

## MACROECONOMIC SNAPSHOT

### Economists expect faster inflation this year

Private sector economists see faster inflation this year but prices are nonetheless forecast to remain manageable, a survey by the Bangko Sentral ng Pilipinas (BSP) showed. A poll of analysts from 21 banks last September showed mean inflation forecasts of 3.4 percent this year, 3.9 percent next year and four percent in 2014. These marked increases from the result of the June survey when economists saw 3.1-percent inflation for 2012 and 3.6 percent for 2013 and 2014. They also compared to BSP's own forecasts of 3.3 percent, 3.9 percent and 3.1 percent for 2012, 2013 and 2014, respectively. Nevertheless, all outlooks fell within the BSP's three- to five-percent target range. "Analysts attributed their upward adjustment of inflation forecasts on higher global commodity prices." BSP said. (The Philippine Star)

### Foreign ownership rules seen limiting investments

New ownership rules proposed by the Securities and Exchange Commission (SEC) could further limit investments in the country, officials of foreign business chambers claimed. The draft rules, released earlier in the week, followed an Oct. 9 Supreme Court decision to uphold its interpretation of the constitutionally mandated 40% foreign ownership limit. On June 28, 2011, the high court had declared the cap should be based on common and not total outstanding shares. In its October ruling, the court added that "the 60-40 ownership requirement in favor of Filipino citizens must apply separately to each class of shares, whether common, preferred non-voting, preferred voting or any other class of shares." (BusinessWorld)

### After 3 bumpy years, Europe turns corner on crisis

European leaders have taken steps to ease the panic that has plagued the region for three turbulent years. Financial markets are no longer in a state of emergency over Europe's high government debts and weak banks. And this gives politicians from the 17 countries that use the euro breathing room to fix their remaining problems. Threats remain in Greece and Spain, and Europe's economy is forecast to get worse before it gets better. But an imminent breakup of the euro now seems unlikely, analysts say. "We are probably well beyond the worst," says Holger Schmieding, chief economist at Berenberg Bank in London. He says occasional flare-ups in financial markets are likely, but "coming waves of turmoil will be less severe." (The Philippine Star)

## FINANCIAL TRENDS

### Philippine stocks retest all-time highs

Local share prices tested all-time highs again on Monday before closing flat, following up on the strong performance last week. The main Philippine Stock Exchange Index (PSEi) was hardly changed, rising 0.03 percent, or 1.9 points, to close at 5,470.70. But this was not before the benchmark reached an all-time intraday high of 5,488.92. (Philippine Daily Inquirer)

### P/\$ rate closes at P41.075/\$1

The peso exchange rate closed lower at P41.075 to the US dollar yesterday at the Philippine Dealing & Exchange Corp. (PDEX) from P41.05 last Friday. The weighted average rate depreciated to P41.084 from P41.08. Total volume amounted to \$805.10 million. (Manila Bulletin)

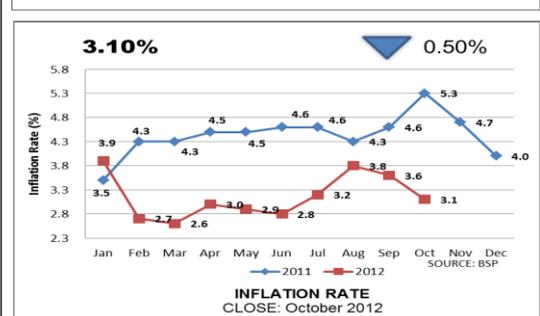
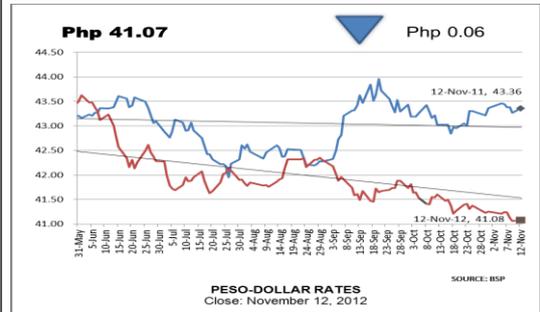
## INDUSTRY BUZZ

### Mazda to build small car for Toyota

Pursuing a strategy of working with other automakers, Toyota Motor Corp. said Friday that it will have Mazda Motor Corp. build a small car for the Toyota brand. The sub-compact, which will be sold in the U.S., will be based on Mazda's tiny Mazda2, a car that competes with the Ford Fiesta, Hyundai Accent, Chevrolet Sonic and Honda Fit. Toyota said Mazda will build about 50,000 of the yet-unnamed cars at a plant that's under construction in Mexico and set to open in late 2014. The cars, which will be sold as a Toyota, will go on sale sometime in 2015, the company said. (BusinessMirror)

### Toyota to expand Indonesia capacity

Toyota Motor Corp. said it would increase its bet on Indonesia, planning to spend up to \$2.7 billion to expand its capacity to better target the growing middle class in Southeast Asia's largest economy. Toyota President Akio Toyoda and other executives met with Indonesian President Susilo Bambang Yudhoyono and his ministers over the weekend and outlined the auto maker's Indonesia expansion plans. Toyota said the plans would cost around \$1.3 billion over the next five years but could more than double as Indonesia's economy grows. (Wall Street Journal)



	Monday, 12 November 2012	Last Week	Year ago
Overnight Lending, RP	5.50%	5.50%	6.50%
Overnight Borrowing, RRP	3.50%	3.50%	4.50%
91 day T Bill Rates	0.46%	0.46%	3.85%
Lending Rates	7.50%	7.50%	7.79%

