

MICROECONOMIC SNAPSHOT

Domestic issues weigh

Second-quarter growth, inflation and capital flows will be key domestic considerations the Monetary Board will take up when it meets in September to review policy settings anew, senior central bank officials said yesterday. "In addition to possible domestic demand pressures such as the second quarter GDP growth that could possibly translate to price pressures, BSP remains watchful of pending electricity rate adjustments, expectations of higher prices from some food prices due to the prolonged drought in the US," BSP Governor Amando M. Tetangco, Jr. said when asked what domestic factors will top Monetary Board considerations in September. (BusinessWorld)

P2-trillion budget faces scrutiny

President Aquino's P2-trillion spending plan for 2013 will undergo scrutiny at the House of Representatives' committee on appropriations starting today. Budget Secretary Florencio Abad and Finance Secretary Cesar Purisima, together with other officials of the Development Budget Coordination Committee are scheduled to explain to lawmakers the rationale behind the record high Palace-sponsored national budget for next year. Lawmakers are expected to grill the Palace officials on controversial allocations contained in the national budget such as the Aquino government's conditional cash transfer, the budget slash for the Commission on Elections, among others. (Manila Standard Today)

Japan industrial output falls as Korea confidence sinks

Japan's industrial production unexpectedly declined and South Korean manufacturers' confidence dropped to a three-year low, building the case for extra monetary and fiscal measures to aid growth. Production fell 0.1 percent in June from May, when it slid 3.4 percent, Japan's Trade Ministry said on Monday. The median estimate of 29 economists surveyed by Bloomberg News was for a 1.5-percent gain. The South Korean confidence index for August was at 70 after 81 for July, the central bank said. (BusinessMirror)

FINANCIAL TRENDS

Philippine stocks push higher as ECB hopes build

Local share prices climbed 29.76 points yesterday to close at 5,307.66, returning above the 5,300-point level as expectations continued to build that European policymakers will unleash powerful measures to battle the continent's debt crisis. Most sectoral indices ended in positive territory, led by financials that jumped 16.79 points to 1,320.32, while property advanced 17.60 points to 1,998.50. Holding firms went 32.11 points to 4,477.78. (Philippine Star)

Peso rises in anticipation of stimulus measures by US Fed,

The peso inched up on Tuesday over speculations the US Federal Reserve and the European Central Bank might implement stimulus measures to boost the US and eurozone economies. The local currency closed at its intraday high of 41.72 against the US dollar, up by 21 centavos from Monday's finish of 41.93:\$1. (Philippine Daily Inquirer)

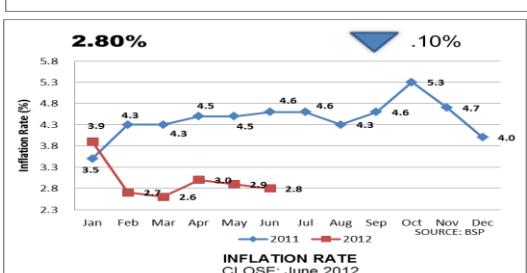
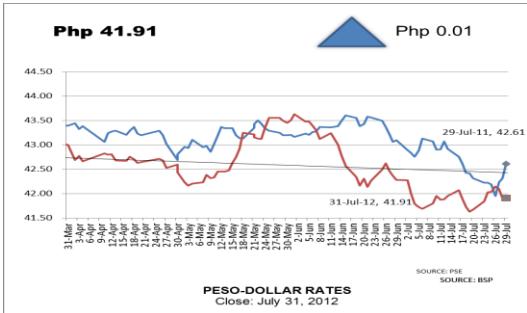
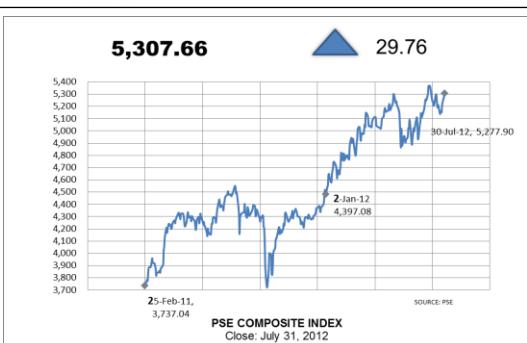
INDUSTRY BUZZ

Mitsubishi takes 23.3% market slice on strong truck, SUV

Mitsubishi Motors Phils. Corp. (MMPC) announced it registered sales of 16,956 units in the first half of 2012, a modest sales growth of .5% compared to the same period last year. But the improvement is significant because the results come even as the company experienced supply problems in the first part of the year, MMPC said. The company added that the total means Mitsubishi remains to be the second best-selling brand in the country as it cornered a 23.3-percent market share, according to reports from the Chamber of Automotive Manufacturers of the Philippines Inc. and the Truck Manufacturers Association. (Manila Times)

Hyundai Motor logs record profit on overseas sales

Hyundai Motor Co. posted a record quarterly profit as new models perked sales in overseas markets despite slowing economic growth. The financial results, announced Thursday, sent its shares 1.6 percent higher in Seoul. Hyundai vowed it would meet its target of selling 4.29 million vehicles this year even though demand for cars is expected to weaken in China and debt-laden Europe over the remainder of 2012. The company said its auto sales in overseas markets jumped 15 percent during the first half of the year, offsetting a 5 percent sales drop in South Korea. Hyundai sold 2.18 million vehicles in the six months, a 12 percent increase from a year earlier. (Malaya Business Insight)



	Tuesday, July 31 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%