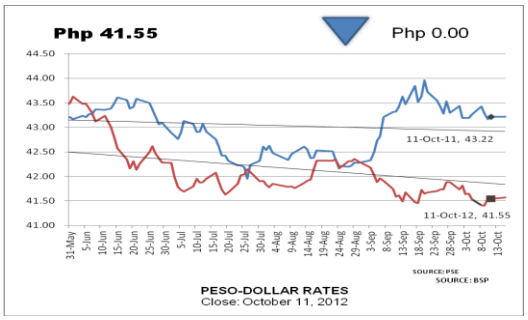
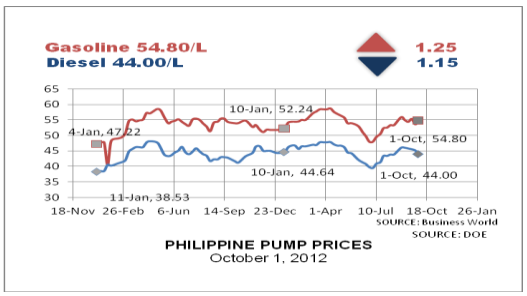
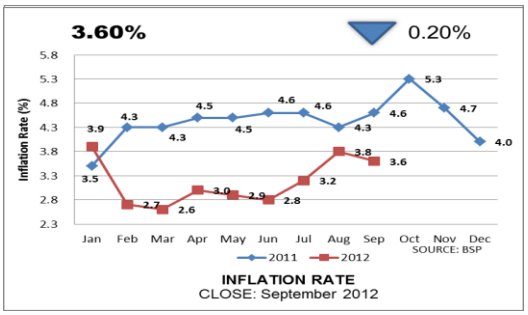
AVID
ASSOCIATION OF VEHICLE IMPORTERS AND DISTRIBUTORS

DASHBOARD

Changing News. Your Guide. AVID Daily E- News October 12, 2012 Volume 4 No. 60







	Thursday, October 11 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	0.71%	2.15%	3.85%
Lending Rates	7.44%	7.45%	7.79%

MACROECONOMIC SNAPSHOT

$1.025B in FDI flowed in from Jan. to August

Foreign direct investment, the kind that stays for the long haul in the country and generates not just employment but taxes for the national coffers as well, almost doubled in the first seven months to $1.025 billion. In July alone, net FDI inflows totaled $108 million, which was a turnaround from a year ago when the Bangko Sentral ng Pilipinas reported a net outflow totaling $261 million. The FDI's doubling, according to the BSP, happened against a backdrop of what it described as a challenging external environment. "Cumulative flows reached $1 billion in the first seven months of 2012, nearly twice the $568-million level recorded in the same period in 2011. Gross equity capital placements for January to July 2012 reached $1.3 billion, close to a fourfold increase from the $356 million posted in the previous year," it said. (BusinessMirror)

Export growth target scaled downwards to 5%-7% in 2012

As exports dropped a steep 9 percent in August, the Department of Trade and Industry and the private sector have settled for a realistic full year growth of between 5-7 a percent instead of the 10 percent growth goal. "We are not changing our 10 percent growth target this year, but a 5-7 percent growth is more realistic," DTI Secretary Gregory L. Domingo said in an interview after his speech at the ongoing 38th Philippine Business Conference in Manila Hotel as exports in August dropped 9 percent largely pulled by the 14 percent drop in the electronics exports and the year to date growth at 5.6 percent. Domingo noted that the continuing drop in the electronics exports mirrors the 50 percent decline in car sales in Japan. He, however, expressed belief that the electronics sector is bottoming out after a big drop in 2011 of 24 percent and possibly 8 percent this year. (Manila Bulletin)

Forecasts raised, warning aired

Standard & Poor's (S&P) has hiked its Philippine growth forecasts for 2012 and 2013, but external threats may dent the country's chances of getting an investment grade credit rating. The economy could grow by 4.9% this year and 5% next year, S&P yesterday said in a report, up from the 4.3% and 4.5%, respectively, that it set in July as a base case scenario. The brighter outlook came as the Philippines grew by 6.1% in the first semester, surpassing the government's full-year target of 5-6%. "The outlook for the second half is still subject to risks from falling external demand. However, the main growth factors -- domestic consumption and, its underlying support, remittances -- remain robust," S&P said. (BusinessWorld)

FINANCIAL TRENDS

Local shares end 0.30% down

Local shares closed lower again yesterday, extending their losing streak to five days following an overnight loss in Wall Street. The benchmark Philippine Stock Exchange index (PSEi) ended 16.13 points or 0.30 percent lower at 5353.47 points on heavy volume. (Manila Bulletin)

Peso weakens on Spain credit rating downgrade

The peso further weakened against the dollar yesterday as market players turned risk averse after Standard & Poor's downgraded Spain's credit rating, but the local unit's slide was tempered by an upbeat jobs report from Australia. After losing nine centavos last Tuesday, the peso lost two-and-ahalf centavos to settle at P41.575 per dollar against its P41.55-perdollar finish the previous day. (BusinessWorld)

INDUSTRY BUZZ

Car sales rise 6% to 111,582 units in January-September

Local car assemblers reported a six-percent rise in sales in the first nine months of the year, riding on the back of strong economic growth and launch of new models. In a statement yesterday, the Chamber of Automotive Manufacturers of the Philippines Inc. (CAMPI) said total sales hit 111,582 units as of end-September, higher than the 105,306 units sold in the same period last year. "CAMPI's performance can be attributed to the continued strength that the Philippine economy has shown this year," it said. The group added that the influx of new models likewise contributed to higher sales. For the month of September alone, CAMPI members sold 12,856 units, up 2.8 percent from last year's 12,509 units. (The Philippine Star)

China Car Sales Fall Amid Japan Tensions

China's territorial spat with Japan is taking a toll on the world's No. 1 auto market, leading to its first monthly sales slump in nine months and adding to industry wide pressures that include a slowing Chinese economy and a surfeit of car factories. China's territorial spat with Japan is taking a toll on the world's No. 1 auto market, leading to its first monthly sales slump in nine months and adding to industry wide pressures that include a slowing Chinese economy and a surfeit of car factories. (Wall Street Journal)