

MICROECONOMIC SNAPSHOT

Keeping the Philippine dream alive

Global investors have spent the past few years flitting from one Asian economy to another in search of promising returns, like hummingbirds in search of nectar. Now those investors are eyeing the Philippines. This is a great opportunity for President Benigno Aquino to feed those hummingbirds the pro-growth reforms they've been denied elsewhere. While he has made notable progress, Mr. Aquino still has to show he can stick to a growth agenda. Mr. Aquino was quick in Monday's State of the Nation address to claim credit for some major successes in his first two years, and especially for the country's impressive recent economic performance. He also promoted plans for much-needed public-works spending and purchases of military equipment to bolster Manila's standing in South China Sea territorial disputes. The president's successes to date are striking. Growth clocked 6.4% on an annual basis in the first three months. The government's credit rating is climbing and could hit investment grade within 18 months. (Wall Street Journal)

Businessmen welcome speech, see increased investor

Investor confidence could end up being boosted by pledges made by President Benigno S. C. Aquino III in State of the Nation Address, businessmen said. They noted, however, that the president had not touched on other issues industries want addressed, saying that these would continue to be raised with the government. Sergio R. Ortiz-Luis, Jr., president of the Philippine Exporters Confederation, Inc. said Mr. Aquino had set a "clear road map for the construction of the projects", referring to specific airports and roads that he said would be finished before his term ends in 2016. (BusinessWorld)

H1 investments listed by BOI drop 19%

Investments registered with the Board of Investments (BOI) reached P166 billion in the first half of the year, less than half of the full-year target of P400 billion and a 19 percent drop from P204 billion last year. Trade Secretary Gregory Domingo said the country may now find it difficult to meet the aggregate target of P870 billion set for all investment promotion agencies (IPAs). The BOI is supposed to list half of that total goal with the rest chipped in by the different IPAs. Last year was a record year for investments with IPA-approved foreign direct investment up 31 percent. (Malaya Business Insight)

FINANCIAL TRENDS

Index rises as Phil stocks defy global market weakness

Local share prices staged a technical rebound yesterday, defying the weakness in global markets caused by worsening problems in Europe. The Philippine Stock Exchange index (PSEi) added 20.34 points to close at 5,159.74, while the broader all-share index climbed 7.92 points to 3,432.76. Sectoral indices closed mixed, with gainers led by holding firms that rose by 39.08 points to 4,351.62. Industrial advanced by 24.38 points to 7,846.30, while property went up 1.55 points to 1,881.06. (The Philippine Star)

Peso-Dollar rate closes at P42.045/\$1

The peso exchange rate closed higher at P42.045 to the US dollar yesterday at the Philippine Dealing & Exchange Corp. (PDEEx) from 42.060 the previous day. The weighted average rate depreciated to 42.037 from 42.026. Total volume amounted to \$927.41 million. (Manila Bulletin)

INDUSTRY BUZZ

AVID says car roadmap must spur competition

The Association of Vehicle Importers and Distributors (AVID) said the planned motor vehicle roadmap should not be biased and should spur healthy competition that should benefit the consumer. Ma. Fe Perez-Agudo, president of AVID, said the group is supportive of the planned automotive roadmap but would want one that "would not cause unfair advantage" or "put trade barriers" and "protect some players that refuse to innovate". Agudo said AVID is a willing partner with the government and the other members of the industry as they craft the roadmap. "We attend their meetings and conferences in DTI (Department of Trade and Industry). (Malaya Business Insight)

Electric vehicle parts-making gets perks under road map

The Electric Vehicles Association of the Philippines (EVAP) yesterday welcomed inclusion of manufacturing of parts for this sector in an industry road map now being reviewed by the Board of Investments, saying tax incentives proposed under this plan will help ensure competitiveness. "The road map proposes to grant fiscal incentives for local assembly of auto parts and components, for new technologies such as electric vehicles and for export activities from 2013 onwards. Policy reforms are also recommended to help expand the domestic market. We see these initiatives as a much-needed shot in the arm for our sunrise industry and will ultimately help us be competitive in the region," a press statement quoted EVAP President Rommel T. Juan as saying. (BusinessWorld)

	Tuesday, July 24 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%