

## Local

- The local equities market closed above the 6,100 mark yesterday, extending its winning streak to 5 days on expectations that newly inaugurated Fed Chair, Janet Yellen, will put bond purchase tapering on pause after another month of disappointing jobs data. Manufacturing data also lagged, previously, sending US equities on a rally which our market tracked in recent days. The PSEi increased by 63.78 points or +1.06% to close at 6,106.03. All sectoral indices surged forward with property (+1.54%), holding firms (+1.19%) and services (+1.08%) leading market winners. Market breadth was positive with 100 advances outnumbering 48 declines, while 50 issues were unchanged. Total value turnover amounted to Php6.83 billion. Foreign investors were net buyers at Php0.56 billion.
- Data from the Department of Tourism (DoT) showed that foreign tourist arrivals in the country last year reached 4.68 million or 9.56% higher than 4.27 million posted in 2012. However, the figure still missed the government's target of 5.5 million arrivals in 2013. Moreover, total revenues from inbound visitors were estimated at US\$4.40 billion, up by 15.1% year-on-year. South Korea still accounted for the largest market share with 1.17 million arrivals or roughly 25% of total foreign tourist arrivals. The American and Japanese visitors followed, representing 14.4% and 9.26% of the market share, respectively.
- Rizal Commercial Banking Corp. (RCBC) saw its profits fall by 14.50% to Php5.312 billion in fiscal year 2013 from Php6.22 billion recorded in 2012. RCBC's lower earnings for the period was mainly dragged by lower trading gains from securities. Meanwhile, the bank's net earnings translated to a 12.2% return on equity, while return on assets came in at 1.4%. In addition, the bank's net interest income rose by 17.4% to Php13.39 billion last year from the Php11.40 billion registered in 2012.
- Prices of local government securities ended the day slightly lower on thin trading as investors awaited fresh leads from the market. Yesterday, yields climbed by an average of 0.52 basis points led by the short-end of curve, which rose by 1.3 basis points. The belly and long-end of the curve likewise increased by 0.1 and 0.2 basis points, respectively.
- The Philippine peso weakened against the greenback yesterday, breaching once more the Php45.000-level on speculation that the central bank took the peso's recent appreciation as an opportunity to purchase dollars and boost the country's foreign reserves. The local currency surrendered 9 centavos to close at 45.065.

## US and Europe

- The US equity market extended its rally to four days after new Federal Reserve Chair Janet Yellen boosted hopes that the central bank would retain its highly accommodative stance. There was also a warm reception to news from Washington that Republicans would allow the country's borrowing limit to be raised until March 2015 without any additional conditions. The Dow Jones Industrial Average jumped 192.98 points, or 1.2%, to 15,994.77 and the S&P 500 leapt 19.91 points, or 1.1%, to 1,819.75.
- According to Janet Yellen during her first congressional testimony as Fed chair, the country's economic outlook needs to take a distinctive reversal from improvement before the central bank considers hitting the brakes on tapering. Ms. Yellen also added that aside from January's weak employment report, the Fed would also take a look at the long-term pattern and consider a wide range of indicators. The recent spate of weak data may have been caused by bad weather, and it would take some time to get a more accurate sense of the underlying trend.
- Data released by the US labor Department showed that the number of job openings, not including the farming industry, dropped to 3.99 million in December, slightly higher than the market estimate of 3.98 million, but lower than November's upwardly revised 4.03 million.
- Wholesale inventories in the US rose by 0.3% last December, lower than the market estimate of 0.5%, following November's 0.5% increase. Not including automotives, wholesale inventories grew 0.3%. Sales at wholesalers rose 0.5% versus the market estimate of 0.7%, and November's 1.0% jump.
- US Treasury prices dropped after a statement from Fed Chair Janet Yellen that she is supportive of the central bank's current monetary policy strategy. The 10-year benchmark yield jumped 5.5 basis points to 2.73%.
- European shares ended the day much higher after current US Fed Chair Janet Yellen stressed that they would continue with the current monetary policy strategy. The FTSEurofirst300 index climbed 16.21 points, or +1.25%, to 1,317.30.
- The euro weakened against the US dollar after Fed Chair Janet Yellen's first testimony reaffirmed the current pace of bond purchase tapering. The shared currency lost 0.08 cents to EUR/USD1.3637.

## Asia Pacific

- Asian stocks staged another broad rally as shares tracked small overnight gains from the US. Financial stocks were among the best performers as some investors bought stocks to exit short positions. Other markets took cue from strong corporate earnings results. Hong Kong's Hang Seng Index (+1.78%), China's Shanghai SE Comp Index (+0.84%), and Australia's S&P/ASX 200 Index (+0.62%) posted the largest gains among peers. The MSCI All Country Asia Pacific Index advanced 0.74 points, or +0.55%, to 134.98.

