



DASHBOARD

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MACROECONOMIC SNAPSHOT

Gov't tax effort improves to 15.4%

The government's tax effort – tax revenues as a percentage of gross domestic product – improved to 15.4 percent as of end-July, already beating the full-year program of 13.4 percent, latest data from the Department of Finance (DOF) showed. The January to July tax effort is better than the 14.7 percent recorded in the same period last year. In July alone, the tax effort improved to 12.7 percent from 12.1 percent a year ago, Finance data also showed. The tax effort is a measure of the government's ability to collect taxes that is commensurate with the growth of the economy. It is an indicator of how well the government is doing in terms of tax collection, relative to what could be expected given the economy's potential. (The Philippine Star)

BSP refuses to print money to weaken peso

The Bangko Sentral ng Pilipinas has ignored proposals for it to print more money so that the peso will become weaker than it is now against the US dollar. Although the BSP admitted that it has been buying dollars from the market to help temper the appreciation of the local currency, it stressed that it would not increase its dollar-buying activities just so the peso would become artificially weak. According to BSP Governor Amado Tetangco Jr., the act of printing more money to significantly weaken the peso will have serious and adverse effects on the economy. The proposal for the BSP to print more money and be more aggressive in dollar buying came amid concerns that the appreciation of the peso is making the country's export and business process outsourcing (BPO) sectors less competitive. (Philippine Daily Inquirer)

Inflation seen inching up for the rest of 2012

Inflation could tick higher in the remaining months of the year after a slight easing in September as the holidays is expected to buoy consumer demand, the central bank said. Still, inflation or the rise in consumer prices is expected to settle within the Bangko Sentral ng Pilipinas' (BSP) 3-5% target range, central bank Deputy Governor Diwa C. Guinigundo said. Consumer prices eased to 3.6% in September from the seven month high of 3.8% in August. In the nine months to September, inflation averaged 3.2%, slightly below the forecast average of 3.4%. (BusinessWorld)

FINANCIAL TRENDS

PH stocks seen testing 5,500 mark

After last week's breakout to new all-time highs due to a surge in foreign inflows, the main local stocks index is seen testing 5,500 this week. Last week, the main-share Philippine Stock Exchange index surged 1.75 percent to 5,439.84 on fresh hopes that the Bangko Sentral ng Pilipinas will ease monetary policies and rosier local economic growth forecasts. (Philippine Daily Inquirer)

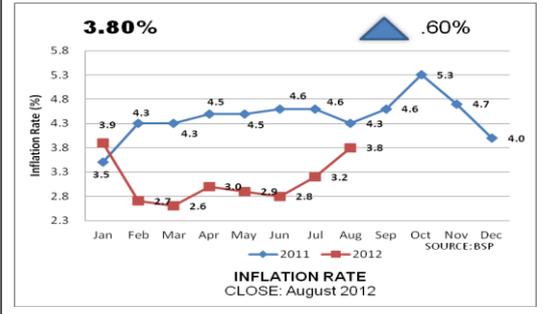
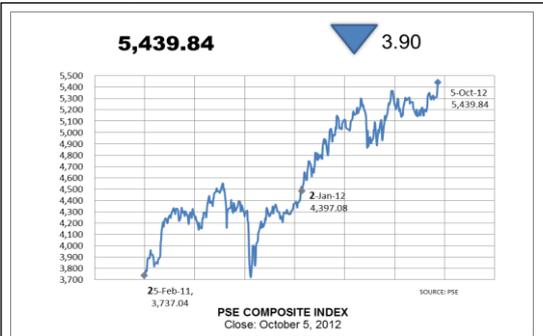
Peso to take direction from overseas

News from the US and the euro zone are expected to direct the peso's movement against the dollar this week. The local unit strengthened by 27 centavos to close at P41.43 per dollar last Friday against its P41.70-per-dollar close the week before. Currency traders interviewed by phone last Friday said the peso may trade within the P41.20-to P41.70 per-dollar band this week. (BusinessWorld)

INDUSTRY BUZZ

Ford sales down 21% in January-September

The local unit of Ford Motor Co. saw its sales drop by 21 percent in the January to September period from the same period a year ago as it prepares for the closure of its assembly operations in the Philippines. Anika Salceda, assistant vice president for corporate communications of Ford Group Philippines said in a text message that as of end-September, the company's sales reached 5,627 units, lower than the 7,129 units sold in the same period last year. She attributed the lower sales to the impact of the heavy flooding in Thailand last year. Ford's recently launched vehicles are the all-new Ranger, the all-new Explorer with EcoBoost, the all-new Focus and the iconic Mustang sports car. For the month of September alone, Ford Philippines sold 964 units, the highest monthly sales for the year. Compared to the 574 units sold in August though, Ford Philippines' sales were up by 68 percent in September. The higher month-on-month sales were seen to be given an extra boost by the four new vehicles. Ford Philippines will be shutting down its assembly operations in Laguna in December. While it is set to halt its assembly operations, the firm remains committed to the Philippines as it is on track to add new locations to its authorized dealer network by year-end to support its growth plan. (The Philippine Star)



	Friday, October 5 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	7.44%	7.45%	7.79%

