

Local

- The recent spate of good corporate earnings results prompted the local equities market to extend its rally by another day. The PSEi bucked regional China-related weakness to close above the 6,300 level. The PSEi increased by 58.14 points, or +0.92%, to close at 6,352.76. All indices once again ended the day in positive territory led by industrials (+1.48%), holding firms (+1.16%), and financials (+0.96%). Market breadth was positive with 90 advances outnumbering 69 declines, while 43 issues were unchanged. Total value turnover amounted to Php9.00 billion. Foreign investors were net buyers at Php1.41 billion.
- Manila Water Company is reportedly set to infuse additional equity investment in its wholly owned Singapore subsidiary, the Manila Water Asia Pacific Pte Ltd. amounting to US\$45,000 for its operational purposes. The subsidiary was established back in 2010 as a holding company of the utility's operation elsewhere in Asia and the Pacific. Manila Water Asia Pacific covers the company's operations in Vietnam through subsidiaries Manila Water South Asia Holdings Pte. Ltd. (MWSAH); Thu Duc Water Holdings Pte. Ltd. and Kenh Dong Water Holdings Pte. Ltd.
- Globe Telecom Inc. is expecting better earnings result this year as the amount of write-downs from its US\$790 million network and information technology modernization and transformation is expected to be finished by the first quarter. According to Globe President and CEO Ernest Cu, the accelerated depreciation arising from its transformation program is expected to be completed within the first quarter of the year. Last year, the company's net income dipped by 28% to Php4.96 billion from Php6.85 billion as accelerated depreciation charges related to assets affected by the modernization program soared by 78% to Php9.06 billion, which resulted to a 17% increase in depreciation charges to Php27.48 billion.
- Prices of local government securities marginally rose on thin volumes amid the lack of market moving news. On average, yields dropped by 0.73 basis points with the long-end of the curve declining by 4 basis points on slight bargain-hunting.
- The Philippine peso depreciated against the greenback yesterday on regional weakness following China's lower-than-forecasted Purchasing Manager's Index (PMI) in February. The local currency gave up 16 centavos to close at 44.780.

US and Europe

- US equities erased Wednesday's losses as improving manufacturing data soothed concerns about an economic slowdown. The Dow Jones Industrial Average index rose 92.67 points to 16,133.23 and the S&P500 index added 11.03 points to 1,839.78.
- For the month of February, Markit Economics' preliminary index of US manufacturing rose to 56.7 from last month's reading of 53.7. Note that any figure above 50 denotes expansion.
- Inflation in the US climbed at a slower pace in January, with the consumer-price index rising 0.1% month-on-month following December's 0.2% gain. Market estimate had called for a 0.1% rise. Not including the volatile food and energy costs, "core" prices also rose 0.1% month-on-month. Prices likely exhibited a slower increase as stores offered lower prices to attract more customers and boost sales.
- In other news, jobless claims in the US fell 3,000 to 336,000 last week, data released by the Labor Department showed. Market estimate had predicted a decline to 335,000.
- US Treasury prices fell once again amid bets that the weather-driven weak data would not hinder the Fed from further tapering its bond purchases. Prices were also lower after the US Treasury Department's US\$9 billion auction of 30-year Treasury Inflation Protected Securities drew the weakest demand in 12 years amid benign inflation. Bid-to-cover ratio was at 2.34x, the lowest since October 2001. The notes were sold at a yield of 1.495%, the highest since June 2011. For the day, the 10-year benchmark yield rose 1 basis point to 2.75%.
- European equities closed higher despite downbeat manufacturing data from the region. The FTSEurofirst300 index inched up 0.10 of a point to 1,338.77.
- According to data processing firm Markit Economics, the Euro-zone's factory gauge unexpectedly slipped to 53 from 54 last month, while the services gauge rose less than expected to 51.7 from 51.6. Economists had expected that the factory measure would remain at 54 this month, and that the services measure would improve to 51.9.
- The dollar strengthened against the euro as market players shrugged off weaker-than-expected US economic data which may have been affected by winter weather. Market players were also speculating that the Fed would

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continue to reduce its monetary stimulus. The shared currency pared 0.14 cents to EUR/USD1.3719.

Asia Pacific

- Most Asian markets declined Thursday as shares got hit by China's unfavorable manufacturing data. Reports showed that HSBC's manufacturing purchasing managers' index for February dropped to 48.3 from 49.5 in January. Readings below 50 indicated a contraction. Japan's Nikkei 225 (-2.15%), Thailand's SET Index (-1.29%), and Hong Kong's Hang Seng Index (-1.19%) posted the largest losses among peers. The MSCI All Country Asia Pacific Index sank 1.85 points, or -1.34%, to 135.74.

