

MACROECONOMIC SNAPSHOT

Philippines gets credit upgrade from Moody's

An international agency has raised the credit rating of the Philippines from two notches to just one notch below investment grade, a positive development for the country amid global economic woes. As a result of Moody's decision, the country's credit ratings from all three major international credit watchdogs are now all at one notch below investment grade. In a decision announced yesterday, Moody's said the improved assessment of the creditworthiness of the Philippines was based on its healthy pace of growth, improving fiscal performance of the national government, stable banking sector and projected ability to keep a robust pace of economic expansion over the medium term. (Philippine Daily Inquirer)

Indicators point to slowdown

The economy appears headed for slower growth in the fourth quarter given a continued drop in an index tracking 11 key indicators. The composite leading economic indicator (LEI) dipped to 0.016 for the period from the third quarter's 0.131, which was also a decline from the 0.202 recorded three months earlier. "This signifies a possible deceleration in the country's economic performance for the period under review," the National Statistical Coordination Board (NSCB) yesterday said in a statement. (Business World)

BSP further cuts peso rediscount rate

The Bangko Sentral ng Pilipinas (BSP) has reduced the peso rediscount rate, after it cut policy rates last week, a statement read yesterday. The new rediscount rate is 3.5%, in line with the reverse repurchase rate that was slashed by 25 basis points (bps) from 3.75% during the Monetary Board meeting last Thursday. The policy-setting body brought rates to a new record low in an effort to prompt more investment and consumption to buoy the domestic economy amid the continued global slump. (Business World)

FINANCIAL TRENDS

Stocks take direction from Japan CB action

Asian stock markets, including the Philippines, traded upward yesterday, kept afloat by expectations that Japan's central bank will announce action to help the country break out of its economic slump. At the Philippine Stock Exchange (PSE), the main composite index climbed 29.25 points to settle at 5,426.76. Market breadth was positive with gainers outnumbering losers, 84 to 78 while 43 issues were unchanged. Total volume turnover reached 5.40 billion shares valued at P6.26 billion. (Philippine Star)

P/\$ rate closes at P41.20/\$1

The peso exchange rate closed higher at P41.20 to the US dollar yesterday at the Dealing & Exchange Corp. (PDEX) from P41.28 the previous day. The weighted average rate depreciated to P41.26 from P41.23. Total volume amounted to \$702.3 million. (Manila Bulletin)

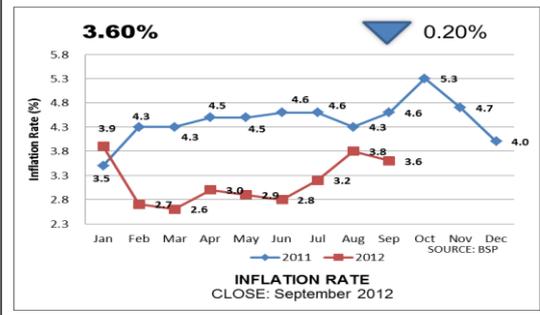
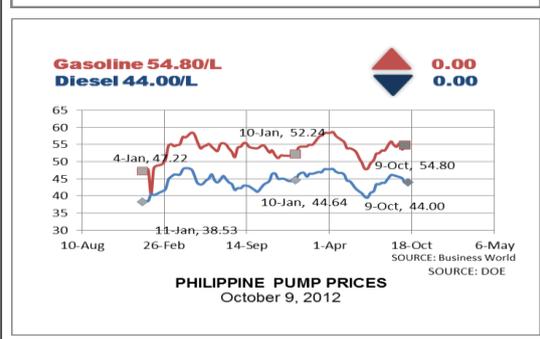
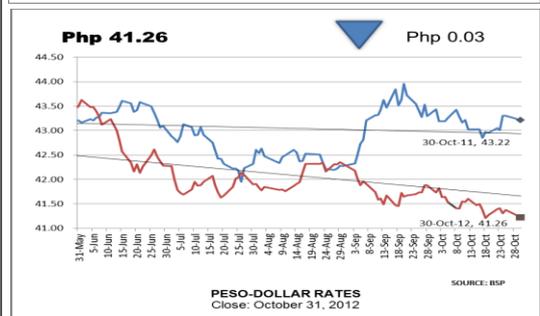
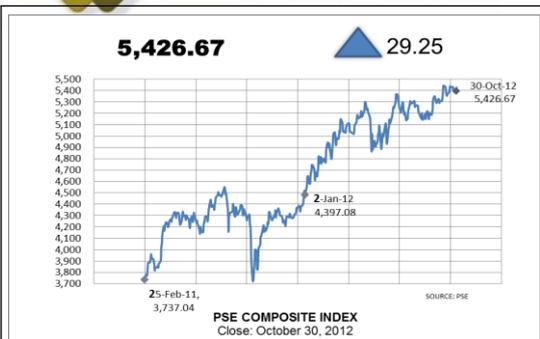
INDUSTRY BUZZ

Honda profit jumps, lower forecasts on China woes

Honda's quarterly profit surged 36 percent as Japanese automakers bounced back from last year's tsunami disaster in northeastern Japan, but the company lowered its annual forecasts Monday because of a sales plunge in China. Sales jumped 20 percent to 2.27 trillion yen. But the Tokyo-based manufacturer of the Accord sedan, Fit compact and Asimo humanoid robot lowered its forecasts for the business year through March 2013. It cited the recent sales drop in China sparked by a territorial dispute that has set off violent protests in parts of China and a call to boycott Japanese goods. It now expects to sell 4.1 million vehicles in the year through March 2013, down about 180,000 from the earlier projection to sell 4.3 million vehicles. (Business Mirror)

Toyota sees record global sales

Toyota is shrugging off a sales plunge in China set off by a territorial dispute and says it is headed to a record year on the back of strong growth in the rest of Asia and the U.S. Toyota Motor Corp. Executive Vice President Yukitoshi Funo acknowledged Monday that achieving the company's target of 9.76 million vehicle sales this year will be harder because of the problems in China. Violent protests and a call to boycott Japanese goods erupted after Tokyo nationalized tiny islands that are controlled by Japan but claimed by Beijing. (Malaya Business Insight)



	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%