

Local

- The local equities market rose above the 5,900-mark yesterday as bargain-hunting was observed after a three-day losing streak. However, stronger-than-expected Philippine inflation data mitigated these gains slightly. The PSEi gained 22.40 points, or +0.38%, to close at 5,908.41. All sectoral indices slightly recovered from yesterday's drop with holding firms (+0.66%), mining and oil (+0.58%), and services (+0.27%) advancing the most. Market breadth was positive with 75 advances outnumbering 59 declines, while 58 issues were unchanged. Total value turnover amounted to Php5.67 billion. Foreign investors were net sellers at Php0.90 billion.
- According to the Philippine Economic Zone Authority (PEZA), investment pledges climbed by 250% to Php20.6 billion last January from Php5.9 billion posted in the same period in 2013. PEZA Director-General Lilia B. de Lima said that the uptick was mainly attributed to the arrival of two big-ticket projects. Moreover, she said that there will be a Japanese trade mission composed of manufacturing firms, which will be arriving in the country soon in order to look for business opportunities. The country's top trading partner in 2012 was Japan, with exports registering at US\$9.88 billion and imports at US\$6.47 billion.
- Tan-led Megaworld Corp. is looking to build six new business process outsourcing (BPO) towers equivalent to roughly 112,000 square meters (sqm) of office space to cater to the growing demand from existing clients and new locators. According to Megaworld First Vice-President for Business Leasing and Development Jericho Go, the six new office towers that will be built this year are two in Uptown Bonifacio, two in Mactan Newtown as well as two in Iloilo Business Park. Currently, Megaworld has 26 corporate towers in the country comprised of 10 in Eastwood City, 14 in Mckinley Hill, one in Newport City and one in The Mactan Newtown.
- Prices of short-term government securities fell yesterday following the release of higher-than-anticipated January inflation data. Meanwhile, bargain-hunting was seen on the belly of the curve as investors took advantage of the higher yields on the medium tenors. On average, yields declined by of 3.45 basis points led by the belly of the curve, which fell by 17.5 basis points while the short-end of the curve rose by 14.2 basis points.
- The Philippine peso ended yesterday barely changed as market players remained on the sidelines awaiting fresh leads from the market. The currency pair shed 2 centavos to end the day at USD/PHP45.330.

US and Europe

- US Equities ended the day slightly lower as a better-than-anticipated service sector report outweighed weak private sector jobs data. Investors continued to remain wary ahead of the January non-farm payrolls report due for release on Friday. The Dow Jones Industrial Average shed 5.01 points to 15,440.23 and the S&P 500 declined 3.56 points to 1,751.64.
- According to the Institute for Supply Management's non-manufacturing purchasing managers' index (PMI), the US non-manufacturing sector continued to expand in January. The index rose to 54.0, beating the market estimate of 53.7 and December's 53.0. Similar to Monday's manufacturing survey, some of the participants stated that weather had a negative effect on the index.
- Data compiled by Automatic Data Processing Inc. (ADP) and forecasting firm Moody's Analytics showed that US private sector payrolls rose 175,000, lower than the market estimate of 185,000. Based on the report, job numbers were weighed down by the cold and stormy winter weather. However, barring the weather disturbance, the underlying job growth continued to be sturdy.
- US Treasury prices slid for a second day following a strong non-manufacturing PMI report, despite January's unfavorable cold weather. The 10-year benchmark yield climbed 4 basis points to 2.668%.
- European shares capped a three-day losing streak despite disappointing retail sales data. Retail sales inside the zone fell by 1.6% month-on-month, much lower than the market estimate of -0.7%. On an annual basis, sales fell 1.0% compared to the market estimate of a 1.5% gain. However, investors mostly remained on the sidelines ahead of the European Central Bank's policy decision tonight. The FTSEurofirst 300 index crept up 1.10 points to 1,271.84.
- The euro strengthened against the US dollar in the wake of a weak private sector payrolls report from the US. The shared currency added 0.14 cents to EUR/USD1.3533.

Asia Pacific

- Most Asian markets ended higher Wednesday following the recent sell-off earlier this week. Without fresh reasons to unload stocks, some investors bought back into the market as they focused on favourable corporate earnings reports. Gains were led by Japan's Nikkei 225 (+1.23%), Indonesia's Jakarta Composite Index (+0.74%) and Malaysia's KLCI (+0.40%). The MSCI All Country Asia Pacific Index advanced 0.95 points, or +0.73%, to 131.12.

