



MACROECONOMIC SNAPSHOT

Remittances hit new record high in Sept.

Remittances rose further in September, hitting a new monthly high of \$1.8 billion, the Bangko Sentral ng Pilipinas said. This only showed that the crisis in the eurozone did not put a damper on the ability of Filipino workers abroad to send money back to the country. "Remittances remained resilient on the back of sustained foreign demand for skilled Filipino manpower and continued financial service innovations of banks and other financial institutions to address the remittance needs of overseas Filipinos and their beneficiaries," BSP Deputy Governor Nestor Espenilla Jr. said in a statement. The BSP said the \$1.84 billion in remittances sent to the Philippines in September was the highest on record, representing a 5.9-percent growth from the \$1.74 billion reported in the same month last year. (Philippine Daily Inquirer)

Factory output expands in September

Factory output expanded at a faster pace in September from the previous month amid increases seen in several sectors, the National Statistics Office (NSO) reported yesterday. The NSO's Monthly Integrated Survey of Selected Industries showed manufacturing output as measured by the Volume of Production Index posted an annual increment of eight percent in September compared to the revised 4.4-percent expansion seen in August. (The Philippine Star)

Euro-zone economy shrinks again

The euro-zone economy contracted in the third quarter, offering little hope for the worsening global environment as rising unemployment and fiscal austerity across much of Europe undermines the region's fortunes. Germany and France, the euro-zone's two largest economies, posted modest growth in the quarter. But GDP for the 17-member currency union as a whole slid 0.2% from the previous quarter, at an annualized rate, according to calculations by J.P. Morgan based on figures from the European Union's statistics agency. GDP fell 0.7% in the second quarter. The recession has been mild so far, with GDP down just 0.6% from last year's peak. That is a fraction of the 5.6% that was sliced off by the 2008-2009 recession. But the pace of contraction may accelerate in the fourth quarter, economists warned, and grip Germany and France. (Wall Street Journal)

FINANCIAL TRENDS

Stock trading to move sideways

Stock trading is likely to move sideways as investors are awaiting fresh development from US and European markets. Analyst Gregg Ilag of AB Capital Securities says since valuation multiples have expanded significantly this year, the upside is already limited. "The Philippine Stock Exchange Index (PSEi) was trading at 14x 2012 earnings during the start of the year and is now at 17x. Additional multiple expansions for this year are improbable unless 2012 earnings are upgraded," says Ilag. The PSEi's robust valuations are suggesting limited upside on most index issues. "The index will still remain in this week. We advise investors to remain selective in buying equities," Ilag added. (Manila Bulletin)

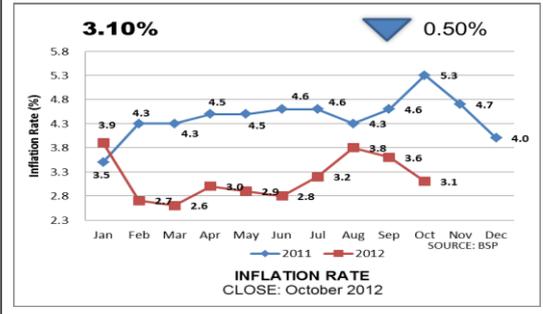
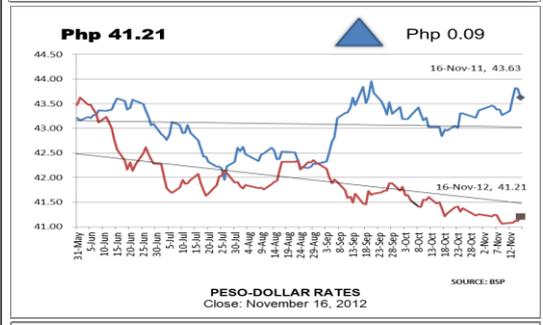
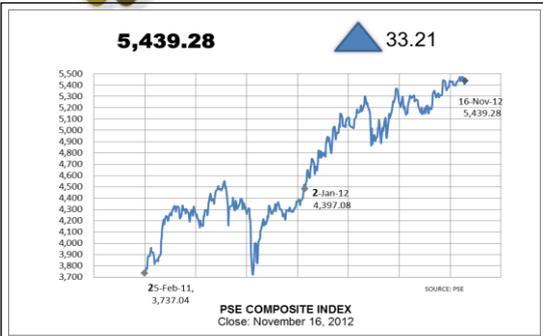
P/\$ rate stands at P41.33/\$1

The peso exchange rate stands at P41.33 to the US dollar, the closing rate last Friday at the Philippine Dealing & Exchange Corp. (PDEX). The weighted average rate stands at P41.318. (Manila Bulletin)

INDUSTRY BUZZ

Seoul catches heat over electric cars

South Korea made the spread of electric cars part of a "low-carbon, green-growth" initiative in 2008. Two years later the government issued a "road map" that included subsidies for electric-car purchases and loans to build more than a million charging points by 2020. But that program is running low on juice, in part because a stabilization of oil prices has damped expected consumer momentum for costly pure-electric vehicles. Several auto makers have announced plans to introduce electric cars in South Korea between now and 2015. Korea's Kia Motors Corp. plans to introduce an electric version of the Ray minicar next year, while the Korean unit of U.S.-based General Motors Co. plans to start building the all-electric Chevrolet Spark minicar for the Korean market and export to the U.S. The Korean operations of Germany's BMW AG and Volkswagen AG plan in 2014 to import the electric i3 and the Golf blue-e-motion, respectively. Korea's Hyundai Motor Co. plans the following year to start selling an electric vehicle based on the Elantra compact car. But the companies say they may delay their plans if the government doesn't increase subsidies to help consumers offset electric vehicles' higher prices. Kia's all-electric Ray is slated to have a sticker price of about \$40,000, three times the price of the gasoline version. (Wall Street Journal)



	Friday, 16 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	0.15%	0.46%	3.85%
Lending Rates	7.63%	7.50%	7.79%

