

## MACROECONOMIC SNAPSHOT

### Forex reserves climb to \$82.09B

The country's foreign exchange reserves hit a new record high in October, fueled largely by the central bank's dollar purchases to help temper the appreciation of the peso. The gross international reserves (GIR) stood at \$82.09 billion as of the end of October, up 8 percent from \$75.83 billion a year ago and slightly higher than the previous month's \$82.03 billion. The latest amount of reserves was enough to pay for 11.9 months' worth of the country's imports and 6.6 times the country's foreign currency denominated debts maturing within the short term. (Philippine Daily Inquirer)

### Phil, Spain agree to boost economic, defense cooperation

The Philippines and Spain have agreed to strengthen economic and defense ties in meetings at the recently concluded Asia-Europe Meeting (ASEM) in Lao People's Democratic Republic, the Foreign Affairs department said yesterday. "Foreign Affairs Secretary Albert F. del Rosario and Spanish Minister of Foreign Affairs and Cooperation Jose Manuel Garcia-Margallo agreed to deepen PH (Philippines)-Spain partnership during their bilateral meeting held on the sidelines of the 9th Asia-Europe Meeting," the Department of Foreign Affairs (DFA) said in a statement. Noting recent gains in political and cultural partnerships, the two officials said "other areas of cooperation must be strengthened such as trade and investments and defense cooperation, among others." (BusinessWorld)

### EU slashes growth forecasts

Europe's official economists cut their growth outlook for the region on Wednesday amid turmoil spawned by the euro-zone debt crisis, forecasting deeper recessions in austerity-battered nations and lower growth in France and even Germany. The report from economists at the European Commission, the European Union's executive arm, depicts an economy with few bright spots. High and rising unemployment will drag on consumer purchasing power, as will government budget cuts aimed at mending ragged public finances. Export growth will be sluggish, the forecast said, while business investment was expected to keep falling as companies see little reason to spend on new projects in Europe. The grim forecast comes amid mounting signs that Germany's industrial motor, the main driver of euro-zone growth over the past two years, is faltering under the strains of deepening recessions in Spain and Italy and lingering fears about a Greek exit that could blow apart the currency area. (Wall Street Journal)

## FINANCIAL TRENDS

### Local shares close 0.17% up

Local stocks closed slightly up, ignoring the overnight 313-point loss in the Dow Industrial Average in New York that affected the rest of the regional bourses yesterday. The benchmark Philippine Stock Exchange index (PSEi) gained 9.42 points or 0.17 percent at 5,446.71 in heavy volume. A total of 11.45 billion shares valued at P6.45 billion changed hands, with 99 issues losing, 51 gaining and 59 unchanged. (Manila Bulletin)

### Peso closes at fresh 56-month high

The peso hit a new 56-month high yesterday, erasing a record set just last Wednesday on the back of strong remittance inflows. The local currency rose to 41.05 to a dollar from 41.06 the previous day. This was the peso's strongest performance since March 7, 2008 when it hit 40.85. (The Philippine Star)

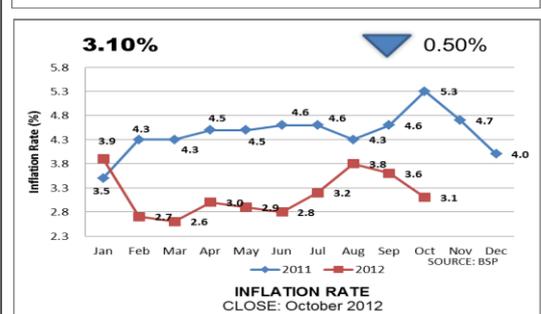
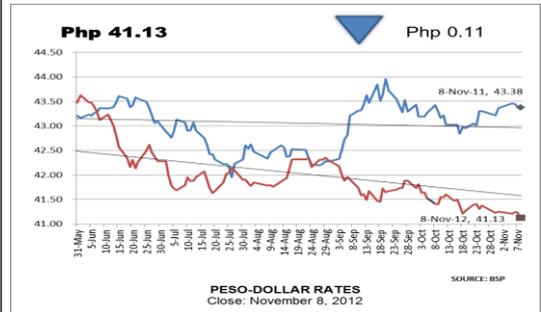
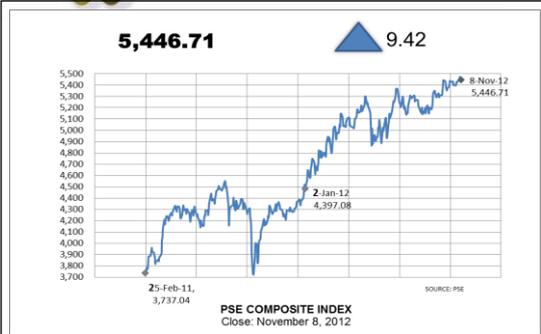
## INDUSTRY BUZZ

### Hyundai PHL says fuel ratings 'certified correct'

Hyundai Asia Resources Inc. clarified that the error in fuel efficiency rating admitted by its mother unit in the United States covers only North America, and that the ratings published for the Philippines are certified correct. In a statement, HARI said "all Hyundai cars sold in other regions of the world have been properly certified with correct fuel economy ratings by each respective certification agency." "Meanwhile, immediate steps are being taken at the Hyundai Motor Company testing facilities to make the necessary corrections on the EPA-related fuel economy testing process so that this type of procedural error does not happen again in the US," HARI added. (BusinessMirror)

### GM will not build the new Chevy Cruze in South Korea

General Motors Co said it would not build its next-generation Chevrolet Cruze small car in South Korea, raising the possibility that it might shift the assembly to Europe to help boost efficiency at its money-losing unit there. A GM Korea spokesman confirmed statements on Tuesday by local labor union officials that the revamped Cruze will not be built on South Korea, but did not provide further details. (BusinessWorld)



	Thursday, 8 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	7.49%	7.52%	7.79%