Key Indicators

EQUITIES BENCHMARK INDICES	05-Feb-14	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	5,908.41	0.38%	-2.66%	-0.66%	0.32%
MSCI World USD Index	1,572.37	0.16%	-1.95%	-4.48%	-4.94%
MSCI All Country Asia Pacific ex-Japan Total Returns	351.05	-0.35%	-2.53%	-5.43%	-6.38%
MSCI Europe USD Index	1,671.71	0.30%	-2.24%	-3.56%	-4.80%
FTSEurofirst 300 Index	1,271.84	0.09%	-1.40%	-3.07%	-3.23%
Dow Jones Industrial Average Index	15,440.23	-0.03%	-1.90%	-6.25%	-6.30%
Standard & Poor's 500 Index	1,751.64	-0.20%	-1.27%	-4.35%	-4.87%
YIELDS AND PRICES	05-Feb-14	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-F)	1.7000	-0.12%	0.30%	1.13%	1.21%
1-Year Philippine Treasury Bill Yield (PDST-F)	2.2563	-0.06%	0.05%	1.28%	1.32%
ROP2021 (Price)	103.357	0.05	(0.22)	(0.03)	(0.27)
ROP2034 (Price)	119.503	0.15	0.07	2.03	(0.05)
3-Month US Treasury Yield	0.0558	0.01%	0.02%	-0.01%	-0.01%
2-year US Treasury Yield	0.3117	-0.00%	-0.04%	-0.08%	-0.08%
10-year US Treasury Yield	2.6675	0.04%	-0.01%	-0.33%	-0.33%
30-year US Treasury Yield	3.6477	0.05%	0.03%	-0.28%	-0.29%
3-Month German Treasury Bill Yield	0.042	0.00%	-0.04%	-0.01%	-0.02%
Brent Crude Oil Spot (\$/bbl)	109.36	0.00%	0.00%	0.00%	0.00%
Dubai Crude Oil Spot (\$/bbl)	102.20	0.28%	-1.91%	-2.66%	-5.97%
1-month Nymex oil futures (\$/bbl)	97.38	0.20%	0.02%	3.64%	-2.93%
Gold Spot (\$/oz)	1,257.92	0.26%	-0.74%	1.69%	3.67%
USD/PHP (PDEX close)	45.330	0.02	0.13	0.68	0.93

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets					
Last Trade as of		February 05, 2013			
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pac Index	131.12	+ 0.95	+ 0.73	
Australia	S&P/ASX 200 Index	5,070.31	- 26.75	- 0.52	
China	Shanghai SE Comp Index	2,033.08	0.00	0.00	
Hong Kong	Hang Seng Index	21,269.38	- 128.39	- 0.60	
India	SENSEX	20,261.03	+ 49.10	+ 0.24	
Indonesia	Jakarta Composite Index	4,384.31	+ 32.05	+ 0.74	
Japan	Nikkei 225	14,180.38	+ 171.91	+ 1.23	
Malaysia	KLCI	1,785.88	+ 7.05	+ 0.40	
New Zealand	NZX 50 Index	4,807.94	+ 5.32	+ 0.11	
Singapore	Straits Times Index	2,960.09	- 5.71	- 0.19	
South Korea	KOSPI	1,891.32	+ 4.47	+ 0.24	
Taiwan	TWSE	8,264.48	- 198.09	- 2.34	
Thailand	SET Index	1,280.25	+ 3.41	+ 0.27	

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)									
	05-Feb-14	04-Feb-14	Difference			05-Feb-14	04-Feb-14	Difference	
1 month	1.6000	1.6250	-	0.025	4 year	3.2776	3.5150	-	0.237
3 month	1.2336	1.1242	+	0.109	5 year	3.2585	3.6000	-	0.342
6 month	1.8750	1.4250	+	0.450	7 year	4.0000	3.9500	+	0.050
1 year	1.2065	1.1719	+	0.035	10 year	4.2343	4.0000	+	0.234
2 year	2.4643	2.5610	-	0.097	20 year	4.8506	5.1750	-	0.324
3 year	2.5762	2.8250	-	0.249	25 year	5.4827	5.5015	-	0.019

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
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
			2/11/2014	Merchant Wholesalers Inventories Total Monthly % Change	Dec
			2/12/2014	Mortgage Bankers Association US Mortgage Market Indx Weekly % Change SA Old Meth	Jan 31
			2/13/2014	Adjusted Retail & Food Services Sales SA Total Monthly % Change	Jan
			2/14/2014	US Import Price Index by End Use All MoM NSA	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