

## Local

- The local equities market retreated on profit-taking after reaching year-to-date highs earlier during yesterday's trading session. The PSEi decreased by 12.04 points, or -0.19%, to close at 6,296.32. Only industrials (+0.23%) managed to end in positive territory while all other indices nursed losses with property (-0.36%), financials (-0.18%), and mining and oil (-0.15%) dropping the most. Market breadth was positive with 82 advances outnumbering 73 declines, while 57 issues were unchanged. Total value turnover amounted to Php9.45 billion. Foreign investors were net sellers at Php2.16 billion.
- In line with its aim to boost trust operations, Sy-led BDO Unibank, Inc. (BDO) has signed a deal to acquire the Trust business of Deutsche Bank AG (DB), Manila Branch. The deal entails DB's "trust, fiduciary and investment management activities." According to BDO President Nestor V. Tan, BDO entered into the deal because they were trying to build scale in their trust and investment business, and that it added Php70 billion to BDO's Php770 billion assets under management.
- Ayala Land Inc. is looking to raise up to Php15 billion from a bond sale this year in order to partially fund capital expenditures. According to the firm's disclosure, the bonds, which are to be registered with the Securities and Exchange Commission and listed on the Philippine Dealing & Exchange Corp., will carry a tenor of up to 11 years. Moreover, the proceeds would then be used for general corporate purposes and, together with internally generated funds, is expected fund the full capital expenditure for 2014.
- Prices of local government securities fell slightly as investors remained mostly on the sidelines awaiting fresh leads from the market. Yields climbed by an average of 3.77 basis points led by the belly and long-end of the curve, which rose by 3.2 and 9.7 basis points, respectively.
- The Philippine peso weakened against the US dollar along with its currency peers as market players once again turned their attention back to the Federal Reserve's stimulus withdrawal. The USD/PHP currency pair shed 1.5 centavos to close at 44.580.

## US and Europe

- US equities rose, boosted by health-care shares, which jumped on a smaller-than-expected rate cut in Medicare rates for patients. M&A talks also buoyed investor sentiment. The Dow Jones Industrial Average index rallied 0.64% to 16,207.14 and the S&P500 index rose 0.62% to 1,847.61.
- For the month of February, growth in the US services sector slowed as data processing firm Markit's "flash" services purchasing manager's index (PMI) fell to 52.7 from 56.7 last month. The firm's chief economic Chris Williamson stated that the unusually severe weather looked to have taken its toll on the economy in the first quarter. The preliminary composite PMI for the month of February also fell to 53.5 from January's 56.2.
- US Treasury prices fell as market players speculated that harsh winter weather was the cause of the recent spate of weak economic data, which means the Fed would not refrain from further cutting its bond purchases. The 10-year benchmark yield rose 1 basis point to 2.74%.
- European shares soared to a six-year high amid talks of mergers and acquisitions, which overshadowed a worse-than-estimated earnings report from HSBC Holdings PLC. The FTSEurofirst300 index rose 0.64% to 1,351.65.
- Consumer prices in the Euro-zone rose by an annual rate of 0.8%, matching December's pace and slightly higher than the initial estimate of 0.7%. Nevertheless, it was the fourth consecutive month that the reading was below 1%, and still well below the European Central Bank's (ECB) target of "just below 2%". Over the weekend, ECB President Mario Draghi had stated that policy makers stood ready to add stimulus should the outlook for inflation continue to deteriorate, even if there were currently no signs of deflation in the region.
- The euro weakened against its peers as investors surmised that the very benign inflation outlook for the region would prompt the European Central Bank to further add monetary stimulus next week. The shared currency lost 0.11 cents to EUR/USD1.3735.

## Asia Pacific

- Most Asian markets declined Monday on profit taking activities and on fears that the Chinese government will impose new controls on the property sector. Reports showed that Industrial Bank, a medium-sized financial institution in the mainland, stopped lending to property developers. Investors believed that the tightening was a precaution against a potential weakening of the property sector. Other reports also suggested a tighter lending environment after Chinese new-home prices rose 9% year-on-year in January. China's Shanghai SE Comp Index (-1.75%), Hong Kong's Hang Seng Index (-0.80%), and Indonesia's Jakarta Composite Index (-0.49%) had the worst performance among peers. The MSCI All Country Asia Pacific Index waned 0.28 points, or -0.20%, to 137.12.

