

MACROECONOMIC SNAPSHOT

Dec. inflation likely within 2.6-3.5%

Inflation could slow further this month despite the damage caused by Typhoon Pablo, the Bangko Sentral ng Pilipinas (BSP) said Wednesday. The central bank expects the rise in consumer prices to hit anywhere between 2.6% and 3.5%. This compares to its 2.7-3.6% forecast for November when the actual rate settled at 2.8%. "Typhoon Pablo had an impact on food prices but there were downside pressures as well, such as the low vegetable prices, low electricity costs and the appreciation of the peso," central bank Governor Amando M. Tetangco, Jr. told reporters. (BusinessWorld)

Budget gap dipped by half in November

The government's budget deficit in November reached P11.6 billion, dropping by almost half the level incurred in the same month last year. This brought the January-November deficit to P127.3 billion—an increase of 32 percent year-on-year, the Bureau of the Treasury reported. Still, the amount was only about 46 percent of the P279.1-billion deficit ceiling planned for this year, according to Treasury data. "Due to respectable improvements in the Aquino administration's spending and collection, the risk of ... the deficit exceeding the program is nearly eliminated this year," Finance Secretary Cesar V. Purisima said in a statement. (Philippine Daily Inquirer)

More Sokor companies eyeing PHL

More South Korean companies are looking at establishing presence in the Philippines instead of China as they take note of the lower wage and use of the English language here, the Philippine Trade and Investment Center (PTIC) in Seoul said. Nicanor Bautista, PTIC-Seoul commercial counselor, reported to the Department of Trade and Industry (DTI) head office in Manila that the Philippines was even cited in a news article of the Korea Economic Daily (KED) as being the preferred destination of South Korean small and medium enterprises (SMEs). (BusinessMirror)

FINANCIAL TRENDS

Local stocks end six-day rally

Local share prices bucked the general uptrend in most Asian stocks yesterday, ending a six-day rally that brought the main composite index to a new record high on Wednesday. The Philippine Stock Exchange (PSE) composite index tumbled by 37.94 points to settle at 5,794.89, slipping below the 5,800-point mark. (The Philippine Star)

Peso bounces back

The peso on Thursday hit a five-week low before edging up stronger than the previous day as investors weighed domestic and external factors affecting risk appetite. The local currency closed at 41.125 against the US dollar, up by 3.5 centavos from the previous day's finish of 41.16:\$1. (Philippine Daily Inquirer)

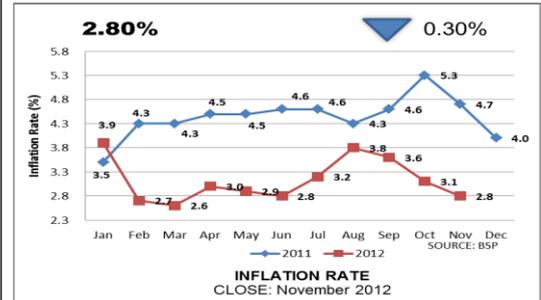
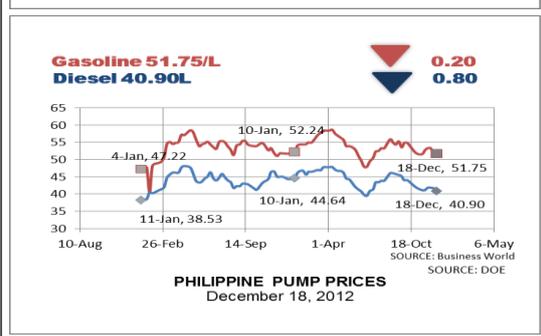
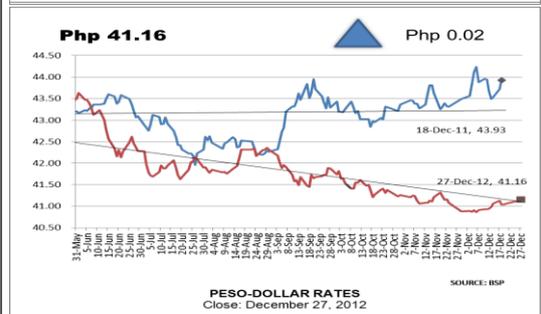
INDUSTRY BUZZ

Local auto parts development pushed

The government should concentrate on developing and granting support to domestic auto parts and components manufacturers as technology transfer did not really trickle down to this sector despite the fact that this country has enough raw materials supply, an industry official said. Art Balmadrid, senior vice president of all-truck manufacturer Isuzu Philippines Corp. (IPC), said in an interview that countries like Japan and Thailand, which have successful motor vehicle manufacturing industries, have developed their parts and components first. According to Balmadrid, the lack of development in the auto parts sector has caused local value added (LVA) of local car assembly to only between 45 to 60 percent, including labor. The local parts include transmission, batteries, upholstery, seatbelts, wiring harness, mufflers and some rubber items. Balmadrid said that having a competitive auto parts manufacturing sector would make car assembly cheaper in the country. A study by Deloitte Consulting said a locally-assembled car is \$1,400 more expensive than a car produced in other ASEAN countries. (Manila Bulletin)

BMW inaugurates new Xavier University Tech Complex

Xavier University-Ateneo de Cagayan, in cooperation with Asian Carmakers Corporation (ACC), the official importer and distributor of BMW cars in the Philippines, recently held the inauguration ceremony of the Jose Ch. Alvarez (JCA) Technology Complex. The JCA Technology Complex, the new home of Xavier University Center for Integrated Technologies (XU-CIT), is set to be the leading institution for technical education in Northern Mindanao. The establishment of the JCA Technology Complex falls under the partnership that ACC made with Xavier University—Ateneo de Cagayan to bring BMW's expertise to the students of Mindanao. (The Philippine Star)



	Thursday, 27 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%	0.20%	3.85%
Lending Rates	7.47%	7.48%	7.79%

