

Daily Matters

February 25, 2014

MARKET INDICATORS

As of February 24, 2014

Index/ Bond	Index Level/Yield	DoD Change	DoD % Change
PSEi	6,296.32	-12.04	-0.19%
Dow Jones	16,207.14	103.84	0.64%
S&P 500	1,847.61	11.36	0.62%
NASDAQ	4,292.97	29.56	0.69%
MSCI Asia ex-Japan	531.13	-3.31	-0.62%
MSCI Emerging Market	958.42	-0.84	-0.09%
5 Yr FXTN	3.85	-	
10 Yr US Treasury	2.74	1 bp	
USD/PHP	44.59	0.03	0.06%

Source: Bloomberg

NEWS IN THE PHILIPPINES

Small Banks' NPL Ratio Improves to 7.33% in September

- Bangko Sentral ng Pilipinas (BSP): The combined non-performing loan (NPL) ratio of thrift, rural and cooperative banks improved in the third quarter versus the same period in 2012. The central bank said the small banks' bad loan ratio eased to 7.33 percent as of September 2013 from 7.53 percent in the same period in 2012.

Local Bond Market

- The yield of the benchmark 5-year bond was unchanged at 3.85%.
- Prices of local government securities fell slightly yesterday as investors remained mostly on the sidelines awaiting fresh leads from the market. Yields climbed by an average of 3.77 basis points led by the belly and long-end of the curve, which rose by 3.2 and 9.7 basis points, respectively.

Philippine Stocks

- The local equities market retreated on profit-taking after reaching year-to-date highs earlier during yesterday's trading session. The PSEi decreased by 12.04 points, or -0.19%, to close at 6,296.32.

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Philippine Peso

- The Philippine peso weakened against the US dollar along with its currency peers as market players once again turned their attention back to the Federal Reserve's stimulus withdrawal. The USD/PHP currency pair shed 3centavos to close at 44.59.

NEWS AROUND THE WORLD

U.S. Services Growth Slows in Feb –Markit; China's Home Price Rises Ease for First Time in 14 Months; Euro Zone Inflation Shows Biggest Monthly Fall in January; G20 Aspires to Faster Economic Growth

- Growth in the services sector as well as the pace of hiring slowed in February, an industry report showed, the latest data to suggest an unusually cold winter is dragging on economic activity. Financial data firm Markit said its "flash" or preliminary services sector purchasing managers index slipped to 52.7 in February from 56.7 in January.
- China's home price rises eased for the first time in 14 months in January, the latest sign that the government's more than four-year campaign to rein in property risk may finally be starting to bite. Average new home prices in China's 70 major cities rose 9.6 percent in January from a year earlier. Prices in the capital Bei-jing rose 14.7 percent in January from a year earlier. Shanghai price gains eased to 17.5 percent in January from a year ago. Home sales were also likely to have cooled in most major cities in January due to the Lunar New Year holiday.
- Euro zone consumer prices fell in January at their fastest ever pace on a monthly basis, dragged down by a slump in the cost of non-energy industrial goods, keeping annual inflation well below the European Central Bank's target. Inflation rate in the 18 countries sharing the euro dropped by 1.1 percent in January when compared with December, keeping the annual inflation rate at 0.8 percent for a second month in a row, the EU's statistics office Eurostat said.
- The world's top economies have embraced a goal of generating more than \$2 trillion in additional output over five years while creating tens of millions of new jobs, signalling optimism that the worst of crisis-era austerity was behind them. The final communique from Sydney said they would take concrete action to increase investment and employment.

US Stock Market

- U.S. stocks retreated quite sharply in the final hour yet still logged broad gains as another mixed bag of weather impacted economic data failed to dampen investors' enthusiasm for stocks. News of further M&A in the technology space certainly added to a positive tone that at one point saw the S&P 500 post a new record all-time high. The Dow Jones Industrial Average advanced 103.84 points, or 0.64%, to 16,207.14. The S&P 500 climbed 11.36 points, or 0.62%, to a provisional close of 1,847.61. The Nasdaq gained 29.56 points, or 0.69%, to 4,292.97.

Asian Stocks

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- Most Asian markets declined Monday on profit taking activities and on fears that the Chinese government will impose new controls on the property sector. The MSCI Asia-Ex Japan Index tumbled 0.62% or 3.31 points to close at 531.13.

Emerging Markets

- Emerging-market stocks fell as Chinese equities slid the most in seven weeks on concern reduced lending to the property industry will curb growth. Ukrainian shares and bonds rallied as prospects for financial aid grew. The MSCI Emerging Markets Index lost 0.09% or 0.84points to close at 958.42.

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

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