

Local

- The local equities market rose yesterday, following regional trends, after the US published weaker-than-expected consumer confidence data. The PSEi went up by 27.05 points or +0.43% to close at 6,322.60. Sectoral indices ended on an even split with industrials (+1.06%), holding firms (+1.04%), and financials (+0.22%) in positive territory while property (-0.50%), mining and oil (-0.50%), and services (-0.02%) ended in the red. Market breadth was slightly negative with 82 declines outnumbering 80 advances, while 43 issues were unchanged. Total value turnover amounted to Php8.07 billion. Foreign investors were net buyers at Php0.21 billion.
- Andrew Tan-led Megaworld Group (MEG) is looking to develop a 561-hectare integrated community worth around Php10 billion. According to company officials, the development, called Southwoods City, would be the largest fully-integrated township project of Global-Estate Resorts Inc. MEG First Vice President Jericho Go stated that the community would incorporate the live-work-play-learn lifestyle concept into the multi-billion peso development.
- For full year 2013, Del Monte Pacific Ltd. (DMPL) saw its net earnings fall by 50% to US\$16.1 million after posting a US\$32.2 million profit in 2012. The hefty drop on profits was mainly due to the recent acquisition of the consumer business unit of the US-based Del Monte Foods worth US\$1.657 billion with transaction fee amounting to US\$16.6 million. However, DMPL's total sales grew by 7.0% to a record US\$492.2 million on the back of strong performance from branded and non-branded businesses with sales from the Philippines improving by 4.0% on all major products.
- On the local fixed income market, prices of local government securities rose as market players positioned on medium- and long-tenored bonds ahead of the month-end window dressing. Yields dropped by 4.51 basis points with the belly and the long-end of the curve declining 8.3 and 4.1 basis points, respectively.
- The Philippine peso traded sideways against the greenback as investors awaited for fresh leads from the market. The local currency slightly gained 2 centavos to close at 44.610.

US and Europe

- US equities closed slightly higher amid strong home sales data and a rally in retailer shares. The Dow Jones Industrial Average index added 18.75 points, or +0.12%, to 16,198.41 and the S&P500 index crept up 0.04 of a point to 1,845.16.
- For the month of January, new home sales in the US rose 9.6% month-on-month, vastly outpacing the market estimate of a 3.4% decline, to a seasonally adjusted annual rate of 468,000, the highest level since July 2008. This followed December's upwardly revised rate of 427,000. On an annual basis, sales were up 2.2%. The improvement came on the back of a 73.7% climb in sales in the Northeast, reversing the declines in December.
- US Treasury prices rose amid a well-received auction of 5-year notes, and news of Russia ordering a test of combat readiness for its troops near Ukraine, which caused investors to flock to safe-haven assets. On Wednesday, the US Treasury Department sold US\$35 billion worth of 5-year notes at an average yield of 1.530%. Bid-to-cover ratio was at 2.98x, the highest since September 2012. Most of the buying was from foreign investors, similar to what was seen from Tuesday's two-year auction. The 10-year benchmark yield dropped 4 basis points to 2.6655%.
- European shares edged lower as investor sentiment was weighed down by weakness in luxury goods makers and the ongoing political conflict in Eastern Europe. The FTSEurofirst300 index shed 2.69 points to 1,348.75.
- Consumer confidence in Germany rose to a seven-year high in March. The GfK consumer climate indicator increased to 8.5 points, the highest level since January of 2007, from February's upwardly revised 8.3. The GfK's report stated that the German economy has surpassed its weak phase and is entering a solid upswing this year.
- The euro lost ground against the greenback as a flight-to-safety sentiment was observed amid the ongoing political turmoil in Eastern Europe. The shared currency lost 0.58 cents to close at EUR/USD1.3687.

Asia Pacific

- Asian markets ended mixed Wednesday. On one side, markets reacted to disappointing consumer confidence data in the US, sending Indonesia's Jakarta Composite Index (-0.97%), Malaysia's KLCI (-0.61%), and Japan's Nikkei 225 (-0.54%) lower. On the other, investors welcomed country-specific reports. For instance, Hong Kong's Hang Seng Index climbed 0.54% after its finance secretary said the city's economy is expected to grow 3% to 4% in 2014, slightly better than a 2.9% expansion in 2013. The MSCI All Country Asia Pacific Index waned 0.21 points, or -0.15%, to 137.86.

