

## Local

- The local equities market managed to end higher, after the US market rallied the night before as a result of Fed Chair Janet Yellen's implication that the Fed would maintain its accommodative monetary policy. Local market movement was further buoyed by stronger-than-expected export data from China. The PSEi inched upward by 6.28 points, or +0.10%, to close at 6,112.31. Sectoral indices were on an even split with industrials (+0.68%), financials (0.52%), and services (+0.42%) ending higher while property (-1.03%), mining and oil (-0.38%), and holding firms (-0.07%) incurred losses. Market breadth was negative with 83 declines outnumbering 63 advances, while 48 issues were unchanged. Total value turnover amounted to Php7.87 billion. Foreign investors were net buyers at Php0.74 billion.
- Universal Robina Corp. (URC) reported that its net income grew by 26% to Php2.889 billion while net sales rose by 13.1% to Php22.705 billion in the first quarter of fiscal year 2014. The company attributed its profit growth to its branded consumer foods business as it increased by 28.1% as well as the international branded consumer foods which climbed by 9.1%. Meanwhile, sales of non-branded consumer foods group dropped by 12.7% mainly due to a decrease in turnover volumes for sugar and feeds.
- Metropolitan Bank & Trust Co. has secured an approval from the Bangko Sentral ng Pilipinas (BSP) to issue peso-denominated Basel III-compliant Tier 2 notes. This would give the bank the flexibility to sell US\$500 million worth of notes in either US dollars or Philippine pesos, or a combination of both. Funds that would be raised from the issuance will increase the bank's capital base to be compliant with higher capital standards under Basel III as well as allow the bank to bankroll maturing capital securities. Moreover, the bank has appointed ING Bank N.V., Manila Branch and Standard Chartered Bank as joint lead arrangers for the peso transaction.
- Prices of local government securities climbed yesterday as buying interest was observed following the announcement of Fed Chair Janet Yellen that reductions in the Fed's bond-buying program would continue to be dependent on economic recovery. On average, yields declined by 6.78 basis points led by long- and medium-tenored buckets, which dropped by 14.2 and 7.8 basis points, respectively.
- The Philippine peso bounced back against the US dollar as investors favored the local currency after a statement from Federal Reserve Chairwoman Janet Yellen indicated continued accommodative monetary policy. The USD/PHP pair appreciated 23.5 centavos to close at Php44.830.

## US and Europe

- US equities dipped slightly as investors booked profits from the recent run-up in stocks. The Dow Jones Industrial Average fell 30.83 points to 15,963.94 and the S&P500 inched down 0.49 of a point to 1,819.26.
- According to Federal Reserve Bank of St. Louis President James Bullard, the US economy is closer to being normal again and he remains hopeful on growth in 2014. He added that the economy could probably grow 3% or better, and that the recent spate of weak data did not deter his outlook. Moreover, the sharp drop in the unemployment rate was a good sign and the decline in the labor force participation rate is largely a demographic issue that would place out over the long term.
- US Treasury prices fell back another day following the release of upbeat Chinese trade data, which served to soothe concerns regarding the pace of global economic growth. The 10-year bond yield went up 3.6 basis points to 2.76%.
- European shares gained ground once again, pushed higher by robust bank earnings and strong exports data from China. The FTSEurofirst300 index rose 9.49 points to 1,326.79.
- The euro weakened against the greenback following a statement from the European Central Bank that it is "seriously" taking into consideration dropping its overnight bank deposit rates into negative territory. The shared currency pared 0.45 cents to EUR/USD1.3593.

## Asia Pacific

- Asian shares rallied Wednesday following Janet Yellen's statement and amid China's release of favorable export figure for January. Ms. Yellen, the new US Federal Reserve chief, said that she planned no major changes in the central bank's monetary policy as it gradually reduces the amount of money they used to buy back bonds and stimulate the economy. In China, reports from the government showed that exports jumped 10.6% in January year-on-year. The figure was higher than the 0.1% estimate of analysts and an improvement from December's 4.3% growth. Hong Kong's Hang Seng Index (+1.47%), Thailand's SET Index (+1.37%), and Australia's S&P/ASX 200 Index (+1.06%) recorded the biggest gains among peers. The MSCI All Country Asia Pacific Index advanced 1.46 points, or 1.08%, to 136.44.



## Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
2/17/2014	Philippines Overseas Filipino Workers Remittances YoY	Dec	2/13/2014	US Initial Jobless Claims SA	Feb 8
2/17/2014	Philippines Overseas Filipino Workers Remittances	Dec	2/13/2014	Adjusted Retail & Food Services Sales SA Total Monthly % Change	Jan
2/19/2014	Philippines BOP	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	Mortgage Bankers Association US Mortgage Market Indx Weekly % Change SA Old Meth	Feb 7
			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