

## MACROECONOMIC SNAPSHOT

### Inflation seen at 2.9-3.8% in Oct

Inflation is expected to have slowed further this month due to lower food and oil prices and the peso's appreciation against the dollar, the Bangko Sentral ng Pilipinas (BSP) said yesterday. The rise in consumer prices is seen settling between 2.9 percent and 3.8 percent in October from September's 3.6 percent, BSP Governor Amando Tetangco Jr., said in a text message to reporters. "This reflects a downtrend in price increases as supply of major food groups, including rice, was sufficient to meet demand. Price of Dubai crude oil also declined," Tetangco explained. "These, together with peso appreciation, could have offset increases in domestic prices of premium and regular kerosene and electricity charges to cause an over-all slower inflation for the month," he added. (The Philippine Star)

### PHL loans from European banks only 7.5% of GDP

The country's reliance on funds from European banks to finance its growth requirements equals only a small fraction of its local output or the gross domestic product, amounting more or less 7.5 percent of GDP, a paper published by the International Monetary Fund show. Based also on data published elsewhere, the Euro zone bank-originated funding equals an estimated \$16.8 billion and affords the Philippines a measure of insulation in the event the global flow of credit dries up. This development forms part of a larger set of findings in which Asian economies were adjudged less dependent on euro zone bank funding than counterparts in Latin America or emerging Europe. (BusinessMirror)

### China's economy to rebound in Q4

China's economy will probably rebound in the fourth quarter, Jia Kang, a Ministry of Finance researcher, said at a conference reviewing China's economic performance in Beijing on Saturday. China will achieve its full-year growth target of 7.5 percent and "the rebound in the fourth quarter is likely to extend into next year," Jia said at the quarterly conference at the China Center for Economic Research, Peking University. China's budget deficit may also increase a little next year, "but there will be no significant increase," Jia said. While China may also issue more local government bonds in 2013, "overall local government debt risks are under control," he said. (BusinessMirror)

## FINANCIAL TRENDS

### Local shares end 0.14% down

Local shares closed lower yesterday, ignoring the central bank's decision to cut key policy rates by 25 bps to a fresh record low. The benchmark Philippine Stock Exchange index (PSEi) ended 7.74 points or 0.14 percent lower at 5397.42. Volume was heavy. A total of 8.86 billion shares valued at P5.2 billion were traded with 86 issues declining, 81 gaining 43 unchanged. (Manila Bulletin)

### P/\$ rate stands at P41.21/\$1

The peso exchange rate stands at P41.21 to the US dollar, the closing rate last Thursday at the Philippine Dealing & Exchange Corp. (PDEX). The weighted average rate stands at P41.30. (Manila Bulletin)

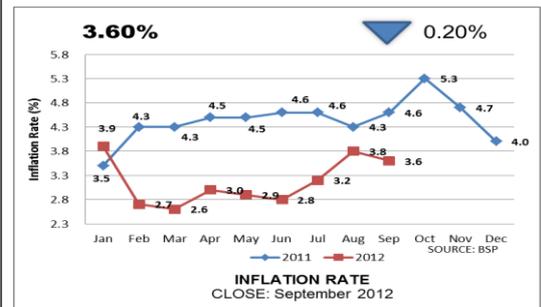
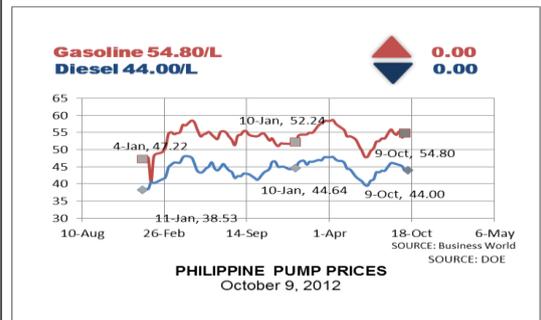
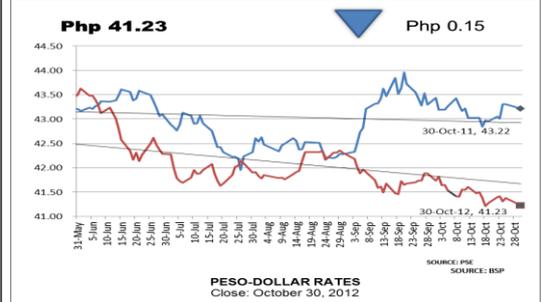
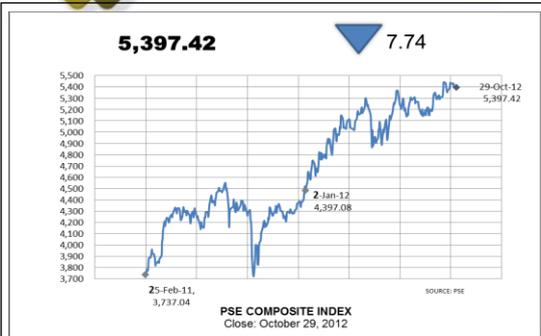
## INDUSTRY BUZZ

### Ferrari unveils record results in first half

Ferrari S.p.A, under the chairmanship of Luca di Montezemolo, recently announced the company's financial results for the first half of 2012. As of June 30th, Ferrari once again registered a record in revenues and in the numbers of cars delivered. Revenues reached 1,208 million euros (+11.9 per cent), while a total of 3,664 homologated roadcars were delivered to dealerships, an increase of 7.4 per cent. Sales in the USA remain buoyant, with an increase of 17 per cent to 851 cars, and continue to be Ferrari's largest market, accounting for 23 percent of worldwide sales. (The Philippine Star)

### Japan Car Makers Cut Back Production

Japanese car makers cut back production sharply in Japan and China in September, as the end of government incentives slowed domestic sales and a territorial spat sparked anti-Japanese sentiment in Asia's largest economy, denting local output toward the end of the month. The Japan Automobile Manufacturers Association expects domestic auto sales of 4.8 million vehicles for the current fiscal year through March, up 1.1%. But it expects a 21% drop in the second half starting October from the same period last year. Earlier this month, Toyota said sales plummeted 49% in September in China from a year earlier. Nissan said sales tumbled 35% and Honda reported a 41% drop. (Wall Street Journal)



	Tuesday, October 30 2012	Last Week	Year ago
Overnight Lending, RP	5.50%	5.75%	6.50%
Overnight Borrowing, RRP	3.50%	3.75%	4.50%
91 day T Bill Rates	0.46%	0.71%	3.85%
Lending Rates	7.57%	7.60%	7.79%