

# Daily Matters

June 20, 2014

## MARKET INDICATORS

As of June 19, 2014

Index/ Bond	Index Level/Yield	DoD Change	DoD % Change
PSEi	6,699.39	-3.74	-0.06%
Dow Jones	16,921.46	14.84	0.09%
S&P 500	1,959.48	2.50	0.13%
NASDAQ	4,359.33	-3.51	-0.08%
MSCI Asia ex-Japan	573.45	1.00	0.17%
MSCI Emerging Market	1,049.94	5.37	0.51%
5 Yr FXTN	3.50	5 bps	
10 Yr US Treasury	2.62	4 bps	
USD/PHP	43.76	-0.37	-0.83%

Source: Bloomberg

## NEWS IN THE PHILIPPINES

### BOP Surplus 5-month High; Inflation Forecast Changed; SDA Rate Back to 2.25%

- Bangko Sentral ng Pilipinas (BSP) reported that the country's balance of payments (BOP) surplus in May was the biggest in five months. BOP surplus reached USD 373 Mio in May. This brings down the budget deficit in the first five months of 2014 to USD 4.12 Bio. The BOP surplus was mainly to BSP's foreign exchange operations, foreign exchange deposits of the national government, and income from BSP investments overseas.
- As expected by markets, BSP raised its inflation forecasts for 2014 (4.4% from 4.3% previously) and 2015 (3.7% from 3.4% previously) on the back of higher food, transport and power costs.
- In addition, given the central bank's elevated outlook on inflation, special deposit account (SDA) rates were increased by 25 basis points to 2.25%. Overnight borrowing rates, on the other hand, were unchanged at 3.5% and 5.5%, respectively.

### Local Bond Market

- The 5-year bond price dropped as its yield increased by 5 bps to close at 3.5%.
- Similar to the previous trading day, bond yields across the curve increased except for the 2 year and 7 year which dropped by 2 bps and 17 bps respectively.

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## Philippine Stocks

- The stock market continued to decline as markets stayed on the sidelines awaiting for the results from the central bank's meeting. The Philippine Stock Exchange index (PSEi) closed below 6,700 and ended 6,699.39 down by 0.06%.

## Philippine Peso

- The Philippine Peso recovered yesterday against the US Dollar as markets were disappointed from the US Federal Open Market Committee (FOMC) meeting. The local currency appreciated to close at 43.76

## NEWS AROUND THE WORLD

### US Data Shows Improvement

- US jobless initial claims level dropped to 312,000 for the week ending June 14 from an upwardly revised 318,000 (from 317,000) for the week ending June 7. Market expected the initial claims level to fall to 313,000.
- The US Conference Board's Index of Leading Indicators improved 0.5% in May after increasing a downwardly revised 0.3% (from 0.4%) in April. Market expected the similar result.

### US Stock Market

- US share prices rallied on Thursday after Federal Reserve Chair Janet Yellen signaled that interest rates will remain low. (Dow Jones 0.09% 16,921.46; NASDAQ -0.08% 4,359.33; S&P 500 0.13% 1,959.48)

### Asian Stocks

- Asian stocks declined after FOMC announced U.S. interest rates to stay near zero for a "considerable time" after stimulatory bond buying ends. The MSCI Asia-Ex Japan Index gained 0.17% to close at 573.45.

### Emerging Markets

- Emerging market stocks increased for the second day on the back of FOMC's announcement that interest rates will remain low. The MSCI Emerging Markets Index gained 0.51% to close at 1,049.94.

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

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