

Daily Matters

February 28, 2014

MARKET INDICATORS

As of February 27, 2014

Index/ Bond	Index Level/Yield	DoD Change	DoD % Change
PSEi	6,354.79	32.19	0.51%
Dow Jones	16,272.65	74.24	0.46%
S&P 500	1,854.29	9.13	0.49%
NASDAQ	4,318.93	26.87	0.63%
MSCI Asia ex-Japan	539.36	4.28	0.80%
MSCI Emerging Market	963.23	6.97	0.73%
5 Yr FXTN	3.50	-50 bps	
10 Yr US Treasury	2.64	-3 bps	
USD/PHP	44.67	0.06	0.12%

Source: Bloomberg

NEWS IN THE PHILIPPINES

Passenger Traffic at Philippine Airports Higher by 1%

- According to the Civil Aeronautics Board (CAB), overall domestic and international air passenger traffic at Philippine airports inched higher by 1% to 37.66 million last year from 2012's 37.31 million. Broken down, international passenger traffic rose 3.5% to 17.32 million from 16.74 million, while domestic passengers coming in fell 1.1% to 20.34 million from 20.57 million. The CAB attributes some of the decline in domestic air passengers to the natural disasters that wrecked the country in the second half, such as Super Typhoon Yolanda.

Local Bond Market

- The yield of the benchmark 5-year bond inched down 50 bps at 3.50%.
- On the local fixed income market, prices of local government securities rallied during today's trading session as bargain-hunting was seen particularly on medium-tenored buckets. Yields declined by 4.67 basis points with the belly of the curve falling by 12.5 basis points.

Philippine Stocks

- The local equities market closed substantially higher yesterday on continued optimism over corporate earnings results that have been mostly ahead of expectations. Speculation that

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the Fed may reconsider its decision to reverse quantitative easing in the face of stubborn economic weakness in the US, contributed to the PSEi's stellar finish. The PSEi gained 32.19 points or +0.51% to close at 6,354.79.

Philippine Peso

- The Philippine peso depreciated against the US dollar tracking regional peers as investors favored the greenback after the release of better-than-expected U.S. data and ahead of Federal Reserve Chair Janet Yellen's Senate testimony tonight. The local currency lost 6 centavos to close at 44.67.

NEWS AROUND THE WORLD

Weather Seems to Blame for U.S. Slowdown, Fed's Yellen Says; Initial Claims for State Unemployment Benefits Increased 14,000; U.S. Core Capital Goods Order Up; Eurozone Confidence Up for the 10th Consecutive Month; German Unemployment Drops

- Federal Reserve Chairwoman Janet Yellen said that the Fed was looking closely at a recent run of disappointing economic data. She isn't sure how much of the recent deterioration in the data is due to weather, adding the central bank might consider a pause in its reduction of bond buying if the weakness persists.
- The number of Americans filing new claims for unemployment benefits jumped last week. Initial claims for jobless benefits rose 14,000 to a seasonally adjusted 348,000 (Market estimate: 335k) in the week ended Feb. 22. The four-week moving average of claims held steady at 338,250. The number of continuing unemployment-benefit claims rose 8,000 to a seasonally adjusted 2,964,000 (Market estimate: 2,985k) in the week ended Feb.
- Orders for long-lasting U.S. manufactured goods excluding transportation and a gauge of business spending unexpectedly rose in January, offering hopeful signs for factory activity which has slowed in recent months. The Commerce Department said durable goods orders excluding transportation rose 1.1 percent, after falling 1.9 percent in December.
- Eurozone economic confidence improved for the tenth consecutive month in February driven by upbeat services and industrial sentiment. The economic sentiment index rose to 101.2 (Market estimate: 100.7) from 101 in January to hit a 31-month high. A marginal increase in the reading was due to enhanced confidence in construction and, to a lesser extent, services, retail trade and industry. At the same time, confidence among consumers deteriorated.
- German unemployment dropped to its lowest level in nearly 1-1/2 years this month. The number of people out of work declined 14,000 to 2.914mln. That meant there were fewer unemployed people in Germany than at any time since September 2012.

US Stock Market

- US equities ended much higher after Federal Reserve Chair Janet Yellen's senate testimony regarding the recent weak economic data soothed fears on the country's growth trajectory.

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The Dow Jones Industrial Average climbed 74.24 points, or 0.46%, to 16,272.65. The S&P 500 rose 9.13 points, or 0.49%, to 1,854.29. The Nasdaq jumped 26.87 points, or 0.63%, to 4,318.93.

Asian Stocks

- Asian stocks ended Thursday little changed as markets awaited US Federal Reserve Chief Janet Yellen's Senate Banking Committee testimony later in the day. The MSCI Asia-Ex Japan Index gained 0.80% or 4.28 points to close at 539.36.

Emerging Markets

- Emerging-market stocks mostly rose on Thursday in cagey trade following a positive close on Wall Street and before the congressional testimony of US Federal Reserve head Janet Yellen later in the day. The MSCI Emerging Markets Index added 0.73% or 6.97 points to close at 963.23.

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

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