

# DASHBOARD

Changing News. Your Guide.

AVID Daily E- News

July 23, 2012

Volume 4 No. 7

## MACROECONOMIC SNAPSHOT

### Debt payments slash BOP surplus

Sustained efforts to pay the country's foreign debts at a time when foreign-fund managers adopt a risk-on risk-off attitude of emerging markets as a whole pared down the country's balance of payments (BOP), which ended as a surplus nearly 74 percent lower in the first six months to only \$1.31 billion. Last year's BOP surplus, essentially what is left after deducting the country's foreign-currency expenses from its foreign-currency earnings, totaled \$5.01 billion, documents obtained from the Bangko Sentral ng Pilipinas (BSP) showed. The BOP stayed in surplus territory in June alone totaling only \$14 million or less than a 10th of the surplus BOP in the previous May of \$138 million. In June last year, the surplus stood at \$222 million. (Business Mirror)

### Gov't spending seen to exceed P108B

The Aquino administration expects government spending to exceed P108 billion in June 2012 on the back of enhanced measures to accelerate disbursements. In June last year, the government disbursed P108 billion, which was lower than the P126.7 billion spent in June 2010. In May, government expenditures improved to P151.304 billion, 16.7 percent higher than the P129.689 billion recorded in May 2011. In the first five months of the year, state spending expanded by 13.1 percent to P668.43 billion compared to the P591.04 billion recorded a year ago. (The Philippine Star)

### World Bank raises PH growth forecast

The World Bank raised its 2012 growth forecast for the Philippines on Thursday following a stronger-than-expected start to the year, but warned of headwinds from the crisis in Europe and a Chinese slowdown. However, it said the momentum comes amid weakening global economic growth that would affect key export markets and cause job losses in electronics and other manufacturing industries. The economy grew 6.4 percent in the three months to March, after an anemic 3.9 percent expansion for 2011. The bank expects global growth to soften to 2.5 percent this year from 2.7 percent in 2011, hitting key Philippine export markets the United States, the eurozone, Japan and China. (Manila Times)

## FINANCIAL TRENDS

### Stocks end 3-day decline

Local stocks bounced back after a three-day slump in thin trade on Friday, as prospects of fresh interest rate cuts triggered selective buying. The main-share Philippine Stock Exchange index added 21.52 points or 0.41 percent to finish at 5,210.89. The index was led higher by the interest rate-sensitive property counter, which rose by 1.68 percent as the market started to price in a prospective cut in the Bangko Sentral ng Pilipinas' policy rates. (Philippine Daily Inquirer)

### Monetary Board seen maintaining key rates

Eight out of 11 bankers and economists said upside inflation risks would prompt authorities to hold off from adjustments for a third straight meeting, while three said cuts could be announced to temper a rising peso and support growth. The peso closed 10.5 centavos down on Friday at P41.86 per US dollar. It has appreciated by nearly 5% since the start of the year and the central bank recently tightened rules governing the use of its special deposit account (SDA) to curb speculation. (BusinessWorld)

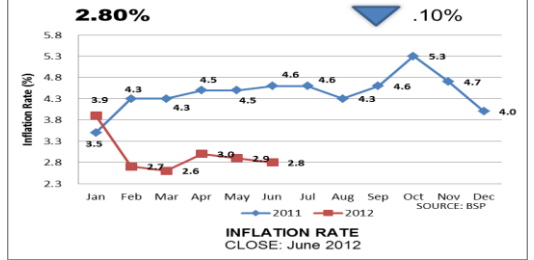
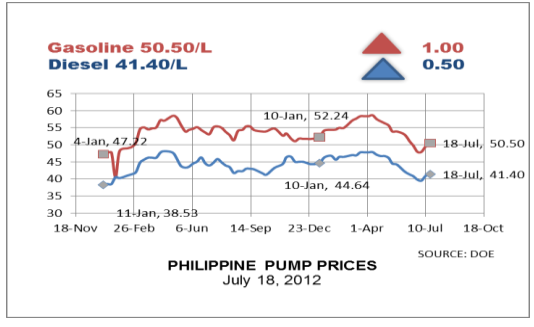
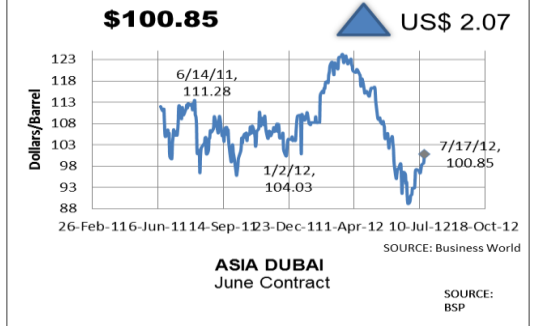
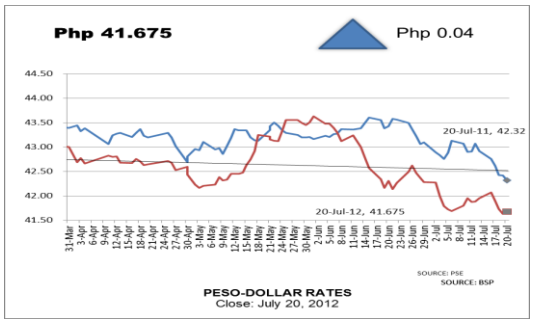
## INDUSTRY BUZZ

### Japan auto group plays down EU fears over imports

The chairman of the Japan Automobile Manufacturers Association on Thursday played down European concerns that a free-trade deal with Japan might prompt a surge in car exports to the European Union as happened when a trade pact with South Korea came into effect. "Even if open trade is realized, that doesn't mean (vehicle exports) will increase sharply," JAMA Chairman Akio Toyoda said at a regular news conference, pointing out that many Japanese car makers build vehicles for the EU market at factories located within the trading bloc. Mr. Toyoda is also president of Toyota Motor Corp. (Wall Street Journal)

### Honda recalls 834 CR-V units

Honda Cars Philippines Inc. (HCPI) announced that it is recalling 834 units of CR-V to replace the faulty door latch assembly. HCPI said the recall is not expected to affect its sales performance this year. The recall, she said, is part of a global recall of the vehicle following eight reports in the US involving the car's faulty door latch. She said that while no crashes or injuries have been reported so far, the firm is conducting a voluntary recall of the vehicle to ensure their customer's safety. (Philippine Star)



	Friday, July 20 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	2.01%	2.15%	3.85%
Lending Rates	7.77%	7.80%	7.79%

