

Daily Matters

January 13, 2016

MARKET INDICATORS

As of January 12, 2016

	Level/Yield	DoD Chg	DoD %Chg
PSEi	7,264.55	-57.27	-0.78%
Dow Jones	19,891.00	-63.28	-0.32%
S&P500	2,270.44	-4.88	-0.21%
NASDAQ	5,547.49	-16.16	-0.29%
MSCI Asia ex-Japan	536.63	1.98	0.37%
MSCI Emerging Market	896.64	9.91	1.12%
5Yr FXTN	4.60	-23 bps	
10 Yr US Treasury	2.36	-1 bps	
USD/PHP	49.49	-0.10	-0.19%

Source: Bloomberg

NEWS IN THE PHILIPPINES

HSBC Raises PH Growth Forecast; Foreign Inflows Beat 2016 Forecast

- This morning, HSBC released their growth forecast for the Philippines. As they looked back on 2016, HSBC reported that the country likely expanded by 6.8%, up from 5.9% in 2015. That growth level leads Asia, beating out China (6.7%) and India (6.3%). Looking forward into 2017, HSBC expects growth to hit 6.5% which is higher than the previous 6.3% estimate made last year. They assume extra fiscal spending, spent mainly on infrastructure, would be able to spur GDP growth to up to 8% within the next few years.
- Overall, more foreign capital left the Philippines than entered it in December, however, contrary to government forecasts, the full-year tally settled in positive territory at \$353.59 million. November and December both posted negative outflows because of the uncertainty ahead of the anticipated US Federal Reserve rate hike. Bets of stronger US growth as promised by President-Elect Donald J. Trump also may have spurred more outflow as attractiveness of US investments increased.

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Local Bond Market

- The yield of the benchmark 5-year bond shed 23 bps and ended at 4.60%
- The local fixed income securities almost all went negative as 10 yields fell, however one stayed the same. The two-year ended at 3.67%, while the 10-year closed at 4.31%.

Philippine Stocks

- The local stock market traded in the negative for the second straight session as investors continued to collect profits ahead of President-Elect Trump's inauguration on January 20th. The PSEi shed 57.27 points or 0.78% and closed at 7,264.55.

Philippine Peso

- The peso rebounded against the dollar ending at PHP 49.49 which is 0.19% higher as compared to Wednesday's session. The gain was attributed to US President-Elect Donald J. Trump's press-conference in which he did not clarify his planned policies in relation to the US economy.

NEWS AROUND THE WORLD

US Jobless Claims Rise Less Than Expected; Japan BOP Trade Surplus Narrows

- US Department of Labor: The US initial jobless claims rose to an adjusted 247,000. Claims were expected to reach 255,000 based on previous data. This means that they have been below the 300,000 threshold, said to describe a healthy labor market, for 97 consecutive weeks. It has been the longest stretch since 1970.
- Data released this morning reported that Japan's trade surplus (BOP basis) narrowed to ¥313.4 billion which is less than expected. Projections anticipated a record surplus of ¥254.4 billion tempering expectations for the year.

US Stock Market

- US stocks dropped to a five-week low following Trump's failure to provide clarity on planned economic policies. The Nasdaq Composite Index dropped to 5,547.49 or 16.16 points, equaling 0.29%. The Dow Jones Industrial Average shed 0.32% or 63.28 points to close at 19,891.00. Meanwhile the Standard & Poor's 500 Index lost 4.88 points or 0.21% and ended at a close of 2,270.44.

Asian Stocks

- Asian equity indices were mostly up with tempered expectations because of new market data releases as the MSCI Asia-Ex Japan Index advanced 0.37% or 1.98 points to close at 536.63.

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Emerging Market Stocks

- Emerging market equities jumped on Wednesday reflecting positive economic reports data. The MSCI Emerging Markets Index gained 1.12% or 9.91 points closing at 896.64.

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

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