

# DASHBOARD

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## MACROECONOMIC SNAPSHOT

### Gov't borrowings up 71% in 2012

Borrowings of the Aquino administration rose by nearly 71 percent to P955.15 billion last year as the government increased its sourcing of funds from the domestic market to take advantage of strong liquidity and low interest rates. Data from the Bureau of Treasury showed that domestic borrowings accounted for the lion's share of new debt at P798.53 billion as the government has become less dependent on foreign funds to support its programs given the significant liquidity parked in the domestic financial market. The amount was more than double the P364.7 billion borrowed from domestic sources in 2011. Foreign borrowings, on the other hand, declined 19.4 percent to P156.62 billion. (The Philippine Star)

### BOI drops minimum investment hurdle

The Board of Investments (BOI) has dropped the minimum investment hurdle as a requirement for a project to be granted pioneer status, rather projects that possess any of these three criteria – new products, new services and new technology – will qualify for pioneer status with income tax holidays of six years to a maximum of eight years. This move of the BOI, which is heading an inter-agency committee in crafting the 2013 Investment Priorities Plan (IPP), was presented during the public hearing for the new IPP. The IPP, an annual list of preferred economic activities eligible for government incentives, classifies projects into pioneer with income tax holiday of 6 to 8 years, and non-pioneer with maximum ITH of 4 years. (Manila Bulletin)

### Policy rate adjustments unlikely this week

Policy rates will likely be kept on hold when the Monetary Board meets this week but another cut for the special deposit account (SDA) facility cannot be ruled out, analysts said. The Monetary Board meets this Thursday for its second rate-setting meeting this year. Last month it kept policy rates steady as expected but slashed SDA rates to 3% from slightly over 3.5%. Both moves were motivated by the desire to push more money into the markets, encouraging consumption and investment to support the economy. The central bank will likely persist with this tack, the analysts said, since inflation remains manageable. (BusinessWorld)

## FINANCIAL TRENDS

### PH stocks retreat from record highs

The local stocks index soared to a new record intra-day high in early session but closed in negative territory on Monday as lofty valuations tempted profit-taking. The Philippine Stock Exchange index closed 19.82 points or 0.29 percent lower at 6,813.95. This was after hitting a new record intra-day peak of 6,867.10 as an improved US jobs data lifted most stock markets in the region. (Philippine Daily Inquirer)

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

The peso exchange rate closed lower at P40.69 to the US dollar yesterday at the Philippine Dealing & Exchange Corp. (PDEX) from P40.68 last Friday. The weighted average rate appreciated to P40.696 from P40.716. Total volume amounted to \$ 614 million. (Manila Bulletin)

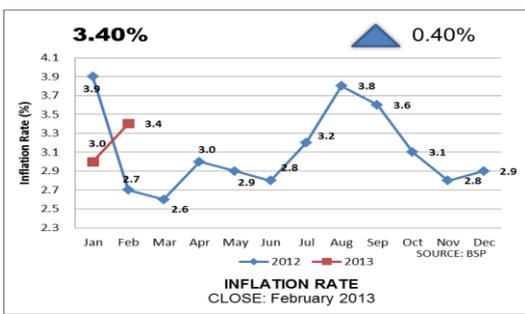
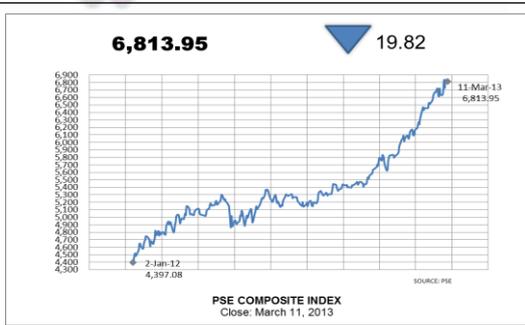
## INDUSTRY BUZZ

### Honda expanding in E. Visayas

Honda Cars Philippines Inc. (HCPI) is expanding its presence in the Visayas with a new dealership in Leyte. According to HCPI the new dealership is targeted to start its operations in the second-half of this year. The Tacloban dealership is HCPI's fifth in the Visayas. "(The) dealership... will offer the full lineup of Honda products and services to customers in the Eastern Visayas region," HCPI said. The new dealership will be located along Diversion Road, Maharlika Highway with a land area of approximately 2,500 square meters. (The Philippine Star)

### Car makers seek new ideas as electric dreams shatter

Carmakers are going back to the drawing board in the hunt for fuel-saving technologies as hopes that electric vehicles will be the silver bullet for CO2 emissions look increasingly forlorn. There is a growing awareness that conventional hybrids and slow-selling battery cars simply won't be enough to meet rigid EU emissions limits. Among those showing off new ideas at the Geneva car show this week, Volkswagen presented its diesel-electric XL1 - a low-slung two-seater that burns less than a liter (0.26 U.S. gallons) of fuel per 100 kilometers (62 miles) - while PSA Peugeot Citroen rolled out a compressed-air hybrid. Arthur Wheaton, automotive expert at Cornell University, offers a succinct summing up of the problem. "Battery technology has not been able to resolve the century-old problem of too much weight and limited range capability," he said. (BusinessWorld)



	Monday, 11 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	0.08%	0.05%	3.85%
Lending Rates	7.21%	7.16%	7.79%

