

## Local

- The local equities market closed substantially higher yesterday on continued optimism over corporate earnings results that have been mostly ahead of expectations. Speculation that the Fed may reconsider its decision to reverse quantitative easing in the face of stubborn economic weakness in the US, contributed to the PSEi's stellar finish. The PSEi gained 32.19 points or +0.51% to close at 6,354.79. For the second straight day sectoral indices ended on an even split with property (+2.55%), industrials (+1.02%), and holding firms (+0.20%) as gainers while financials (-0.55%), services (-0.48%), and mining and oil (-0.06%) as losers. Market breadth was positive with 90 advances outnumbering 68 declines, while 44 issues were unchanged. Total value turnover amounted to Php7.76 billion. Foreign investors were net buyers at Php0.49 billion.
- Standard Chartered Bank (SCB) has finalized a deal with Cebu Air Inc. (CEB) for a multi-million dollar finance lease transaction. According to StanChart Managing Director and Chief Commercial Officer of Aviation Finance Simon Perkins, the transaction is a 10-year financing facility for two Airbus 320-200 aircrafts which was arranged and funded exclusively by the bank. He added that the two aircrafts were delivered just one month apart and will be crucial to CEB's fleet expansion program. The expansion program of CEB looks to stimulate growth in the domestic market while pursuing greater market share in the international market.
- The Philippine Long Distance Telephone Co. (PLDT) has finished the construction of its sixth innovation laboratory (Innolab) in the country which looks to cater to customers in Baguio City and the rest of the Ilocos Region. According to PLDT Vice President for Information and Communication Technology (ICT) Research & Development Joey Limjap, the newest Innolab in Baguio City is already on its dry-run and will provide customers with the latest ICT-based business solutions such as multimedia products and services. He added that Baguio, where the sixth Innolab is situated, is a venue for developing and testing revolutionary ICT products and business solutions.
- On the local fixed income market, prices of local government securities rallied as bargain-hunting was seen particularly on medium-tenored buckets. Yields declined by 4.67 basis points with the belly of the curve falling by 12.5 basis points.
- The Philippine peso depreciated against the US dollar tracking regional peers as investors favored the greenback after the release of better-than-expected U.S. data and ahead of Federal Reserve Chair Janet Yellen's Senate testimony tonight. The local currency lost 5.5 centavos to close at 44.665.

## US and Europe

- US equities ended much higher after Federal Reserve Chair Janet Yellen's senate testimony regarding the recent weak economic data soothed fears on the country's growth trajectory. The Dow Jones Industrial Average climbed 74.24 points to 16,272.65 and the S&P 500 rose 9.13 points to a new record high of 1,854.29.
- During her testimony to the Senate Banking Committee, US Federal Reserve Chair Janet Yellen stated that the Fed was carefully watching the recent spate of disappointing economic figures. She added that it was uncertain on how much of the weakness was due to weather disturbance, and that the Fed might consider pausing its tapering of bond purchases should weakness persist. They would be carefully continuing to track data to see whether it warrants a shift in their outlook.
- US jobless claims jumped by 14,000 to a seasonally adjusted 348,000 last week, higher than the market estimate of a rise to 335,000. The less-volatile four-week moving average of claims remained the same at 338,250 and the continuing claims rose by 8,000 to a seasonally adjusted 2,964,000, compared to the market estimate of 2,985,000.
- US Treasury prices rose following strong demand during the government's debt auction, as well as ongoing concerns on the political uncertainty in Ukraine. End-of-month buying from bond-fund managers likewise buoyed prices. On Thursday, the US Treasury Department's US\$29 billion sale of 7-year notes was met with strong demand. The notes were sold at a yield of 2.105%, the lowest in four months. Bid-to-cover ratio was at 2.72x, higher than the 2.48x average of the past four seven-year auctions. The 10-year benchmark yield dipped by 3 basis points to 2.6387%.
- European shares closed lower as the ongoing political turmoil in Ukraine overshadowed positive German unemployment and business confidence data. The FTSEurofirst 300 index dropped 3.29 points to 1,345.46.
- The euro gained ground against the US dollar after Fed Chair Janet Yellen, during her senate testimony, stated that the Fed could pause its bond purchase taper should economic data continue to show weakness. The shared currency added 0.23 cents to close at EUR/USD1.3710.

## Asia Pacific

- Asian stocks ended Thursday little changed as markets awaited US Federal Reserve Chief Janet Yellen's Senate Banking Committee testimony later in the day. Gains were led by Hong Kong's Hang Seng Index (1.74%), Thailand's SET Index (1.03%), and Indonesia's Jakarta Composite Index (0.80%), while Australia's S&P/ASX 200 Index (-0.47%) and Japan's Nikkei 225 (-0.32%) ended in the red. The MSCI All Country Asia Pacific Index rose 0.13 points, or 0.09%, to 137.99.