Key Indicators

EQUITIES BENCHMARK INDICES		26-Feb-14	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index		6,322.60	0.43%	0.44%	2.12%	7.35%
MSCI World USD Index		1,664.85	-0.27%	0.59%	2.87%	0.65%
MSCI All Country Asia Pacific ex-Japan Total Returns		372.23	0.23%	0.05%	2.68%	-0.73%
MSCI Europe USD Index		1,791.16	-0.69%	0.14%	3.62%	2.00%
FTSEurofirst 300 Index		1,348.75	-0.20%	0.75%	3.64%	2.62%
Dow Jones Industrial Average Index		16,198.41	0.12%	0.98%	2.01%	-1.70%
Standard & Poor's 500 Index		1,845.16	0.00%	0.90%	3.06%	0.20%
YIELDS AND PRICES		26-Feb-14	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-F)		1.2100	-0.01%	0.01%	0.29%	0.72%
1-Year Philippine Treasury Bill Yield (PDST-F)		1.9792	0.01%	-0.03%	-0.08%	1.05%
ROP2021 (Price)		104.907	0.19	0.61	1.20	1.28
ROP2034 (Price)		123.452	0.37	1.02	3.79	3.90
3-Month US Treasury Yield		0.0406	0.00%	-0.01%	-0.01%	-0.02%
2-year US Treasury Yield		0.3245	0.01%	0.01%	-0.01%	-0.06%
10-year US Treasury Yield		2.6655	-0.04%	-0.07%	-0.05%	-0.33%
30-year US Treasury Yield		3.6249	-0.03%	-0.09%	-0.01%	-0.31%
3-Month German Treasury Bill Yield		0.051	-0.01%	-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)		105.89	-0.81%	-0.95%	1.94%	-2.58%
1-month Nymex oil futures (\$/bbl)		102.59	0.75%	-0.70%	6.16%	2.26%
Gold Spot (\$/oz)		1,330.57	-0.75%	1.45%	4.76%	9.66%
USD/PHP (PDEX close)		44.610	(0.02)	(0.01)	(0.70)	0.21

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets					
		Last Trade as of	February 26, 2013		
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pac Index	137.86	-	0.21	- 0.15
Australia	S&P/ASX 200 Index	5,436.99	+	3.15	+ 0.06
China	Shanghai SE Comp Index	2,041.25	+	7.03	+ 0.35
Hong Kong	Hang Seng Index	22,437.44	+	120.24	+ 0.54
India	SENSEX	20,986.99	+	134.52	+ 0.65
Indonesia	Jakarta Composite Index	4,532.72	-	44.57	- 0.97
Japan	Nikkei 225	14,970.97	-	80.63	- 0.54
Malaysia	KLCI	1,822.55	-	11.20	- 0.61
New Zealand	NZX 50 Index	4,973.20	+	5.69	+ 0.11
Singapore	Straits Times Index	3,088.25	-	15.37	- 0.50
South Korea	KOSPI	1,970.77	+	5.91	+ 0.30
Taiwan	TWSE	8,600.86	+	25.24	+ 0.29
Thailand	SET Index	1,304.62	+	0.74	+ 0.06

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)							
	26-Feb-14	25-Feb-14	Difference		26-Feb-14	25-Feb-14	Difference
1 month	1.5000	1.5000	0.000	4 year	3.1042	3.1454	- 0.041
3 month	1.0000	1.0000	0.000	5 year	4.0000	3.7747	+ 0.225
6 month	1.6000	1.6000	0.000	7 year	3.9500	3.9500	0.000
1 year	1.8000	1.8000	0.000	10 year	4.0000	4.0500	- 0.050
2 year	2.2515	2.7009	- 0.449	20 year	5.0500	5.0018	+ 0.048
3 year	2.5049	2.6567	- 0.152	25 year	5.6194	5.7416	- 0.122

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
3/5/2014	Philippines CPI All items YoY% 2006=100	Feb	2/27/2014	US Initial Jobless Claims SA	Feb 22
3/5/2014	Philippines CPI All items MoM% 2006=100	Feb	2/27/2014	US Durable Goods New Orders Industries MoM SA	Jan
3/5/2014	Philippines Core Inflation YoY 2006=100	Feb	2/28/2014	GDP US Chained 2009 Dollars QoQ SAAR	4Q S
3/7/2014	Philippines Gross Intl Reserves	Feb	2/28/2014	University of Michigan Survey of Consumer Confidence Sentiment	Feb F
			3/3/2014	US Personal Income MoM SA	Jan
			3/3/2014	ISM Manufacturing PMI SA	Feb
			3/5/2014	Mortgage Bankers Association US Mortgage Market Indx Weekly % Change SA Old Meth	Feb 21
			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