

DASHBOARD

Changing News. Your Guide.

AVID Daily E- News

August 29, 2012

Volume 4 No. 28

MICROECONOMIC SNAPSHOT

Growth outlook upbeat

Strong growth in developing Southeast Asia is "credit positive," Moody's Investors Service yesterday said, with countries such as the Philippines expected to continue posting gains amid lackluster outlooks for other regional economies. As exports have been brought down by softening prices in international markets along with weak demand from the US and Europe, developing Southeast Asia has been supported mainly by domestic economies. Stable inflation and favorable consumer sentiment have sustained private household spending while foreign direct investments are also strong, it added, and more importantly government revenues have remained buoyant, reflecting profitable businesses and healthy labor markets. (BusinessWorld)

Gov't borrowings up 47% to P456.8 B

Total government borrowings rose to P456.816 billion as of end-July, 47 percent higher than the P309.800 billion the government borrowed in the same period last year, according to the latest data from the Bureau of Treasury (BTr). This as the government continues to borrow from both the foreign and domestic markets to finance its budgetary needs. However, total borrowings in the seven-month period showed that the government has been successful in reducing the foreign component of its debt. The Aquino administration wants to reduce its foreign debt component to help cushion the economy from foreign exchange fluctuations. (Philippine Star)

Infrastructure spending hike, FDI pressed

Describing infrastructure spending in the Philippines as "terrible," analyst Peter Wallace said government has to build more infrastructures and lure foreign direct investments (FDIs) to sustain faster gross domestic product (GDP) growth, which registered 6.4% in the first quarter. Mr. Wallace, chairman of the Wallace Business Forum, said in a forum here last Thursday that state infrastructure spending was equivalent to 3% of GDP in 2011, against an Asian average of 6%. He also noted that while action on projects under the public-private partnership program has been picking up from its slow start, there is still a lag between awarding of contracts to actual start of projects. (BusinessWorld)

FINANCIAL TRENDS

Index rises as investors gobble up bargain stocks

Local share prices went up by 32.27 points to close at 5,175.62 as investors gobbled up bargain stocks on hopes of a "better-than-expected" second quarter economic growth figures. Most sectoral indices closed in positive territory, led by property that jumped by 47.51 points to 1,986.56 and holding firms that expanded 43.98 points to 4,350.91. Financials gained 6.23 points to 1,281.77, while industrial edged up 15.83 points to 7,852.63. (The Philippine Star)

Peso falls on news Japan's economy may have shrunk

The peso fell on the first trading day of the week as the projection that the Japanese economy might have shrunk in the latest fiscal year dampened appetite for emerging-market assets. The local currency closed at 42.315 against the US dollar, down by 15 centavos from Friday's finish of 42.165:\$1. (Philippine Daily Inquirer)

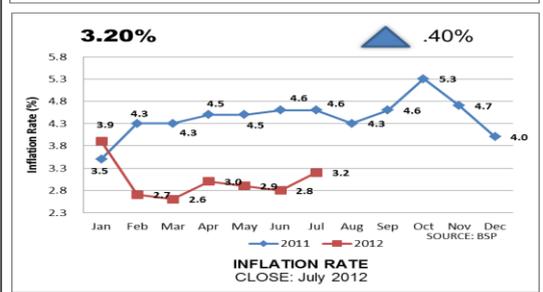
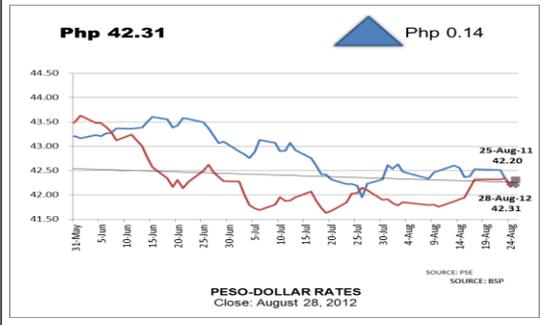
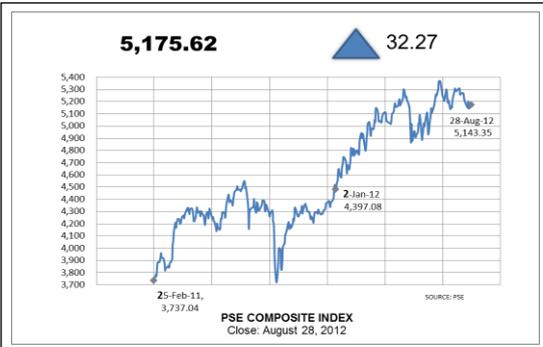
INDUSTRY BUZZ

Ford breaks ground on new plant in southwest China

Ford Motor Co. is building a sixth plant in China as part of an effort to increase its sales in the world's largest auto market. Ford CEO Alan Mulally attended a groundbreaking ceremony on Monday for the new \$600-million assembly plant in the south-western city of Chongqing. It will have the capacity to make 250,000 vehicles per year when it's finished in late 2014. The plant is Ford's third in Chongqing, including one that began producing the Ford Focus in February. Ford plans to double its production capacity in China to 1.2 million vehicles by 2015, making this the company's most rapid expansion in 50 years. (BusinessMirror)

GM investing \$220M to build new Cruze

General Motors says it will invest \$220 million at two Ohio factories to build the next generation Chevrolet Cruze compact car. The company says the investment in new equipment will preserve more than 5,000 jobs at factories in Lordstown, Ohio, near Youngstown, and Parma near Cleveland. GM says the new Cruze will get fresh styling, a nicer interior and better gas mileage than the version on sale now. (Malaya Business Insight)



	Tuesday, August 28 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	7.61%	7.64%	7.79%

