

Local

- The local equities market inched upward due to robust corporate earnings for the fourth quarter of 2013 and Wall Street's overnight gains. Last Friday, the PSEi increased by 11.94 points, or +0.20%, to close at 6,113.66. Services (-0.32%) was the lone index that incurred losses while mining and oil (+0.83%), property (+0.78%), and industrials (+0.78%) managed to eke out gains as the week ended. Market breadth was positive with 82 advances outnumbering 59 declines, while 49 issues were unchanged. Total value turnover amounted to Php4.94 billion. Foreign investors were net sellers at Php0.11 billion.
- The Department of Trade and Industry (DTI) is looking to spend Php34.55 million for the roll-out of shared service facilities (SSF) to support micro, small and medium enterprises (MSMEs) this year in Davao. According to DTI Officer-in-Charge for the Davao Region Ma. Belenda Ambi, the agency hopes to help MSMEs improve both their productivity and quality of products. Last year, the DTI was able to approve 51 SSF projects worth Php24 million.
- Data from the Bangko Sentral ng Pilipinas (BSP) showed that profits of universal and commercial banks rose by 19% to Php132.5 billion last year from Php110.968 billion posted in 2012. Net interest income expanded by 11% to Php223.2 billion from Php200.9 billion, while non-interest income rose 12% to Php152.8 billion from Php136.6 billion. Meanwhile, non-interest expenses of universal and commercial banks soared by 7% to Php223.5 billion last year from Php208.4 billion.
- On the local fixed income market, prices rose as players stayed on the sidelines and remained very defensive as they waited for further direction from local and global markets. Yields declined by 1.56 basis points with the medium-tenored buckets dropping by 15.5 basis points.
- The Philippine peso strengthened against the greenback alongside its regional peers after the disappointing U.S. data spurred speculation of a less aggressive Fed tapering outlook. The local currency gained 12.5 centavos to end the week at 44.735.

US and Europe

- US equities ended Friday with a gain, sending the S&P 10 points away from its all-time high, as market players cheered robust corporate earnings results and US economic recovery. The Dow Jones Industrial Average index rallied 126.80 points, or +0.79%, to 16,154.39 and the S&P500 index rose 8.80 points, or +0.48%, to 1,838.63.
- For the month of February, the Thomson Reuters/University of Michigan preliminary index of consumer confidence remained steady at 81.2. Market consensus had been for the index to decline to 80.2. According to analysts, they expected the decline as the recent spate of bad weather had left data very distorted. Nevertheless, results of the latest survey showed that Americans continue to grow more upbeat about economic recovery.
- US industrial production fell by a seasonally adjusted 0.3% month-on-month last January, the first decline posted since July last year. Market estimate was for a rise of 0.2%. Output of durable consumer goods, including cars and appliances, fell sharply. According the Federal Reserve, the unexpected decline was partly due to adverse weather conditions which hindered production in some parts of the country.
- US Treasury prices declined as investors adopted a risk on stance amid confidence in the economy. The 10-year benchmark yield rose 1 basis point to 2.74%.
- European shares rose as investors remained optimistic after the US Federal Reserve stated that its stimulus policy would continue to be dependent on economic data. Sentiment was also boosted by stronger-than-expected corporate earnings data. The FTSEurofirst300 index rose 6.91 points to 1,332.30.
- Euro-zone GDP rose 0.3% in the final quarter of 2013, following the 0.1% increase in the third quarter. This was higher than the market estimate of 0.2%. For full-year 2013, the zone's GDP fell 0.4%. Germany continued to fuel growth, as its economy expanded by 0.4%, while France's GDP rose by 0.3%. Both economies surpassed market forecasts. The economic improvement puts less pressure on the European Central Bank to take further actions on stimulus measures.
- The euro strengthened against the greenback following the release of stronger-than-expected GDP growth from the currency bloc. The shared currency added 0.12 cents to EUR/USD1.3693.

Asia Pacific

- Most Asian markets ended mostly higher Friday, mirroring overnight gains in Wall Street. Sentiment in Asia was buoyed by a positive finish in the US, where shares climbed despite unfavorable prints on retail sales and jobless claims. Australia's S&P/ASX 200 Index (+0.91%), India's SENSEX (+0.86%), and China's Shanghai SE Comp Index (+0.83%) posted the largest gains among peers. The MSCI All Country Asia Pacific Index increased 0.16 points, or 0.12%, to 135.35. With the exception of India and Japan, most Asian markets monitored were mostly up for the week, suggesting that the concerns that triggered a sell-off earlier in the year had withered. However, most markets remained in negative territory on a year-to-date basis with the MSCI All Country Asia Pacific Index down 4.24%.

