

Daily Matters

November 20, 2014

MARKET INDICATORS

As of November 19, 2014

Index/ Bond	Index Level/Yield	DoD Change	DoD % Change
PSEi	7,269.49	39.91	0.55%
Dow Jones	17,685.73	-2.09	-0.01%
S&P 500	2,048.72	-3.08	-0.15%
NASDAQ	4,675.71	-26.73	-0.57%
MSCI Asia ex-Japan	564.76	-1.53	-0.27%
MSCI Emerging Market	989.91	1.25	0.13%
5 Yr FXTN	3.25	-5 bps	
10 Yr US Treasury	2.36	3 bps	
USD/PHP	45.09	0.18	0.41%

Source: Bloomberg

NEWS IN THE PHILIPPINES

BoP Surplus in October

- Bangko Sentral ng Pilipinas (BSP): A balance of payments surplus of USD24 million was reported for October, primarily due to foreign exchange deposits by the national government and income from the BSP's foreign investments. Year to date, the Philippines' BOP position amounted to a USD3.4 billion deficit, lower than the projected surplus of USD1 billion. Foreign exchange reserves, on the other hand, were at USD79.3 billion as at the end of October.

Local Bond Market

- The yield of the benchmark 5-year bond dropped 5 bps to close at 3.25%.
- On the local fixed income space, prices of government securities fell mainly due to investors taking profits in their positions following the recent rally. Yields went up 1.98 basis points on average led by the short-end, which hiked by 7.1 basis points, trailed by the belly, up by 4.8 basis points. The long-end, on the other hand, dropped 9.5 basis points.

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Philippine Stocks

- Local equities slightly declined as the local bourse tracked regional trends. The PSEi shed -39.91 points, or 0.55%, to close at 7,269.49.

Philippine Peso

- The Philippine peso depreciated against the US Dollar as investors moved ahead of the release of the FOMC minutes. The peso lost 18 centavos to close at 45.09.

NEWS AROUND THE WORLD

U.S. Starts, Permits Data Point to Improving Housing Market; Fed Minutes Reflect Uncertainty in Timing of Interest Rate Hike

- U.S. housing starts came in shy of market expectations during October. Housing starts dropped 2.8% MoM (Market estimate: +0.8%) to a seasonally adjusted annual rate of 1.009 mln units (Market estimate: 1.025mln) from a downwardly revised 1.017mln in September (Previous: 1.031mln). The silver lining within the reported was news that the decline was entirely driven by a slump in multi-family properties. Building permits rose 4.8% MoM (Market estimate: +0.9%) to a 1.08mln rate (Market estimate: 1.04mln), the best pace since June 2008. Permits for single-family homes increased 1.4% to a 640,000-unit pace. Permits for multifamily housing surged 10% to a 440,000-unit pace.
- Minutes of the November FOMC meeting reflected a complex, diverse discussion at the U.S. central bank. Staff cut their estimates for near-term U.S. economic growth and Fed officials debated the pros and cons of acknowledging market turbulence and overseas developments in their statement. Officials “pointed to a somewhat weaker economic outlook and increased downside risks in Europe, China, and Japan, as well as to the strengthening of the dollar over the period,” according to the minutes.

US Stock Market

- U.S. stocks only edged lower after minutes from the November FOMC meeting showed no clear consensus about the timing of interest rate increases. The Dow Jones Industrial Average inched down 2.09 points to 17,685.73. The S&P 500 shed 3.08 points, or 0.15%, to 2,048.72. The Nasdaq lost 26.73 points, or 0.57%, to 4,675.71.

Asian Stocks

- Asian equities ended slightly lower, primarily reflecting the FOMC's uncertainty as to the timing of raising interest rates. The MSCI Asia-Ex Japan Index decreased by 0.27% or 1.53 points to close at 564.76.

Emerging Markets

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- Emerging-market stocks rose as Federal Reserve minutes bolstered speculation that U.S. interest rates will remain low, buoying demand for higher-yielding assets. The MSCI Emerging Markets Index gained 0.13 percent to 989.91.

Sources: Bloomberg, Briefing.com, Business World, CNN, Inquirer, PhilStar, Reuters, WSJ

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