

# DASHBOARD

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## MACROECONOMIC SNAPSHOT

### Economy seen expanding 5.7% this year

The economy could expand by 5.7 percent this year as steady flow of remittances buoys consumption growth and investment, an investment bank said yesterday. "The recent acceleration of remittances points to robust (third quarter) private consumption growth. At the same time, fiscal spending is also supporting public spending and investment," HSBC economist Trinh Nguyen said in a research note. "Growth, therefore, is expected to reach the government's five to six-percent target," she added. Data released on Monday showed cash remittances growing 7.6 percent in August to \$1.797 billion, bringing the year-to-date tally to \$13.733 billion, up 5.5 percent. Nguyen said "the acceleration of remittances was much stronger than expected." This, in turn, highlighted the Philippines' service-driven economy, she explained, adding that this could cushion the impact of the weakening export sector, which unexpectedly dropped by nine percent in August. (The Philippine Star)

### Foreign Debt Service Eases 13.6%

The government and private sector is paying less external debt service this year compared to 2011 with debt service burden declining 13.6 percent as of the end of the first semester. Data from the Bangko Sentral ng Pilipinas (BSP) showed that as of end-June, debt service burden dropped to \$3.279 billion from \$3.798 billion the same period last year, partly from prepayments and adjustments to foreign exchange rates. The principal debt service in the first six months totaled \$1.932 billion, 24 percent lower compared to \$2.543 billion in 2011. As for interest payments, this increased by 7.33 percent to \$1.347 billion from \$1.255 billion in end-June last year. (Manila Bulletin)

### Manufacturing sector posts slower growth

Philippine factory output slightly weakened in August, showing the impact of weather disturbances on the manufacturing sector during the month. Data from the National Statistics Office showed that the country's manufacturing output grew by 3.5 percent in August, which was slower than the revised 3.7 percent in July. "Extraordinary events in August, particularly the destructive monsoon rains, pulled down manufacturing activity," Cid Terosa of the University of Asia and the Pacific said via text message. August had fewer working days with two long weekends during the month (during a four-day holiday from Aug. 18 to 21 and a three-day break from Aug. 25 to 27) and the suspension of work in certain days due to flooding brought by the monsoon rains. (Philippine Daily Inquirer)

## FINANCIAL TRENDS

### Local shares close 0.71% up

Local shares extended their advance into a fourth straight session yesterday, tracking gains in overseas equities markets, especially big gains overnight in Wall Street. The main gauge Philippine Stock Exchange index (PSEi) closed 38.44 points or 0.71% at 5438.38, with heavy volume. A total of 7.98 billion shares valued at P7.32 billion changed hands with 89 issues gaining, 66 losing and 53 unchanged. (Manila Bulletin)

### P/\$ rate closes at P41.185/\$1

The peso exchange rate closed higher at P41.185 Rs 41.185 to the US dollar yesterday at the Philippine Dealing & Exchange Corp. (PDEX) from P41.33 the previous day. The weighted average rate appreciated to P41.21 from P41.378. Total volume amounted to \$1.119.3 billion. (Manila Bulletin)

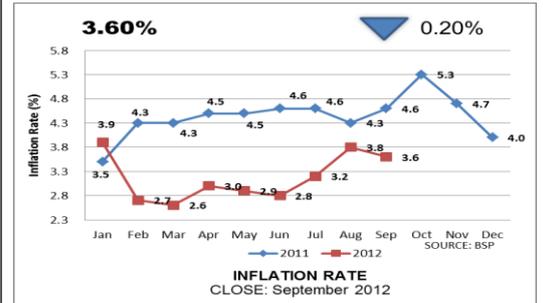
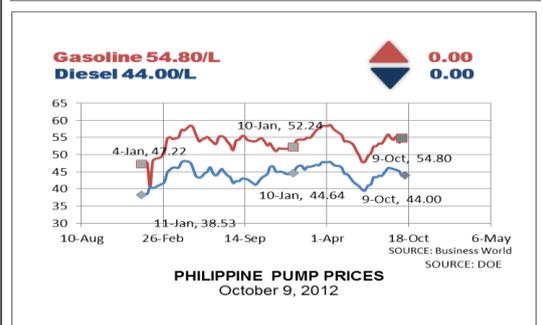
## INDUSTRY BUZZ

### Peugeot targets to expand dealership network by next year

Eurobrands Distributor, Inc., the franchise holder of French car brand Peugeot in the Philippines, plans to aggressively expand its dealership network to 15 by next year from its present three branches in order to support the firm's goal of selling more units in the next five years, an official said yesterday. "Peugeot will be with Eurobrands and in the Philippines not only today, here, and now, but for a long time to come. We are making that a certainty by opening no less than 12 full-service dealerships before the end of 2013," Felix J. Mabilog, Jr., Eurobrands president, said in his opening remarks at the Peugeot Brand Experience press conference at the Sofitel Philippine Plaza, Manila yesterday. (BusinessWorld)

### Toyota to halt production at China plant

Toyota plans to halt production next week at its biggest assembly plant in China, reports said Tuesday, with demand for Japanese cars slumping because of a bitter territorial row between Tokyo and Beijing. Toyota, the world's biggest automaker in the first half of 2012, said it will suspend production for a week starting Monday at its Tianjin FAW plant in the country's northeast, the leading Asahi Shimbun reported. The factory, one of nine Toyota plants in the country, accounts for about 60 percent of Toyota's China production, the report said. (BusinessWorld)



	Wednesday, October 17 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	7.54%	7.44%	7.79%