Key Indicators

EQUITIES BENCHMARK INDICES	14-Feb-14	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	6,113.66	0.20%	1.71%	3.00%	3.80%
MSCI World USD Index	1,650.12	0.42%	2.38%	-0.10%	-0.24%
MSCI All Country Asia Pacific ex-Japan Total Returns	368.11	0.89%	2.78%	-0.20%	-1.83%
MSCI Europe USD Index	1,771.23	0.68%	3.03%	0.57%	0.86%
FTSEurofirst 300 Index	1,332.30	0.52%	2.48%	0.45%	1.37%
Dow Jones Industrial Average Index	16,154.39	0.79%	2.28%	-1.34%	-1.97%
Standard & Poor's 500 Index	1,838.63	0.48%	2.32%	-0.01%	-0.15%
YIELDS AND PRICES	14-Feb-14	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-F)	1.1886	0.00%	-0.07%	0.19%	0.70%
1-Year Philippine Treasury Bill Yield (PDST-F)	1.9545	0.01%	-0.26%	-0.10%	1.02%
ROP2021 (Price)	103.698	0.14	0.33	(0.32)	0.07
ROP2034 (Price)	120.312	0.45	0.76	1.39	0.75
3-Month US Treasury Yield	0.0101	-0.01%	-0.07%	-0.02%	-0.05%
2-year US Treasury Yield	0.3107	-0.00%	0.01%	-0.07%	-0.08%
10-year US Treasury Yield	2.7428	0.01%	0.06%	-0.13%	-0.26%
30-year US Treasury Yield	3.6969	0.01%	0.02%	-0.10%	-0.24%
3-Month German Treasury Bill Yield	0.053	0.00%	-0.01%	-0.01%	-0.01%
Brent Crude Oil Spot (\$/bbl)	109.36	0.00%	0.00%	0.00%	0.00%
Dubai Crude Oil Spot (\$/bbl)	105.42	0.75%	2.07%	2.11%	-3.01%
1-month Nymex oil futures (\$/bbl)	100.30	-0.05%	0.42%	8.33%	-0.02%
Gold Spot (\$/oz)	1,318.69	1.21%	4.06%	5.90%	8.68%
USD/PHP (PDEX close)	44.735	(0.13)	(0.25)	(0.08)	0.34

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets					
		Last Trade as of February 14, 2013			
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pac Index	135.35	+ 0.16	+ 0.12	
Australia	S&P/ASX 200 Index	5,356.26	+ 48.15	+ 0.91	
China	Shanghai SE Comp Index	2,115.85	+ 17.45	+ 0.83	
Hong Kong	Hang Seng Index	22,298.41	+ 132.88	+ 0.60	
India	SENSEX	20,366.82	+ 173.47	+ 0.86	
Indonesia	Jakarta Composite Index	4,508.04	+ 16.38	+ 0.36	
Japan	Nikkei 225	14,313.03	- 221.71	- 1.53	
Malaysia	KLCI	1,819.37	+ 2.22	+ 0.12	
New Zealand	NZX 50 Index	4,888.40	+ 14.87	+ 0.31	
Singapore	Straits Times Index	3,038.71	- 1.19	- 0.04	
South Korea	KOSPI	1,940.28	+ 13.32	+ 0.69	
Taiwan	TWSE	8,513.68	+ 45.98	+ 0.54	
Thailand	SET Index	1,311.87	0.00	0.00	

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)							
	14-Feb-14	13-Feb-14	Difference		14-Feb-14	13-Feb-14	Difference
1 month	1.5000	1.5000	0.000	4 year	3.2031	3.5000	- 0.297
3 month	1.0000	1.0000	0.000	5 year	3.7000	3.7500	- 0.050
6 month	1.5000	1.2500	+ 0.250	7 year	4.0000	4.1085	- 0.109
1 year	1.7500	1.7500	0.000	10 year	4.0500	4.0500	0.000
2 year	2.1151	2.3123	- 0.197	20 year	5.3500	4.9517	+ 0.398
3 year	2.6347	2.7565	- 0.122	25 year	5.8258	5.8870	- 0.061

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
2/17/2014	Philippines Overseas Filipino Workers Remittances YoY	Dec	2/19/2014	Mortgage Bankers Association US Mortgage Market Indx Weekly % Change SA Old Meth	Feb 14
2/17/2014	Philippines Overseas Filipino Workers Remittances	Dec	2/19/2014	US New Privately Owned Housing Units Started by Structure Total SAAR	Jan
2/19/2014	Philippines BOP	Jan	2/20/2014	US Initial Jobless Claims SA	Feb 15
2/25/2014	Philippines External Balance of Trade	Dec	2/20/2014	US CPI Urban Consumers MoM SA	Jan
2/25/2014	Philippines External Trade Imports YoY	Dec	2/20/2014	Conference Board US Leading Index MoM	Jan
2/25/2014	Philippines External Trade Imports	Dec	2/21/2014	US Existing Homes Sales SAAR	Jan
			2/25/2014	Conference Board Consumer Confidence SA 1985=100	Feb
			2/27/2014	US Durable Goods New Orders Industries MoM SA	Jan
			2/28/2014	GDP US Chained 2009 Dollars QoQ SAAR	4Q S
			2/28/2014	University of Michigan Survey of Consumer Confidence Sentiment	Feb F

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