

Daily Matters

February 12, 2014

MARKET INDICATORS

As of February 11, 2014

Index/ Bond	Index Level/Yield	DoD Change	DoD % Change
PSEi	6,106.03	63.78	1.06%
Dow Jones	15,994.77	192.98	1.22%
S&P 500	1,819.75	19.91	1.11%
NASDAQ	4,191.05	42.88	1.03%
MSCI Asia ex-Japan	523.90	5.19	1.00%
MSCI Emerging Market	944.75	9.25	0.99%
5 Yr FXTN	3.54	-21 bps	
10 Yr US Treasury	2.73	6 bps	
USD/PHP	45.07	0.09	0.20%

Source: Bloomberg

NEWS IN THE PHILIPPINES

Export Growth Slowed To 3.6% in 2013; Consumer Loans Up By 16.89%

- Philippine Statistics Authority (PTA): For full-year 2013, exports totaled US\$53.978 billion, 3.6% higher than the 2012 figure. However, this was still below the government's 10% target. The top export for the month continued to be electronics, with shipments amounting to US\$1.905 billion, 26.1% higher year-on-year. On a full-year basis, electronics exports were down roughly by 4% to US\$21.8 billion. Japan was the top exports destination for the month, followed by China and the United States.
- Bangko Sentral ng Pilipinas (BSP): Consumer loans, which are mainly composed of auto, residential real estate, and credit card receivables, went higher by 16.89% to Php702.556 billion as of September last year from Php601.027 billion in the January to September period of 2012. The central bank said that the increase in consumer lending was boosted by an increase in residential real estate loans amid continued household investments in residential properties and a slow rise in the cost of construction materials. Auto and credit card loans, meanwhile, climbed at a slower pace due to the lean season.

Local Bond Market

- The yield of the benchmark 5-year bond fell 21 bps and closed at 3.54%.
- Prices of local government securities ended the day slightly lower on thin trading as investors awaited fresh leads from the market. Yields climbed by an average of 0.52 basis points led by the short-end of curve, which rose by 1.3 basis points. The belly and long-end

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of the curve likewise increased by 0.1 and 0.2 basis points, respectively.

Philippine Stocks

- The local equities market closed above the 6,100 mark yesterday, extending its winning streak to 5 days on expectations that newly inaugurated Fed Chair, Janet Yellen, will put bond purchase tapering on pause after another month of disappointing jobs data. The PSEi increased by 63.78 points or +1.06% to close at 6,106.03.

Philippine Peso

- The Philippine peso weakened against the greenback, breaching once more the Php45.00-level on speculation that the central bank took the peso's recent appreciation as an opportunity to purchase dollars and boost the country's foreign reserves. The local currency surrendered 9 centavos to close at 45.07.

NEWS AROUND THE WORLD

Yellen Said Recovery in Labor Market is Far From Complete; US Job Opening Decreased in December as Hiring Slowed; US Wholesale Inventories Rose Less than Expected

- US Federal Reserve Chairman Janet Yellen, in her first congressional testimony as Fed chair, said the U.S. economic outlook would have to take a distinctive turn for the worse before the Federal Reserve considers halting its ongoing reduction of bond purchases. Asked about January's weak employment report, Yellen emphasized that the Fed would look at the long-term pattern and consider a wide range of indicators. Recent bad weather may have been a drag on economic activity, she added, saying it would take some time to get a true sense of the underlying trend.
- The number of job openings in the U.S. declined unexpectedly in December yet remained near a five and a half-year high. The U.S. Labor Department said that the number of job openings, excluding the farming industry, fell to 3.99 million (Market estimate: 3.98 million) from an upwardly revised 4.03 million in November (Previous: 4.0 million). Total hiring declined to 4.4 million from 4.5million in November, the weakest in six months. Quitting also declined in December, after reaching a five-year high in November.
- U.S. wholesale inventories rose less than expected in December. Wholesale inventories increased 0.3% (Market estimate: +0.5%) after rising 0.5% in November. Excluding autos, wholesale inventories grew 0.3%. This component goes into the calculation of GDP. Sales at wholesalers rose 0.5% (Market estimate: +0.7%) after jumping 1% in November. At December's sales pace it would take 1.17 months to clear shelves, unchanged from November.

US Stock Market

- U.S. stocks extended their recovery rally into a fourth day as Fed Chairwoman Janet Yellen

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stoked optimism that central bank policy will remain highly supportive of the economy. Equities also enjoyed the tailwind from news out of Washington that Republicans will allow the nation's borrowing limit to be raised through March 2015 without added amendments or conditions. The Dow Jones Industrial Average jumped 192.98 points, or 1.22%, to 15,994.77. The S&P 500 leapt 19.91 points, or 1.11%, to 1,819.75. The Nasdaq rallied 42.88 points, or 1.03%, to 4,191.05.

Asian Stocks

- Asian stocks staged another broad rally as shares tracked small overnight gains from the US. Financial stocks were among the best performers as some investors bought stocks to exit short positions. Other markets took cue from strong corporate earnings results. The MSCI Asia-Ex Japan Index advanced 1% or 5.19 points to close at 523.90.

Emerging Markets

- Emerging-market stocks advanced to a two-week high after Federal Reserve Chairman Janet Yellen said U.S. stimulus will be cut in measured steps. The MSCI Emerging Markets Index added 0.99% or 9.25 points to close at 944.75.

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

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