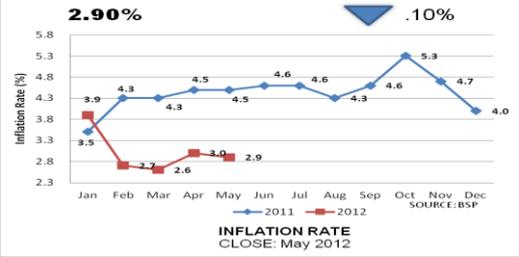
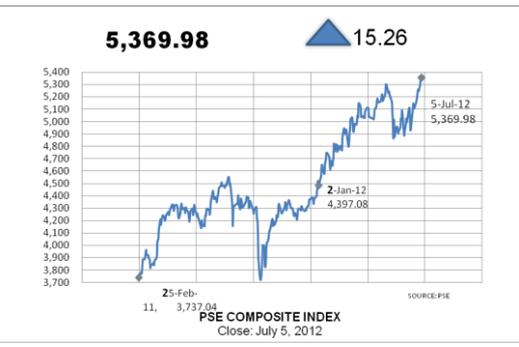
INDUSTRY BUZZ

Car makers US June sales surge

Most major automakers showed stronger than-expected US June sales gains as low interest rates, falling gas prices and still-significant incentives encouraged consumers to set aside concerns about the economy. Shares of General Motors (GM) jumped more than 6% as the no. 1 US auto maker reported a 16% increase in vehicle sales from the previous year and said June was its best performing month since September 2008. Ford, Inc.'s sales climbed 7% and its shares rose 3%. Of the major automakers that have reported sales so far, only Toyota Motor Corp. missed analysts' expectations. The third biggest automaker in US sales still managed a 60% increase, rebounding from last year's low point after the Japanese earthquake and tsunami. Auto sales are an early sign of consumer spending and have been one of the bright spots in the US economy this year. (BusinessWorld)

Fiat CEO: Chrysler may top \$3-B 2012 operating profit

Fiat-Chrysler Chief Executive Sergio Marchionne reiterated on Tuesday that Chrysler's operating profit in 2012 could exceed its \$3-billion target, commenting on June numbers released earlier in the day. "Chrysler sold 1.23 million cars in the first half, which is over half of our target," Mr. Marchionne said at a press conference. "The objective of \$3 billion is close at hand. We could overshoot it." Chrysler said earlier on Tuesday its June sales rose 20% year on year. If Chrysler decides it wants to make more than 2.8 million cars in the United States, it will need to seek more production capacity, he said, without specifying where. Fiat's plan is to use the excess capacity in its five Italian plants to build cars to export to the US market. (BusinessWorld)



	Thursday, July 5 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	7.80%	7.79%	7.79%

