

## Local

- The local equities market traded with a slight downward bias last Thursday, as news of a further US\$10 billion stimulus cut by the Fed, announced Wednesday night, offset positive news of a GDP growth outperformance for 2013. The PSEi lost 28.65 points, or -0.47%, to close at 6,041.19. Almost all sectoral indices ended the trading day negative with mining and oil (-1.28%), industrial (-0.83%), and holding firms (-0.68%), while only the property sector (+0.01%) managed to eke out gains. Market breadth was negative with 109 declines outnumbering 48 advances, while 42 issues were unchanged. Total value turnover amounted to Php8.85 billion. Foreign investors were net sellers at Php0.91 billion.
- AC Energy Holdings, Inc., the power subsidiary of conglomerate Ayala Corp, has successfully completed its acquisition of a 17% ownership in GNPowder Mariveles Coal Plant Ltd. Co that operates a 600-megawatt (MW) coal-fired power plant in the Bataan province. According to Ayala Corp, the plant has completed commissioning and started commercial operations earlier this week. Moreover, JPMorgan has been appointed as the financial adviser of the transaction.
- The Department of Transportation and Communications (DOTC) has awarded the automatic fare collection system (AFCS) to the Ayala-Metro Pacific joint venture. DOTC Secretary Joseph Emilio Aguinaldo Abaya stated that this is part of the agency's effort to improve service at the LRT (Light Rail Transit) and MRT (Metro Rail Transit). He added that the AFCS will be able to provide passengers with more comfort, convenience and efficiency in their daily commute, at no cost to the government or to the passengers. Moreover, the AFCS is designed to reduce queuing time and allow seamless transfers from one rail line to another.
- Prices of local government securities dropped during last Thursday's trading session as some market players sold off their local bond holdings after the Fed's decision to reduce the asset purchases for the second time. On average, yields rose by 4.24 basis points with the belly and the long-end of the curve climbing 8.6 and 2.6 basis points, respectively.
- The Philippine peso depreciated against the US dollar as investors favored the greenback after the Federal Reserve once again cut its asset purchases by US\$10 billion to US\$65 billion. Last Friday, the USD/PHP currency pair lost 11.5 centavos to end the week at 43.320.

## US and Europe

- US stocks tumbled on Friday, closing at a weekly and monthly loss amid a slew of disappointing corporate earnings results and as turmoil in emerging markets persisted. The Dow Jones Industrial Average index plunged 149.76 points to 15,698.85 and the S&P500 index lost 11.60 points to 1,782.59.
- Last December, consumer spending in the US rose more than forecasted as incomes stagnated, further highlighting that more improvement in the employment sector is needed before growth improves. Household purchases, which make up about 70% of the economy, climbed by just 0.4% following the prior month's upwardly revised 0.6% gain. Market estimate was for spending to rise 0.2%.
- In other news, US GDP grew at 3.2% year-on-year during the final quarter of 2013, meeting the consensus estimate but lower than the prior quarter's 4.1% pace. Personal consumption, which makes up 70% of GDP, was up 3.3%, lower than the market estimate of 3.7%. The fastest growing positive impact on the GDP, however, were exports of goods and services which rose 11.4% in the final quarter of 2013, from 3.9% in the previous quarter. Meanwhile, federal government consumption and investment dropped by 12.6%, in part due to the 16-day government shutdown at the beginning of the quarter.
- US Treasury price climbed, with yields on the 10-year benchmark falling to most since 2011 as investors adopted a flight-to-safety sentiment amid the continuing rout in emerging markets. For the month of January, the 10-year benchmark yield fell 38 basis points to 2.64%.
- European stocks lost ground as investors digested downbeat corporate earnings reports. The FTSEurofirst300 index gave back 3.09 points to 1,291.17.
- The euro weakened against the US dollar on the final day of January as market players reacted negatively to signs of weak inflation from the region. The shared currency pared 0.69 cents to EUR/USD1.3486.

## Asia Pacific

- Asian stocks moved sideways Friday, following Thursday's sharp decline after the Federal Reserve announced its decision to cut its bond purchases by another US\$10 billion. Sentiment was likewise dragged downward by recurring fears over the losses in emerging market currencies. Markets in China, Hong Kong, Indonesia, Malaysia, Singapore, South Korea and Taiwan were all closed for the Chinese New Year Holiday. The MSCI All-Country Asia Pacific Index managed to eke out a slight gain of 0.16 of a point, or +0.12%, to 134.81.

