

Local

- The local equities market extended its rally for the fourth straight session as favorable corporate earnings and an overweight – Philippines recommendation from JPMorgan sent the index soaring above the 6,200-mark for the first time since November 2013. Yesterday, the PSEi jumped 100.65 points, or +1.62%, to close at 6,294.62. All indices booked gains led by property (+2.68%), holding firms (+2.10%), and industrials (+1.45%). Market breadth was positive with 110 advances outnumbering 52 declines, while 42 issues were unchanged. Total value turnover amounted to Php8.80 billion. Foreign investors were net buyers at Php1.08 billion.
- According to the Bureau of Internal Revenue (BIR), tax collections amounted to Php1.217 trillion last year, or 15.03% higher than the Php1.058 trillion reported in 2012 but was unable to meet the Php1.253 trillion goal. Broken down, collections from BIR operations registered at Php1.179 trillion in 2013 or up by 15.9% from the Php1.017 trillion recorded in 2012, but missed the Php1.152 trillion 2013 target. Meanwhile, non-BIR operations collections amounted to Php37.99 billion in 2013, or 7.22% lower than Php40.95 billion posted in 2012. It also fell short of the Php48.15 billion target for the year.
- Property firm Ayala Land Inc. (ALI) has ventured into the local healthcare industry. According to ALI President and CEO Antonino Aquino, the newly-launched QualiMed which is a joint venture between ALI and Mercado General Hospital Inc. (MGHI), aims to put up 1,000 beds over the next 5 years through 10 new hospitals and 10 satellite clinics, and supports the firm's strategy of completing the offerings in its integrated mixed-use developments. Meanwhile, ALI Head of Corporate Planning David San Pedro noted that capital spending could reach Php5.3 billion as a 100- to 150-bed hospital will require around Php500 million while satellite clinics need Php20-30 million.
- Prices of local government securities closed slightly lower yesterday as investors continued to await fresh leads from the market. Yields rose by an average of 2.20 basis points led by the short- and long-ends of the curve, which climbed by 4.4 and 5.7 basis points, respectively. Meanwhile, the belly of the curve fell by 1.7 basis points.
- The Philippine peso ended yesterday barely changed as market players remained on the sidelines amid the lack of market moving news. The local currency shed 2 centavos to close at 44.620.

US and Europe

- US equities ended the day lower as market players digested weak housing starts data and the latest FOMC meeting minutes, which suggested that some officials felt an increase in the Fed Funds rate may be required earlier than anticipated. The Dow Jones Industrial Average went down by 0.56% to 16,040.56 and the S&P500 declined 0.65% to 1,828.75.
- Last January, US housing starts dropped 16% month-on-month, the most in three years, compared to the market estimate of a 4.9% decline. The report cited that the decline was on the back of inclement weather conditions, though the comparatively lower numbers in the Western region contrasted with that theory. This was also the third straight month of decline, which fuelled concerns that the recent bout of weak housing stats suggested more than just a weather-related anomaly.
- The US producer-price index rose by 0.2% month-on-month last January, slightly higher than the market estimate of a 0.1% increase. For last month, the Labor Department re-evaluated its method on measuring prices to include services, government purchases, capital investment, exports and construction, referring to "final demand". This method doubles the amount of production captured, compared to before. Not including the volatile food, energy and trade services prices, "core" prices were up 0.1% month-on-month due to increased costs of pharmaceutical preparations.
- US Treasury prices fell in the wake of the latest FOMC meeting minutes, which showed that some officials thought an earlier hike in the Fed Funds rate may be needed. The 10-year benchmark yield rose 3.0 basis points to 2.7392%.
- European shares rose yesterday, tracking earlier gains in Wall Street prior to the release of the Fed meeting minutes and weak economic data. Investors mostly shrugged aside ongoing violence in Ukraine and a higher unemployment rate from the U.K. The FTSEurofirst300 index tickled up 1.37 points to 1,338.67.
- The euro weakened against the US dollar as investors flocked to the safe-haven greenback following a warning from the International Monetary Fund (IMF) regarding risks to global growth, especially in emerging markets. According to the IMF, some countries need to tighten monetary policy and make structural economic changes. Though it was noted that emerging markets has risks to inflation, Europe was also at risk, though for an opposite problem—deflation. The dollar strengthened further after minutes of the latest Fed policy meeting showed that

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some policy members were arguing for an earlier hike in the Fed Funds rate. For the day, the shared currency pared 0.33 cents to EUR/USD1.3733.

