



# Daily Matters

January 5, 2018

## MARKET INDICATORS

As of January 4, 2018

Index/ Bond	Index Level/Yield	DoD Change	DoD % Change
PSEi	8,739.83	15.70	0.18%
Dow Jones	25,075.13	152.45	0.61%
NASDAQ	7,077.91	12.38	0.18%
S&P500	2,723.99	10.93	0.40%
MSCI Asia ex-Japan	732.87	3.83	0.53%
MSCI Emerging Market	1,192.56	8.35	0.71%
5Yr FXTN	4.72	0 bps	
10 Yr US Treasury	2.45	1 bps	
USD/PHP	49.85	0.07	0.13%

Source: Bloomberg



## News in the Philippines

### 2017 Inflation Rate Averages at 3.2%

- The country's annual inflation stabilized in December, putting the average for 2017 at 3.2%. The headline consumer price index (CPI) reading for December rose to 3.3% year-on-year (YoY) meeting survey expectations. Despite the fast rise in prices of food, alcoholic beverages, and tobacco, steady costs of commodities balanced it out contributing to the latest inflation rate. According to Bangko Sentral ng Pilipinas (BSP) Governor Nestor Espenilla, the country's inflation rate is expected to fall within 2-4% for the next two years. With inflation staying within manageable levels, BSP's policy remained steady since September 2014 despite strong economic growth. However, price pressure from higher tax rates, oil price hikes and higher U.S. rates, could influence BSP to implement higher rates this year.

### Local Bond Market

- The yield of the benchmark 5-year bond closed at 4.72, changing at 0 bps during yesterday's session.
- The yields of bonds were mostly stagnant throughout yesterday's session with 2 yields rising, 4 yields falling and 5 yields remaining stagnant.

### Philippine Stocks

- The local bourse firmed up yesterday staying above the 8,700-mark due to selective buying of large-cap stocks. Financial, industrial and holding firms took the lead in gains. On the other hand, services, mining/oil and property counters slipped. PSEi climbed 0.18% or 15.70 points landing at 8,739.83 at market's close.

### Philippine Peso

- The local peso's eight-day streak ended yesterday as the U.S. dollar gained strength with the release of the Federal Reserve's December meeting minutes showing a positive outlook on the U.S. economy. The peso closed the day at PHP 49.85.



## News around the World

### China's Services Sector Expand in December

- The Caixin/Markit Services Purchasing Managers' Index (PMI) rose to 53.9 in December from 51.9 the previous month, showing that the Chinese services sector grew at its fastest pace in more than three years. Strong growth in new business and improved outlook pushed growth in the sector. New businesses also grew at its fastest since May 2015 with higher client demand and new projects, survey revealed. The services sector make up more than half of the Chinese economy.

### US Market

- Major indices reached record highs on Thursday due to strong economic data in the U.S. and abroad. The Dow Jones Industrial Average (DJIA) breached the 25,000-mark for the time ever, rising at its fastest since it was created back in May 1896, due to the administration's pro-growth agenda and strong corporate earnings. The Standard & Poor's 500 Index breached the 2,700-mark for the first time. The S&P 500 ended at 2,723.99, climbing 0.40% or 10.93 points. The Dow Jones soared 152.45 points or 0.61% to end at 25,075.13. The NASDAQ rose 12.38 points or 0.18% to close at 7,077.91.

### Asian Stocks

- Most Asian markets closed on the green at yesterday's close tracking upbeat Wall Street performance due to positive economic data. The MSCI Asia-Ex Japan Index rose 0.53% or 3.83 points to close at 732.87.

### Emerging Markets

- Emerging stocks closed higher on Thursday with solid U.S. and Chinese data, reaching 6 1/2-year high. MSCI Emerging Markets Index climbed 0.71% or 8.35 points, closing at 1,192.56.

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