

Daily Matters

February 28, 2017

MARKET INDICATORS

As of February 27, 2017

Index/ Bond	Index Level/Yield	DoD Change	DoD % Change
PSEi	7,232.47	-26.52	-0.37%
Dow Jones	20,837.44	15.68	0.08%
S&P 500	2,369.75	2.41	0.10%
NASDAQ	5,861.90	16.59	0.30%
MSCI Asia ex-Japan	565.03	-1.58	-0.28%
MSCI Emerging Market	940.32	-3.20	-0.34%
5 Yr FXTN	3.93	4 bps	
10 Yr US Treasury	2.37	5 bps	
USD/PHP	50.27	0.07	0.14

Source: Bloomberg

NEWS IN THE PHILIPPINES

Inflation heating up on rising oil;

- **Bangko Sentral ng Pilipinas (BSP):** The BSP are predicting inflation to log between 3.1% and 3.9% for the month of February, which would be the fastest pace logged since that of November 2014. The cause for the heightened figure may be attributed to the increase in domestic petroleum prices, jeepney and taxi fares, as well as electricity rates. Assuming oil prices continue their ascent, the BSP says that inflation will likely accelerate in the coming months, however hopefully still staying in line with their predictions.

Local Bond Market

- The yield of the benchmark 5-year bond rose by 4 bps and closed at 3.93.
- The local fixed income securities had a mostly positive reaction day-on-day, as markets continued to remain cautious ahead of President Donald J. Trump's address to Congress on Tuesday night. 3 yields were negative while 8 were positive.

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Philippine Stocks

- Local equities continued to close in the red during Monday's session as the country is awaiting President Trump's first major address to a joint session of Congress on Tuesday. The PSEi closed at 7,232.47 on Monday dropping 26.52 points or 0.37%.

Philippine Peso

- The peso weakened against the dollar once again after Monday's session closing at 50.27. Yesterday's close was the peso's weakest finish in over a decade or September 26, 2006 to be exact. At this point, the market is dependent on President Trump's speech.

NEWS AROUND THE WORLD

Trump's speech to focus on Economy, Defense; LSE/Deutsche Boerse merger in doubt

- President Donald J. Trump is in the process of putting the finishing touches on what would be his first Presidential address to a joint Congress tomorrow. Close advisors to the President have said that the speech will offer a vision of where Trump wants to take the country as well as an early accounting of campaign promises he has already delivered on. The speech will be his most important yet and will look to affect critical markets in the coming days.
- The merger between the London Stock Exchange (LSE) and the Deutsche Boerse could collapse in the near future after the LSE said the deal was not likely to be approved by the European Commission. The Commission had ordered the LSE to sell a 60% stake in MTS, which is their prime fixed-income trading platform. The merger was seen to boost the UK economy and create a giant powerhouse that could compete with US rivals.

US Stock Market

- US stocks closed slightly higher during Monday's session as investors were uncertain surrounding President Trump's speech tomorrow. The Nasdaq Composite Index closed at 5,861.90 which was 16.59 points or 0.30% higher than Friday's session. The Dow Jones Industrial Average also continued to rise, reaching a record high for the 12th consecutive time. It closed at 20,837.44 or 0.08% or 15.68 points higher. Meanwhile the Standard & Poor's 500 Index gained 2.41 points or 0.10% to end at a close of 2,369.75.

Asian Stocks

- Asian equity indices faltered as they look nervously towards Washington for Trump's address. The MSCI Asia-Ex Japan Index fell 0.28% or 1.58 points to close at 565.03.

Emerging Markets

- Emerging market equities fell slightly on Monday as uncertainty surrounding Trump's address grew. The MSCI Emerging Markets Index fell 0.34% or 3.20 points, closing at 915.21.

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

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