

Daily Matters

June 19, 2014

MARKET INDICATORS

As of June 18, 2014

Index/ Bond	Index Level/Yield	DoD Change	DoD % Change
PSEi	6,703.13	-1.80	-0.03%
Dow Jones	16,906.62	98.13	0.58%
S&P 500	1,956.98	14.99	0.77%
NASDAQ	4,362.84	25.60	0.59%
MSCI Asia ex-Japan	572.45	-2.33	-0.41%
MSCI Emerging Market	1,044.57	1.04	0.10%
5 Yr FXTN	3.45	3 bps	
10 Yr US Treasury	2.58	-7 bps	
USD/PHP	44.13	0.27	0.61%

Source: Bloomberg

NEWS IN THE PHILIPPINES

Possible Inflation Reforecast; Business Sentiments Up in Asia

- Bangko Sentral ng Pilipinas (BSP) Governor Amando M. Tetangco, Jr. yesterday said 2014 and 2015 inflation forecasts could be raised due to emerging price pressures and other domestic and global developments. The general view is that inflation will still remain within the target range, but closer to the upper end of that range. The central bank's target ranges for this year and the next are 3-5% and 2-4%, respectively.
- According to the ThomsonReuters/INSEAD Asia Business Sentiment Index RACSI, business sentiment among Asia's top companies rose to its highest level in the second quarter of 2014. The rating of 74 in the second quarter from 64 in the first quarter was mainly due to the political changes around the region and positive signs from China.

Local Bond Market

- The yield of the benchmark 5-year bond ended 3 bps higher than the previous close at 3.45%.
- Majority of bond yields increased except for the 4 year and 25 year which dropped by 7 bps and 4 bps respectively.

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Philippine Stocks

- Local share prices ended flat yesterday on the back of concerns on possible interest rate hikes. The Philippine Stock Exchange index (PSEi) further declined by 0.03% at 6,703.13.

Philippine Peso

- The peso continued to weaken against the US Dollar and re-entered the PHP 44 territory as US inflation data caused markets to speculate that the US Federal Reserve may start raise rates. The local currency closed 0.61% or 27 cents higher at 44.13.

NEWS AROUND THE WORLD

US Fed to Cut Monthly Bond Purchase

- The US Federal Reserve announced on Wednesday that it will cut its monthly bond purchases by another \$10 billion per month and will keep its key rate near zero.

US Stock Market

- US share prices continued its rally after news that the US Fed announced that interest rates are not expected to rise until 2015. (Dow Jones 0.58% 16,906.62; NASDAQ 0.59% 4,362.84; S&P 500 0.77% 1,956.98)

Asian Stocks

- Asian stocks were mixed. India and China's share prices dropped while Japan's performed better. The MSCI Asia-Ex Japan Index lost 0.41% or 2.33 points to close at 572.45.

Emerging Markets

- Emerging market share prices rose after the US Fed's announcement that they will continue the reduction in monetary stimulus that has buoyed demand for riskier assets. The MSCI Emerging Markets Index gained 0.10% or 1.04 points to close at 1,044.57.

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

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