

MACROECONOMIC SNAPSHOT

HSBC: More FDIs may flow to Asean, except PH

Despite its favorable demographics, the Philippines continues to miss out on a greater share of foreign direct investments (FDIs) due to a "restrictive" foreign ownership policy and "uncompetitive" business environment, British banking giant HSBC said. "We believe the country has great potential to attract investment but significant reforms are needed to make it happen," HSBC economist Trinh Nguyen said in a research paper. But the economist said that with the prevailing political conditions, any such reform would not likely take place until 2016, the year President Aquino leaves office. "As such, we believe FDI will only increase marginally in the Philippines," she said. (Philippine Daily Inquirer)

DBM makes P8.1 B available for infra projects

At least P8.1 billion has been made available to the Department of Public Works and Highways (DPWH), Metropolitan Waterworks and Sewerage System (MWSS), and the Department of Agriculture-National Irrigation Authority (DA-NIA) for flood control and irrigation projects earlier approved by the National Economic and Development Authority (NEDA) Board, according to the Department of Budget and Management (DBM). The funds will be charged against overall savings generated by the national government for fiscal years 2011 and 2012. (The Philippine Star)

LGUS hike 2013 IRA allotments

Buoyed by higher revenue collections in 2010, the Department of Budget and Management (DBM) reported that the Internal Revenue Allotment (IRA) for 2013 jumped by 37.5 percent to P302.3 billion, up from the P219.9-billion figure posted in 2012. "The energetic revenue collection efforts that marked the beginning of the Aquino administration helped generate higher revenues in 2010, which translates to higher budgetary support for our LGUs this year," Budget and Management Secretary Florencio B. Abad said. This year's IRA will be distributed among 81 provinces, 143 cities, 1,479 municipalities and 41,889 barangays. Furthermore, the list of local government units (LGUs) set to receive their IRA shares now includes the newly created cities of Ilagan, Isabela; Mabalacat, Pampanga; and Cabuyao, Laguna. (Manila Bulletin)

FINANCIAL TRENDS

Index snaps 6-day winning streak

Local share prices retreated yesterday, snapping six consecutive days of posting record highs given an anticipated price correction. The benchmark Philippine Stock Exchange (PSE) index, the gauge of the local stock market's performance, lost 1.19 percent or 72.61 points to close at 6,018.57. (The Philippine Star)

Peso hits highest value in 5 years at 40.70 to dollar

The peso closed at a new five-year high on Thursday, buoyed by higher risk appetite among investors who believed the Philippines would continue to enjoy rising dollar inflows over the short term. The local currency closed at 40.70 against the US dollar, up by 8.5 centavos from the previous day's finish of 40.785:\$1. (Philippine Daily Inquirer)

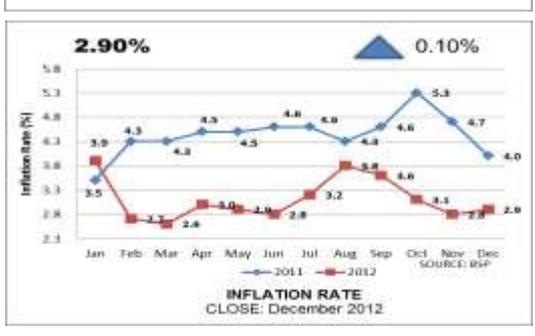
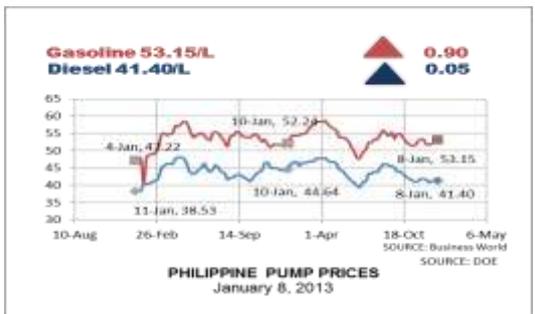
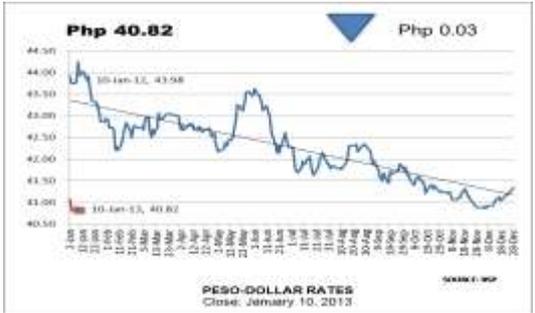
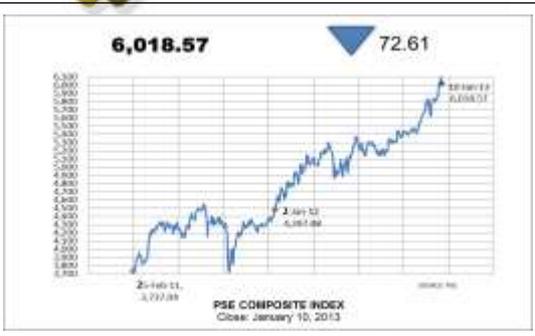
INDUSTRY BUZZ

Ford PH ends 2012 with record sales

Ford Philippines said Wednesday it ended 2012 on a high note with its "best-ever monthly performance." The car maker said its sales for the December grew 33 percent to 1,298 units from 973 a year earlier. The record month, Ford said, capped its "all-time best quarterly performance," with fourth-quarter sales up 42 percent from a year earlier to 3,771 units. The success of four newly launched vehicles (all-new Ford Ranger, all-new Ford Explorer with EcoBoost, all-new Ford Focus and Ford Mustang sports car) as well as continued strength in demand for the Ford Fiesta, Ford Everest and Ford Escape drove sales, the company said. (Philippine Daily Inquirer)

VW and BMW favorites to gain share in auto market

Volkswagen AG (VW) and BMW are the favorites to add market share in the global auto industry over the next five years, according to a survey of top automotive executives released on Wednesday. Toyota Motor Corp. saw a big rebound in its standing, and while the combination of Hyundai Motor Co. and its Kia Motors Corp. affiliate still ranked fourth, the number of executives who felt they will gain market share declined, according to the survey conducted by advisory firm KPMG. VW topped the list for the third consecutive year, and the percentage of executives who believe the German automaker will gain market share globally jumped 11 points to 81 percent, according to KPMG. BMW was second at 70 percent, up 7 points from last year's survey. (Manila Bulletin)



	Thursday, 10 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	0.05%	0.20%	3.85%
Lending Rates	7.23%	7.37%	7.79%

