

Daily Matters

December 7, 2016

MARKET INDICATORS

As of December 6, 2016

Index/ Bond	Index Level/Yield	DoD Change	DoD % Change
PSEi	6,806.14	29.73	0.44%
Dow Jones	19,251.78	35.54	0.18%
S&P500	2,212.23	7.52	0.34%
Nasdaq	5,333.00	24.11	0.45%
MSCI Asia ex-Japan	524.63	3.85	0.74%
MSCI Emerging Market	861.49	7.52	0.88%
5Yr FXTN	4.87	2 bps	
10 Yr US Treasury	2.39	1 bp	
USD/PHP	49.65	0	-0.01%

Source: Bloomberg

NEWS IN THE PHILIPPINES

Fitch cites promise of stronger state spending, but flags political risk

- According to Fitch Ratings, the Philippine Economy is expected to remain as one of the fastest-growing in Asia-Pacific and is expected to lead the region's growth due to aggressive spending plans by the government. Fitch forecasts a 5.5% median GDP growth rate for 11 Asian emerging markets for 2017 which is the highest compared to estimates for emerging economies in the Middle East and Africa of 3.5%, Latin America with 2.9%, and Europe at 2.8%. The Philippines currently holds a "BBB-" rating from Fitch with a positive outlook.

Local Bond Market

- The yield of the benchmark 5-year bond finished 1 bp lower at 4.87%. The yields of bonds closed mixed with 5 yields rising and 6 falling. With the Bureau of Treasury rejecting all bids for the 5-yr Treasury bonds as banks offered unreasonably high rates.

Philippine Stocks

- The Philippine Stock Market advanced and posted gains after yesterday's trade tracking the rise of US markets driven by the release of the data from the world's largest economy. The PSEi rose 0.43% or 29.73 points to 6,806.14. Investors are staying on sidelines as they await for the upcoming US Federal Reserve meeting on Dec 14.

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Philippine Peso

- The local peso rebounded against the US dollar despite an upbeat in non-manufacturing data as markets eased on Italian Prime Minister Renzi's resignation following the result of the Italian referendum. Another reason of the rebound is due to investors staying on the sidelines ahead of the US Federal Reserve's policy meeting next week. The Philippine peso closed at Php 49.65.

NEWS AROUND THE WORLD

German bunds rise modestly ahead of Eurozone Q3 GDP data; ECB policy decision also in focus

- The European Central Bank confirmed that the German bunds traded modestly firmer ahead of the Eurozone 3rd quarter GDP data as investors remained focus on the upcoming monetary policy to be held on December 8. The European Central Bank will be announcing a 6-month extension to its quantitative easing program and is expected to keep its interest rate unchanged with maintaining the QE 80B euros a month as the Eurozone inflation hit a 31-month high in November.

US Stock Market

- The US Stock market rose higher as shares of telecommunications companies boosted U.S. stocks, helping the Dow Jones Industrial Average to post another record. (Dow Jones 19,251.78 0.18%; NASDAQ 5,333.00 0.45%; S&P 500 2,212.23 0.34%)

Asian Stocks

- Asian stocks posted their biggest rise in two weeks and the euro steadied as investors assessed the selloff after Italy's referendum, with robust U.S. economic data also helping sentiment. The MSCI Asia-Ex Japan Index rose 0.74% or 3.85 points to close at 524.63.

Emerging Markets

- Emerging market hit 5 day highs with the Moscow bourse at fresh peaks as investors shrugged off the results of Italy's referendum. Another reason is that a weaker dollar helped currencies such as the rand and the lira. The MSCI Emerging Markets Index is at 0.88% or 7.52 points to close at 861.49.

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

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