

Daily Matters

January 31, 2017

MARKET INDICATORS

As of January 30, 2017

	Level/Yield	DoD Chg	DoD %Chg
PSEi	7,336.71	3.04	0.04%
NASDAQ	5,613.71	-47.07	-0.83%
Dow Jones	19,971.13	-122.65	-0.61%
S&P500	2,280.90	-13.79	-0.60%
MSCI Asia ex-Japan	548.38	-0.04	-0.01%
MSCI Europe	1,495.17	-17.89	-1.18%
MSCI Emerging Market	913.09	-2.83	-0.31%
5Yr FXTN	3.96	0 bps	
10 Yr US Treasury	2.49	0 bps	
USD/PHP	49.80	-0.04	-0.08%

Source: Bloomberg

NEWS IN THE PHILIPPINES

Gov't spending augers well for property sector and possibly even provinces

- The government's planned spending on infrastructure is set to boost the real estate sector as it continues to unlock more growth areas. Colliers International Philippines explained that the government thrust to intensify infrastructure development bodes well for the long-term growth of the economy and should affect certain sectors such as real estate. On the government's list are the improvement of roads, railways and bus rapid transit systems that would provide better access to major township projects within key areas of the country.
- The government's goal is to bring infrastructure spending to 3.5% of GDP, but it remains to be seen if that is indeed possible. DBS Group Research explained that one way to help achieve that goal was to focus construction outside the Greater Manila region as it would have a more significant impact on the economy.

Local Bond Market

- The yield of the benchmark 5-year bond closed remained the same and closed at 3.96.

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- The local fixed income securities marginally moved day-on-day, as markets continued to remain cautious. 7 yields were stagnant and had no change while 3 were negative and one was positive throughout the day.

Philippine Stocks

- Local equities barely moved as the market opened the week. Investors decided to stay cautious and wait for more catalysts such as the upcoming Federal Reserve meeting. The PSEi closed at 7,336.71 on Monday gaining 3.04 points or 0.04%.

Philippine Peso

- The peso rebounded against the dollar on Monday's session closing at 49.80. The gain was attributed to a slightly weaker dollar due to the immigration announcement of President Donald J. Trump as well as the lower-than-expected US GDP projection.

NEWS AROUND THE WORLD

Trump's isolationism is bad for business; Brexit plan likely to survive parliament

- President Trump's executive order Friday banning refugees (and other visa holders) from seven countries from entering the U.S. brought about fears of the U.S. being cut off from the world. This type of isolationism is not positive for most businesses. Companies could lose their top talent, big-name brands and tourism could lose exposure, and uncertainty will only increase. Many companies will certainly be affected by the executive order and have already voiced their opinions about it.
- British Prime Minister Theresa May's plan to leave the EU is expected to survive intense parliamentary hearings beginning Tuesday. The plan proposes the UK leave the EU's single market and negotiate a free trade deal with the bloc. Though it is expected to survive, it is a controversial plan and lawmakers are gearing up for a fight as five separate amendments have already been designed to delay the process.

US Stock Market

- US stocks all ended the day negative following President Trump's immigration executive order. Monday's session was the worst of the year so far as the order sent negativity throughout the markets. The Nasdaq Composite Index closed at 5,613.71 which was 47.07 points or 0.83% lower than Friday's session. The Dow Jones Industrial Average also fell and closed at 19,971.13 or 0.60% or 112.65 points lower. Meanwhile the Standard & Poor's 500 Index fell 13.79 points or 0.60% to end at a close of 2,280.90.

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Asian Stocks

- Asian equity indices fell slightly because of immigration uncertainty. The MSCI Asia-Ex Japan Index fell 0.01% or 0.04 points to close at 548.38.

Emerging Market Stocks

- Emerging market equities weakened on Monday also following immigration uncertainty. The MSCI Emerging Markets Index lost 0.31% or 2.83 points closing at 913.09.

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

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