

DASHBOARD

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MACROECONOMIC SNAPSHOT

BSP cuts loan rates to 3.75%

The Monetary Board reduced the rediscount rate to banks all loan maturities to 3.75 percent from 4 percent effective July 30. The Bangko Sentral said the board lowered the rate during its policy meeting Thursday. The board last adjusted the rate to 4 percent in March 1 this year. The Monetary Board on Thursday trimmed the policy rate it pays for overnight deposits to 3.75 percent from 4 percent and overnight lending to 5.57 percent from 6 percent, as easing inflation gives the central bank scope to spur growth. (Manila Standard Today)

Hiked spending boosted G.D.P. growth

Budget Secretary Florencio Abad said that increased government spending in the second quarter likely boosted economic growth during the period. Expenditure in the April to June period reached P405 billion compared with P394.9 billion in the first quarter, Abad said. "With government disbursement in second quarter growing a bit faster than in the first, we are confident that national government spending will again make a significant contribution to economic growth," Mr. Abad said in a statement. (Manila Bulletin)

Wave of foreign investments in mining seen by next year

The Philippines will experience a wave of foreign investments by next year once amendments to the Mining Act are passed by Congress as all uncertainties in the country's mining regime would already be erased by then, Trade Secretary Gregory L. Domingo said on Thursday. With President Aquino mentioning the need for a new mining law in his recent State of the Nation Address, Domingo added, it is certain that the amendments will be passed by Congress not later than next year. (Manila Standard)

FINANCIAL TRENDS

Weaker PH trading seen this week

Local stocks may consolidate below 5,300 this week as investors dig for oversold stocks while digesting the impact of the local corporate earnings season and an upcoming US Federal Reserve meeting, dealers said. Last week, the Philippine Stock Exchange index ended 0.17 percent higher to close at 5,219.55 on Friday. Based on data of foreign flows into the local stock exchange, foreign investors were in a net selling position in the last three weeks. Some domestic institutional investors, however, were still reallocating some funds from fixed income to equities in a record-low interest rate environment. (Philippine Daily Inquirer)

Peso likely in range as market awaits Fed, ECB

The Peso is expected to be range bound this week as market players await the outcomes of the Federal Reserve and European Central Bank (ECB) policy setting meetings. The local unit shed four centavos to settle at P41.90 per dollar last Friday against its P41.86-per-dollar close the week before. Nonetheless, it was able to sustain its 4% appreciation for the year. Traders interviewed last week said the peso may trade within the P41.70 to P42.20-per-dollar band this week. (BusinessWorld)

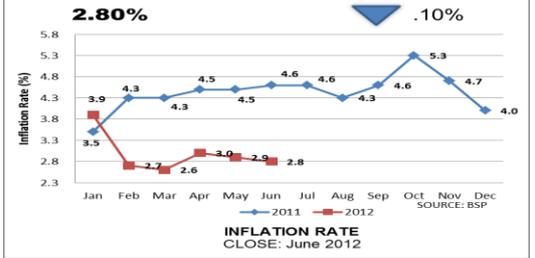
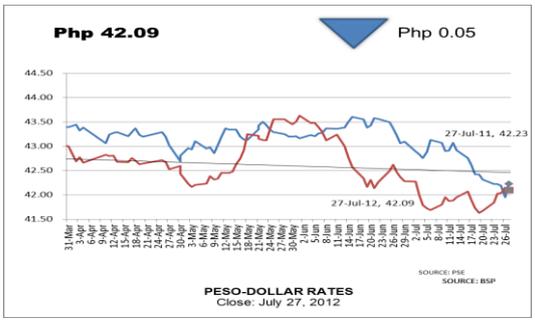
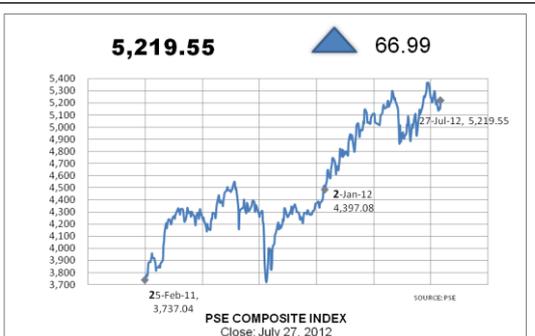
INDUSTRY BUZZ

Hyundai Motor turbo-charges Europe sales, defies downturn

South Korean automaker Hyundai Motor is set to report its 13th straight quarter of rising profits on Thursday as it produced close to record high global vehicle sales in the face of sluggish markets in Europe and China. Hyundai Motor, the world's fifth-biggest carmaker along with affiliate Kia Motors, is expected to post net profits of 2.52 trillion Korean won (\$2.20 billion) for April to June, a rise of 9 percent over a year earlier. It would mark the 13th quarter in which profits have risen compared with a year earlier. But, reflecting weakness in some key markets, a rise of 9 percent would also be the slowest pace of quarterly profit growth in more than three years. (BusinessMirror)

Ford sees smaller 2012 profit, \$1 billion loss in Europe

Ford Motor Co (F.N) forecast a drop in operating profit for 2012 as the automaker expects to lose more than 644 million pounds (\$1 billion) in Europe, where the deepening economic crisis is hitting sales. Wednesday's new full-year outlook for Europe fell in line with analysts' estimates, but was nearly double the No. 2 U.S. automaker's earlier forecast of a loss between \$500 million and \$600 million. Chief Executive Officer Alan Mulally said the company was reviewing all aspects of its European business, but he would not discuss the chance of a plant closure. He and other executives said costs must come down in Europe, where Ford lost \$1,125 on every vehicle it shipped to dealers in the second quarter. (BusinessWorld)



	Friday, July 27 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	7.73%	7.77%	7.79%

