

## Local

- The local equities market was pushed above the 6,000-line as it mirrored the steep gains of the US market and benefited from the BSP's decision to maintain its policy rates. The PSEi gained 96.55 points, or +1.63%, to close at 6,011.14. All sectoral indices were able to end the day in positive territory led by property (+1.75%) followed by industrials (+1.37%), services (+1.36%) financials (+1.21%) and mining and oil (+1.18%). Market breadth was positive with 110 advances outnumbering 35 declines, while 43 issues were unchanged. Total value turnover amounted to Php6.00 billion. Foreign investors were net buyers at Php0.43 billion.
- According to the Bangko Sentral ng Pilipinas (BSP), the country's gross international reserves fell to a 19-month low of US\$78.939 billion, or 7.43% lower year-on-year in January. The BSP said that the decline was mainly attributed to the foreign exchange operations of the central bank as well as payments by the national government for its maturing foreign exchange obligation. However, the BSP added that the outflows were somewhat tempered by the foreign currency deposits of the Treasurer of the Philippines, income from investments of the BSP and revaluation adjustments on the BSP's gold holdings. Moreover, last month's level was enough to cover 11.3 months' worth of imports and equivalent to 7.9 times the country's short-term external debt based on original maturity and 5.6 times based on residual maturity.
- JG Summit Holdings, Inc. has obtained regulatory approval from the Securities and Exchange Commission (SEC) for a planned sale of up to Php30 billion worth of bonds, which may be issued in three tenors; five-year, seven-year and ten-year bonds. The offer will run from February 10 to 19 and involves minimum denominations of Php50,000 and multiples of Php10,000 thereafter. The joint lead managers and underwriters are BDO Capital & Investment Corp., BPI Capital Corp., First Metro Investment Corp., The Hongkong and Shanghai Banking Corporation Ltd., and Standard Chartered Bank. Moreover, the proceeds of the sale will be used to help finance its acquisition of a 27% stake in Manila Electric Company (Meralco).
- Prices of local government securities rose as buying-interest was seen on medium-tenored bonds. On average, yields declined by 4.43 basis points with the belly of the curve dropping by 13.3 basis points.
- The Philippine peso went back below the Php45,000-level against the US dollar as market players favored the local currency after the central bank hinted at a possibility of higher interest rates. The USD/PHP currency pair gained 19.5 centavos to close at 44.985.

## US and Europe

- US equities rallied as market players surmised that the economy was strong enough to withstand a stimulus scale-back despite a weaker-than-anticipated non-farm payrolls report. The Dow Jones Industrial Average index soared 165.55 points, or +1.06%, to 15,794.08 and the S&P500 index rose 23.59 points, or +1.33%, to 1,797.02.
- For the month of January, US nonfarm payrolls rose by 113,000, vastly underperforming against the market estimate of 180,000. It was, however, an improvement from the prior month's 75,000 increase. The 48,000 rebound was likely a recovery from December's weather-dampened readings, and suggested that adverse weather played less of a role in hirings last month. In other news, data also released by the labor department showed that the country's unemployment rate declined to 6.6%, the least since October 2008, following December's 6.7%.
- US Treasury prices ended last week with a loss as weaker-than-expected payrolls data was unable to quell bets that the Federal Reserve would be more aggressive in its bond purchase tapering. The 10-year benchmark yield climbed 4 basis points to 2.68%.
- European shares gained ground as market players remained optimistic despite disappointing payrolls data from the US. The FTSEurofirs300 index climbed 0.75% to 1,300.11.
- Last December, German industrial production fell by 0.6% month-on-month, lower than the market estimate of -0.4%. However, November's growth was upwardly revised to 2.4%. The country's economy ministry continued to be optimistic for the year, especially given lively orders and the sustained good development of sentiment indicators.
- The euro strengthened against the greenback, still on the back of ECB President Mario Draghi's supportive comments regarding the region. The shared currency added 0.45 cents to EUR/USD1.3635.

## Asia Pacific

- Asian shares finished higher Friday thanks to a favorable US labor report. Reports showed that the initial jobless claims in the US dropped by 20,000 to 331,000 in the week ended February 1, from a downwardly revised 351,000 claims registered a week earlier. Japan's Nikkei 225 (+2.17%), Hong Kong's Hang Seng Index (+1.00%), and Indonesia's Jakarta Composite Index (+0.95%) posted the largest gains among peers. The MSCI All Country Asia Pacific Index advanced 1.78 points, or 1.35%, to 133.27.

