



DASHBOARD

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MACROECONOMIC SNAPSHOT

BSP buying more dollars to temper peso rise

The Bangko Sentral ng Pilipinas (BSP) vowed yesterday to continue buying more dollars to temper the peso's strength even as its top central banker admitted the country's foreign reserves are "enough." As the peso reached a new 58-month peak of 40.77 to a dollar yesterday, BSP Governor Amando Tetangco Jr. said the central bank – which has generally kept a market-determined exchange rate – "reserves the right to participate in the foreign exchange market." This is to "ensure exchange rate movements are not destabilizing" to businesses and the economy, in general, Tetangco said during the Rotary Club of Manila membership meeting. (The Philippine Star)

Interest rates to stay low

Monetary authorities will likely keep interest rates low this year and growth should remain on a solid footing, aided by strong domestic consumption and higher government spending, the Bangko Sentral ng Pilipinas (BSP) chief yesterday said. Any adjustment to interest rates would depend on the outlook for inflation and the economy's performance, central bank Governor Amando M. Tetangco, Jr. added. "Businesses could expect BSP to keep interest rates at the low level in 2013," Mr. Tetangco told a business forum. "In 2013, we foresee continued solid economic growth and stable prices, a relatively stable exchange rate and a responsive banking system that is stable to withstand external shocks." (Business World)

Oil prices tumble over ample supplies, flat demand

Oil prices fell Thursday as fiscal-cliff euphoria fizzled and the traders evaluated ample energy supplies against lackluster demand. Benchmark crude for February delivery fell 21 cents at midday Bangkok time to \$92.91 in electronic trading on the New York Mercantile Exchange. Prices had jumped Wednesday after a deal in Washington averted the dreaded "fiscal cliff." The contract rose \$1.30 to finish at \$93.12 a barrel on the Nymex. Carl Larry of Oil Outlooks and Opinions said production levels were "at new high" and noted that "the room for demand to expand is not even close to what we had just a few short years ago before the global recession." (Philippine Daily Inquirer)

FINANCIAL TRENDS

PSE index continues record-breaking climb

The local stock index continued its record-breaking climb as it went past the 5,900 level on Thursday, buoyed by the upbeat sentiment of global markets that welcomed budget developments in the United States. At the Philippine Stock Exchange, the main-share index surged by 73.06 points, or 1.25 percent, to close at a new high of 5,934.05. A new intraday peak of 5,960.74 was also reached. (Philippine Daily Inquirer)

P/\$ rate stands at P40.86/\$1

The peso exchange rate stands at P40.86 to the US dollar on Wednesday the first trading day of the year at the Philippine Dealing & Exchange Corp. (PDEX). The weighted average rate stands at P40.898. (Manila Bulletin)

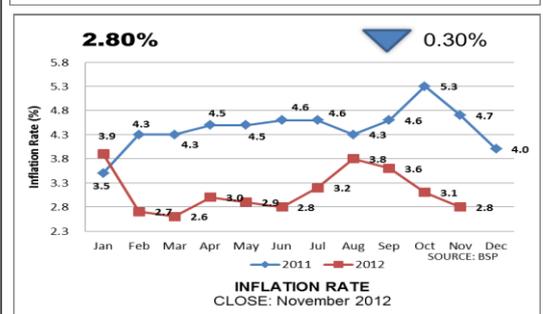
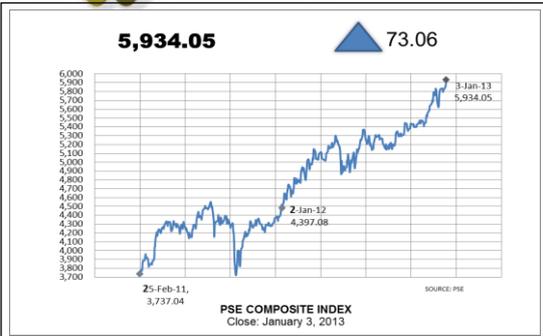
INDUSTRY BUZZ

US auto sales jump 13% in 2012 as Toyota leads pack

US auto sales jumped 13.4 percent in 2012 to their best performance since the crash of 2008, as better economic times, hot new models and the need to replace aging vehicles drew consumers to showrooms. It was the biggest yearly gain since 1984. Toyota, Honda and Chrysler outpaced their rivals with sales gains that blew past 20 percent while Ford and General Motors posted modest growth Thursday that led their market share to shrink significantly. Total industry sales came in at 14.5 million vehicles, up from 12.8 million in 2011 and a low of 10.6 million in 2009, according to Autodata and Ward's Auto. (Philippine Daily Inquirer)

Part makers support auto assemblers

Local auto parts makers in the country are urging car buyers to patronize locally assembled vehicles over imported completely-built-up packs to help sustain the auto parts manufacturing sector, which employs 40,000 workers. According to Ferdinand Raquelsantos, president of the Motor Vehicle Parts Manufacturers Association of the Philippines (MVPMPA), stressed that the auto parts sector employs 40,000 people more than what the assembly operations employ of 30,000 workers. Raquelsantos noted that the entire motor vehicle industry employs a total of 70,000 people has a strong industry linkage if only it can attain economies of scale, which is possible if Filipinos patronize either brand-new locally assembled cars or locally assembled secondhand cars rather than buying imported secondhand vehicles, which could be illegally brought into the country. (Manila Bulletin)



	Thursday, 3 January 2013	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	7.37%	7.48%	7.79%

