

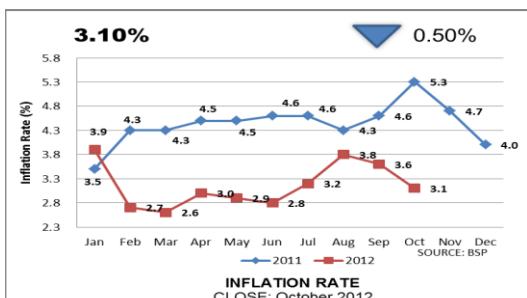
DASHBOARD

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MACROECONOMIC SNAPSHOT

Senators OK higher tobacco, alcohol taxes

Voting 15-2, senators finally approved last night the sin tax reform bill, which restructures excise taxes on alcohol and tobacco products and aims to generate additional revenues of P40 billion in 2013. The passage of the Palace-backed measure was initially derailed after senators questioned the "distorted" rates provided by the Department of Finance (DOF). Only Senators Joker Arroyo and Francis Escudero voted against the measure. With this burden sharing between tobacco and alcohol, 60 percent or P23 billion in revenues would come from tobacco and 40 percent or P17 billion from alcohol. (The Philippine Star)

Moody's strips France of top credit rating

France came under fresh economic pressure as the international ratings agency Moody's cut the French government bond rating by one notch from the highest level to "Aa1" and warned that an additional downgrade was possible. In keeping France on a negative outlook, Moody's signaled that its rating could be cut again in the medium term, and the news came against a background of political tension between President Francois Hollande and allies on the left, but also amid intense political bickering among the opposition. Moody's statement pointed to many structural problems with the French economy which made it harder to compete on a global level, noting that Paris could face fiscal issues in the future and that it was exposed to demands for financing from heavily-indebted euro zone partners. (BusinessWorld)

US, SE Asian nations start trade initiative

President Barack Obama and Southeast Asian leaders launched an initiative aimed at expanding trade and investment ties between the United States and 10 countries in Southeast Asia, the White House said on Monday. Actions outlined in the initiative -- the US-ASEAN Expanded Economic Engagement -- are aimed at smoothing a path for Asian nations to link up with the Trans-Pacific Partnership (TPP), a trade agreement the United States is negotiating with 10 countries in Asia and the Western Hemisphere, the White House said. In Manila, Trade Undersecretary Cristino L. Panlilio said, "We are willing to work with the initiative to open markets and would also like to join the TPP but there are certain things that need to be done like look into provisions of the constitution to be able that will align us with international practices." (BusinessWorld)

FINANCIAL TRENDS

Market hits new high on upbeat sentiment

Local stocks rallied for a third straight day yesterday, rising to a new record high on upbeat investor sentiment, fueled by merger and acquisition deals as well as the Senate's approval of a bill, which raises taxes on tobacco and alcohol. The Philippine Stock Exchange index (PSEI) climbed 33.6 points or 0.61 percent to close at a record 5,534.18 as investors cheered the possible merger of Ayala family's Bank of the Philippine Islands and the Lucio Tan-led Philippine National Bank. (The Philippine Star)

Peso strengthens on positive US outlook

The peso rose Wednesday as reports of rising number of new homes being constructed in the United States led to a better outlook on the global economy and boosted appetite for emerging-market assets. The local currency closed at 41.145 against the US dollar, up by 2.5 centavos from the previous day's finish of 41.17:\$1. (Philippine Daily Inquirer)

INDUSTRY BUZZ

Imported vehicle sales surge 18%

Sales of imported vehicle jumped 18 percent in the January-October period this year to 24,004 units from 20,340 units in the same period last year, the Association of Vehicle Importers and Distributors, Inc. (AVID) reported. AVID president Fe Perez-Agudo said the growth can be attributed to strong sales in the passenger car segment, which went up by 29% and in the light commercial vehicles (LCV) sales that grew by 5%. The launch of new models also provided the extra boost in sales, especially in the LCV category. (Manila Bulletin)

Ford to bring smaller engine to US in 2014 Fiesta

Ford is bringing its smallest engine to the U.S. in the race to meet stricter government fuel economy rules. The company says the 2014 Fiesta will be the first North American vehicle to get Ford's new 1-liter, three-cylinder EcoBoost engine when it goes on sale next year. The 1-liter has been sold in the European version of the Focus sedan since March. Ford isn't releasing fuel economy numbers yet, but says the 1-liter Fiesta will be the most fuel-efficient non-hybrid available in the U.S. It should get well over 40 miles per gallon. (BusinessMirror)

	Wednesday, 21 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%	0.15%	3.85%
Lending Rates	7.51%	7.52%	7.79%