



Daily Matters

January 10, 2018

MARKET INDICATORS

As of January 9, 2018

| Index/ Bond | Index Level/Yield | DoD Change | DoD % Change |
|----------------------|-------------------|------------|--------------|
| PSEi | 8,923.72 | 178.60 | 2.04% |
| Dow Jones | 25,385.80 | 102.80 | 0.41% |
| NASDAQ | 7,163.58 | 6.19 | 0.09% |
| S&P500 | 2,751.29 | 3.58 | 0.13% |
| MSCI Asia ex-Japan | 742.41 | -0.01 | 0.00% |
| MSCI Emerging Market | 1,205.14 | -1.72 | -0.14% |
| 5Yr FXTN | 4.73 | 0 bps | |
| 10 Yr US Treasury | 2.55 | 7 bps | |
| USD/PHP | 50.32 | 0.18 | 0.36% |

Source: Bloomberg



News in the Philippines

Government corporate tax collection efficiency poor among peers

- According to the Department of Finance (DoF), the Philippine government's collection efficiency for corporate tax was the worst compared to three other emerging economies in the Association of Southeast Asian Nations (ASEAN). The corporate income tax (CIT) rate is 30%, however the collection efficiency of the government is only 12% which is equal to 3.7% of Gross Domestic Product (GDP). This is due to the 360 laws (150 investment laws and 210 non-investment laws) that grant tax breaks to businesses. The three nations that were compared to the Philippines were Thailand (30.5% efficiency rate, generating 6.1% of GDP), Vietnam (29.2% efficiency rate, generating 7.3% GDP), and Malaysia (27.1% efficiency rate, generating 6.5% GDP).

Local Bond Market

- The yield of the benchmark 5-year bond closed at 4.73, trading flat during yesterday's session.
- The yields of bonds traded mostly negative throughout yesterday's session with 2 yields rising, 5 yields falling and 4 yields remaining stagnant.

Philippine Stocks

- Local stocks gained at yesterday's close, reaching another all-time high after it tracked the positive gains of international markets. Yesterday's close was the fourth all-time high for 2018 in just five trading days for the new year. The PSEI gained 2.04% or 178.60 points to end the day at 8,923.72.

Philippine Peso

- The local peso weakened against the greenback during yesterday's session after investors await expected rate hikes from the US Federal Reserve early this year. The peso closed the day at PHP 50.32.



News around the World

Eurozone unemployment rate lowest since 2009

- Economic news released yesterday showed that the eurozone unemployment rate dropped to an eight-year low, reaching its lowest rate since 2009. This shows that the area's cyclical recovery has been working after years of stagnation and financial and political crises. The unemployment rate throughout the 19 countries associated with the Euro was 8.7% in November, dropping from 8.8% in October and the lowest since January 2009. After hitting a peak of 12.1% in 2013, the unemployment rate has been gradually declining, quelling fears of a possible currency break up. Germany's unemployment rate declined to 3.6% from 3.7% in October, France's rate dropped to 9.2% from 9.3% in October, and Italy's unemployment fell to 11% from 11.1% in October.

US Market

- US stocks closed the day positive yesterday, extending last year's rally. Market sentiment is on the rise and investors are expecting positive quarterly earnings results. Financial firms were the big pushers overnight. The S&P 500, hitting another record close, ended at 2,751.29 rising 0.13% or 3.58 points. The Dow Jones gained 102.80 points or 0.41% to end at 25,385.80. The NASDAQ gained 6.19 points or 0.09% to close at 7,163.58.

Asian Stocks

- Asian stocks traded flat yesterday after slight optimism on corporate earnings and economic growth prospects in the region. The MSCI Asia-Ex Japan Index stagnated 0.00% or 0.01 points to close at 742.41.

Emerging Markets

- Emerging markets fell yesterday after political tensions rise within the region. The MSCI Emerging Markets Index fell 0.14% or 1.72 points, closing at 1,205.14.

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