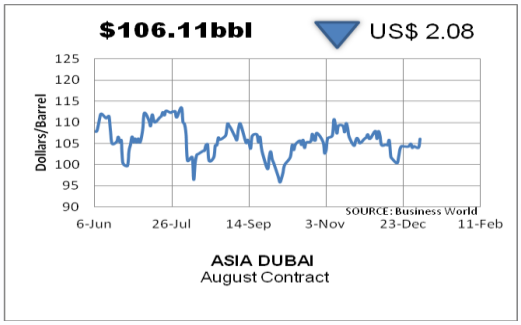
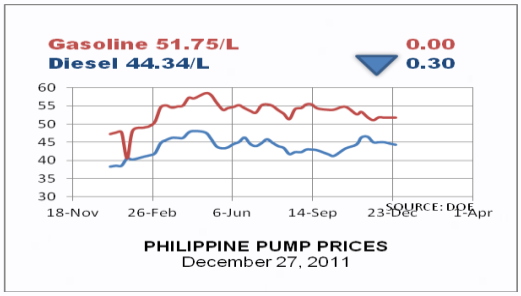
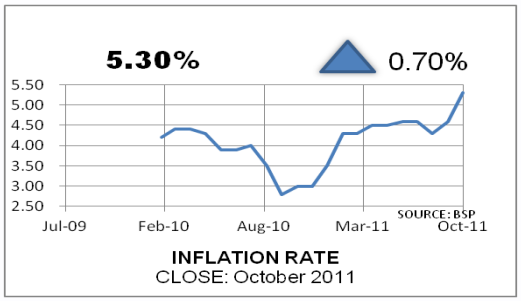
AVID
ASSOCIATION OF VEHICLE IMPORTERS AND DISTRIBUTORS

DASHBOARD

Changing News. Your Guide. AVID Daily E- News January 5, 2012 Volume 2 No 79







	Wednesday, January 4 2011	Year ago
Overnight Lending, RP	6.50%	6.00%
Overnight Borrowing, RRP	4.50%	4.00%
91 day T Bill Rates	0.919%	3.85%
Lending Rates	7.5238%	7.79%

MACROECONOMIC SNAPSHOT

BSP sees inflation benign outlook

A benign inflation outlook affords the Philippine central bank the policy flexibility to spur growth in the domestic economy amid global uncertainty, BSP Deputy Governor Diwa Guinigundo said Wednesday. "The inflation outlook is very benign." He said even if inflation in December was at the higher end of the central bank's 4.0% to 4.9% forecast range, inflation for all of 2011 will still average 4.5% to 4.6%, well within the bank's 3% to 5% target. Guinigundo said the central bank will "soon" announce inflation targets for the coming years that will use a new data series, with a base year of 2006 instead of 2000. He said the "adjustments will not be very significant," and suggested the annual target band until 2014 will likely stay at 3% to 5%. (Manila Bulletin)

Consumer demand seen to pick up

This year will be a good year for the manufacturing industry as consumer demand is expected to go up, according to Trade and Industry Undersecretary Cristino L. Panlilio. “The manufacturing sector is very good because the demand is growing which was a result of all the investments that came in last year,” Panlilio explained. “These activities are creating jobs which are adding to the purchasing power of the consumers,” According to him, investments create jobs and employed people have the capacity to buy goods which will create fresh demand. “Naturally goods will have to be made which will fuel the manufacturing sector,” Panlilio said. He conceded that some of the demand may be met by imported products, but the domestic industry will also flourish. (The Philippine Star)

Philippine credit rating on track for upgrade

The Philippines’ global credit rating may be raised to investment grade within a year following five “positive actions” from credit watchers in 2011, according to the central bank. Diwa Guinigundo, BSP deputy governor, said that in six months to a year, it is possible for the country to attain an upgrade of “a notch or two,” especially after Standard and Poor’s improved its outlook on the country from “stable” to “positive” last month. For borrowings from foreign lenders, Moody’s Investor Service and S&P rate the country “BB” and “Ba2,” respectively, both indicating two notches below investment grade. But Fitch Ratings marks the country with “BB+,” which is just a step away from the level where a country’s capacity to pay off its debts is perceived to be “adequate.” (Philippine Daily Inquirer)

FINANCIAL TRENDS

Stocks extend gains to fourth session

Market confidence, buoyed by upbeat US and German economic data, kept Philippine stocks on a roll on Wednesday. The main index Philippine Stock Exchange index (PSEi) rose for the fourth straight session yesterday, adding 1.48% or 65.55 points to close at 4,487.77. The broader all-share index, on the other hand, inched down by 0.34% or 10.34 points to 3,071.62. (BusinessWorld)

P/$ rate closes at P43.75/$1

The peso exchange rate closed slightly higher at P43.75 to the US dollar yesterday at the Philippine Dealing & Exchange Corp. (PDEx) from P43.77 the previous day. The weighted average rate appreciated to P43.755 from P43.758. Total volume amounted to $1.111.87 billion. (Manila Bulletin)

INDUSTRY BUZZ

US December new car sales jump

Auto makers capped 2011 with a strong December and forecast the recovery in U.S. sales would intensify as long as a stabilizing economy and improved U.S. job gains continue to encourage shoppers. Detroit auto makers reported increases in vehicle sales for December, with Chrysler Group LLC posting a 37% rise, Ford Motor Co. 10% gain and General Motors Co. 4.6% increase. For the full year, Chrysler's sales rose 26%, Ford's 11% and GM's 13%. All told, auto makers sold 1.2 million cars and light trucks in December, a rise of 8.7% from the same month in 2010, according to Autodata Corp. Light vehicles sales for all of 2011 totalled 12.8 million. (The Wall Street Journal)

Suzuki to invest $780M in Indonesia

Suzuki Motor Corp. said yesterday it would spend ¥60 billion ($780 million) to build more engines and cars in Indonesia as it seeks growth in the fast-expanding market dominated by the Toyota Motor Corp. group. Japan’s no. 4 automaker said it bought 1.3 million square meters of land in an industrial park to the east of Jakarta for ¥10 billion ($130 million). The land will first be used to build a 100,000-unitsa- year engine plant for ¥30 billion to reduce imports of the expensive component. Suzuki will spend another ¥20 billion to further raise the ratio of locally produced components and for the planned expansion of output capacity by 20,000 cars to 100,000 a year this spring, when it is due to launch a new model in the seven-seater segment popular in Indonesia. (BusinessWorld)