



DASHBOARD

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AVID Daily E- News

January 2, 2013

Volume 5 No. 08

MACROECONOMIC SNAPSHOT

Peso emerged as Asia's 2nd-fastest rising currency

The peso emerged as the second-fastest appreciating currency in Asia and the fourth-fastest among all actively traded currencies in the world in 2012, the Bangko Sentral ng Pilipinas said. The regulator admitted that an even greater challenge in 2013 could be expected, as far as keeping the peso stable is concerned, given the encouraging outlook on the domestic economy. Data from the central bank showed that the peso rose by 6.8 percent against the US dollar in 2012. On the last trading day of the year, it closed at 41.05:\$1. The significant appreciation of the peso was attributed to the rise in foreign exchange inflows, composed largely of remittances from overseas Filipino workers, foreign investments in peso-denominated portfolio assets, and foreign investments in the country's business process outsourcing (BPO) sector. (Philippine Star)

Stock Rise Momentum Seen Gaining

As the Philippine Stock Exchange ended what is arguably its best year with a bang, it is seen to continue its chart-topping performance this year—riding high on the country's bright economic prospects. BDO Unibank chief market strategist Jonathan Ravelas said "the stock market 'phenomenon' has strong legs to support it. The economy is boosted by consumption driven by BPO revenues and OFW remittances along with stable macroeconomic numbers. The low interest environment has triggered investors to shy away from savings to spending." Because of these factors, Ravelas said "it seems that the market rally will be sustained and could extend to try the 6,000-6,500 levels as market participants patiently await the country's upgrade to an investment grade." (Manila Bulletin)

Gov't settled P658B in debts in Jan-Nov

The government spent P658 billion in the 11 months to November 2012 to pay debts, according to the Bureau of Treasury (BTr). This was one percent more than the P653.3 billion settled in the same period in 2011. Debt servicing picked up, after a downtrend in the previous months, as the decline in payments for amortization eased to a single-digit level. From January to November last year, the government settled P375.7 billion in principal obligations, including P320.6 billion in domestic debt and P55 billion in foreign loans. This was 7 percent lower than the P401.8 billion posted in the same period in 2011. (Philippine Daily Inquirer)

FINANCIAL TRENDS

Stock market: All eyes on US

The Philippine Stock Exchange index ended 2012 with a bang on Friday, posting a 33-percent gain for the year. Week on week, however, the index declined by 11 points as the US "fiscal cliff" concerns added to profit-taking pressures. According to Freya May Natividad of 2TradeAsia.com, local market players "will give more credence on overseas trends this week." (Philippine Daily Inquirer)

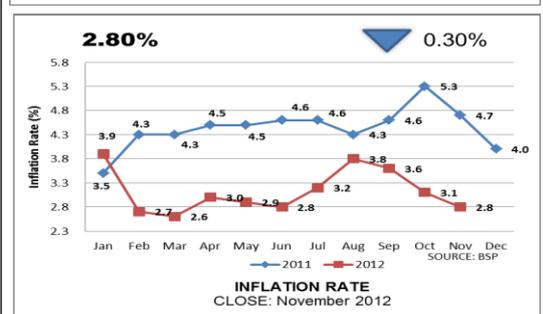
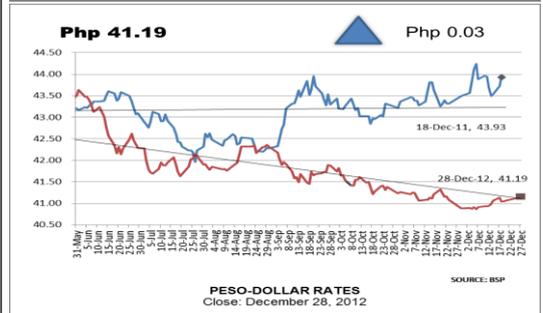
P/\$ rate stands at P41.05/\$1

The peso exchange rate stands at P41.05 to the US dollar on Friday the last trading day of 2012 at the Philippine Dealing & Exchange Corp. (PDEX). The weighted average rate stands at P41.078 (Manila Bulletin)

INDUSTRY BUZZ

Motor Image begins assembly of Subaru XV in Malaysia

Tan Chong International Ltd. (TCIL), whose subsidiary Motor Image distributes Subaru vehicles in 10 Asian countries including the Philippines, has expanded its business relationship with Fuji Heavy Industries (FHI) by assembling the Subaru XV in Malaysia. The tie-up marks the first time since 1999 that Subaru vehicles are assembled by a company other than FHI. Subaru is the automotive division of FHI. Executives from FHI on hand at the rollout ceremonies explained that the quality of XV units assembled by TCIL in Malaysia matched the quality of units assembled by FHI in Japan. The Motor Image network will continue to grow in the region with plans to open 11 dealerships in Indonesia, four in Thailand, and seven in Malaysia for 2013. Motor Image currently has 200 dealerships in Cambodia, Hong Kong, Indonesia, Malaysia, the Philippines, China, Taiwan, Thailand and Vietnam. The group sold 13,000 units in 2011. (Business Mirror)



	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%

