

## Local

- The local equities market slipped for the second straight session, tracking regional trends that arose from slower trading amid the Lunar New Year holiday and weak factory data from China. The PSEi lost 25.89 points, or -0.43%, to close at 6,015.30. Almost all sectoral indices ended the trading day negative with services (1.04%), financials (-0.53%), and holding firms (-0.44%) closing lower, while only the property sector (+0.26%) managed to end with a positive. Market breadth was negative with 99 declines outnumbering 50 advances, while 50 issues were unchanged. Total value turnover amounted to Php5.64 billion. Foreign investors were net sellers at Php0.81 billion.
- ABS-CBN Corp. is looking to refinance the obligations under its existing Php1.65 billion loan with Security Bank Corporation. According to ABS-CBN Investor Relations head Melissa C. Ortiz, the debt is due in 2017 and will be financed through internally generated funds. This activity comes right after the broadcasting corporation cut short a seven-year retail bond sale that was to run from January 27 to February 3.
- A unit of conglomerate San Miguel Corp. (SMC), Citra Central Expressway Corp. is expecting to receive the Toll Regulatory Board approval for the construction of the toll road connecting North and South Luzon worth Php27 billion. Moreover, the company stated that the construction of several columns along Osmeña Highway as part of advanced works of the projects would immediately begin after having received the notice from the regulator. The project, which is primarily a 14.8 kilometer, 6-lane elevated expressway that would link NLEX and SLEX, is designed to decongest the major roads of Metro Manila and reduce travel time.
- The Bureau of the Treasury (BTr) sold Php4 billion worth of 91-day Treasury Bills during an auction concluded yesterday. Total tenders amounted to Php15.886 billion, with an average yield of 1.458%. The government also offered Php6 billion worth of 182-day bills and Php10 billion worth of 364-day bills, but rejected all bids for both tenors citing risk aversion due to the US Fed tapering.
- The Philippine peso weakened against the greenback yesterday as market players continued to weigh the US Fed's action of scaling back its bond purchases by another US\$10 billion. The USD/PHP currency pair surrendered 9 centavos to 45.410.

## US and Europe

- US equities plunged following the release of weak manufacturing data from east to west which dragged on investor sentiment. The Dow Jones Industrial Average index dived 326.05 points, or -2.08%, to 15,372.80 and the S&P500 index tanked 40.70 points, or -2.28%, to 1,741.89.
- For the month of January, the Institute for Supply Management's (ISM) factory index fell to 51.3, much lower than the market estimate of 56 and the prior month's 56.5. The index fell as the colder-than-usual winter weather slowed demand and production, pulling the brakes on the recent strength in US manufacturing. Bradley Holcomb, who chairs the ISM's manufacturing report, stated that while comments from the panel indicated a mix of concern over severe weather conditions, the outlook for the rest of the year remained solid.
- US Treasury prices rose, pushing the 10-year benchmark yield to the lowest level in three months, following the release of slower-than-expected manufacturing data, which flamed speculation on the strength of economic recovery. The 10-year benchmark yield lost 7 basis points to 2.58%.
- European stocks posted a large drop, led by a decline in banking stocks. Sentiment was likewise adversely affected by a disappointing US manufacturing report. The FTSEurofirst300 index retreated 1.41% to 1,272.95.
- Data analyzing firm Markit stated that its purchasing managers' index (PMI) for the Euro-zone's manufacturing sector improved to 54.0 in January, beating the market estimate of 53.9, following December's 52.7. This was the fastest expansion since May of 2011, and was also higher than the "flash" estimate of 53.9. Germany led the expansion as its PMI surged to 56.5 from 54.3. Most of the other countries in the region showed improvement as well.
- The euro weakened slightly against the US dollar as investors continued to flock to the relative safety of the greenback amid fears of a slowing global economic recovery. The shared currency pared 0.80 cents to EUR/USD1.3525.

## Asia Pacific

- Asian stocks declined, extending January's rout following the release of underwhelming Chinese manufacturing data, which further heightened concerns that global economic recovery is waning. Based on data released by the National Bureau of Statistics and China Federation of Logistics and Purchasing, China's Purchasing Managers' Index (PMI) was at 50.5. This was in line with the median estimate, but lower than December's 51.0. Moreover, the survey showed that jobs and export orders had decline, underscoring risks of a deeper slowdown as the government continues to deal with the US\$6 trillion shadow-banking industry, and as interbank borrowing costs rise. The MSCI All-Country Asia Pacific Index dropped 0.90 of a point, or -0.67%, to 133.91. Markets in China, Hong Kong, Malaysia, Taiwan and Vietnam were once again closed in light of the Lunar New Year holidays.

