



# DASHBOARD

Changing News. Your Guide.

AVID Daily E- News

October 1, 2012

Volume 4 No. 51

## MACROECONOMIC SNAPSHOT

### Gov't still to catch up on spending target

Infrastructure spending as of August remained less than half of the full-year program, Budget department data showed, with only four months left in 2012 and the dry season over. Spending hit P122.6 billion in the eight-month period, accounting for only 41.14% of the yearend goal of P297.98 billion. It was still up 65.1% from a year earlier, pushed by carry-over payments for the completion of prior years' projects and the settlement of billings for this year's programs. It should be noted that the base was low last year as the Aquino administration implemented procurement reforms. Budget Undersecretary Laura B. Pascua admitted that infrastructure spending was still way below the yearend target but assured that work was underway to catch up. (BusinessWorld)

### Gov't to borrow P90B in 4th qtr

The government has programmed to borrow P90 billion from the domestic market in the fourth quarter of the year, the Bureau of the Treasury (BTr) said yesterday. According to the program, the government will issue P45 billion worth of 91, 182, and 364-day Treasury bills (T-bills) and another P45 billion worth of five, seven and 10-year Treasury bonds (T-bonds). The P90 billion is lower than the third quarter borrowing program of P108 billion, the second quarter debt plan of P106 billion and first quarter's P117 billion. The Treasury retained the issue size for T-bills at P7.5 billion per auction and P9 billion for T-bonds. The government relies on local and foreign borrowing to fund its budget deficit, which is expected to hit roughly P279 billion this year or 2.6 percent of gross domestic product (GDP). Last year, the budget gap hit P197.8 billion, lower than the original program of P300 billion set for 2011. (The Philippine Star)

### Climate change choking economy

Climate change caused by global warming is freezing the world economy and already leading to the deaths of millions every year, a report commissioned by 20 of the world's most vulnerable countries said Wednesday. "Climate Vulnerability Monitor: A guide to the cold calculus of a hot planet" says global warming will not only lead to environmental catastrophe, but is choking the international economy. Key findings include estimates that carbon-intensive economies and associated climate change are responsible for five million deaths a year, 90 percent of them related to air pollution. "Failure to act on climate change already costs the world economy 1.6 percent of global GDP amounting to \$1.2 trillion in forgone prosperity a year," said the report, produced by the DARA research center and released at the Asia Society in New York. (Manila Bulletin)

## FINANCIAL TRENDS

### Philippine stocks seen to pull back

Local stocks may pull back this week after last week's quarter-end window-dressing and improved global sentiment brought the main index closer to record highs. The Philippine Stock Exchange index gained 54 points, or 1 percent, last week to close at 5,346.10 on Friday. The index is nearing the all-time high closing of 5,369.98 and the record intraday high of 5,403.16, both seen last July. (Philippine Daily Inquirer)

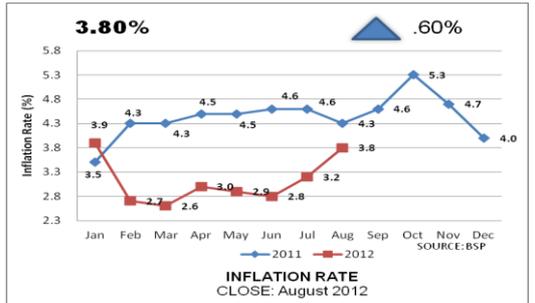
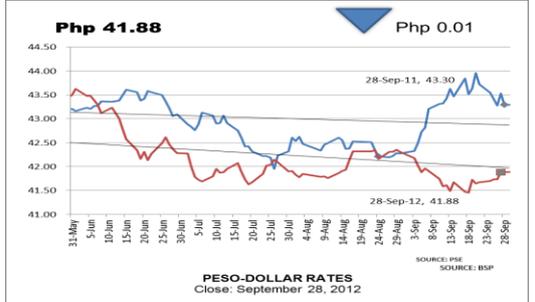
### Peso to take direction from abroad

Developments in offshore markets are expected to continue setting the peso's direction against the dollar this week. Currency dealers interviewed by phone last Friday said the peso may trade within the P41.50-to P42-per-dollar band this week. The local currency slid by four centavos to finish at P41.70 per dollar last Friday against its P41.66 per dollar close the previous week. (BusinessWorld)

## INDUSTRY BUZZ

### Japanese auto makers face a tougher U.S. market

Auto makers on Tuesday will report new-vehicle sales for September and are expected to show healthy growth. Market researchers such as Edmunds.com and TrueCar.com predict sales of about 1.1 million cars and light trucks, a rise of almost 11% from a year earlier. But a close look at forecasts indicates that much of the gain is driven by two manufacturers: Toyota Motor Corp. and Honda Motor Co. TrueCar forecasts that Toyota's sales rose 33% in September and that Honda's rose 27%. That compares with depressed levels a year ago, when the two still were reeling from disruptions caused by the March earthquake in Japan. Their Detroit rivals are on track for smaller increases. TrueCar sees Ford Motor Co. reporting a 1.3% rise, and General Motors Co. a 2.5% bump. Sales at Chrysler Group LLC are expected to increase 8%. The difference reflects on just how tough the competition is in today's auto industry. The Detroit Three have recovered from the auto crash of 2008-09 and now field lines of passenger cars that can go toe to toe with the best Japanese models. (BusinessWorld)



	Friday, September 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	0.75%	2.15%	3.85%
Lending Rates	7.49%	7.56%	7.79%

