

Daily Matters

February 1, 2017

MARKET INDICATORS

As of January 31, 2017

	Level/Yield	DoD Chg	DoD %Chg
PSEi	7,229.66	-107.05	-1.46%
NASDAQ	5614.79	1.08	0.02%
Dow Jones	19,864.09	-107.04	-0.54%
S&P500	2,278.87	-2.03	-0.09%
MSCI Asia ex-Japan	546.16	-2.22	-0.40%
MSCI Europe	1,501.03	5.86	0.39%
MSCI Emerging Market	909.23	-3.86	-0.42%
5Yr FXTN	3.95	1bps	
10 Yr US Treasury	2.45	-4bps	
USD/PHP	49.82	0.03	0.05%

Source: Bloomberg

NEWS IN THE PHILIPPINES

US envoy seeks to calm Trump fears, Liquidity growth eases in December

- U.S. Ambassador Sung Y. Kim reassured the country that the Philippines will continue to be one of America's strongest allies in Asia as he softened concerns over Trump. Though trade and immigration concerns have been rising, U.S. wants to look for ways to increase foreign investment, reduce trade barriers, and streamline business regulations. Kim also said that the local BPO industry, which is reliant on American firms, should remain an attractive market, however he stopped short of making any predictions on the matter.
- Banko Sentral ng Pilipinas (BSP) - More money circulated the economy in the month of December as double digit expansion was backed by strong credit demand. Domestic liquidity grew 12.4% to PHP9.5 trillion in December which tempered expectations as compared to November's 12.7%. December's output was the slowest since August's 12% liquidity measure. However, growth in bank loans remains strong catering to key sectors such as real estate, electricity, wholesale and retail trade, financial insurance, and manufacturing.

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Local Bond Market

- The yield of the benchmark 5-year bond increased by 1 bps and closed at 3.95.
- The local fixed income securities marginally moved day-on-day, as markets continued to remain cautious ahead of the U.S Federal Reserve meeting. 3 yields were stagnant and had no change while 5 were negative and 2 were positive throughout the day.

Philippine Stocks

- Local equities plunged as the market ended the month. The global sell-off that was triggered by US President Donald J. Trump's trade and immigration policies have caused uncertainty within international markets. The PSEi closed at 7,229.66 on Tuesday shedding 107.05 points or 1.46%.

Philippine Peso

- The peso strengthened against the dollar on Tuesday's session closing at 49.77. The gain was attributed to the U.S. President's stance on immigrants.

NEWS AROUND THE WORLD

US economic data affect Gov't Treasuries; Eurozone unemployment hits 8-year low

- US government debt prices were higher as new economic data was released and seen to be short of their original predictions. U.S. labor costs rose less than expected in the fourth quarter, attributed to low inflation for the year. The Employment Cost Index increased 0.5% after rising to 0.6% in Q3 while the consumer confidence hit 111.8 which was less than the expected 113. These releases made the yields on both the 10-year Treasury note and 30-year Treasury bond lower at 2.468% and 3.072%, respectively.
- The Eurozone unemployment rate was released and recorded at 9.6% for the month of December. The number is the lowest since 2009. The countries with the lowest levels of unemployment were the Czech Republic (3.5%) and Germany (3.9%). Furthermore, despite strong economic growth in 16Q4, the Eurozone GDP rose by 1.7%, down from 2% in 2015. This number is said to be caused by political uncertainties and reduced consumer purchasing.

US Stock Market

- Two out of the three US stocks tumbled on Tuesday as investors are still reeling following President Trump's immigration executive order. The Nasdaq Composite Index closed at 5,614.79 which was 1.08 points or 0.02% higher than Friday's session. The Dow Jones Industrial Average also fell and closed at 19,864.09 or 0.54% or 107.04 points lower.

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Meanwhile the Standard & Poor's 500 Index fell 2.03 points or 0.09% to end at a close of 2,278.87.

Asian Stocks

- Asian equity indices fell slightly because of continued immigration uncertainty. The MSCI Asia-Ex Japan Index fell 0.40% or 2.22 points to close at 546.16.

Emerging Market Stocks

- Emerging market equities weakened on Monday also following continued immigration uncertainty. The MSCI Emerging Markets Index lost 0.42% or 3.86 points closing at 909.23.

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

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