

MACROECONOMIC SNAPSHOT

Gov't issues global peso notes worth \$1B

The Philippine government has issued \$1 billion worth of global peso notes, the proceeds of which will be used to buy back existing bonds in an effort to better manage its liabilities, the Investors Relations Office announced Thursday. The government wants to buy back around \$1.5 billion worth of bonds from holders. Assuming that the government is able to sell all the global peso notes for \$1 billion, it will need to raise \$500 million more by other means so it can buy back all the bonds as planned. (Philippine Daily Inquirer)

Peso tests exporters' mettle

The strengthening peso is veering close to break-even thresholds of some exporters. Merchandise export growth is already expected to fall short of official target due to the downturn in electronics, which accounts for half of total outbound shipments. Latest official data show total shipments grew just 5.4% to \$35.283 billion in the eight months to August -- far short of a targeted 8-10% expansion for 2012. "Coping with the strong peso is hard and we're very close to the break-even point of P41 for most of our members. I'm sure the smaller firms are already at that point at P42 to a dollar," Chamber of Furniture Industries of the Philippines Executive Director Salvio "Ajun" L. Valenzuela, Jr. said in a telephone interview. "We might not meet the 3-5% [growth] target [this year] because of the fluctuating rates and it's hard to have positive growth." He explained that once firms reach break-even point, there is a possibility "firms will no longer accept orders and may have to retrench employees." (BusinessWorld)

Wholesale price index jumped 2.4 percent in August-NSO

Wholesale prices in the country increased by an average of 2.4 percent in August after recording declines in June and July, the National Statistics Office (NSO) reported. "The year-on-year growth in the General Wholesale Price Index [GWPI] at the national level jumped to 2.4 percent in August from -0.2 percent in July. Higher annual increments were recorded in the food index at 5.5 percent in August from 3.8 percent in July and mineral fuels, lubricants and related materials index, 1.6 percent from -5.0 percent," the statistics office said. (BusinessMirror)

FINANCIAL TRENDS

Philippine Stocks seen testing record highs

Local stocks are seen retesting record highs this week as investors selectively sift through rich valuations in the market. Last week, the main-share Philippine Stock Exchange index gained 0.82 percent to 5,468.79 on the back of good third-quarter income results and a benign inflation rate. BPI Securities said that this week, the Philippine market "may continue to traverse the upward trend as spending for the holiday season is approaching." (Philippine Daily Inquirer)

P/\$ rate stands at P41.05/\$1

The peso exchange rate stands at P41.05 to the US dollar, the closing rate last Friday at the Philippine Dealing & Exchange Corp. (PDEX). The weighted average rate stands at P41.08. (Manila Bulletin)

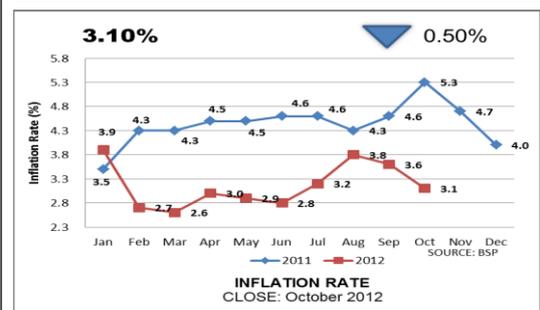
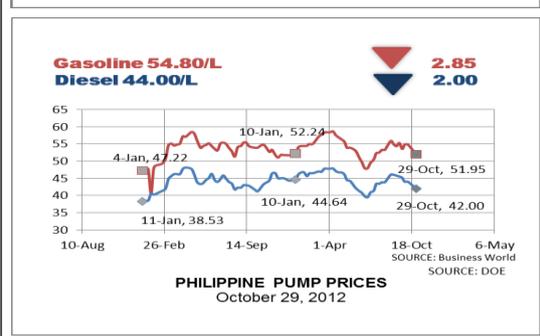
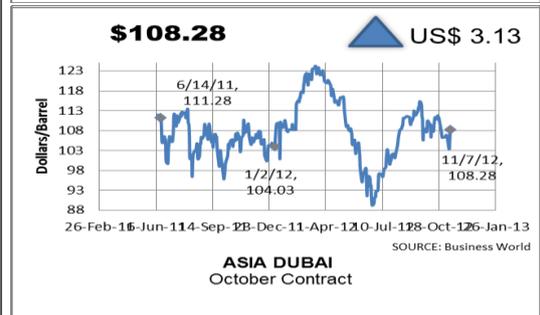
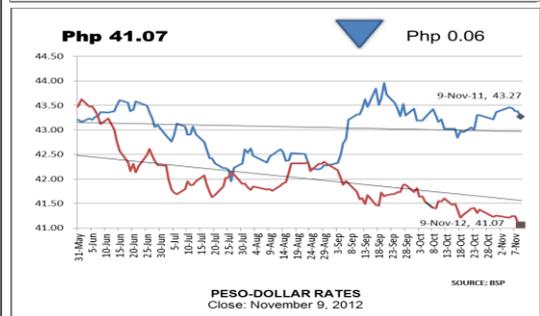
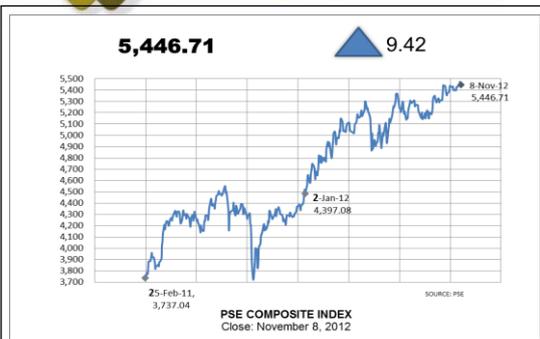
INDUSTRY BUZZ

Ford Philippines posts best-ever monthly sales

Ford Philippines on Thursday reported that October represented its all-time best monthly performance, with strong demand that drove overall retail sales up by 50 percent year-over-year to 1,248 units. The record month was given a significant boost by the best-ever month for the Ford Ranger pickup, with 282 units sold, or a 213-percent jump in sales. The Ford Everest also posted its strongest monthly sales of the year with 311 units, while the class-leading Ford Fiesta turned in another strong performance with sales rising 26 percent from a year ago to 307 units. Sale of Escape increased 67 percent to 142 units. (Philippine Daily Inquirer)

Alterra, Crosswind Emerge 'People's Choices'

The Isuzu Alterra and Crosswind are the best in their respective segments as determined by the motoring public and members of the automotive media. In the 2012-2013 Auto Focus People's Choice Awards Night held Oct. 19 at the Valle Verde Country Club, the Isuzu Alterra was named Best Large SUV while the Crosswind was honored into the Hall of Fame for garnering more than five awards already. It was also deemed as having the Best On-board Entertainment System among AUVs in the awards' Media's Choice category. (Manila Bulletin)



	Friday, 9 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	7.50%	7.52%	7.79%

