

# Daily Matters

November 25, 2014

## MARKET INDICATORS

As of November 24, 2014

Index/ Bond	Index Level/Yield	DoD Change	DoD % Change
PSEi	7,325.13	57.78	0.80%
Dow Jones	17,817.90	7.84	0.04%
S&P500	2,069.41	5.91	0.29%
NASDAQ	4,754.89	41.92	0.89%
MSCI Asia ex-Japan	573.65	7.44	1.31%
MSCI Emerging Market	1,011.23	6.88	0.69%
5 Yr FXTN	3.21	-3 bps	-
10 Yr US Treasury	2.30	-1 bps	-
USD/PHP	44.91	-0.02	-

Source: Bloomberg

## NEWS IN THE PHILIPPINES

### **Moody's Sees lower 3Q GDP growth for the Philippines , Exporters lose Php20 mio due to Port Congestion, BSP says Business Confidence Improved in 4Q, Customs Continues to Miss Goal**

- Moody's Analytics said that the Philippine economic growth likely slowed in the third quarter from an uptick in the previous three months. In a research note, the flow of new government infrastructure projects slowed, which may weigh on GDP growth. Industrial production, the best monthly gauge of overall growth, has also slowed in the three months to September. Moody's sees GDP at 5.9% for the 3<sup>rd</sup> quarter, lower than the 6.4% growth in the 2<sup>nd</sup> quarter.
- Exporters have lost at least Php20.2 million due to congestion at Manila's ports. Philippine Exporters Confederation Inc. said that food and garment exporters have estimated their losses at around \$300,000-\$450,000 (around Php13.5-Php20.2 million) since the port congestion began. In the food sector, losses amounted to at least Php4 mio and electronics sector are pegged at a loss of \$1,000 per metric ton. All of these are from additional cost, delays in shipment and increase in port-to-port transit time range.
- According to Bangko Sentral ng Pilipinas (BSP), Philippines business confidence improved in 4Q due to an increase in consumer demand and roll out of big-ticket infrastructure projects during the period. The overall confidence index rose to 48.3% in October to December period from a three-year low of 34.4 percent recorded in the third quarter.

- The Philippine Bureau of Customs totaled Php34.16 billion in collections last month, up by 22.6% from the past year's Php 27.86 billion but is still 7.2% short of the agency's Php36.81 billion target for the month of October.

## Local Bond Market

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- The yields of the benchmarks closed mostly flat and lower yesterday with the exception of the 1m which increased by 25bps. The 5-year-benchmark fell by 3bps at 3.21%.

## Philippine Stocks

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- The Philippine Stock Exchange index yesterday firmed up above 7,300 on Chinese and European stimuli as well as positive expectations on 3Q Philippine GDP. The PSEi gained 57.70 points, or 0.80 percent, to close at 7,325.13.

## Philippine Peso

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- The Philippine peso had a lackluster trading yesterday and continued to trade in a tight range. USDPHP closed at 44.91, lower than Friday's close at 44.98. USDPHP opened at a low of 44.91 and touched a high of 44.96. Total volume for the day was USD 255.20 million.

## NEWS AROUND THE WORLD

### German Ifo Business Climate Data Out, China Unexpectedly Cut Interest Rates

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- German Ifo business climate, which is one of the leading indicators of economic health as it measures how businesses react to market conditions, came out at 104.7 which is higher than expected number of 103.
- The People's Bank of China cut its benchmark one-year loan rate by 0.4 percentage point to 5.6%. It also cut its benchmark one-year deposit rate by 0.25 percentage point to 2.75% while allowing banks to raise deposit rates as high as 3.3%. The steps were designed to help Chinese banks attract savers and get the banks to lower funding costs for businesses, especially small and private entrepreneurs

### US Stock Market

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- The stock market surged, extending all-time highs for benchmark indexes yesterday amid growing confidence in the global economy. The S&P 500 went up 5.91 points, or 0.29 percent, to close at 2,069.41. The Dow Jones rose 7.84 points, or 0.04 percent, to 17,817.90 while Nasdaq gained 41.92 points or 0.89% to 4,754.89.

### Asian Stocks

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- Asian stocks rallied, with a regional gauge posting its biggest gain this month of November, as China's unexpected interest-rate cuts stoked optimism in the global economy. MSCI Asia Pacific ex-Japan climbed by 7.44 points or 1.31 percent to 573.65.

## **Emerging Markets**

- Brazil's stock market index posted slight gains while Latin American stock closed remained mostly flat. Optimism over Brazil's economy was slightly cooled after the country posted its biggest current account deficit on record for the month of October. The MSCI Emerging Markets index gained by 6.88 points or 0.69% to 1,011.23.

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