

Daily Matters

June 4, 2014

MARKET INDICATORS

As of June 3, 2014

Index/ Bond	Index Level/Yield	DoD Change	DoD % Change
PSEi	6,800.84	90.44	1.35%
Dow Jones	16,722.34	-21.29	-0.13%
S&P 500	1,924.24	-0.73	-0.04%
NASDAQ	4,234.08	-3.12	-0.07%
MSCI Asia ex-Japan	574.38	4.56	0.80%
MSCI Emerging Market	1,035.95	6.45	0.63%
5 Yr FXTN	3.25	-10 bps	
10 Yr US Treasury	2.60	7 bps	
USD/PHP	43.81	0.02	0.05%

Source: Bloomberg

NEWS IN THE PHILIPPINES

Gov't Debt Up 6.2% in April

- Bureau of the Treasury (BTr): As of end-April, the country's government debt amounted to P5.64 trillion, a 6.2% year-on-year increase from the recorded P5.308 trillion in the same month of the previous year. Month-on-month, the April level was also likewise slightly higher than the P.5628 registered in March. The country's domestic liabilities, which accounted for 65% of total debt, grew 7.2% annually to P3.686 trillion. External liabilities, meanwhile, went up 4.5% to P.195 trillion. The government continued to prefer sourcing much of its borrowings from domestic sources, in order to boost local capital markets and avoid excessive foreign exchange risk.

Local Bond Market

- The yield of the benchmark 5-year lost 10 bps to close at 3.25%.
- The yields of bonds mostly decreased with 6 losers and only 5 gainers, while only one tenor, namely the 10-year bond, was unchanged.

Philippine Stocks

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- Philippine share prices rose for a second straight session to carry the main index back into the 6,800 territory, as investors took their cues from Wall Street's gains, as well as positive performances of regional markets. Economists also pointed towards investor optimism surrounding possible second-quarter economic growth. The Philippine Stock Exchange index (PSEi) jumped 1.35%, or 90.44 points, to close at 6,800.84 on Tuesday. 104 stocks advanced while 71 stocks declined. 43 others were unchanged.

Philippine Peso

- The Philippine peso held its ground against upbeat manufacturing U.S. data, as it moved relatively flat against the greenback. High on traders' minds were the previous month's consumer prices and the upcoming May inflation figures. The currency closed at P43.810 to the dollar, just 10 pips shy of its previous close of P43.800.

NEWS AROUND THE WORLD

U.S. Factory Orders Climb; Russia and China To Create Joint Credit Rating Agency

- U.S. Commerce Department: New orders for U.S. factory-made goods rose 0.7% in April due to a surge in demand for military hardware. The growth marked a third consecutive month of a rise of factory orders; February posted a 1.7% increase while March gained 1.5%. For many investors and economists, the April level is additional evidence of the manufacturing sector finally regaining momentum, as well of the nation's economic rebound in the second quarter.
- Russia Ministry of Finance: Two of the world's leading emerging market nations have reached an agreement for a joint financial project, that of a credit rating agency which aims to rival big Western players. Following stand-offs with the west as a result of Russia's role in Ukraine's political turmoil, Russia is eager to establish institutions that would reduce its dependence on U.S. and Europe. Standard & Poor's, a leading global credit rating agency, recently downgraded Russia to just above junk status, citing concerns over significant capital outflow. On the other hand, China's government is worried that negative feedback from said existing credit rating agencies could derail their national economy.

US Stock Market

U.S. stocks retreated from Monday's records to finish slightly lower, with the S&P 500 index failing to hit a record high for the first time in four sessions. Investors remained in anticipation for Thursday's European Central Bank (ECB) meeting and the monthly US jobs report due on Friday. (Dow Jones -0.13% 16,722.34; NASDAQ -0.07% 4,234.08; S&P 500 -0.04% 1,924.24.)

Asian Stocks

- Asian stocks edged higher on Wednesday, after a second Chinese manufacturing survey suggested that the world's second-largest economy is finally stabilizing amid concerns over an economic downturn. The MSCI Asia-Ex Japan Index rose 0.80% or 4.56 points to close at 574.38.

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Emerging Markets

- Emerging markets stocks rose for another day, as Chinese shares experienced a surge in demand. Over at Thailand, concerns over the nation's political climate have eased, with investors speculating the army can boost the country's business investments and economic growth. The MSCI Emerging Markets Index gained 6.45 points or 0.63% to finish at 1,035.95.

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

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