

Daily Matters

March 19, 2014

MARKET INDICATORS

As of March 18, 2014

Index/ Bond	Index Level/Yield	DoD Change	DoD % Change
PSEi	6,466.55	66.56	1.04%
Dow Jones	16,336.19	88.97	0.55%
S&P 500	1,872.25	13.42	0.72%
NASDAQ	4,333.31	53.36	1.25%
MSCI Asia ex-Japan	530.88	1.94	0.37%
MSCI Emerging Market	952.48	9.26	0.98%
5 Yr FXTN	3.09	-2 bps	
10 Yr US Treasury	2.67	-2 bps	
USD/PHP	44.69	0.01	0.02%

Source: Bloomberg

NEWS IN THE PHILIPPINES

Gov't Debt Rose 4.9% to P5.59T in January; BTr Sold Php 9B Worth of Notes

- The government's debt stock rose anew in January as the government continued to rely on borrowings to partly finance its expenditures. The Bureau of the Treasury reported Tuesday that the government's debt stock reached P5.59 trillion as of end-January, up by 4.9 percent year-on-year.
- The Bureau of the Treasury (BTr) sold Php9 billion worth of 10-year Fixed Rate Treasury Notes during an auction concluded yesterday. The notes were fully awarded at an average yield of 4.046 %, compared to the 4.694% during the last auction of similarly dated notes in September 2012. The coupon rate was at 4.000%, below the market's initial indications of 4.250%-4.375%. Total bids amounted to Php33.086 billion, nearly four times the offered amount.

Local Bond Market

- The yield of the benchmark 5-year bond lost 2 bps to close at 3.09%.
- Peso bond yields closed 2-3.0bps higher yesterday even after the Treasury successfully auctioned off P25.0B of new 7yr bonds. The 7yr bond 7-57 settled at 3.500%, well within market expectation.

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Philippine Stocks

- The local equities market closed the day higher, tracking gains in the US equities market brought on by recently released, robust manufacturing data. This served to confirm suspicions that previous months' weakness was due to the unusually harsh winter. Also, markets worldwide were relieved that sanctions imposed by the West on Russia and certain Ukrainian individuals would be of negligible economic impact, thus far. The PSEi surged forward, jumping 66.56 points, or +1.04%, to close at 6,466.55.

Philippine Peso

- The Philippine peso traded sideways against the US dollar as investors awaited for fresh leads from the market. The local currency gained 1 centavo to close at 44.69.

NEWS AROUND THE WORLD

US Inflation Muted in February; US Housing Starts Little Changed in February; Euro Zone Posts Smaller Trade Surplus in January

- Inflation was muted in February, giving the Federal Reserve plenty of room to keep interest rates low even as it scales back the amount of money it is pumping into the economy. The consumer-price index crept up a seasonally adjusted 0.1% MoM (Market estimate: +0.1%) as falling energy costs largely offset rising food prices, according to the US Labor Department.
- U.S. new-home construction was chilled by abnormally inclement weather in February. Housing starts dipped 0.2% MoM (Market estimate: +3.4%) to a seasonally adjusted annual rate of 907,000 (Market estimate: 910k) after plunging a revised 11.2% in January (Previous: neg-16%).
- The euro zone's trade balance swung to a much smaller than expected surplus in January compared to a year ago, data showed, as imports fell and exports rose only modestly. The trade surplus rose to €0.9bln compared with a deficit of €5.4bln a year earlier and well below economists' expectations for a surplus of €12bln.

US Stock Market

- U.S. stocks extended Monday's reflex rally after comments from Russian President Vladimir Putin eased concerns that tensions over the Ukraine may escalate. Stocks were also buoyed by the strongest pace of building permits since October. The Dow Jones Industrial Average advanced 88.97 points, or 0.55%, to 16,336.19. The S&P 500 rose 13.42 points, or 0.72%, to 1,872.25. The Nasdaq jumped 53.36 points, or 1.25%, to 4,333.31.

Asian Stocks

- Most Asian markets rallied Tuesday following strong gains in Wall Street amid easing concerns in Crimea. Investors believed that while a conflict was far from over, they don't regard the situation as critical. The MSCI Asia-Ex Japan Index marginally added 0.37% or 1.94 points to close at 530.88.

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Emerging Markets

- Emerging markets rallied on Tuesday, driven by encouraging corporate news in Brazil and easing investor concerns over an escalation of tensions in Ukraine. The MSCI Emerging Markets Index edged up 0.98% or 9.26 points to close at 952.48.

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

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