

Daily Matters

February 5, 2015

MARKET INDICATORS

As of February 4, 2015

Index/ Bond	Index Level/Yield	DoD Change	DoD % Change
PSEi	7,716.06	102.91	1.35%
Dow Jones	17,673.02	6.62	0.04%
S&P 500	2,041.51	-8.52	-0.42%
NASDAQ	4,716.70	-11.04	-0.23%
MSCI Asia ex-Japan	584.49	4.83	0.83%
MSCI Emerging Market	980.82	4.32	0.44%
5 Yr FXTN	2.97	2 bps	
10 Yr US Treasury	1.81	14 bps	
USD/PHP	44.04	-0.09	-0.21%

Source: Bloomberg

NEWS IN THE PHILIPPINES

Local News

- The Bureau of the Treasury (BTr) will be conducting a month-long market-wide testing for the non-restricted trading of government securities. Based on the BTr's timeline, a market wide testing will be conducted from Feb. 9 to Feb. 13. The finalization of test results will be conducted from Feb. 16 to Feb 20, the memorandum showed. For the last week of the month, a concluding meeting will be held in which the BTr will decide on the implementation date for the non-restricted trading.

Local Bond Market

- The yield of the benchmark 5-year bond added 2 bps and closed at 2.97%.
- On the local fixed income space, prices of government securities fell mainly due to investors taking profits in their positions following the recent rally. Yields went up 4.8 basis points on average led by the long-end, which hiked 8.8 basis points as the market reacted to the sharp increase in 10-year US Treasuries. The belly and the short-end were up by 3.6 and 3.4 basis points, respectively.

Philippine Stocks

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- Local equities soared as investors adopted a risk-off stance following positive developments in the Greek- euro zone debt standoff and as the local bourse tracked the gains in Wall Street as oil prices rebounded. The PSEi jumped 1.35% to close at 7,716, which is the highest closing in history.

Philippine Peso

- The Philippine Peso continued to strengthen against the US dollar as hopes for a Greek bailout and decreasing fears over a global slowdown improved investor sentiment. The Peso gained 0.09 to end the day at 44.04.

NEWS AROUND THE WORLD

Global News

- The Institute for Supply Management's (ISM's) non-manufacturing purchasing managers index improved to 56.7 (vs. Market estimate: 56.4), higher than the 56.5 registered in December, which reflect solid expansion of U.S. services sector. Comments from ISM members are "mostly positive and/or reflect stability about business conditions."
- The European Central Bank (ECB) suspended the eligibility of Greek sovereign debt as collateral for its liquidity operations, starting on February 11. The Governing Council's decision is based on its assessment that a successful conclusion of the program review is unlikely. Bloomberg also reported that Greece's refusal to accept more bailout loans may result in a cash crunch as early as March 2015.

US Stock Market

- US Equities ended mixed, as the Dow sharply pared gains in the final hour and the S&P 500 slipped following news fearing that the ECB is unable to assume a successful conclusion to the Greek government's bailout talks with its lenders. The Dow Jones Industrial Average jumped 6.62 points to close at 17,673.02, while the S&P 500 dropped 8.52 points to close at 2,041.51. The Nasdaq gave back 11.04 points, or 0.23%, to 4,716.70.

Asian Stocks

- Asian equities mostly ended higher as markets moved ahead of the People's Bank of China meeting with expectations of further easing. The MSCI Asia ex-Japan Index added 4.83 points or 0.83% to 584.49.

Emerging Markets

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- Emerging-market stocks rose to a one-week high as investors bet China's move to lower banks' reserve requirements to prop up the world's second-largest economy will spur demand for developing-nation assets. The MSCI Emerging Market index gained by 4.32 points or 0.44% to 980.82.

Sources: Bloomberg, Briefing.com, Business World, CNN, Inquirer, PhilStar, Reuters, WSJ

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