

DASHBOARD

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AVID Daily E- News

March 4, 2013

Volume 5 No. 51

MACROECONOMIC SNAPSHOT

Debt prepayments encouraged by strong peso

Philippine borrowers prepaid more debts to foreign creditors last year, taking advantage of the stronger peso that made dollar-denominated borrowings cheaper. According to the Bangko Sentral ng Pilipinas, prepayment of debts owed to foreign creditors is a prudent exercise in times of significant appreciation of the peso. Such a move benefits not only the borrowers but the economy as well, it said. Data from the BSP showed that government and private entities in the country last year paid \$1.84 billion worth of foreign currency-denominated debts ahead of their maturity dates. The amount was higher by 17 percent than the \$1.57 billion worth of prepayments done in 2011. (Philippine Daily Inquirer)

Domestic liquidity up 10.8%

The country's money supply surged further in January as the Bangko Sentral ng Pilipinas (BSP) kept policy rates at record lows. Domestic liquidity -- the broadest measure of money in the financial system -- grew by 10.8% to P5.2 trillion in January from P4.48 trillion the year before. It was the fastest that money supply had expanded since June 2011 when it increased by 11.47%, data from the central bank showed. Monetary authorities kept policy rates -- the benchmark for interest rates -- unchanged in its meeting in January, with the aim of supporting the economy amid the global slump. Rates currently stand at record lows of 3.5% and 5.5% for overnight borrowing and lending, respectively. (BusinessWorld)

Electronics industry keeps 5%-6% export growth target

The Semiconductor Electronics Industry of the Philippines, Inc. (SEIPI) has maintained its 5-6 percent export growth target for 2013 over the \$22.556-billion exports in 2012. SEIPI president Dan Lachica said they have to maintain the 5-6 percent growth target set in December last year because the global electronics market still remained uncertain. Last year's total electronics exports was 5.20 percent lower than the 2011 total of \$23.798 billion. Lachica said that 2012 was a bad year for electronics as their sales revenue was strongly affected by the strong appreciation of the peso. "But we are a bit positive now as some product groups are seeing improvements especially on electronic components, tablets and electronics products," he said. (Manila Bulletin)

FINANCIAL TRENDS

Correction expected to continue

The bourse is expected to sustain losses further in the next few days as the market continues to correct after notching two record highs last week, even as investors keep an eye on the release of more corporate results. The Philippine Stock Exchange index (PSEi) shed 0.34% to 6,642.27 last Friday from 6,665.06 the previous week, while the broader all-share index gained 0.73% to 4,173.55 from 4,143.34. (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 P40.706. (Manila Bulletin)

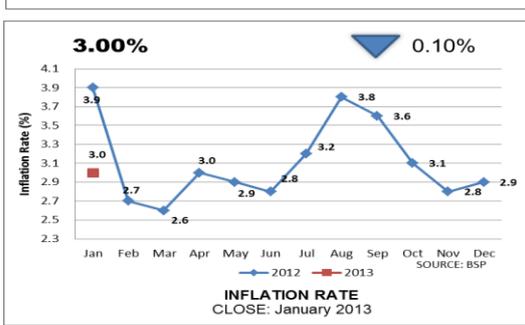
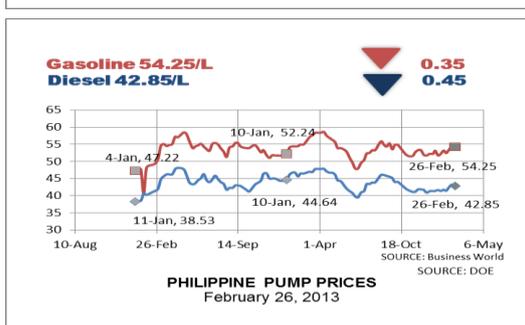
INDUSTRY BUZZ

Toyota mulls mini car to rival Mirage

Toyota Motors Philippines Inc. is eyeing the fast-growing small car segment as it aims to capitalize on a growing middle class as well as further strengthen its presence in the personal vehicle segment. GT Capital Holdings Inc. president Carmelo Bautista said the group's automotive unit is looking to introduce models smaller than its compact sedan, Vios, given the rising preference for vehicles with engine size of 1-1.2 liters and a price point of half a million pesos. "We're studying it. That would be a perfect entry point for a first-time buyer... But we want to know if this is a long-term opportunity and not just a flash in the pan," he said. (The Philippine Star)

Honda shifts US team to Ohio

Honda Motor Co, Japan's third largest automaker, is relocating its U.S. leadership team from California to Ohio, where the company has several manufacturing and technical facilities. The automaker also is merging support services for its various North American operations under a new subsidiary, Honda North America Services, on April 1. A spokesman said the moves are designed to centralize key functions and speed decision making. Honda North America and HNSA will be located at the automaker's existing campus in Marysville, Ohio, where Honda opened the first Japanese auto plant in the United States in 1982. (BusinessWorld)



	Friday, 1 March 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	6.98%	7.19%	7.79%

