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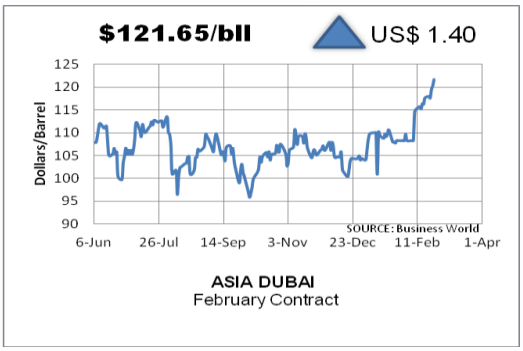
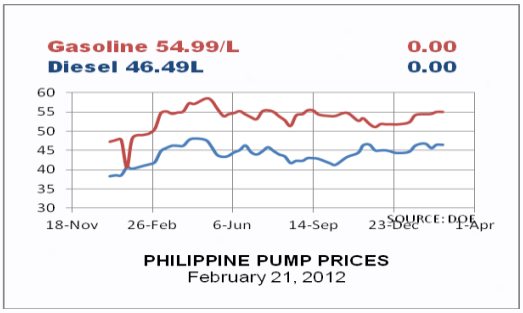
Changing News. Your Guide. AVID Daily E- News February 27, 2012 Volume 3 No. 15

PSE COMPOSITE INDEX
Close: February 24, 2012

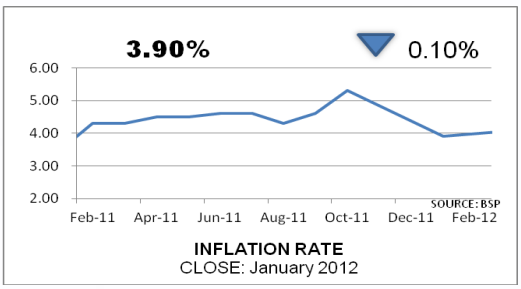
PESO-DOLLAR RATES
Close: February 24, 2012



ASIA DUBAI
February Contract



PHILIPPINE PUMP PRICES
February 21, 2012



INFLATION RATE
CLOSE: January 2012

	Friday, February 24 2012	Year ago
Overnight Lending, RP	6.25%	6.50%
Overnight Borrowing, RRP	4.25%	4.50%
91 day T Bill Rates	0.919%	3.85%
Lending Rates	7.7705%	7.79%

MACROECONOMIC SNAPSHOT

WB keeps 4.2% GDP growth forecast for Philippines

The Philippine economy may grow at a rate of 4.2 percent in 2012, according to the World Bank. The World Bank retained its 4.2 percent growth forecast for the Philippines on the assumption that government will ramp up spending and raise revenue, among other factors. The agency added that a 5 percent growth is possible in 2013. The Philippine Institute for Development Studies (PIDS) had a more optimistic view, forecasting 2012 GDP growth at 5.6 percent. "We see strong headwinds and uncertainties ahead. Developing countries like the Philippines should prepare. I want to highlight the necessity of generating higher revenue in the immediate term to be able to meet goals under the Philippine Development Plan," World Bank country director Motoo Konishi said. (Philippine Daily Inquirer)

Business sentiment buoyant, says BSP survey

Business sentiment is buoyant and the confidence index regularly measured by the BSP rose again in the latest survey, averaging 40.5 percent in the first quarter this year. This compared with the confidence index averaging only 38.7 percent the previous quarter and driven higher by increased orders, higher government spending, new contracts and projects, investment inflow-driven expansion, the prospect of higher credit standing for the Philippines, improving macroeconomic fundamentals and the introduction of new or enhanced business strategies and product lines. This optimism, BSP Deputy Governor Diwa C. Guinigundo said in a briefing, mirrored the improved business outlook of companies in the United States, Germany and India. (BusinessMirror)

Banking system's capital above BSP, int'l standards

The Bangko Sentral ng Pilipinas said the local banking industry managed to keep its capital levels significantly above international standards as of the end of the first half of last year amid the sovereign debt crisis in Europe and growth uncertainties in advanced economies led by the US. BSP Governor Amando Tetangco Jr. said that the system-wide average capital adequacy ratios (CAR) stood at 16.34 percent on a solo basis and 17.25 percent on a consolidated basis as of end-June last year. He added that the Tier 1 capital ratios remained high at 13.9 percent on a solo basis and 13.93 percent on a consolidated basis. The BSP chief pointed out that the banking system's CAR remained well above the central bank's 10-percent minimum requirement and the international benchmark ratio of eight percent under the Basel Accord. (The Philippine Star)

FINANCIAL TRENDS

Philippine stocks seen to weaken

The local stock market is seen taking a breather this week after surging close to the 5,000 level last week. Investors are more likely to lock up gains from blue chips, putting downward pressure on the Philippine Stock Exchange index, but there will still likely be some excitement on some second-lingers, according to Pentacapital Investment strategist Erico Claudio. Last week, the PSEi hit a new intra-day high of 4,997.04 but closed at 4,893. It was only slightly higher compared to 4,880.71 the previous week. (Philippine Daily Inquirer)

Peso expected to weaken to P43 territory

Currency traders interviewed by phone yesterday said the peso is seen to trade within the P42.50-43.20 per dollar band this week, wider than last week's P42.43-42.88 range. The peso shed 22.5 centavos to settle at P42.84 per dollar last Friday against its P42.615 to a dollar close a week earlier. (BusinessWorld)

INDUSTRY BUZZ

Toyota's 2011 exports reach $805M

Toyota Group's exports reached $805 million, 6.39 percent lower than its 2010 exports of $860 million as production slowed down following the Japan earthquake and Thai flooding. The company has yet to set its exports target for 2012. Toyota Auto Parts Inc, the group's export unit, is producing transmissions through its global network. Last year, the Japanese car giant has revealed plans of further localizing its auto parts and components requirements and strongly urged government to come up with measures to win Japanese auto parts manufacturers, who are planning to diversify its production site outside of Japan, to locate in the Philippines. At that time, TMP president Michinobu Sugata raised hopes that government would include a program for automotive parts and components manufacturing in the Motor Vehicle Development Program. (Manila Bulletin)

Chevrolet fires up Q1 with Cebu dealership opening

Chevrolet Philippines marks another milestone in its history as it introduces the latest addition to its new generation of dealerships – Chevrolet Cebu. Under the management of its New Cebu Dealer Partner - Genesis Motors Corporation, the newly opened dealership is set to capitalize on the great potential for growth and development in the region. (BusinessMirror)