

# DASHBOARD

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## MACROECONOMIC SNAPSHOT

### Debt-to-GDP ratio up to 51.4% in 2012

The government's outstanding debt as a proportion of the country's gross domestic product (GDP) increased last year, dealing a minor blow to the country's goal of hitting the international benchmark for investment grade. Data from the Bureau of Treasury (BTr) showed that the government's debt in relation to the economy, one of the closely monitored indicators of a country's credit standing, hit 51.4 percent in 2012 compared with only 50.9 percent the previous year. This is seen as a setback since the ratio, computed by dividing outstanding debt by the country's GDP, has been on a downward trend since its peak of 84 percent in 2004 when the country was said to be on the verge of a financial crisis. (The Philippine Star)

### Investments in manufacturing urged

The country needs to make more investments in manufacturing in order to create more jobs and extend the benefits of high growth to low-skilled Filipinos, an Asian Development Bank (ADB) economist said yesterday. Norio Usui, ADB senior country economist for the Philippines, told members of the the Management Association of the Philippines during a forum in Makati City that unskilled workers can't benefit from the "fantastic" job creation by the business process outsourcing (BPO) sector. "Unskilled workers like high school graduates or less-educated workers... can't benefit from this... this is one of the reasons why Philippines growth still has not yet been inclusive," Mr. Usui said. (BusinessWorld)

### Election spending to boost growth

Election-related spending coupled with continued government spending in infrastructure and high electricity sales in the first quarter of the year would provide the momentum to keep the economy humming at a faster pace than in the same period in 2012. "Despite the double-edged nature of the peso appreciation, we remain upbeat about the economy for the near-term," says a report from FMIC and UA& P capital market research. The report noted that stable food prices as a consequence of better harvests and less devastating typhoons would offset the slight temporary upswing in crude oil prices and bring inflation rates at for 3% level in the first quarter and back to below 3% in the second quarter. The buoyant bond markets in January and expectations of continued macroeconomic strength would spill over into the second quarter, the report said. (Manila Bulletin)

## FINANCIAL TRENDS

### PSEi set to conquer new heights

Stocks may climb to new heights this week on window dressing activity as February draws to a close and as more listed firms release earnings reports, even as investors remain sensitive to developments abroad. The Philippine Stock Exchange index (PSEi) gained 2.20% to 6,665.06 last Friday from 6,521.64 a week earlier, while the broader all-share index rose by 1.02% to 4,143.34 from 4,101.44 in the previous week. (BusinessWorld)

### P/\$ rate stands at P 40.69/\$1

The peso exchange rate stands at P40.69 to the US dollar last Friday at the Philippine Dealing & Exchange Corp. (PDEX). The weighted average rate stands at P40.718. (Manila Bulletin)

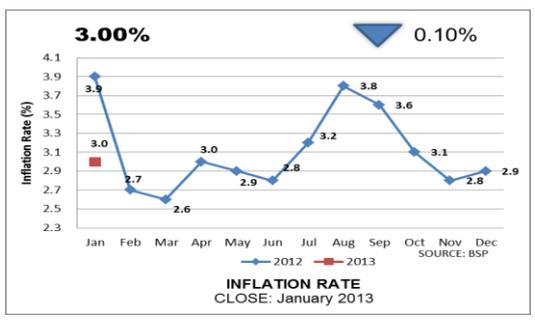
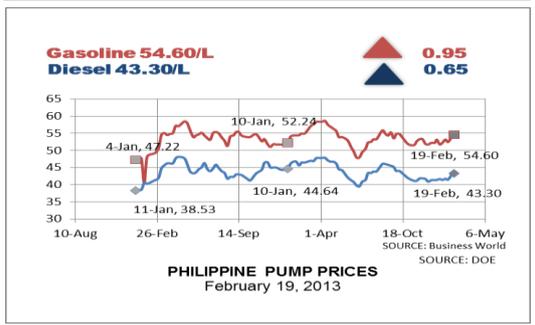
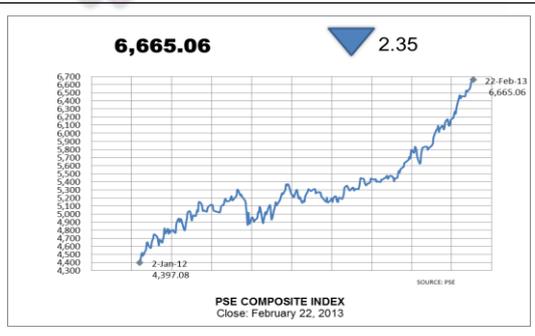
## INDUSTRY BUZZ

### Hyundai seeks solution on the high end

To beat sluggish domestic demand and a rising Korean won, South Korea's Hyundai Motor Co. aims to sell more premium vehicles overseas. The country's dominant auto maker has fared well in recent years with robust sales of sedans such as the Sonata and the Elantra compact. But with foreign rivals encroaching on its home turf and the rising won threatening earnings, Hyundai is shifting focus to the higher end of the auto market. "We are selling more of the lucrative sport-utility vehicles and mid- and large-size sedans," said Chief Operating Officer Im Tak-Uk. The company targets total sales of 4.66 million vehicles this year, and Mr. Im said "raising prices is also an option" to bolster earnings. (Wall Street Journal)

### Volkswagen earnings up 40 percent in 2012

German automaker Volkswagen AG says its net profit increased 41 percent for 2012 to €21.7 billion (\$28.7 billion) on a 21 percent rise in revenues. Volkswagen said in a press release Friday ahead of its full-earnings next month that revenues were up to €192.7 billion. The number of vehicles delivered worldwide last year by the group topped 9 million for the first time, rising 12.2 percent to nearly 9.3 million. The company says it expects revenue to exceed last year's level in 2013 but that, "given the ongoing uncertainty in the economic environment," its aim is to match the 2012 level of operating profit. (Philippine Daily Inquirer)



	Friday, 22 February 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	7.16%	7.14%	7.79%