Key Indicators

EQUITIES BENCHMARK INDICES	20-Feb-14	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	6,352.76	0.92%	4.11%	5.78%	7.86%
MSCI World USD Index	1,656.01	0.06%	0.78%	-0.07%	0.11%
MSCI All Country Asia Pacific ex-Japan Total Returns	368.85	-0.86%	1.10%	0.13%	-1.63%
MSCI Europe USD Index	1,782.66	-0.34%	1.33%	0.77%	1.51%
FTSEurofirst 300 Index	1,338.77	0.01%	1.01%	-0.40%	1.86%
Dow Jones Industrial Average Index	16,133.23	0.58%	0.66%	-1.98%	-2.09%
Standard & Poor's 500 Index	1,839.78	0.60%	0.54%	0.06%	-0.09%
YIELDS AND PRICES	20-Feb-14	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-F)	1.2000	-0.00%	0.01%	0.21%	0.71%
1-Year Philippine Treasury Bill Yield (PDST-F)	1.9858	-0.02%	0.04%	-0.07%	1.05%
ROP2021 (Price)	104.374	0.07	0.81	0.38	0.75
ROP2034 (Price)	122.451	0.02	2.59	2.81	2.89
3-Month US Treasury Yield	0.0456	0.00%	0.03%	0.02%	-0.02%
2-year US Treasury Yield	0.3185	0.00%	0.01%	-0.05%	-0.07%
10-year US Treasury Yield	2.7509	0.01%	0.02%	-0.07%	-0.25%
30-year US Treasury Yield	3.7232	0.01%	0.04%	-0.02%	-0.21%
3-Month German Treasury Bill Yield	0.055	0.00%	0.00%	-0.01%	-0.01%
Brent Crude Oil Spot (\$/bbl)	109.36	0.00%	0.00%	0.00%	0.00%
Dubai Crude Oil Spot (\$/bbl)	106.78	-0.12%	2.05%	2.70%	-1.76%
1-month Nymex oil futures (\$/bbl)	102.92	-0.38%	2.56%	9.06%	2.59%
Gold Spot (\$/oz)	1,322.94	0.86%	1.54%	5.44%	9.03%
USD/PHP (PDEX close)	44.780	0.16	(0.08)	(0.34)	0.38

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets					
Last Trade as of		February 20, 2013			
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pac Index	135.74	- 1.85	- 1.34	
Australia	S&P/ASX 200 Index	5,412.34	+ 4.10	+ 0.08	
China	Shanghai SE Comp Index	2,138.78	- 3.77	- 0.18	
Hong Kong	Hang Seng Index	22,394.08	- 270.44	- 1.19	
India	SENSEX	20,536.64	- 186.33	- 0.90	
Indonesia	Jakarta Composite Index	4,598.22	+ 5.57	+ 0.12	
Japan	Nikkei 225	14,449.18	- 317.35	- 2.15	
Malaysia	KLCI	1,827.81	- 1.64	- 0.09	
New Zealand	NZX 50 Index	4,909.83	- 4.31	- 0.09	
Singapore	Straits Times Index	3,086.64	- 2.15	- 0.07	
South Korea	KOSPI	1,930.57	- 12.36	- 0.64	
Taiwan	TWSE	8,524.62	- 52.39	- 0.61	
Thailand	SET Index	1,303.98	- 17.02	- 1.29	

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)								
	20-Feb-14	19-Feb-14	Difference		20-Feb-14	19-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	3.8750	3.8500	+ 0.025
6 month	1.6000	1.6000	0.000		7 year	4.0000	4.0000	0.000
1 year	1.8250	1.8250	0.000		10 year	4.0500	4.0500	0.000
2 year	2.2735	2.2377	+ 0.036		20 year	5.2000	5.2000	0.000
3 year	2.6024	2.6321	- 0.030		25 year	5.6234	5.7421	- 0.119

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
2/24/2014	Philippines External Balance of Trade	Dec	2/21/2014	US Existing Homes Sales SAAR	Jan
2/24/2014	Philippines External Trade Imports YoY	Dec	2/25/2014	Conference Board Consumer Confidence SA 1985=100	Feb
2/24/2014	Philippines External Trade Imports	Dec	2/26/2014	Mortgage Bankers Association US Mortgage Market Indx Weekly % Change SA Old Meth	Feb 21
			2/27/2014	US Initial Jobless Claims SA	Feb 15
			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	US GDP Price Index QoQ SAAR	4Q S
			2/28/2014	MNI Chicago Business Barometer SA	Feb
			2/28/2014	University of Michigan Survey of Consumer Confidence Sentiment	Feb F
			2/28/2014	US Pending Home Sales Index MoM SA	Jan

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