

Daily Matters

February 22, 2017

MARKET INDICATORS

As of February 21, 2017

Index/ Bond	Index Level/Yield	DoD Change	DoD % Change
PSEi	7,282.68	1.49	0.02%
Dow Jones	20,743.00	118.95	0.58%
S&P 500	2,365.38	14.22	0.60%
NASDAQ	5,865.95	27.37	0.47%
MSCI Asia ex-Japan	564.69	0.92	0.16%
MSCI Emerging Market	945.64	2.06	0.22%
5 Yr FXTN	4.31	3 bps	
10 Yr US Treasury	2.43	1 bp	
USD/PHP	50.30	-0.05	-0.10%

Source: Bloomberg

NEWS IN THE PHILIPPINES

Universal, Commercial Banks Record Lower Non-Performing Loan Ratios

- **Bangko Sentral ng Pilipinas (BSP):** Big banks posted a lower share of soured debts in 2016 alongside rising profits and improved asset quality despite a double-digit increase in lending granted during the year. Non-Performing Loans (NPLs), or debts left unpaid for at least 30 days past its due date, accounted for only 1.4% of total lending extended by universal and commercial banks last year, dropping from the 1.52% share during November 2016 and the 1.6% recorded during the end of 2015. Bad debts held by universal and commercial banks posted a small 2.4% climb to P93.801 billion at the end of December while total loans granted jumped 17.3% to P6.706 trillion.

Local Bond Market

- The yield of the benchmark 5-year bond rose 3 bps at 4.31%.
- The yields of bonds were mostly mixed with 6 rising and 5 falling.
- **Bureau of Treasury (BTr):** The government fully awarded reissued five-year Treasury Bonds (T-Bonds) due to strong investor appetite for shorter tenor debt notes. The BTr raised P15 billion as planned from its reissued T-Bonds with a remaining life of four years and 11 months with total tenders reaching P38.994 billion, more than twice the government's offer. The papers fetched an average rate of 4.03%, 15.4 basis points higher than the 3.876% average seen when the papers were first auctioned last Jan. 24.

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Philippine Stocks

- The Philippine Stock Market made a slight gain amid a lack of strong market movers. The Philippine Stock Exchange index (PSEi) increased by 0.02% or 1.49 points to close at 7,282.68. Market breadth was negative with losers at 111, winners at 85, and 48 stocks unchanged.

Philippine Peso

- The peso languished at near 10-year lows against the dollar due to heightened appetite for the greenback amid persisting uncertainties abroad. The local currency closed 0.10% or 5 cents lower at 50.30.

NEWS AROUND THE WORLD

Eurozone Manufacturing Strongest Since April 2011

- Markit Economics: Flash estimates of Eurozone manufacturing Purchasing Manager's Index (PMI) printed at 56.0 in February pointing to possible first quarter GDP growth of 0.6%. A reading above 50 signifies an expansion. Both Eurozone private sector and manufacturing growth unexpectedly accelerated to near six-year highs in February as job creation reached its fastest since August 2007 due to strong demand and optimism about the future.

US Stock Market

- US stocks marched to fresh record highs following reports of strong corporate earnings. The real estate sector led gains in the S&P 500. (Dow Jones 20,743.00 0.58%; S&P 500 2,365.38 0.60%; NASDAQ 5,865.95 0.47%)

Asian Stocks

- Asian markets traded higher as investors were left with few catalysts following a holiday in Wall Street. Chinese shares both mainland and in Hong Kong led gains. The MSCI Asia-Ex Japan Index grew 0.16% or 0.92 points to close at 564.69.

Emerging Markets

- Emerging market stocks advanced as prices of iron ore and crude futures rose. The MSCI Emerging Markets Index jumped 0.22% or 2.06 points to close at 945.64.

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

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