## Key Indicators

<b>EQUITIES BENCHMARK INDICES</b>	<b>07-Feb-14</b>	<b>DoD change</b>	<b>WoW change</b>	<b>MoM change</b>	<b>Ytd change</b>
Philippine Stock Exchange Index	6,011.14	1.63%	-0.50%	1.07%	2.06%
MSCI World USD Index	1,611.78	1.20%	0.83%	-2.18%	-2.56%
MSCI All Country Asia Pacific ex-Japan Total Returns	358.16	0.94%	-0.04%	-2.58%	-4.48%
MSCI Europe USD Index	1,719.21	0.86%	1.72%	-1.28%	-2.10%
FTSEurofirst 300 Index	1,300.11	0.75%	0.69%	-1.49%	-1.08%
Dow Jones Industrial Average Index	15,794.08	1.06%	0.61%	-4.46%	-4.15%
Standard & Poor's 500 Index	1,797.02	1.33%	0.81%	-2.22%	-2.41%
<b>YIELDS AND PRICES</b>	<b>07-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)	1.2542	-0.15%	-0.15%	-0.81%	0.76%
1-Year Philippine Treasury Bill Yield (PDST-F)	2.2171	-0.02%	-0.08%	0.01%	1.28%
ROP2021 (Price)	103.364	(0.00)	(0.09)	(0.08)	(0.26)
ROP2034 (Price)	119.551	(0.02)	0.45	2.00	(0.01)
3-Month US Treasury Yield	0.0811	0.02%	0.06%	0.05%	0.02%
2-year US Treasury Yield	0.3034	-0.02%	-0.02%	-0.09%	-0.08%
10-year US Treasury Yield	2.6829	-0.02%	0.04%	-0.26%	-0.32%
30-year US Treasury Yield	3.6725	0.00%	0.07%	-0.21%	-0.26%
3-Month German Treasury Bill Yield	0.059	-0.00%	0.02%	0.02%	-0.00%
Brent Crude Oil Spot (\$/bbl)	109.36	0.00%	0.00%	0.00%	0.00%
Dubai Crude Oil Spot (\$/bbl)	103.28	0.75%	-1.02%	-0.50%	-4.98%
1-month Nymex oil futures (\$/bbl)	99.88	2.09%	2.45%	6.63%	-0.44%
Gold Spot (\$/oz)	1,267.27	0.72%	1.83%	2.85%	4.44%
USD/PHP (PDEX close)	44.985	(0.20)	(0.34)	0.19	0.59

Source: Bloomberg

## Asian Equity Markets

<b>Asia Pacific Markets</b>					
Last Trade as of		February 07, 2013			
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pac Index	133.27	+ 1.78	+ 1.35	
Australia	S&P/ASX 200 Index	5,166.53	+ 35.13	+ 0.68	
China	Shanghai SE Comp Index	2,044.50	+ 11.41	+ 0.56	
Hong Kong	Hang Seng Index	21,636.85	+ 213.72	+ 1.00	
India	SENSEX	20,376.56	+ 65.82	+ 0.32	
Indonesia	Jakarta Composite Index	4,466.67	+ 41.96	+ 0.95	
Japan	Nikkei 225	14,462.41	+ 307.29	+ 2.17	
Malaysia	KLCI	1,808.59	+ 10.69	+ 0.59	
New Zealand	NZX 50 Index	4,840.79	+ 32.84	+ 0.68	
Singapore	Straits Times Index	3,013.14	+ 24.87	+ 0.83	
South Korea	KOSPI	1,922.50	+ 14.61	+ 0.77	
Taiwan	TWSE	8,387.35	+ 76.34	+ 0.92	
Thailand	SET Index	1,296.49	+ 1.25	+ 0.10	

## Local Bond Market

<b>Peso Interest Rates (PDEX PDST-R2)</b>							
	07-Feb-14	06-Feb-14	Difference		07-Feb-14	06-Feb-14	Difference
1 month	1.6000	1.6000	0.000	4 year	3.1085	3.5250	- 0.417
3 month	1.0000	1.0500	- 0.050	5 year	3.3200	3.3570	- 0.037
6 month	1.1500	1.1181	+ 0.032	7 year	4.0000	3.9500	+ 0.050
1 year	1.8750	1.8750	0.000	10 year	4.2798	4.3806	- 0.101
2 year	2.3634	2.6250	- 0.262	20 year	5.0057	5.0136	- 0.008
3 year	2.7500	2.7500	0.000	25 year	5.7767	5.5162	+ 0.261

## Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
2/11/2014	Philippines External Trade Exports YoY	Dec	2/12/2014	Mortgage Bankers Association US Mortgage Market Indx Weekly % Change SA Old Meth	Feb 7
2/11/2014	Philippines External Trade Exports	Dec	2/13/2014	US Initial Jobless Claims SA	Feb 8
2/17/2014	Philippines Overseas Filipino Workers Remittances YoY	Dec	2/13/2014	Adjusted Retail & Food Services Sales SA Total Monthly % Change	Jan
2/17/2014	Philippines Overseas Filipino Workers Remittances	Dec	2/14/2014	US Industrial Production MoM 2007=100 SA	Jan
2/19/2014	Philippines BOP	Jan	2/14/2014	University of Michigan Survey of Consumer Confidence Sentiment	Feb P
			2/19/2014	US New Privately Owned Housing Units Started by Structure Total SAAR	Jan
			2/19/2014	US PPI By Processing Stage Finished Goods Total MoM SA	Jan
			2/20/2014	US CPI Urban Consumers MoM SA	Jan
			2/20/2014	Conference Board US Leading Index MoM	Jan
			2/21/2014	US Existing Homes Sales SAAR	Jan

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