

MACROECONOMIC SNAPSHOT

Inflation eases to four-month low of 3.1%

The National Statistics Office (NSO) reported that inflation eased to 3.1 percent in October as production of selected goods increased ahead of the holiday season. Cheaper prices of agriculture and fish products helped slow down overall price increases to the lowest in four months, the National Economic and Development Authority (Neda) added. Private economists said rice increases might still be tame even toward Christmas given recent trends and influencing factors, including the adequate supply of goods, the stronger peso and relatively tame oil prices. The latest figure brought the average inflation from January to October to 3.2 percent, or within the government's target range of 3 to 5 percent. Inflation in October was also lower than the 3.6 percent in September this year. (Philippine Daily Inquirer)

Q3 growth slowed to 5.5% from 5.9% in second quarter

Growth measured as the country's gross domestic product (GDP) likely slowed in the third quarter, averaging around 5.5 percent from 5.9 percent in the second quarter, the corporate and investment banking unit of the Bank of America (BofA) said. The anticipated slowdown, the merged entities now known as Bank of America-Merrill Lynch said, was among the number of events the central bank, the Bangko Sentral ng Pilipinas, considered when it recalibrated its monetary-policy stance and reduced its policy rates by another 25 basis points only recently. The economy proved resilient in the face of a global slowdown and grew by 6.4 percent in the first quarter to 5.9 percent in the second. According to the bank's researchers, the rise in public spending taken in conjunction with the steady growth in private consumption proved insufficient to lift the economy at a pace faster than 5.5 percent. (BusinessMirror)

'Commendable' first half for financial sector

The country's financial system continued to grow in the first semester as a robust domestic economy shielded banks from troubles in the United States and Europe, the Bangko Sentral ng Pilipinas (BSP) said. "Despite the lingering fragilities in the international financial system... the Philippine financial system continued to grow on the back of sound macroeconomic fundamentals and sustained implementation of deep-ranging reforms," the central bank said in a status report to President Benigno S. C. Aquino III and Congress. (BusinessWorld)

FINANCIAL TRENDS

PSEi closes at new high

The local stock market set a new record-high finish yesterday as investors loaded up on large-cap stocks on good prospects for the coming year. The main-share Philippine Stock Exchange index gained 15.79 points or 0.29 percent to close at 5,473.61. This was the 25th new high posted by the index this year, topping the record in the previous trading session. (Philippine Daily Inquirer)

P/\$ rate closes at P41.21/\$1

The peso exchange rate closed higher at P41.21 to the US dollar yesterday at the Philippine Dealing & Exchange Corp. (PDEX) from P41.24 the previous day. The weighted average rate appreciated to P41.24 from P41.245. Total volume amounted to \$750.7 million. (Manila Bulletin)

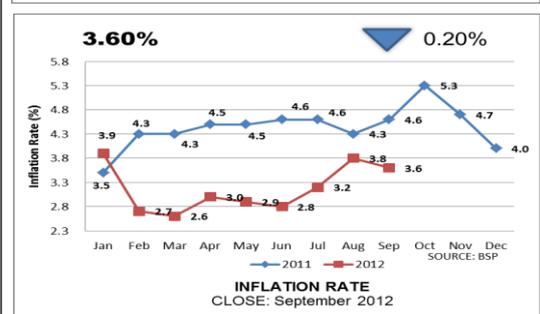
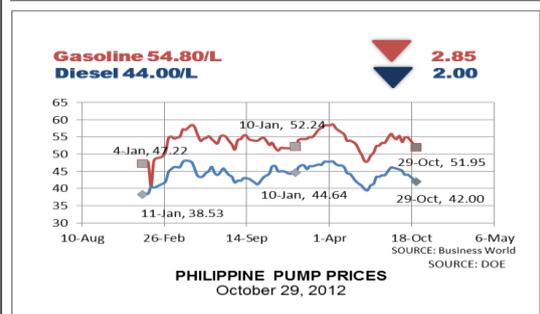
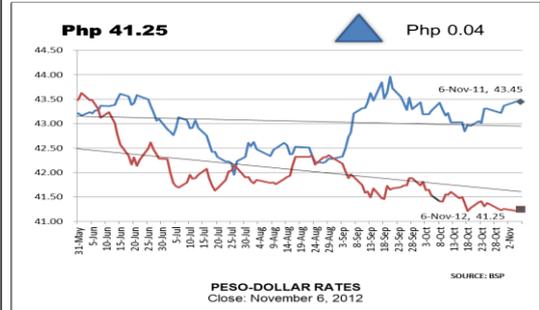
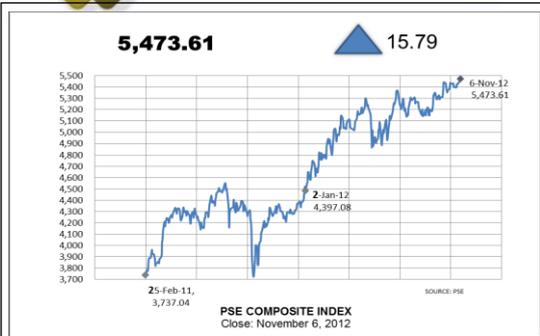
INDUSTRY BUZZ

Toyota ups full-year profit target to \$9.7B

Toyota Motor Corp. on Monday raised its earnings forecast for its fiscal year amid a third-quarter profit that tripled on a weaker yen and as U.S. sales gains offset a drop in China. Japan's top auto maker by sales lifted its profit forecast 2.6% to ¥780 billion (\$9.7 billion) from ¥760 billion for the fiscal year ending March 31. The brighter view reflects Toyota's greater resilience in China, a weaker yen, and reduced incentives and production costs. (BusinessWorld)

Volvo reports its U.S., China auto sales fell

Volvo Car Corp. on Monday said its vehicle sales in the U.S. and China plunged in October compared with a year earlier, triggering a 1.8% drop in its sales volume and further widening the gap to other auto makers, many of which posted U.S. sales increases. The Chinese-owned auto maker said its U.S. sales slumped 14.4% compared with a year ago to 4,196 cars in October. Sales in China were down 11.7% from a year earlier, to 3,389 vehicles. In total, Volvo sold 34,843 vehicles in October, down from 35,489 cars sold in the same month a year earlier. A 3.8% increase in Europe during the month of October helped to offset sales declines in other markets. Europe is by far Volvo's largest market. (Wall Street Journal)



	Tuesday, 6 November 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	7.48%	7.52%	7.79%