Asia Pacific

- Most Asian markets edged modestly higher Wednesday on optimism that emerging market assets would continue to recover from the sell-off seen in recent weeks. Gains were however limited as investors stayed cautious ahead of China's release of manufacturing data for February. China's Shanghai SE Comp Index (+1.11%), Indonesia's Jakarta Composite Index (+0.80%), and Singapore's Straits Times Index (+0.59%) posted the largest gains among peers. The MSCI All Country Asia Pacific Index rose 0.02 points, or 0.01%, to 137.59.

Key Indicators

EQUITIES BENCHMARK INDICES	19-Feb-14	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	6,294.62	1.62%	2.98%	5.14%	6.87%
MSCI World USD Index	1,655.04	-0.33%	1.06%	-0.14%	0.05%
MSCI All Country Asia Pacific ex-Japan Total Returns	372.04	0.23%	1.33%	0.73%	-0.78%
MSCI Europe USD Index	1,788.74	0.12%	2.12%	1.06%	1.86%
FTSEurofirst 300 Index	1,338.67	0.10%	0.90%	-0.47%	1.85%
Dow Jones Industrial Average Index	16,040.56	-0.56%	0.48%	-2.54%	-2.66%
Standard & Poor's 500 Index	1,828.75	-0.65%	0.52%	-0.54%	-0.69%
YIELDS AND PRICES	19-Feb-14	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-F)	1.2038	0.03%	-0.00%	0.21%	0.71%
1-Year Philippine Treasury Bill Yield (PDST-F)	2.0042	0.07%	-0.03%	-0.03%	1.07%
ROP2021 (Price)	104.301	0.30	0.58	0.25	0.68
ROP2034 (Price)	122.431	1.26	2.50	3.02	2.87
3-Month US Treasury Yield	0.0456	0.03%	0.00%	0.02%	-0.02%
2-year US Treasury Yield	0.3145	0.02%	-0.02%	-0.06%	-0.07%
10-year US Treasury Yield	2.7392	0.03%	-0.02%	-0.08%	-0.26%
30-year US Treasury Yield	3.7127	0.04%	-0.01%	-0.04%	-0.22%
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)	106.91	0.86%	1.79%	3.97%	-1.64%
1-month Nymex oil futures (\$/bbl)	103.31	0.86%	2.93%	9.47%	2.98%
Gold Spot (\$/oz)	1,311.60	-0.78%	1.58%	4.59%	8.10%
USD/PHP (PDEX close)	44.620	0.02	(0.21)	(0.38)	0.22

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets					
		Last Trade as of February 19, 2013			
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pac Index	137.59	+ 0.02	+ 0.01	
Australia	S&P/ASX 200 Index	5,408.24	+ 15.42	+ 0.29	
China	Shanghai SE Comp Index	2,142.55	+ 23.49	+ 1.11	
Hong Kong	Hang Seng Index	22,664.52	+ 76.80	+ 0.34	
India	SENSEX	20,722.97	+ 88.76	+ 0.43	
Indonesia	Jakarta Composite Index	4,592.65	+ 36.46	+ 0.80	
Japan	Nikkei 225	14,766.53	- 76.71	- 0.52	
Malaysia	KLCI	1,829.45	+ 4.21	+ 0.23	
New Zealand	NZX 50 Index	4,914.14	+ 19.05	+ 0.39	
Singapore	Straits Times Index	3,088.79	+ 18.01	+ 0.59	
South Korea	KOSPI	1,942.93	- 3.98	- 0.20	
Taiwan	TWSE	8,577.01	+ 20.78	+ 0.24	
Thailand	SET Index	1,321.00	- 5.21	- 0.39	

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)							
	19-Feb-14	18-Feb-14	Difference		19-Feb-14	18-Feb-14	Difference
1 month	1.5000	1.5000	0.000	4 year	3.5000	3.5000	0.000
3 month	1.0000	1.0000	0.000	5 year	3.8500	3.8000	+ 0.050
6 month	1.6000	1.5000	+ 0.100	7 year	4.0000	4.0000	0.000
1 year	1.8250	1.7500	+ 0.075	10 year	4.0500	4.0500	0.000
2 year	2.2377	2.2025	+ 0.035	20 year	5.2000	5.2000	0.000
3 year	2.6321	2.8000	- 0.168	25 year	5.7421	5.5703	+ 0.172

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
2/19/2014	Philippines BOP	Jan	2/19/2014	Mortgage Bankers Association US Mortgage Market Indx Weekly % Change SA Old Meth	Feb 14
2/25/2014	Philippines External Balance of Trade	Dec	2/19/2014	US New Privately Owned Housing Units Started by Structure Total SAAR	Jan
2/25/2014	Philippines External Trade Imports YoY	Dec	2/20/2014	US Initial Jobless Claims SA	Feb 15
2/25/2014	Philippines External Trade Imports	Dec	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
			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