

Daily Matters

February 13, 2014

MARKET INDICATORS

As of February 12, 2014

Index/ Bond	Index Level/Yield	DoD Change	DoD % Change
PSEi	6,112.31	6.28	0.10%
Dow Jones	15,963.94	-30.83	-0.19%
S&P 500	1,819.26	-0.49	-0.03%
NASDAQ	4,201.29	10.24	0.24%
MSCI Asia ex-Japan	529.53	5.63	1.07%
MSCI Emerging Market	953.30	8.55	0.91%
5 Yr FXTN	3.75	21 bps	
10 Yr US Treasury	2.76	4 bps	
USD/PHP	44.83	-0.24	-0.52%

Source: Bloomberg

NEWS IN THE PHILIPPINES

Manufacturing Output Registers Sustained Growth

- Philippine Statistics Authority (PSA): The country's manufacturing output sustained its growth for the month of December last year on the back of improvement in some sectors. PSA reported that the monthly Volume of Production Index (VoPI) expanded by 26.5%, higher than November's registered growth of 1.2%. Likewise, the value of production index (VaPI) rose by 21.4% from November's 19.4%. Both indices were driven by chemical products and furniture and fixtures, which registered triple-digit growths in December.

Local Bond Market

- The yield of the benchmark 5-year bond rose 21 bps and closed at 3.75%.
- Prices of local government securities climbed yesterday as buying interest was observed following the announcement of Fed Chair Janet Yellen that reductions in the Fed's bond-buying program would continue to be dependent on economic recovery. On average, yields declined by 6.78 basis points led by long- and medium-tenored buckets, which dropped by 14.2 and 7.8 basis points, respectively.

Philippine Stocks

- The local equities market managed to end higher, after the US market rallied the night before as a result of Fed Chair Janet Yellen's implication that the Fed would maintain its

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accommodative monetary policy. Local market movement was further buoyed by stronger-than-expected export data from China. The PSEi inched upward by 6.28 points, or +0.10%, to close at 6,112.31.

Philippine Peso

- The Philippine peso bounced back against the US dollar as investors favored the local currency after a statement from Federal Reserve Chairwoman Janet Yellen indicated continued accommodative monetary policy. The USD/PHP pair appreciated 24 centavos to close at Php 44.83.

NEWS AROUND THE WORLD

China Strength in Trade Growth Defies Signs of Slowdown; Euro Zone Industry Stumbles in December; Record Tumble in Japan Machinery Orders Casts Doubt on Abenomics

- China surprised markets with a thumping trade performance in January as import growth hit a six-month high. The value of China's total exports climbed 10.6 percent in January from a year earlier, the Customs Administration said on Wednesday, more than five times market forecasts for a 2 percent rise. The value of imports also jumped 10 percent from a year ago. The country's trade surplus rose to \$31.9 billion, well above forecasts of \$23.7 billion and December's \$25.6 billion.
- Euro zone industrial output fell more than expected in December, data showed, but probably not by enough to have stopped economic growth from picking up slightly in the last three months of the year. Industrial output in December fell 0.7 percent on the month, Eurostat, the European Union statistics agency, said.
- Japan's core machinery orders suffered a steep drop in December and companies expect more declines in the January-March quarter, a worrying sign for capital spending seen as key to cementing a recovery in the world's third-largest economy. The 15.7 percent decline in orders was much worse than a projected 4.1 percent decline and was the largest since comparable data available from 2005.

US Stock Market

- US equities dipped slightly as investors booked profits from the recent run-up in stocks. The Dow Jones Industrial Average dipped 30.83 points, or 0.19%, to 15,963.94. The S&P 500 inched down 0.49 of a point to 1,819.26. The Nasdaq tickled up 10.24 points, or 0.24%, to 4,201.29.

Asian Stocks

- Asian shares rallied Wednesday following Janet Yellen's statement and amid China's release of favorable export figure for January. Ms. Yellen, the new US Federal Reserve chief, said that she planned no major changes in the central bank's monetary policy as it gradually reduces the amount of money they used to buy back bonds and stimulate the economy. The

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MSCI Asia-Ex Japan Index advanced 1.07% or 5.63 points to close at 529.53.

Emerging Markets

- Emerging markets climbed Wednesday after the new US Federal Reserve chief said she would stick with its stimulus policy, while lawmakers agreed to raise the debt ceiling and avert another stand-off. The MSCI Emerging Markets Index added 0.91% or 8.55 points to close at 953.30.

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

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