

## MACROECONOMIC SNAPSHOT

### Deutsche projects 5.5% RP growth

The Philippine economy is projected to grow at a much slower pace this year, Deutsche Bank said last week, citing the country is also at risk of overheating. In a briefing, Michael Spencer, Deutsche Bank Asia Pacific chief economist said that the country's gross domestic product (GDP) may grow by 5.5 percent this year, slower than the bank's 6.3 percent estimate for last year. Spencer explained that despite the projected slower growth, the country's GDP is "too high" than its long-term potential growth. "The economy is growing faster than its long run growth rate, putting the levels of GDP above the full employment level. Growth has been above our estimate of potential for most of the last three years," Spencer said. The economist estimated that the country's growth should average only 4 percent. (Manila Bulletin)

### Neda: PH export performance best in Asia

Philippine merchandise exports topped those of other Asian countries in the first 11 months of 2012, the National Economic and Development Authority (Neda) said last week. But private economists believe a strong rebound in outbound shipments may still be a long way off. Merchandise exports earnings in November grew 5.5 percent to \$3.551 billion, from the \$3.366 billion seen the previous year. This brought year-to-date exports to \$48.026 billion—7 percent up from the \$44.898 billion recorded in the same period of 2011, the National Statistics Office said. The growth was due to higher value in shipments of such commodities as metal components, woodcraft and furniture, electronic products, cathodes, refined copper and ignition wiring sets, and other parts used in manufacturing vehicles, aircraft and ships. (Philippine Daily Inquirer)

### Economic freedom: Phl up 10 places to 97th

Notable improvements in investment freedom and freedom from corruption boosted the ranking of the Philippines in the 2013 Index of World Economic Freedom. Among 177 countries tracked, the Philippines ranked in 97th place from 107th previously and its score of 58.2 points was 1.1 points higher than last year. "Weathering the ongoing global economic slowdown with a high degree of resilience, the Philippine economy has been on a steady path of economic expansion, growing at an average annual rate above 4.5 percent over the past five years," said a report released with the index last week. (The Philippine Star)

## FINANCIAL TRENDS

### Philippine stocks seen to rise

Local stocks are seen to challenge record highs this week as the overhang from the foreign ownership restriction issue has been lifted. Last week, the main-share Philippine Stock Exchange index gained 1.33 percent to close at 6,051.75. (Philippine Daily Inquirer)

### P/\$ rate stands at P40.61/\$1

The peso exchange rate stands at P40.61 to the US dollar last Friday at the Philippine Dealing & Exchange Corp. (PDEX). The weighted average rate stands at P40.601. (Manila Bulletin)

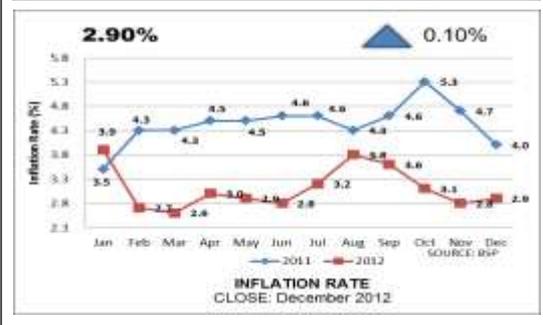
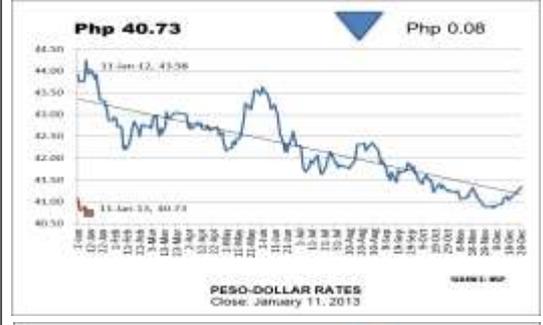
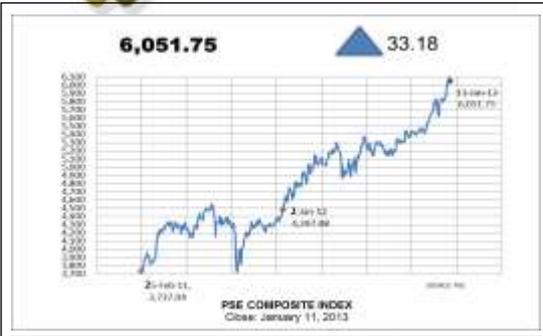
## INDUSTRY BUZZ

### 2012 car sales up by 11 percent

Vehicle sales for 2012 went up by 11 percent year-on-year to 156,649 units, as consumers bought more commercial and passenger vehicles, according to a joint report released by the Chamber of Automotive Manufacturers of the Philippines Inc. (Campi) and the Truck Manufacturers Association (TMA) on Thursday. Campi President Rommel Gutierrez said the increase in vehicle sales for the year could have been higher were it not for some supply constraints faced by a number of car manufacturers. The Campi chief said the increase in consumer spending due to the good performance of the country's economy benefited the local auto industry, particularly during the last quarter of the year. (Business Mirror)

### China 2013 auto sales may reach 20 million, car exec says

China vehicle sales, including those of cars and buses, may rise about 5 percent this year and reach 20 million units, spurred by a rebound in economic growth and rising incomes, an official said. Total auto sales, which includes passenger and commercial vehicles, rose "four to five percent" in 2012 to about 19 million units, Ye Shengji, deputy secretary general of the state-backed China Association of Automobile Manufacturers, said in an interview today, citing his personal opinion. Competition will probably intensify, with foreign automakers likely to increase incentives to gain market share, he said. (Business Mirror)



	Friday, 11 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%