## Key Indicators

<b>EQUITIES BENCHMARK INDICES</b>	<b>11-Feb-14</b>	<b>DoD change</b>	<b>WoW change</b>	<b>MoM change</b>	<b>Ytd change</b>
Philippine Stock Exchange Index	6,106.03	1.06%	3.74%	4.50%	3.67%
MSCI World USD Index	1,634.47	1.09%	4.11%	-1.25%	-1.19%
MSCI All Country Asia Pacific ex-Japan Total Returns	363.28	1.20%	3.12%	-1.47%	-3.11%
MSCI Europe USD Index	1,750.38	1.53%	5.02%	-0.11%	-0.32%
FTSEurofirst 300 Index	1,317.30	1.25%	3.66%	-0.29%	0.23%
Dow Jones Industrial Average Index	15,994.77	1.22%	3.56%	-2.69%	-2.93%
Standard & Poor's 500 Index	1,819.75	1.11%	3.68%	-1.23%	-1.18%
<b>YIELDS AND PRICES</b>	<b>11-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)	1.1958	-0.02%	-0.62%	0.09%	0.70%
1-Year Philippine Treasury Bill Yield (PDST-F)	2.0529	-0.15%	-0.26%	-0.01%	1.12%
ROP2021 (Price)	103.761	0.19	0.46	(0.11)	0.14
ROP2034 (Price)	119.932	0.13	0.58	1.58	0.38
3-Month US Treasury Yield	0.0456	-0.01%	-0.01%	0.01%	-0.02%
2-year US Treasury Yield	0.3311	0.02%	0.02%	-0.04%	-0.06%
10-year US Treasury Yield	2.7250	0.06%	0.10%	-0.13%	-0.28%
30-year US Treasury Yield	3.6880	0.04%	0.09%	-0.11%	-0.25%
3-Month German Treasury Bill Yield	0.066	-0.01%	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)	104.98	0.24%	3.01%	1.54%	-3.41%
1-month Nymex oil futures (\$/bbl)	99.94	-0.12%	2.83%	7.79%	-0.38%
Gold Spot (\$/oz)	1,291.46	1.31%	2.93%	3.45%	6.44%
USD/PHP (PDEX close)	45.065	0.09	(0.25)	0.35	0.67

Source: Bloomberg

## Asian Equity Markets

<b>Asia Pacific Markets</b>					
		Last Trade as of February 11, 2013			
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pac Index	134.98	+ 0.74	+ 0.55	
Australia	S&P/ASX 200 Index	5,254.50	+ 32.35	+ 0.62	
China	Shanghai SE Comp Index	2,103.67	+ 17.60	+ 0.84	
Hong Kong	Hang Seng Index	21,962.98	+ 383.72	+ 1.78	
India	SENSEX	20,363.37	+ 29.10	+ 0.14	
Indonesia	Jakarta Composite Index	4,470.19	+ 19.44	+ 0.44	
Japan	Nikkei 225	14,718.34	0.00	0.00	
Malaysia	KLCI	1,824.17	+ 8.03	+ 0.44	
New Zealand	NZX 50 Index	4,848.88	+ 15.82	+ 0.33	
Singapore	Straits Times Index	3,029.10	+ 11.90	+ 0.39	
South Korea	KOSPI	1,932.06	+ 8.76	+ 0.46	
Taiwan	TWSE	8,430.56	+ 38.61	+ 0.46	
Thailand	SET Index	1,296.25	+ 5.59	+ 0.43	

## Local Bond Market

<b>Peso Interest Rates (PDEX PDST-R2)</b>							
	11-Feb-14	10-Feb-14	Difference		11-Feb-14	10-Feb-14	Difference
1 month	1.6000	1.6000	0.000	4 year	3.1215	3.0807	+ 0.041
3 month	1.0000	1.0000	0.000	5 year	3.5395	3.7500	- 0.211
6 month	1.6500	1.6000	+ 0.050	7 year	4.0000	4.0000	0.000
1 year	1.8500	1.8500	0.000	10 year	4.2303	4.2917	- 0.061
2 year	2.3454	2.6000	- 0.255	20 year	5.3852	5.3500	+ 0.035
3 year	3.2306	2.8000	+ 0.431	25 year	5.8213	5.7894	+ 0.032

## Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
2/17/2014	Philippines Overseas Filipino Workers Remittances YoY	Dec	2/12/2014	Mortgage Bankers Association US Mortgage Market Indx Weekly % Change SA Old Meth	Feb 7
2/17/2014	Philippines Overseas Filipino Workers Remittances	Dec	2/13/2014	US Initial Jobless Claims SA	Feb 8
2/19/2014	Philippines BOP	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
			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