

Daily Matters

January 16, 2017

MARKET INDICATORS

As of February 15, 2017

| Index/ Bond | Index Level/Yield | DoD Change | DoD % Change |
|----------------------|-------------------|------------|--------------|
| PSEi | 7,174.30 | -32.54 | -0.45% |
| Dow Jones | 20,611.86 | 107.46 | 0.52% |
| S&P500 | 2,349.25 | 11.67 | 0.50% |
| Nasdaq | 5,819.44 | 36.87 | 0.64% |
| MSCI Asia ex-Japan | 562.21 | 2.74 | 0.49% |
| MSCI Emerging Market | 941.78 | 7.7 | 0.82% |
| 5Yr FXTN | 3.9 | 3 bps | |
| 10 Yr US Treasury | 2.49 | 2 bps | |
| USD/PHP | 49.92 | 0.09 | 0.17% |

Source: Bloomberg

NEWS IN THE PHILIPPINES

Central bank watching tax reform, Fed rate hike

- Bangko Sentral ng Pilipinas are on the watch for their policy impact as another rate hike in the U.S is on the radar, also, tax reforms are being crafted in the Congress. The Federal Reserve raised rates by 25 bps at its Dec. 13-14 meeting and Fed Chair Yellen had plans to increase rates three times this year.
- According to BSP Governor Tetangco, “they will have to determine the impact of such changes in fiscal policy on the inflation path going forward, keeping in mind the need to distinguish the short-term impact versus the longer-term effects.”

Local Bond Market

- The yield of the benchmark 5-year bond closed at 3.90%.
- The yields of bonds mostly rose with 7 yields rising and 4 falling.

Philippine Stocks

- Share prices fell after yesterday’s trade, in the session that saw mining companies disclosing developments in the industry’s continuing face off with the Environment secretary. The industrial sector which slumped by 60.87 had the biggest loss followed by the mining and oil firms. The Philippine Stock Exchange index (PSEi) declined 32.54 points, closing at 7,174.30.

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Philippine Peso

- The Philippine peso weakened against the US Dollar amidst negative comment from Fed Chair Yellen on the possible rate hike next month. The local currency finished at Php 49.92.

NEWS AROUND THE WORLD

MBA: Mortgage Application Volume Fell 3.7%

- Mortgage Bankers Association confirmed that their mortgage application volume fell 3.7% compared to a 2.3% increase previously. On an unadjusted basis, total volume decreased 1%: Applications for purchases increased 1% and increased 3% compared with the same week one year earlier; Refinance share activity decreased to 46.9% of total applications, down from 47.9% the previous week to reach the lowest level since June 2009.

US Stock Market

- US stock indexes closed on a high on their fifth session marking the longest record-setting streak for all three benchmarks since January 1992 as President Donald Trump promised a “massive” tax plan in the “not-too-distant future”. The S&P 500 index finished up 11.67 points, or 0.50%, at 2,349.25. The Dow Jones Industrial average gained a huge 107.46 points, or 0.52%, to 20,611.86. Meanwhile, the Nasdaq composite finished on a double digit 36.87 points, or 0.64% to 5,819.44.

Asian Stocks

- Asian stocks climbed its highest since July 2015 after the comment from Fed Reserve Chair Yellen on the possible interest rate hike. The MSCI Asia-Ex Japan Index advanced by 2.74 points or 0.49%, closing at 562.21.

Emerging Markets

- Emerging market hit a 19-month high taking its gain since the end of December to almost 12%. Many of the big EM currencies and bond markets also continued to shine. The MSCI Emerging Markets Index is at 0.82% or 7.7points to close at 941.78.

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

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