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MACROECONOMIC SNAPSHOT

Philippines enjoys the 'sweet spot'

The Philippines is seen to continue enjoying its high growth amid low inflation in the coming quarters, DBS Bank Ltd. said, while the Bangko Sentral ng Pilipinas (BSP) is expected to introduce additional measures to counter excessive inflows. In a research note, the DBS said yesterday that the Philippine economy is enjoying the "sweet spot" of high gross domestic product (GDP) growth, and foreign investors have started to take notice as it has been reflected in the surge in portfolio inflows. "Coping with the excessive inflows remains the key challenge, with the strengthening peso threatening the competitiveness of several industries including business process outsourcing," DBS said. Although BSP slashed the overnight borrowing rate a record low of 3.50 percent, DBS said room to cut the policy rate further has become more limited. (Manila Bulletin)

Phi primed for investment grade status - S&P

Credit outlooks of debt watcher Standard & Poor's Ratings Services (S&P) serve as "good indicators" of future credit rating actions, a new report said, bolstering optimism the Philippines is on its way to investment grade status. "Since we began assigning outlooks in 1989, we have never lowered a sovereign rating with a positive outlook," S&P said in the report titled "Outlooks: The Sovereign Credit Weathervane" released yesterday. Hopes are high a new upgrade is forthcoming after the credit rater, in December, turned positive on the country's BB+ rating. If realized, that would make S&P the first agency to rate the Philippines under investment grade status. The Aquino administration targets to achieve the rating this year to lower debt interest payments and attract more foreign investments. (The Philippine Star)

Agriculture growth below target

The agriculture sector grew by a below-target 2.92% last year, the government yesterday reported, with a decline in fishery output weighing on gains in the crop, livestock and poultry subsectors. "We did not meet our target but we were already close," Agriculture Secretary Proceso J. Alcala told reporters as he revised the 2012 target to 3-5% from the 4-5% he had cited last year. The results will have an impact on the country's overall growth although agriculture accounts for just a fifth of the economy. Full-year 2012 gross domestic product (GDP) data is scheduled to be released on Jan. 31. (BusinessWorld)

FINANCIAL TRENDS

Share prices succumb to profit taking

Local share prices succumbed to profit taking yesterday, with the bellwether index snapping a three-day climb. The Philippine Stock Exchange index eased 1.08 percent or 66.80 points to settle at 6,104.90, retreating from a new record level of 6,171.70. The broader all shares index lost 0.67 percent or 26.07 points to 3,851.17. "Investors seized the local market's overbought level to take profits. This was also prompted by the holiday in the US as most institutional investors were off for the celebration," Freya Natividad, investment analyst at brokerage firm 2Trade-Asia.com, said in a phone interview. (Philippine Star)

P/\$ rate closes at P40.60/\$1

The peso exchange rate closed higher at P40.60 to US dollar yesterday at the Philippine Dealing & Exchange Corp. (PDEX) from P40.70 the previous day. The weighted average rate appreciated to P40.644 from P40.685. Total volume amounted to \$1,119.7 billion. (Manila Bulletin)

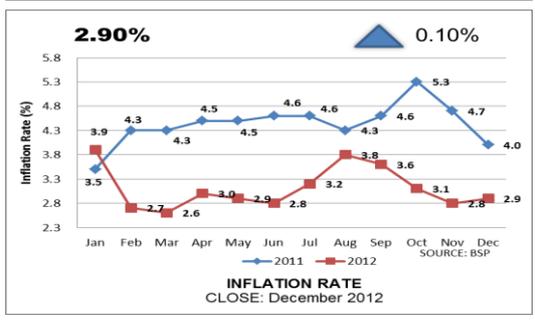
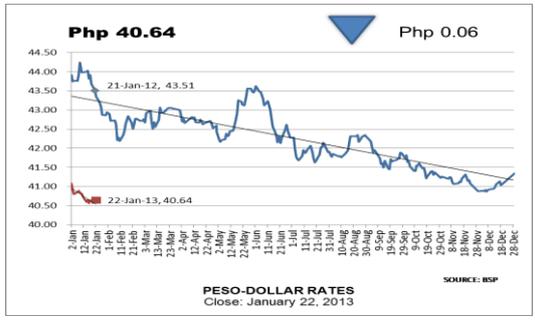
INDUSTRY BUZZ

Lexus focuses on quality service

Sales of luxury brand Lexus reached 1,042 units as of end 2012 since it started marking locally in 2009. Last year, Lexus Manila, Inc. almost 400 units and this year could be another good year for the company. "This year we project growth. We are not after volume but quality of service," said Lexus Manila president Danny Isla. Price of Lexus vehicles range from P2.3 million to P10 million. The CT200h is the latest Lexus vehicle to enter the country as it joined beside the RX450h hybrid crossover and the LS600hL hybrid limousine. It completes the only full hybrid luxury vehicle lineup in the country. (Manila Bulletin)

Honda recalls vehicles over airbag

Honda is recalling about 748,000 Pilot and Odyssey vehicles in the United States because of a potential flaw in the driver's side airbag, the Japanese automaker said Friday. Honda said the airbags may have been made without some of the rivets that secure its plastic cover. "If the rivets are missing, the airbag may not deploy properly, increasing the risk of injury in a crash," the company said. No crashes or injuries have been reported related to the problem, it said. The recall affects Pilot sportutility vehicles made for the 2009-2013 model years and 2011-2013 Odyssey minivans. (Manila Bulletin)



	Monday, 21 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	7.08%	7.10%	7.79%