## Key Indicators

<b>EQUITIES BENCHMARK INDICES</b>	<b>27-Feb-14</b>	<b>DoD change</b>	<b>WoW change</b>	<b>MoM change</b>	<b>Ytd change</b>
Philippine Stock Exchange Index	6,354.79	0.51%	0.03%	4.49%	7.89%
MSCI World USD Index	1,668.40	0.21%	0.75%	3.96%	0.86%
MSCI All Country Asia Pacific ex-Japan Total Returns	374.04	0.49%	1.41%	4.79%	-0.24%
MSCI Europe USD Index	1,789.95	-0.07%	0.41%	4.50%	1.93%
FTSEurofirst 300 Index	1,345.46	-0.24%	0.50%	4.25%	2.37%
Dow Jones Industrial Average Index	16,272.65	0.46%	0.86%	2.75%	-1.25%
Standard & Poor's 500 Index	1,854.29	0.49%	0.79%	4.08%	0.70%
<b>YIELDS AND PRICES</b>	<b>27-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)	1.2104	0.00%	0.01%	-0.20%	0.72%
1-Year Philippine Treasury Bill Yield (PDST-F)	2.1417	0.16%	0.16%	0.04%	1.21%
ROP2021 (Price)	105.043	0.14	0.67	1.56	1.42
ROP2034 (Price)	123.764	0.31	1.31	4.42	4.21
3-Month US Treasury Yield	0.0355	-0.01%	-0.01%	-0.02%	-0.03%
2-year US Treasury Yield	0.3206	-0.00%	0.00%	-0.02%	-0.07%
10-year US Treasury Yield	2.6387	-0.03%	-0.11%	-0.11%	-0.36%
30-year US Treasury Yield	3.5916	-0.03%	-0.13%	-0.07%	-0.35%
3-Month German Treasury Bill Yield	0.044	-0.01%	-0.01%	-0.04%	-0.02%
Brent Crude Oil Spot (\$/bbl)	109.36	0.00%	0.00%	0.00%	0.00%
Dubai Crude Oil Spot (\$/bbl)	105.44	-0.42%	-1.25%	1.14%	-2.99%
1-month Nymex oil futures (\$/bbl)	102.40	-0.19%	-0.51%	6.98%	2.07%
Gold Spot (\$/oz)	1,331.33	0.06%	0.63%	5.90%	9.72%
USD/PHP (PDEX close)	44.665	0.05	(0.12)	(0.70)	0.27

Source: Bloomberg

## Asian Equity Markets

<b>Asia Pacific Markets</b>					
Last Trade as of February 27, 2013					
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pac Index	137.99	+ 0.13	+ 0.09	
Australia	S&P/ASX 200 Index	5,411.45	- 25.55	- 0.47	
China	Shanghai SE Comp Index	2,047.35	+ 6.10	+ 0.30	
Hong Kong	Hang Seng Index	22,828.18	+ 390.74	+ 1.74	
India	SENSEX	20,986.99	0.00	0.00	
Indonesia	Jakarta Composite Index	4,568.94	+ 36.22	+ 0.80	
Japan	Nikkei 225	14,923.11	- 47.86	- 0.32	
Malaysia	KLCI	1,831.66	+ 9.11	+ 0.50	
New Zealand	NZX 50 Index	4,964.34	- 8.86	- 0.18	
Singapore	Straits Times Index	3,096.74	+ 8.49	+ 0.27	
South Korea	KOSPI	1,978.43	+ 7.66	+ 0.39	
Taiwan	TWSE	8,639.58	+ 38.72	+ 0.45	
Thailand	SET Index	1,318.05	+ 13.43	+ 1.03	

## Local Bond Market

<b>Peso Interest Rates (PDEX PDST-R2)</b>							
	27-Feb-14	26-Feb-14	Difference		27-Feb-14	26-Feb-14	Difference
1 month	1.5000	1.5000	0.000	4 year	3.1061	3.1042	+ 0.002
3 month	1.0000	1.0000	0.000	5 year	3.5025	4.0000	- 0.498
6 month	1.5000	1.6000	- 0.100	7 year	3.8750	3.9500	- 0.075
1 year	1.9500	1.8000	+ 0.150	10 year	4.0000	4.0000	0.000
2 year	2.1007	2.2515	- 0.151	20 year	5.0990	5.0500	+ 0.049
3 year	2.6000	2.5049	+ 0.095	25 year	5.5860	5.6194	- 0.033

## Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
3/4/2014	Philippines CPI All items YoY% 2006=100	Feb	2/28/2014	GDP US Chained 2009 Dollars QoQ SAAR	4Q S
3/4/2014	Philippines CPI All items MoM% 2006=100	Feb	2/28/2014	University of Michigan Survey of Consumer Confidence Sentiment	Feb F
3/4/2014	Philippines Core Inflation YoY 2006=100	Feb	3/3/2014	US Personal Income MoM SA	Jan
3/7/2014	Philippines Gross Intl Reserves	Feb	3/3/2014	US Personal Consumption Expenditures Nominal Dollars 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 28
			3/6/2014	US Initial Jobless Claims SA	Feb 22
			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