## Key Indicators

<b>EQUITIES BENCHMARK INDICES</b>	<b>31-Jan-14</b>	<b>DoD change</b>	<b>WoW change</b>	<b>MoM change</b>	<b>Ytd change</b>
Philippine Stock Exchange Index	6,041.19	0.00%	-2.43%	2.57%	2.57%
MSCI World USD Index	1,598.46	-0.56%	-1.23%	-3.77%	-3.37%
MSCI All Country Asia Pacific ex-Japan Total Returns	358.32	-0.07%	-1.16%	-5.08%	-4.44%
MSCI Europe USD Index	1,690.13	-0.84%	-2.23%	-3.93%	-3.76%
FTSEurofirst 300 Index	1,291.17	-0.24%	-0.78%	-1.92%	-1.76%
Dow Jones Industrial Average Index	15,698.85	-0.94%	-1.14%	-5.30%	-4.73%
Standard & Poor's 500 Index	1,782.59	-0.65%	-0.43%	-3.56%	-3.19%
<b>YIELDS AND PRICES</b>	<b>31-Jan-14</b>	<b>DoD change</b>	<b>WoW change</b>	<b>MoM change</b>	<b>Ytd change</b>
91-Day Philippine Treasury Bill Yield (PDST-F)	1.4068	0.00%	0.49%	0.92%	0.92%
1-Year Philippine Treasury Bill Yield (PDST-F)	2.3000	0.00%	0.24%	1.37%	1.37%
ROP2021 (Price)	103.454	(0.05)	(0.26)	(0.08)	(0.17)
ROP2034 (Price)	119.101	(0.09)	(0.56)	0.33	(0.46)
3-Month US Treasury Yield	0.0203	0.01%	-0.03%	-0.05%	-0.04%
2-year US Treasury Yield	0.3277	-0.02%	-0.01%	-0.05%	-0.06%
10-year US Treasury Yield	2.6440	-0.05%	-0.07%	-0.38%	-0.36%
30-year US Treasury Yield	3.5985	-0.04%	-0.03%	-0.37%	-0.34%
3-Month German Treasury Bill Yield	0.036	-0.02%	-0.05%	-0.05%	-0.03%
Brent Crude Oil Spot (\$/bbl)	109.36	0.00%	0.00%	0.00%	0.00%
Dubai Crude Oil Spot (\$/bbl)	104.34	0.00%	0.45%	-3.29%	-4.00%
1-month Nymex oil futures (\$/bbl)	97.49	-0.75%	0.88%	-0.94%	-2.82%
Gold Spot (\$/oz)	1,244.55	0.05%	-2.01%	3.23%	2.57%
USD/PHP (PDEX close)	45.320	0.00	0.01	0.92	0.92

Source: Bloomberg

## Asian Equity Markets

<b>Asia Pacific Markets</b>					
Last Trade as of		January 31, 2013			
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pac Index	134.81	+ 0.16	+ 0.12	
Australia	S&P/ASX 200 Index	5,190.00	+ 1.94	+ 0.04	
China	Shanghai SE Comp Index	2,033.08	0.00	0.00	
Hong Kong	Hang Seng Index	22,035.42	0.00	0.00	
India	SENSEX	20,513.85	+ 15.60	+ 0.08	
Indonesia	Jakarta Composite Index	4,418.76	0.00	0.00	
Japan	Nikkei 225	14,914.53	- 92.53	- 0.62	
Malaysia	KLCI	1,804.03	0.00	0.00	
New Zealand	NZX 50 Index	4,874.58	+ 24.74	+ 0.51	
Singapore	Straits Times Index	3,027.22	0.00	0.00	
South Korea	KOSPI	1,941.15	0.00	0.00	
Taiwan	TWSE	8,462.57	0.00	0.00	
Thailand	SET Index	1,274.28	+ 10.21	+ 0.81	

## Local Bond Market

<b>Peso Interest Rates (PDEX PDST-R2)</b>							
	30-Jan-13	29-Jan-13	Difference		30-Jan-13	29-Jan-13	Difference
1 month	1.5000	1.4750	+ 0.025	4 year	3.4950	3.4950	0.000
3 month	1.2000	1.2000	0.000	5 year	3.2921	3.5500	- 0.258
6 month	1.9750	2.0000	- 0.025	7 year	3.9814	3.9659	+ 0.015
1 year	2.0000	2.0000	0.000	10 year	4.1228	4.1169	+ 0.006
2 year	2.6750	2.1428	+ 0.532	20 year	5.1250	4.8499	+ 0.275
3 year	2.7750	2.6329	+ 0.142	25 year	5.4480	5.6516	- 0.204

## Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
2/4/2014	Philippines CPI All items YoY% 2006=100	Jan	2/3/2014	ISM Manufacturing PMI SA	Jan
2/4/2014	Philippines CPI All items MoM% 2006=100	Jan	2/4/2014	US Manufacturers New Orders Total MoM SA	Dec
2/4/2014	Philippines Core Inflation YoY 2006=100	Jan	2/5/2014	Mortgage Bankers Association US Mortgage Market Indx Weekly % Change SA Old Meth	Jan 31
2/6/2014	Philippines Overnight Reverse Repurchase Agreement RRP Rate	Feb 6	2/6/2014	US Initial Jobless Claims SA	Feb 1
2/7/2014	Philippines Gross Intl Reserves	Jan	2/6/2014	US Trade Balance Balance Of Payments SA	Dec
2/10/2014	Philippines External Trade Exports YoY	Dec	2/7/2014	US Employees on Nonfarm Payrolls Total MoM Net Change SA	Jan
2/10/2014	Philippines External Trade Exports	Dec	2/7/2014	U-3 US Unemployment Rate Total in Labor Force Seasonally Adjusted	Jan
			2/13/2014	Adjusted Retail & Food Services Sales SA Total Monthly % Change	Jan
			2/14/2014	US Industrial Production MoM 2007=100 SA	Jan
			2/14/2014	University of Michigan Survey of Consumer Confidence Sentiment	Feb P

Sources: BPI, Business World, PDI, Phil Star, Manila Bulletin, Reuters, Briefing, Bloomberg, CNN, Dow Jones