

Daily Matters

February 4, 2014

MARKET INDICATORS

As of February 3, 2014

Index/ Bond	Index Level/Yield	DoD Change	DoD % Change
PSEi	6,015.30	-25.89	-0.43%
Dow Jones	15,372.80	-326.05	-2.08%
S&P 500	1,741.89	-40.70	-2.28%
NASDAQ	3,996.96	-106.92	-2.61%
MSCI Asia ex-Japan	519.74	-3.54	-0.68%
MSCI Emerging Market	926.74	-9.79	-1.05%
5 Yr FXTN	3.60	31 bps	
10 Yr US Treasury	2.58	-7 bps	
USD/PHP	45.41	0.09	0.20%

Source: Bloomberg

NEWS IN THE PHILIPPINES

BSP Considers Tighter Guidelines on Real Estate

- **Bangko Sentral ng Pilipinas (BSP):** The BSP may implement stricter rules on bank's exposure to real estate as the country's property market continues to soar. The central bank monitors credit conditions on real estate activities and the new measures would ensure that banks comply with creditable credit standards on the industry exposure. In November 2012, the central bank rolled out new guidelines to expand its oversight on banks extending real estate loans.

Local Bond Market

- **Bureau of Treasury:** The government rejected all bids for the 182-day and 364-day Treasury bills (T-bills) due to unreasonably high offers from banks. The auction was undersubscribed with the government only raising P4 billion from the offer or just a fifth of what the government intended to sell.
- The yield of the benchmark 5-year bond rose 31 bps and closed at 3.60%.
- The yields of bonds mostly rose with 8 tenors gaining, 3 falling, and 1 unchanged. Most short term issues advanced.

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Philippine Stocks

- Philippine stocks dropped for a second straight day on a lack of fresh leads. The Philippine Stock Exchange index (PSEi) shed 0.43% or 25.89 points to close at 6,015.30. Market breadth was negative with losers overwhelming gainers at 99 to 50 while 50 issues were flat.

Philippine Peso

- The peso plummeted to a new three-year low as market sentiment over the Fed tapering continued to dominate local trading. The local currency closed 0.20% or 9 cents higher at 45.41.

NEWS AROUND THE WORLD

US Manufacturing Decline More Than Forecast

- Institute for Supply Management (ISM): Factories in the US expanded at its weakest pace in January as frigid weather slowed demand and production. The ISM's factory index decreased to 51.3, lower than the most pessimistic forecast or 56, from 56.5 the prior month. Readings above 50 indicate an expansion. This brings to a halt the recent momentum in US manufacturing.

US Stock Market

- US stocks plunged after disappointing US manufacturing activity. The Dow slumped more than 300 points while both the NASDAQ and S&P 500 were down more than 2%. (Dow Jones -2.08% 15,372.80; NASDAQ -2.61% 3,996.96; S&P 500 -2.28% 1,741.89)

Asian Stocks

- Asian stocks fell to a fresh five-month low after weaker US manufacturing data spooked investors. The MSCI Asia-Ex Japan Index decreased by 0.68% or 3.54 points to close at 519.74.

Emerging Markets

- Emerging-market stocks extended a two-week sell-off as weak Chinese and US manufacturing data weighed in on shares. The MSCI Emerging Markets Index lost 1.05% or 9.79 points to close at 926.74.

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

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