## Key Indicators

<b>EQUITIES BENCHMARK INDICES</b>	<b>03-Feb-14</b>	<b>DoD change</b>	<b>WoW change</b>	<b>MoM change</b>	<b>Ytd change</b>
Philippine Stock Exchange Index	6,015.30	-0.43%	-1.09%	-4.80%	2.13%
MSCI World USD Index	1,571.92	-1.66%	-2.06%	10.95%	-4.97%
MSCI All Country Asia Pacific ex-Japan Total Returns	357.39	-0.26%	0.13%	-4.73%	-4.68%
MSCI Europe USD Index	1,671.48	-1.10%	-2.41%	8.07%	-4.82%
FTSEurofirst 300 Index	1,272.95	-1.41%	-1.37%	8.98%	-3.15%
Dow Jones Industrial Average Index	15,372.80	-2.08%	-2.94%	9.73%	-6.71%
Standard & Poor's 500 Index	1,741.89	-2.28%	-2.23%	15.12%	-5.40%
<b>YIELDS AND PRICES</b>	<b>03-Feb-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)	1.6125	0.21%	0.20%	1.30%	1.12%
1-Year Philippine Treasury Bill Yield (PDST-F)	2.3250	0.03%	0.23%	1.16%	1.39%
ROP2021 (Price)	103.373	(0.08)	(0.11)	(6.67)	(0.25)
ROP2034 (Price)	119.095	(0.01)	(0.25)	(13.55)	(0.46)
3-Month US Treasury Yield	0.0253	0.01%	-0.03%	-0.04%	-0.04%
2-year US Treasury Yield	0.2942	-0.03%	-0.05%	0.03%	-0.09%
10-year US Treasury Yield	2.5761	-0.07%	-0.17%	0.56%	-0.42%
30-year US Treasury Yield	3.5307	-0.07%	-0.13%	0.31%	-0.41%
3-Month German Treasury Bill Yield	0.041	0.01%	-0.05%	0.02%	-0.02%
Brent Crude Oil Spot (\$/bbl)	109.36	0.00%	0.00%	-6.96%	0.00%
Dubai Crude Oil Spot (\$/bbl)	101.81	-2.42%	-2.34%	-7.80%	-6.33%
1-month Nymex oil futures (\$/bbl)	96.43	-1.09%	0.74%	-1.37%	-3.88%
Gold Spot (\$/oz)	1,257.68	1.05%	0.05%	-24.57%	3.65%
USD/PHP (PDEX close)	45.410	0.09	0.04	4.72	1.01

Source: Bloomberg

## Asian Equity Markets

<b>Asia Pacific Markets</b>				
Last Trade as of		February 03, 2013		
Country	Index	Value	DoD Change	% Change
Asia Pacific	MSCI AC Asia Pac Index	133.91	- 0.90	- 0.67
Australia	S&P/ASX 200 Index	5,187.91	- 2.09	- 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	20,209.26	- 304.59	- 1.48
Indonesia	Jakarta Composite Index	4,386.26	- 32.50	- 0.74
Japan	Nikkei 225	14,619.13	- 295.40	- 1.98
Malaysia	KLCI	1,804.03	0.00	0.00
New Zealand	NZX 50 Index	4,849.50	- 25.08	- 0.51
Singapore	Straits Times Index	2,990.95	- 36.27	- 1.20
South Korea	KOSPI	1,919.96	- 21.19	- 1.09
Taiwan	TWSE	8,462.57	0.00	0.00
Thailand	SET Index	1,292.81	+ 18.53	+ 1.45

## Local Bond Market

<b>Peso Interest Rates (PDEX PDST-R2)</b>							
	03-Feb-14	31-Jan-14	Difference		03-Feb-14	31-Jan-14	Difference
1 month	1.6500	1.5000	+ 0.150	4 year	3.3770	3.4950	- 0.118
3 month	1.6000	1.2000	+ 0.400	5 year	3.6000	3.2921	+ 0.308
6 month	2.0000	1.9750	+ 0.025	7 year	4.1085	3.9814	+ 0.127
1 year	2.1250	2.0000	+ 0.125	10 year	4.1086	4.1228	- 0.014
2 year	2.5000	2.6750	- 0.175	20 year	5.1250	5.1250	0.000
3 year	2.8250	2.7750	+ 0.050	25 year	5.5901	5.4480	+ 0.142

## Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
2/5/2014	Philippines CPI All items YoY% 2006=100	Jan	2/4/2014	US Manufacturers New Orders Total MoM SA	Dec
2/5/2014	Philippines CPI All items MoM% 2006=100	Jan	2/5/2014	Mortgage Bankers Association US Mortgage Market Indx Weekly % Change SA Old Meth	Jan 31
2/5/2014	Philippines Core Inflation YoY 2006=100	Jan	2/5/2014	ADP National Employment Report SA Private Nonfarm Level Change	Jan
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
2/11/2014	Philippines External Trade Exports YoY	Dec	2/7/2014	US Employees on Nonfarm Payrolls Total MoM Net Change SA	Jan
2/11/2014	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