

Daily Matters

November 5, 2014

MARKET INDICATORS

As of November 4, 2014

Index/ Bond	Index Level/Yield	DoD Change	DoD % Change
PSEi	7,222.01	-90.84	-1.24%
Dow Jones	17,383.84	17.60	0.10%
S&P 500	2,012.10	-5.71	-0.28%
NASDAQ	4623.64	-15.27	-0.33%
MSCI Asia ex-Japan	571.38	-2.33	-0.41%
MSCI Emerging Market	1,007.11	-3.26	-0.32%
5 Yr FXTN	3.30	-	
10 Yr US Treasury	2.34	-	
USD/PHP	44.915	-0.015	-0.03%

Source: Bloomberg

NEWS IN THE PHILIPPINES

BIR Reiterates Vat Refund Circular, BSP Maintains Strong Philippine Financial System

- The Bureau of Internal Revenue (BIR) said that the circular, Revenue Memorandum Circular (RMC) No. 54-2014, which they released last June, will cut red tape and prevent corruption. The circular lists all of the documents needed to support the VAT credit/refund application of the taxpayer and upon submission, the claim would be processed by BIR without requiring any other documents from the claimant. BIR commits itself to process all of the applications in 120 days and provided certainty to the resolution of the claims of taxpayers.
- According to the Bangko Sentral ng Pilipinas (BSP), the Philippine financial system remains strong as it posted robust growth in the first semester from a year ago even after market uncertainties arising from developments abroad. Loans expanded by 20.1% in the first half of the year, deposits grew 24.5%, and non-performing loans were lower at 2.7%. Lender's capital adequacy ratio, which measures banks' cover against risk, was strong at 15.4%, above the 10% minimum requirement of BSP.

Local Bond Market

- The yields of the benchmarks closed mixed yesterday. The 1m, 3y and 20y gained. On the other hand, the 6m, 2y, and 4y remained flat while the rest fell. The 5-year-benchmark closed flat at 3.3% compared to the previous day.

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Philippine Stocks

- The Philippine Stock Exchange index fell by 90.84 points or 1.24% to 7,222.01 tracking the lackluster trading across Asian Emerging markets.

Philippine Peso

- The Philippine peso closed at 44.915, higher than Tuesday's close at 44.90. USDPHP opened at 44.95 and traded at the range of 44.90 to 45.05. Total volume for the day was USD 577.20 million.

NEWS AROUND THE WORLD

US Trade Balance Declined; EU Cut Its Growth Forecast

- U.S. Trade balance declined to \$43 billion, lower than forecast of \$40 billion. The result indicated that more goods and services were imported than exported for the month. The gap grew by 7.6%, the largest since May.
- The European Union cut its growth forecasts for this year and next year due to a lack of internal investment and political tensions in Ukraine and the Middle East. Inflation in the Eurozone will also remain below the 2% target by the European Central Bank until at least 2016. The combination of low growth and low inflation create problems for high-debt countries such as Italy and Greece. It also means that the ECB could be prodded toward more aggressive stimulus measures like large-scale purchases of government bonds as well as other assets.

US Stock Market

- US stocks fell yesterday on price drop in oil and widening trade deficit in the US. S&P 500 fell as shares lead losses due to drop in oil. S&P lost 5.71 points or 0.28% to 2,012.10 while Nasdaq lost 15.27 points or 0.33% to 4,623.64 Dow was up by 17.6 points or 0.10% to 17,383.84.

Asian Stocks

- Asian stocks closed lower as Hong Kong's Hang Seng Index slid 0.3 percent and South Korea's Kospi index slipped 0.9 percent. The MSCI Asia ex-Japan Index was down by 3.26 points or -0.32% to close at 1,007.11.

Emerging Markets

- The MSCI Emerging Markets Index declined by 2.33 points to 571.38 led by exporters while oil's retreat weighed on Saudi Arabian shares. Volatility in the Ibovespa surged to a three-year high after a surprise drop in Brazil's industrial production.

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

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