

Daily Matters

January 8, 2014

MARKET INDICATORS

As of January 7, 2015

Index/ Bond	Index Level/Yield	DoD Change	DoD % Change
PSEi	7,309.70	31.96	0.44%
Dow Jones	17,584.52	212.88	1.23%
S&P 500	2,025.90	23.29	1.16%
NASDAQ	4,650.47	57.73	1.26%
MSCI Asia ex-Japan	555.58	2.29	0.41%
MSCI Emerging Market	941.18	6.45	0.69%
5 Yr FXTN	3.18	-6 bps	
10 Yr US Treasury	1.97	-7 bps	
USD/PHP	45.07	0.14	0.31%

Source: Bloomberg

NEWS IN THE PHILIPPINES

Government Maintains 2015 Target, Cuts 2016 Target

- Development Budget Coordination Board (DBCC): The government is keeping most of its macroeconomic budget assumptions for 2015 but decided to cut its growth target for 2016 amidst local and international challenges. The government has set a 7.0 to 8.0% Gross Domestic Product (GDP) growth target for 2015. For 2016, the target was trimmed to 7.0 to 8.0% from 7.0 to 8.5%. The revised projections were due to a continued slump on oil prices that could erode revenue collections from the Bureau of Customs as well as difficulties in accelerating spending according to the program.

Local Bond Market

- Department of Finance: The Philippines raised \$500 million in fresh funds from the sale of 25-year dollar-denominated bonds, below the government's program for offshore commercial borrowings for the year. The country returned \$2 billion to the international capital markets with its offering of 25-yr USD Global bonds. Out of the total, \$1.5 of the bonds due 2040 will be swapped to existing debt that will mature from January 2016 to October 2034.
- The yield of the benchmark 5-year bond gained 29 bps to close at 3.58%.
- Bonds rallied as 9 yields fell, 2 were unchanged, and only 1 rose.

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Philippine Stocks

- The Philippine stock market rallied for the eighth straight session as easing inflation continued to attract more investors and boosted consumer stocks. The Philippine Stock Exchange index (PSEi) advanced 31.96 points or 0.44% to close at 7,309.70. Market breadth was positive with 96 gainers, 83 decliners, and 38 issues unchanged.

Philippine Peso

- The peso weakened to a five-week low as the U.S. dollar improved on anticipation of a stronger U.S. economy. The local currency closed 0.231 or 14 cents higher at 45.07.

NEWS AROUND THE WORLD

Deflation Hits Eurozone; U.S. Companies Add More Workers in December, U.S. Posts Smaller Trade Gap; German Unemployment Tumbles to Record Low

- Eurostat: Consumer prices in the eurozone fell 0.2% in December from a year earlier, the first time the print turned negative since 2009 and lower than the 0.3% gain in November. The negative rate was driven by a fall in energy prices while prices remained stable for food, alcohol & tobacco, and non-energy industrial goods.
- ADP Research Institute: Private U.S. companies added headcounts in December indicating that the U.S. job market was sustaining its strength in 2014. Employment increased by 241,000, higher than the forecast of 225,000 and better than the 227,000 jobs added the previous month. The December increase was the largest since June.
- U.S. Commerce Department: The U.S. posted the smallest trade gap in a year in November hinting that the world's largest economy is successfully bypassing a global economic slowdown. The trade gap, or the difference between the value of imports and exports, shrank 7.7% to \$39 billion, the smallest since December 2013 and lower than the expected \$42 billion trade gap for November.
- Germany Federal Labor Agency: Unemployment in the eurozone's largest economy fell for a third month in December to a record low, positioning the country to stronger growth in 2015. The number of people without work fell by a seasonally adjusted 27,000 to 2.841 million in December, better than the expected 5,000 decline. The adjusted jobless rate dropped to 6.5%, the lowest level on record that dates back at least two decades.

US Stock Market

- The U.S. stock market rebounded after oil prices stabilized near six-year lows and on a positive report that U.S. business are hiring more workers. (Dow Jones 1.23% 17,584.52; NASDAQ 1.26% 4,650.47; S&P 500 1.16% 2,025.90)

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Asian Stocks

Asian stocks firmed after concerns on slumping oil prices and a possible Greek exit from the euro zone abated. The MSCI Asia-Ex Japan Index added 0.41% or 2.29 points to close at 555.58.

Emerging Markets

- Emerging market stocks recovered for the first time in five days as gains in technology and property stocks offset jitters over slumping oil prices. The MSCI Emerging Markets Index jumped 0.69% or 6.45 points to close at 941.18.

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

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