



MACROECONOMIC SNAPSHOT

Southeast Asia growth lures investors

Investors hungry for higher returns are homing in on the fast-growing economies of Southeast Asia. In particular, they are focusing on the Philippines and Thailand, where stock-market gains have outpaced the rest of Asia this year. The Philippines' benchmark stock index is up 29.8%, and Thailand's is up 30%, compared with a 13.1% increase through Friday in the MSCI Asia ex-Japan index, an Asia-wide benchmark. The attraction is Southeast Asia's expanding economy and rising middle class. That is likely to continue to propel stocks in the region higher next year, said David Gaud, senior portfolio manager at Edmond de Rothschild Asset Management in Hong Kong, which manages \$1.5 billion in Asia and has most of its Southeast Asian investments in Indonesia, the Philippines and Thailand. (Wall Street Journal)

Economy bright, but not Filipino lives—SWS survey

More Filipinos are optimistic about the economy in the coming year but the number of those who expect their lives to get better in the next 12 months has declined, the latest Social Weather Stations (SWS) survey showed. In the survey, 31 percent of respondents said the economy would improve in the next 12 months, while 14 percent said it would get worse, resulting in a "very high" net score of plus 17. The net score marked an improvement from May's figure of a "high" plus 8 (28 percent optimistic minus 20 percent pessimistic). According to SWS, seven of the last 10 surveys showed a "very high" net economic optimism. (Philippine Daily Inquirer)

IMF bats for capital controls

Capital controls have been recommended by the International Monetary Fund (IMF) to address a surge in inflows that may destabilize economies through asset bubble formations and too much currency appreciation. In the Philippine setting, however, Bangko Sentral ng Pilipinas (BSP) Governor Amando Tetangco Jr. told reporters yesterday: "So far, I would have to say that we have been able to manage the situation with the use of macroprudential tools." In supporting capital controls, IMF acknowledged that adjusting macroprudential measures could fall short – if not take time – on tempering inflows. Lowering policy rates, for instance, could take months before completely reflected in market rates and shun yield-seeking investments. "It may be difficult at times to assess quickly the appropriate macroeconomic stance owing to rapidly changing underlying economic conditions, and CFMs can help gain time to make such assessments," the IMF said. (The Philippine Star)

FINANCIAL TRENDS

PSEi breaches the 5,700-mark

Local shares extended their record-breaking run yesterday, with the benchmark Philippine Stock Exchange index (PSEi) breaking the 5,700-mark for the first time amid expectations of favorable economic conditions. The PSEi advanced by another 33.58 points or 0.09 percent to 5,706.28 in heavy volume. (Manila Bulletin)

Peso stays flat as BSP mulls cap on NDFs

The peso closed flat against the dollar yesterday despite remittance inflows after the central bank hinted of curbs on the use of a currency hedging tool. The local unit closed at P40.87 per dollar, just a centavo stronger compared to its P40.88-per-dollar finish last Monday. It traded within the P40.86- to P40.95-per-dollar range. (BusinessWorld)

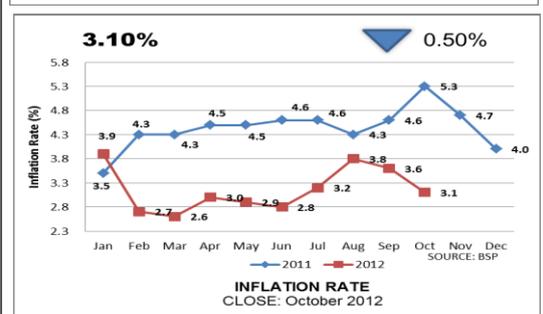
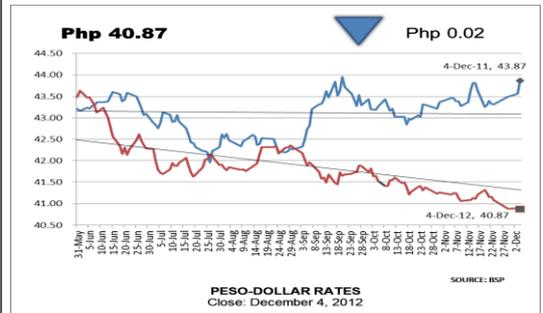
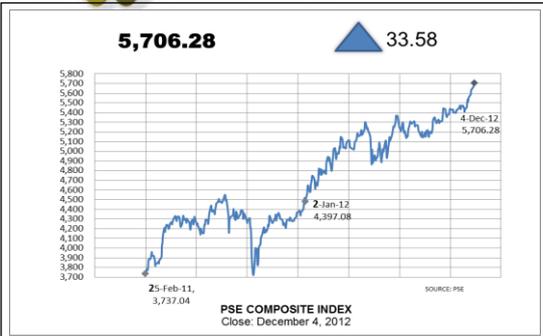
INDUSTRY BUZZ

U.S. November auto sales rise

U.S. consumers took advantage of cheap financing to ditch aging cars in November, pushing U.S. auto sales for the month to the strongest pace in more than four years. Sales of cars and light trucks jumped 15% to 1.14 million in November compared with a year ago and the seasonally adjusted annualized sales rate was 15.5 million, the highest since January 2008, said market researcher Autodata Corp. Auto industry executives say they are confident that demand will remain strong as consumers replace cars that an average are 11 years old. (Wall Street Journal)

Lexus bucks industry trend, posts record sales

Lexus Manila Inc., the official distributor of Toyota's luxury cars, reported a 40 percent increase in sales in the first 10 months of the year with the roll-out of a new vehicle model and changes to other vehicles being sold. "As of October, we have sold 302 units, 40 percent up from (the) same period last year," Lexus president Daniel Isla said in a text message. He attributed the rise in sales to new model introduction and minor changes in almost all vehicles in the line-up. (The Philippine Star)



	Tuesday, 4 December 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	0.20%	0.15%	3.85%
Lending Rates	7.56%	7.53%	7.79%

