

MACROECONOMIC SNAPSHOT

Philippine economy grew 5.9% in 2nd quarter

The Philippine economy expanded 5.9 percent in the second quarter of the year, weaker than the revised 6.3 percent recorded in the first three months, as exports slumped and agriculture slowed. The growth rate was the weakest since the first quarter of 2009, highlighting the tremendous pressure building on export-reliant Asian economies from China and Japan to Southeast Asia to ramp up public spending or further ease monetary policy to shore up activity as the global malaise drags on. Still, the growth rate was among the highest in the region. Compared with neighboring economies, the second-quarter growth was higher than Malaysia's 5.4 percent, Thailand's 4.2 percent, Vietnam's 4.7 percent and Singapore's 2 percent, but lower than Indonesia's 6.4 percent and China's 7.6 percent. (Philippine Daily Inquirer)

BSP ready to tweak policy

Monetary authorities stand ready to tweak policy to keep inflation within target, the central bank chief said yesterday, with second-quarter growth expected to draw capital inflows and the government having vowed to accelerate spending. The BSP's policy-making Monetary Board has reduced key rates by a total of 75 basis points so far this year, the last being a 25-bps cut in July. Prior to the release of the second quarter's growth result of 5.9% yesterday, analysts had forecast one more rate cut before the end of the year. (BusinessWorld)

Gov't won't revise full-year growth target

The Aquino administration is optimistic that the plan to roll out eight public private partnership (PPP) projects for this year will be met. At the sidelines of the second quarter GDP press conference yesterday, PPP Center Executive Director Cosette Canilao identified the PPP projects that will be rolled out for 2012. Three PPP projects have already been rolled out early this year, while the remaining five projects will be ready before the year ends. (Malaya Business Insight)

FINANCIAL TRENDS

Lackluster PH trading seen

After last week's upswing, the local stock market may return to a consolidation mode this week or even pull back slightly on the dearth of incentives to load up on equities in a big way. Last week, the main-share Philippine Stock Exchange index gained 51.84 points, or 1 percent, to close at 5,196.19. (Philippine Daily Inquirer)

GDP data continues to buoy peso

The peso continued to strengthen for the second straight trading session on Friday as sentiment remained buoyant after the release of second quarter growth data on Thursday and as dealers sold the dollar ahead of Federal Reserve Chairman Ben Bernanke's speech on Friday night. After surging by 11.5 centavos on Thursday, the local unit strengthened by another 17 centavos to settle at P42.06 per dollar against its P42.23-per-dollar close on Thursday. (BusinessMirror)

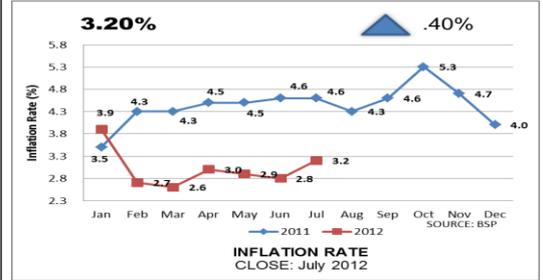
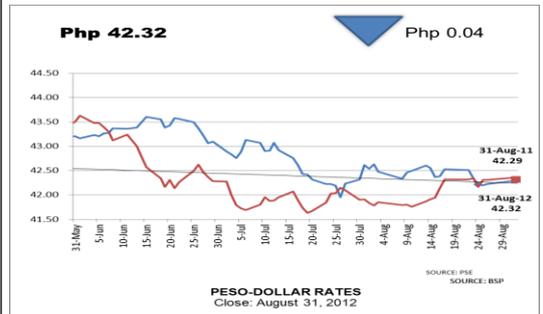
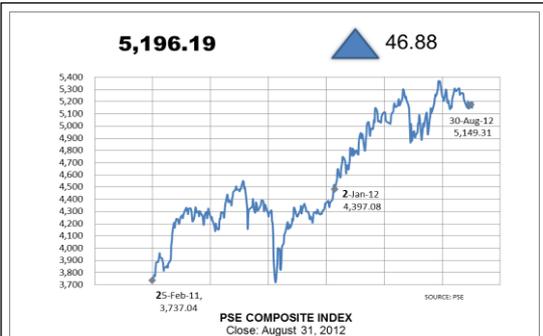
INDUSTRY BUZZ

Hyundai targets 25,000-unit sales in 2012

Vehicle importer Hyundai Asia Resources Inc. (Hari) expects to sell 25,000 units this year, and can even go as high as 32,000 units, if it will be given a higher allocation by its parent unit in South Korea. Ma. Fe Perez-Agudo, president and CEO of Hari, said demand has been very strong for Hyundai models this year although sales potential is constrained by the supply limits that Hyundai is experiencing worldwide. Its passenger car sales grew by 58 percent to 8,926 units boosted by the Accent sedan and the EON compact sedan. Hari's sales in the light commercial vehicle segment, however, dropped by 14 percent for the period to 5,355 units. (BusinessMirror)

Ford on track to beat Toyota with best-selling car

The stylish and nimble Ford Focus is on track to unseat Toyota's aging Corolla to become the world's top-selling car, according to Ford. The company says it sold 489,616 Focus sedans and hatchbacks globally in the first half of 2012, besting the Corolla by almost 27,000. The Focus has several advantages, says Aaron Bragman, an automotive industry analyst for IHS Global Insight. It is newer, features better handling and styling, has superior technology and a much nicer interior than the Corolla. Ford's recently revamped Focus is sold in more than 100 countries worldwide. It's a strong seller in the U.S., where Focus sales were up 31 percent in the first half of the year compared with 2011. But the Corolla is still king in the U.S., where it outsold the Focus by nearly 27,500 in the first half of the year. (The Philippine Star)



	Friday, August 31 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%

