

Daily Matters

February 2, 2017

MARKET INDICATORS

Index/ Bond	Index Level/Yield	DoD Change	DoD % Change
PSEi	7,227.45	-2.21	-0.03%
Dow Jones	19,890.94	26.85	0.14%
S&P500	2,279.55	0.68	0.03%
Nasdaq	5,642.65	27.86	0.50%
MSCI Asia ex-Japan	548.19	2.03	0.37%
MSCI Emerging Market	913.00	3.77	0.41%
5Yr FXTN	3.93	-2 bps	
10 Yr US Treasury	2.47	2 bps	
USD/PHP	49.75	-0.07	-0.14%

Source: Bloomberg

NEWS IN THE PHILIPPINES

Factory growth momentum slows, Japanese companies interested in PH market

- Though manufacturers in the Philippines were projecting expansion with the year, growth momentum was the weakest on record. The Nikkei Philippines Manufacturing PMI registered the figure at 52.7 this January, down from 55.7 in December. This figure indicates the fourth consecutive month that growth has slowed. The slowdown is caused by price increases that restrain demand, sharp cost inflation from a weak peso, and higher global commodity prices, specifically metal. Surprisingly, manufacturer's confidence remained high with 88% of survey respondents anticipating bigger production in the next 12 months.
- The Mitsubishi UFJ Financial Group, Inc. (MUFG), expects to see more Japanese companies enter the Philippines after seeing its growth projections early this year. Praising the country's consumer spending, BPO industry and OFW remittances, MUFG imagines the

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Japanese companies investing through government aide as well as into the private sector and infrastructure projects.

Local Bond Market

- The yield of the benchmark 5-year bond fell by 2 bps and closed at 3.93.
- The local fixed income securities had a slightly negative reaction day-on-day, as markets continued to remain cautious ahead of the U.S Federal Reserve meeting that occurred last night. 4 yields were stagnant and had no change while 6 were negative and 1 were positive throughout the day.

Philippine Stocks

- After starting off the year strong, local equities slip as markets awaited the Federal Reserve meeting. The PSEi closed at 7,227.45 on Tuesday shedding 2.21 points or 0.03%.

Philippine Peso

- The peso weakened against the dollar on Tuesday's session closing at 49.75. The loss was attributed to caution surrounding the Federal Reserve meeting that occurred last night.

NEWS AROUND THE WORLD

China's PMI indicates stability for 2017; U.S. carry momentum from 2016

- Manufacturing in China started the year off on a very positive note. The Manufacturing purchasing managers index (PMI) was recorded at 51.3 in January compared to estimates of 51.2. China hit 6.7% expansion for 2016 with growth reaching 6.8% for Q4. The strong performance carried over into the beginning of 2017 as focused projects (industrial robots, new energy cars) and a reduction of excess capacity in the coal and steel industries are fueling the sector.
- The U.S. also released their PMI data and saw robust expansion of output volumes, new orders, and the fastest rise in input costs since September 2014. The PMI came in at 55.0 which was just lower than the 55.1 expectation. Despite the strength of the dollar subduing exports, orders are growing fast and the outlook remains bright.

US Stock Market

- US stocks performed well during Wednesday's session ending their four-day run of losses as the Federal Reserve left interest rates unchanged. The Nasdaq Composite Index closed at 5,642.65 which was 27.86 points or 0.50% higher than Friday's session. The Dow Jones Industrial Average also gained and closed at 19,890.94 or 0.14% which was 26.85 points higher. Meanwhile the Standard & Poor's 500 Index rose 0.68 points or 0.03% to end at a close of 2,279.55.

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Asian Stocks

- Asian equity indices increased slightly as the MSCI Asia-Ex Japan Index rose 0.37% or 2.03 points to close at 548.19.

Emerging Markets

- Emerging market equities strengthened on Wednesday as the MSCI Emerging Markets Index gained 0.41% or 3.77 points closing at 913.00.

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

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