AVID
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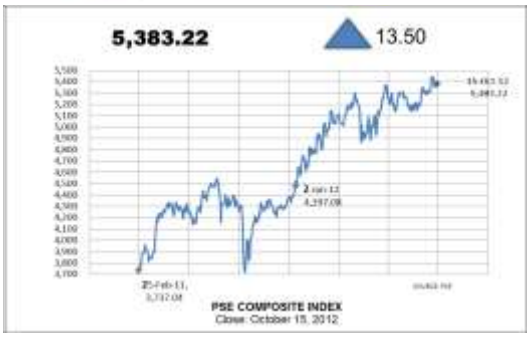

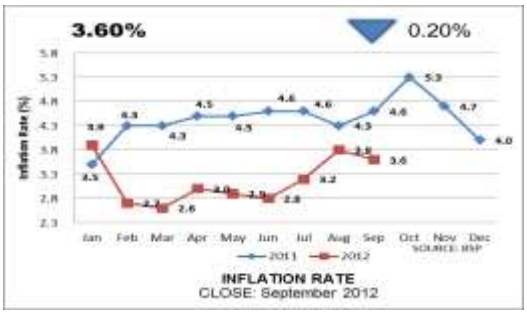

	Monday, October 15 2012	Last Week	Year ago
Overnight Lending, RP	5.75%	6.00%	6.50%
Overnight Borrowing, RRP	3.75%	4.00%	4.50%
91 day T Bill Rates	0.71%	2.15%	3.85%
Lending Rates	7.60%	7.44%	7.79%

MACROECONOMIC SNAPSHOT

Consumers seen cutting big-ticket spending

Consumer spending on basic grocery items are likely to remain stable in the next six months in greater Metro Manila, but there may be budget cutbacks on discretionary items like alcoholic beverage, snack foods, new cell phone units, a recent consumer study by Citigroup suggested. Metropolitan consumers also appear reluctant to spend in the next six months on big-ticket items like cars or real estate—whether house and lot or condominium unit—but this may be partly due to an increasing desire to save, the Citi research said. About 87 percent of respondents in a recent Citi survey indicated no plan to buy new cars while 84 percent do not plan to buy real estate, whether house and lot or condominium unit. Overall, the study, authored by analysts Karisa Magpayo, Minda Olonan, Ricardo Puig and economist Jun Trinidad, was upbeat on the consumer sector as a resilient driver of the economy and corporate profits. (Philippine Daily Inquirer)

PH can grow by over 5% yearly - IMF

The Philippines can grow faster in the medium term at more than five percent annually, International Monetary Fund (IMF) officials said. In a briefing, they said higher state revenues and increasing the spending on infrastructure will pave the way for more domestic growth. “Certainly we see the potential for the Philippines to raise its growth rate well above five percent over the medium term,” said Anoop Singh, director of the Asia and Pacific Department of the IMF. “I think they are trying to build infrastructure financing and the focus is on domestic demand, but in a way that is focused on infrastructure, to raise potential growth,” Singh added. In the World Economic Outlook (WEO) released during the IMF-World Bank Annual Meetings here, the Philippine economy is seen to post a 4.8-percent uptick for 2012 and 2013. (The Philippine Star)

S&P warns AsPac against too much monetary easing

Global debt watcher Standard & Poor’s Ratings Services (S&P) has warned Asia-Pacific countries, including the Philippines, of too much monetary easing, saying this could lead to asset bubble formations which may impact negatively on credit ratings. S&P credit analyst Kim Eng Tan said the New York-based credit rater is “wary of the implications of the unprecedented global monetary conditions, which are very easy right now.” “These easy monetary conditions may be appropriate for deleveraging developed economies. However, for this region where many economies continue to grow decent space, there is a risk that they could trigger unsustainable credit growth and asset bubbles,” Tan said. “Both of which could become issues that could lead to weakening sovereign ratings,” he added. (The Philippine Star)

FINANCIAL TRENDS

Stocks continue to rise

The local stock index gained for a second session yesterday on selective buying of blue chips like SM Investments Corp. while more investors focused on penny stocks. The main-share Philippine Stock exchange index added 13.5 points or 0.25 percent to close at 5,383.22. Across the region, sentiment was mixed ahead of the third-quarter corporate earnings reporting season. (Philippine Daily Inquirer)

P/$ Rate closes at P41.455/$1

The peso exchange rate closed lower at P41.455 to the US dollar yesterday at the Philippine Dealing & Exchange Corp. (PDEx) from P41.43 last Friday. The weighted average rate depreciated to P41.496 from P41.476. Total volume amounted to $687.95 million. (Manila Bulletin)

INDUSTRY BUZZ

Philippines seen as e-vehicle parts manufacturing hub

The Asian Development Bank sees the Philippines becoming a regional manufacturing hub for electric vehicle parts if the government and its partners will be able to successfully pull off the $500-million electric tricycle program. In an interview, Neeraj K. Jain, country director of the ADB for the Philippines said the e-Trike project, which will involve the roll out of 100,000 units of electronic tricycles across the country, was an initiative that could generate economic and “transformational” gains not only for tricycle drivers but for a whole new industry—the electric vehicle industry. Sohail Hasnie, principal energy specialist at the ADB, disclosed that five to six foreign companies had expressed interest in relocating their factories to the Philippines, after seeing that the government and the ADB were aggressively pushing forward with the e-Trike project. Companies interested in relocating in the Philippines include large battery manufacturers overseas, spare parts manufacturers, motorcycle manufacturers and renewable energy firms. (Philippine Daily Inquirer)