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MACROECONOMIC SNAPSHOT

World Bank raises Phl growth outlook

The World Bank has revised upwards its economic growth outlook for the Philippines, but downgraded its growth forecast for East Asia and the Pacific region. In its East Asia and Pacific Economic Data Monitor report released yesterday, the World Bank reflected its optimism towards the Philippine economy by revising its original 4.6- percent expansion of gross domestic product (GDP) to five percent. The World Bank's 4.6- percent growth outlook for the Philippines is already an upward revision from its original start-of-the-year forecast of 4.2 percent, influenced principally by the remarkable 6.4- percent economic expansion in the first quarter of 2012. The Philippines' GDP grew 7.6 percent in 2011 from the anemic 3.9 percent recorded in 2010. (The Philippine Star)

14k Filipinos lost jobs in H1, data show

Data from the BLES show that from January to June, 14,034 workers were "permanently displaced" as 1,018 firms suffered financial or organizational problems as well as lack of demand or raw materials for their products. Most of the affected workers were in real estate, renting and business activities (5,321 individuals); wholesale and retail (2,575); and manufacturing (3,009). In the manufacturing sector, most of those laid off worked for employers doing business in food and beverages, wearing apparel, and fabricated metal products other than machinery and equipment. Among these companies that resorted to permanent closure or retrenchment, most of them did so because of the need to reorganize or downsize and rationalize redundant positions (with 628 firms); lack of market or slump in demand for their outputs (155); and financial losses (109). (Philippine Daily Inquirer)

IMF official says Phl needs to address investment barriers

The Philippine government can increase the value of foreign direct investment (FDIs) in the country by creating a more competitive environment and by addressing barriers to investment such as corruption, an International Monetary Fund (IMF) official said. IMF fiscal department advisor Kiyoshi Nakayama said that tax incentives are not the primary factor that influences investors. In the Philippines, he said infrastructure, integrity of public institutions, education and training and other issues are needed to be improved to be competitive. (The Philippine Star)

FINANCIAL TRENDS

Stocks further ease

Stocks eased further on Monday after reaching new record highs last week, bucking the World Bank's higher growth forecast for the Philippines. The Philippine Stock Exchange index (PSEi) slid by 0.10% or 5.71 points to close at 5,434.13, while the broader all-share index fell by 0.10 point to 3,590.80. "The local market paused for a healthy technical breather as investors cashed in gains following the recent run-ups last week," said Freya B. Natividad, analyst at online brokerage 2TradeAsia.com. (BusinessWorld)

P/\$ rate stands at P41.43/\$1

The peso exchange rate stands at P41.43 to the US dollar, the closing rate last Friday at the Philippine Dealing & Exchange Corp. (PDEX). The weighted average rate stands at P41.409. (Manila Bulletin)

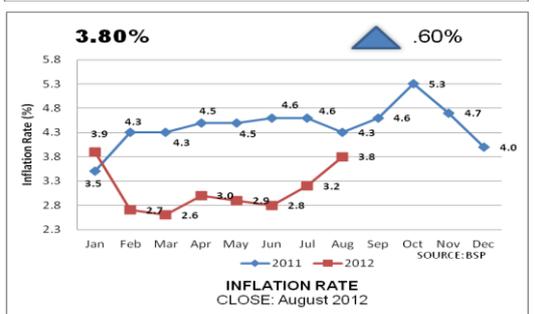
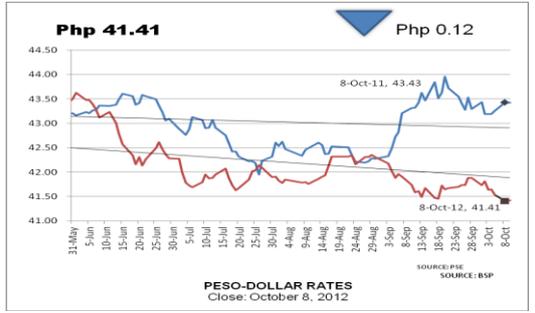
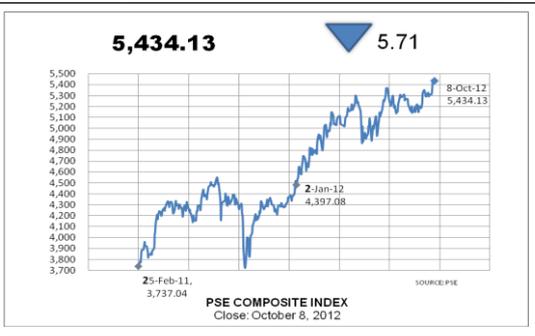
INDUSTRY BUZZ

Toyota Motor China sales tumble 40%

Toyota Motor Corp.'s China sales fell about 40% in September from the year before, while those of rivals such as Hyundai and BMW jumped, underscoring how badly Japanese brands have been hit by a territorial row between the two countries. Showroom traffic and sales have plunged at Japanese car makers since violent protests and calls for boycotts of Japanese products broke out across China in mid-September over the Japanese government's purchase of a group of disputed islands in the East China Sea from their private owner. A prolonged sales hit of this scale could threaten profit forecasts at Toyota, Nissan Motor Co. and others as China, the world's biggest car market, makes up a bigger portion of their global sales. (BusinessWorld)

Volkswagen slashes output target

Volkswagen (VW) halted production in Germany of its Passat cars this week as part of a wider move to cut its group output target for the year by about 300,000 vehicles because of the European market slump, company sources said. The global production target for the VW group, which includes luxury division Audi, has been cut to 9.4 million cars this year, up on last year's output of 8.5 million but short of the goal originally set for this year of about 9.7 million, the sources said on Friday. (BusinessWorld)



	Monday, October 8 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%

