



MACROECONOMIC SNAPSHOT

Business sentiment up

Business confidence recovered strongly this quarter as firms expected improvements in their operations and the macroeconomy, the Bangko Sentral ng Pilipinas (BSP) reported yesterday. Business confidence, as measured by the overall confidence index of the Business Expectations Survey BSP released yesterday, hit 49.5% in the October-December period. Citing reasons for their optimism, respondents said they expected increased production due to higher orders and more projects, increased consumer demand during the holidays and the harvest season, expanded product lines and enhanced business strategies. Respondents also attributed their optimism to stable inflation, low interest rates, strong foreign investment inflows, steady overseas remittances, possible credit rating upgrades, raised growth forecasts and confidence in the Aquino administration. (BusinessWorld)

Budget deficit seen falling below target this year

The budget deficit could fall below target anew this year once a planned acceleration of government spending does not push through with only a little more than a month left in 2012. The Aquino administration would likely incur a budget gap "not below 2.3 percent" of economic output, equivalent to roughly P246 billion by year-end, Budget Secretary Florencio Abad said on Wednesday. The deficit could still widen, however, Abad said, as the government is still mulling a new round of disbursement acceleration program (DAP) — first conducted last year — which would see allocations worth about P25 billion from slow-moving projects diverted to vital growth sectors. (The Philippine Star)

Growth momentum sustained in Q3

Philippine economic growth likely defied the global downturn and picked up modestly in the third quarter, helped by strong domestic demand and a late spurt in exports, but a December rate cut may still be on the cards to contain the peso's strength. The median forecast of 0.4 percent seasonally adjusted quarter-on-quarter growth in a Reuters poll is slightly higher than the previous quarter's 0.2 percent expansion, but weaker than the 3.0 percent pace seen in the Jan.-March quarter. "Growth is expected to remain strong, buoyed by domestic demand and strong overall export performance in the third quarter. This is despite the output loss caused by floods in August," said Vaninder Singh, economist at RBS in Singapore. (Manila Bulletin)

FINANCIAL TRENDS

Stocks seen to pause and consolidate after record run

After breaking out to new highs, the local stock market may pause and build consolidation patterns with the main benchmark index seen trading at a range of 5,440 to 5,600 this week, traders said. The Philippine Stock Exchange index (PSEi) zoomed to a fresh all-time high last week, crossing the 5,500 level to close 113.06 points or 2.08 percent higher at 5,552.34, buoyed by aggressive buying into blue chips. (The Philippine Star)

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 P41.064. (Manila Bulletin)

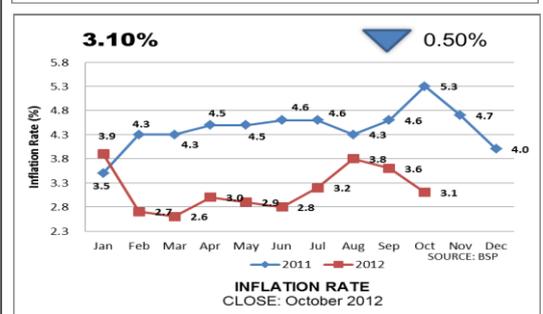
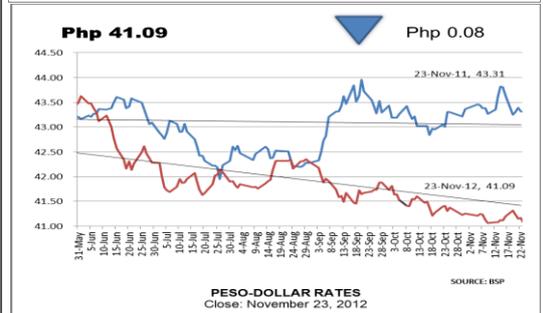
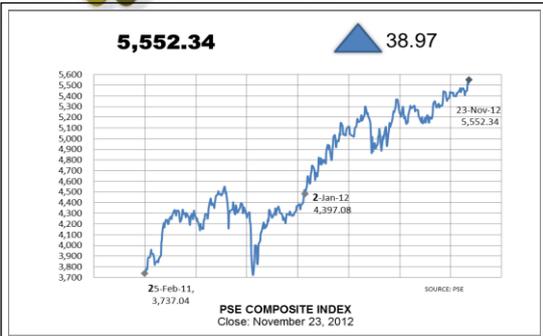
INDUSTRY BUZZ

Toyota to launch China-only brands from next year

Toyota Motor Corp will launch two China-only brands through its two Chinese joint ventures starting next year, a senior executive said on Thursday. Toyota makes cars in partnership with FAW Group and Guangzhou Automobile Group Co. Hiroji Onishi, Toyota's senior managing officer, did not say which venture will roll out its China-only brand first. Rivals Nissan Motor Co, Honda Motor Co are among other foreign automakers that also have China-only brands. (BusinessWorld)

Ford expands dealer network in China

Ford Motor Co. expects to increase its total number of dealers in China to about 490 nationwide, after adding as many as 115 in 2012. "We are accelerating the growth of our dealer market this year," said Marin Burela, president and chief executive of Changan Ford Mazda Automobile Co. Ltd. To accelerate its growth in China, which will be a key engine driving Ford's growth globally, Ford has said it planned to introduce 15 new vehicles and 20 advanced powertrains in the country by 2015. Meanwhile, Ford is planning to introduce its luxury Lincoln model to China, and is currently recruiting dealers that it will announce in 2014. The Lincoln operation will have a separate dealer network. (Wall Street Journal)



	Friday, 23 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	7.54%	7.52%	7.79%