## Key Indicators

<b>EQUITIES BENCHMARK INDICES</b>	<b>24-Feb-14</b>	<b>DoD change</b>	<b>WoW change</b>	<b>MoM change</b>	<b>Ytd change</b>
Philippine Stock Exchange Index	6,296.32	-0.19%	2.08%	1.69%	6.90%
MSCI World USD Index	1,668.31	0.51%	0.89%	3.09%	0.86%
MSCI All Country Asia Pacific ex-Japan Total Returns	370.76	-0.22%	-0.11%	2.27%	-1.12%
MSCI Europe USD Index	1,802.33	0.48%	1.27%	4.26%	2.63%
FTSEurofirst 300 Index	1,351.65	0.64%	1.09%	3.87%	2.84%
Dow Jones Industrial Average Index	16,207.14	0.64%	0.33%	2.07%	-1.65%
Standard & Poor's 500 Index	1,847.61	0.62%	0.49%	3.20%	0.34%
<b>YIELDS AND PRICES</b>	<b>24-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)	1.1975	-0.00%	0.02%	0.28%	0.71%
1-Year Philippine Treasury Bill Yield (PDST-F)	1.9604	-0.03%	0.01%	-0.10%	1.03%
ROP2021 (Price)	104.534	0.24	0.62	0.82	0.91
ROP2034 (Price)	122.474	0.36	1.89	2.81	2.92
3-Month US Treasury Yield	0.0355	0.00%	0.03%	-0.01%	-0.03%
2-year US Treasury Yield	0.3181	0.00%	0.01%	-0.02%	-0.07%
10-year US Treasury Yield	2.7382	0.01%	-0.00%	0.02%	-0.26%
30-year US Treasury Yield	3.6986	0.01%	0.00%	0.07%	-0.24%
3-Month German Treasury Bill Yield	0.051	-0.00%	-0.00%	-0.03%	-0.01%
Brent Crude Oil Spot (\$/bbl)	109.36	0.00%	0.00%	0.00%	0.00%
Dubai Crude Oil Spot (\$/bbl)	106.38	-0.34%	0.20%	2.42%	-2.13%
1-month Nymex oil futures (\$/bbl)	102.82	0.61%	2.51%	6.39%	2.49%
Gold Spot (\$/oz)	1,336.98	0.96%	0.62%	5.27%	10.19%
USD/PHP (PDEX close)	44.580	0.02	0.15	(0.73)	0.18

Source: Bloomberg

## Asian Equity Markets

<b>Asia Pacific Markets</b>					
		Last Trade as of February 24, 2013			
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pac Index	137.12	- 0.28	- 0.20	
Australia	S&P/ASX 200 Index	5,440.22	+ 1.52	+ 0.03	
China	Shanghai SE Comp Index	2,076.69	- 37.01	- 1.75	
Hong Kong	Hang Seng Index	22,388.56	- 179.68	- 0.80	
India	SENSEX	20,811.44	+ 110.69	+ 0.53	
Indonesia	Jakarta Composite Index	4,623.57	- 22.58	- 0.49	
Japan	Nikkei 225	14,837.68	- 27.99	- 0.19	
Malaysia	KLCI	1,828.68	- 2.06	- 0.11	
New Zealand	NZX 50 Index	4,969.65	+ 42.01	+ 0.85	
Singapore	Straits Times Index	3,105.84	+ 5.91	+ 0.19	
South Korea	KOSPI	1,949.05	- 8.78	- 0.45	
Taiwan	TWSE	8,560.61	- 41.25	- 0.48	
Thailand	SET Index	1,301.38	- 2.83	- 0.22	

## Local Bond Market

<b>Peso Interest Rates (PDEX PDST-R2)</b>							
	24-Feb-14	21-Feb-14	Difference		24-Feb-14	21-Feb-14	Difference
1 month	1.5000	1.5000	0.000	4 year	3.3750	3.1350	+ 0.240
3 month	1.0000	1.0000	0.000	5 year	3.8500	3.8500	0.000
6 month	1.6000	1.6000	0.000	7 year	4.0000	4.0000	0.000
1 year	1.8000	1.8000	0.000	10 year	4.0500	4.0500	0.000
2 year	2.3500	2.3500	0.000	20 year	5.2000	5.0513	+ 0.149
3 year	2.5766	2.6549	- 0.078	25 year	5.8422	5.7008	+ 0.141

## Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
2/25/2014	Philippines External Balance of Trade	Dec	2/25/2014	Conference Board Consumer Confidence SA 1985=100	Feb
2/25/2014	Philippines External Trade Imports YoY	Dec	2/26/2014	Mortgage Bankers Association US Mortgage Market Indx Weekly % Change SA Old Meth	Feb 21
2/25/2014	Philippines External Trade Imports	Dec	2/27/2014	US Initial Jobless Claims SA	Feb 22
3/5/2014	Philippines CPI All items YoY% 2006=100	Feb	2/27/2014	US Durable Goods New Orders Industries MoM SA	Jan
3/5/2014	Philippines CPI All items MoM% 2006=100	Feb	2/28/2014	GDP US Chained 2009 Dollars QoQ SAAR	4Q S
3/5/2014	Philippines Core Inflation YoY 2006=100	Feb	2/28/2014	University of Michigan Survey of Consumer Confidence Sentiment	Feb F
3/7/2014	Philippines Gross Intl Reserves	Feb	3/3/2014	ISM Manufacturing PMI SA	Feb
			3/6/2014	US Manufacturers New Orders Total MoM SA	Jan
			3/7/2014	US Employees on Nonfarm Payrolls Total MoM Net Change SA	Feb
			3/7/2014	U-3 US Unemployment Rate Total in Labor Force Seasonally Adjusted	Feb

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