



DASHBOARD

Changing News. Your Guide.

AVID Daily E- News

August 22, 2012

Volume 4 No. 24

MACROECONOMIC SNAPSHOT

Significant drop in loan rates cited

Bank lending rates have dropped significantly over nearly a decade, freeing up more resources for loans but at the same time trimming possible profits of lenders as a central bank official called on the government to provide banks more avenues for investment. Average real interest rates decreased to a high of 4.89 percent and a low of 2.61 percent from their 2003 levels of 7.25 percent and 5.42 percent, respectively, data from the Bangko Sentral ng Pilipinas (BSP) showed. Despite the drop, BSP deputy governor Diwa Guinigundo told reporters, "Interest rates remain in favor of the Philippines that is why investments are going here. We are awash with funds." (Philippine Daily Inquirer)

Factory output slows further at start of Q3

Manufacturing activity at the start of the third quarter likely slowed further, according to the Philippine Institute of Supply Management. The purchasing managers index for manufacturing fell for a second month to 53.30 in July from 55.02 in June. The July PMI was the lowest in the last 12 months, but was still above the growth threshold. As a coincident indicator, the PMI tracks current production trends, and so is the closest indication of how the economy is performing now. An index above 50 reflects expansion, while a figure below that threshold signifies contraction. The lower PMI for July follows a pick-up in manufacturing activity in June. The National Statistics Office (NSO) on Wednesday reported that the volume of production index (VoPI) rose 4.4 percent from a year ago, recovering from the 4.1-percent contraction in May. (BusinessMirror)

Lenders see food price rise but no crisis yet

Global financial lenders are advising countries to prepare for the possibility of higher food bills in the coming months, but for the moment the International Monetary Fund and World Bank see few signs of a widespread food price crisis like in 2007-2008. The worst drought in half a century in the United States and poor crops from the Black Sea bread basket have lifted prices of corn, wheat and soybeans. The price of rice – a staple food in Asia and parts of Africa – has so far been unaffected. "We are not saying that we anticipate a major crisis at this point," said Juergen Voegele, director of the World Bank's Agriculture and Rural Development Department. "The world has enough food, but of course we cannot predict the weather and if something extraordinary happens we might find ourselves in a difficult situation again." (BusinessWorld)

FINANCIAL TRENDS

Weakness seen as Philippine market reopens Wednesday

Local stock trading is forecast to remain weak when the market reopens Wednesday as investors scramble for leads in an abbreviated trading week. Markets were closed Monday due to a holiday ending the Muslim holy month and Tuesday, having been declared Ninoy Aquino Day. (Philippine Daily Inquirer)

Peso slips again as QE3 hopes dim

The local unit plunged by 53.5 centavos to settle at P42.42 per dollar last Friday against its P41.885-per-dollar close the week before as US data raised the possibility the Federal Reserve may not need to further ease policy and as foreign investors cashed out of local stocks. Traders said the peso may trade within the P42- to P42.60-perdollar band this week. (BusinessWorld)

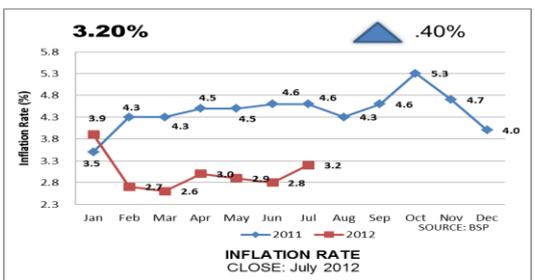
INDUSTRY BUZZ

Customer more satisfied with dealer after-sales service – study

Overall satisfaction with authorized dealer customer service in the Philippines has increased by 25 points, compared with 2011, to 821 on a 1,000-point scale, according to the J.D. Power Asia Pacific 2012 Philippines Customer Service Index Study. Among the brands included in the study, Chevrolet ranked highest for a second consecutive year with a score of 836 as it performed well in service quality and service advisor factors. Nissan with 832 came in second while Mazda's 831 points placed it in third. The study found Nissan performed well in vehicle pick-up factor while Mazda was cited in the service initiation and service facility factors. J.D. Power study examines five factors that contribute to overall satisfaction of vehicle owners who visit an authorized service center for maintenance or repair work during the first 12 months to 24 months of ownership, and these are service quality, vehicle pick-up, service initiation, service advisor, and service facility. (Manila Standard Today)

Honda holds off local launch of hybrid cars

Automotive maker Honda Cars Philippines, Inc. will hold off from introducing hybrid models into the local market until Congress passes tax breaks for this type of vehicle, an official said last week. "We are ready to introduce [hybrid] models as early as we can after the bill is passed in the Senate. The Senate is discussing the exemption of the vehicle duty on excise tax and with this kind of incentive, we can sell this car at a more affordable price," Honda President and General Manager Tatsuya Natsume said last week. (BusinessWorld)



	Friday, August 17 2012	Last Week	Year ago
Overnight Lending, RP	5.75%	6.00%	6.50%
Overnight Borrowing, RRP	3.75%	4.00%	4.50%
91 day T Bill Rates	2.01%	2.15%	3.85%
Lending Rates	7.64%	7.67%	7.79%

