

Daily Matters

February 7, 2018

MARKET INDICATORS

As of February 6, 2018

Index/ Bond	Index Level/Yield	DoD Change	DoD % Change
PSEi	8,550.42	-65.58	-0.76%
Dow Jones	24,912.77	567.02	2.33%
S&P500	2,695.14	46.2	1.74%
Nasdaq	7,115.88	148.36	2.13%
MSCI Asia ex-Japan	716.33	-25.1	-3.39%
MSCI Emerging Market	1,176.18	-33.16	-2.74%
5Yr FXTN	4.86	2 bps	
10 Yr US Treasury	2.8	1 bp	
USD/PHP	51.43	-0.06	-0.12%

Source: Bloomberg



News in the Philippines

BSP keeps watch as inflation spikes

- Bangko Sentral ng Pilipinas: A surge in January was seen by the overall increase in prices and wide use of goods and services that topped the market consensus on the back of the impact of higher taxes.
- According to BSP, it would “closely” monitor the situation and was “ready to take timely action” should policy intervention be needed to bring inflation to heel”. Preliminary PSA data shows that inflation is picking up to 4%, faster than December’s 3.3% and the 2.7% recorded in January 2017.

Local Bond Market

- The performance of the 5yr bond finished off at 4.86 bps with 3 yields falling and yields rising. The government has rejected all bids for fresh seven-year T-bonds as banks factored into their bids the faster January inflation print and the expected rate hike by the BSP. The seven-year bond finished off flat after the session.

Philippine Stocks

- The Philippine stock market plummeted after the trading and dropped 0.76%, or 65.58 points, to finish at 8,550.42, while the broader All Shares index fell 0.83 percent, or 42.51 points, to close at 5,027.91. It was the second consecutive day the market was on the negative with the mining and oil sector with the biggest fatality.

Philippine Peso

- The Philippine Peso rallied against the US dollar as the market considered inflation, that fell within the expectations on the central bank. It closed at Php 51.43. Inflation clocked in at 4.0 percent in January, the fastest in over three years, but still within BSP’s 2.0 to 4.0 target.



News around the World

US Trade Deficit is wider than any month or year since 2008

- Commerce Department: The US trade deficit broadened to the biggest monthly and annually levels. The deficit increased 5.3% in December to a larger-than-expected \$53.1 billion, the widest since October 2008, as imports outpaced exports.

US Market

- The US stock market are on its crazy swing. Investors accused the wild moves on a combination of interest-rate fears, computer-driven trading and the obscure volatility funds that use leverage. The three major indexes - Dow Jones ended at 24,912.77 or 567.02 point with 2.33%; S&P500 finished off at 2,695.14 or 46.2 points with 1.74% and the Tech Savvy Nasdaq ended at 7,115.88 or 148.36 points with 2.13%.

Asian Stocks

- Asian stock markets plunged, with the MSCI’s broadest index of Asia-Pacific shares outside Japan plummeting as much as 4.1% in its worst fall since June 2016. The MSCI Asia ex-japan ended the trade at 716.33 or -25.1 points with -3.39%.

Emerging Markets

- Emerging stocks and bond values grew in January, exceeding the rise in U.S. markets. However, beginning on Jan. 30, portfolio flows to have seen a sharp downturn, recording the largest fall since the 2016 U.S. presidential election when Donald Trump’s election victory was expected to shake risk markets and undercut several emerging markets countries’ growth prospects. The MSCI Emerging Market finished off at 1,176.18 or -33.16 with -2.74%.

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