

# Daily Matters

June 3, 2014

## MARKET INDICATORS

As of June 2, 2014

Index/ Bond	Index Level/Yield	DoD Change	DoD % Change
PSEi	6,710.40	62.75	0.94%
Dow Jones	16,743.63	26.46	0.16%
S&P 500	1,924.97	1.40	0.07%
NASDAQ	4,237.20	-5.42	-0.13%
MSCI Asia ex-Japan	569.82	1.04	0.18%
MSCI Emerging Market	1,029.50	1.81	0.18%
5 Yr FXTN	3.35	9 bps	
10 Yr US Treasury	2.53	5 bps	
USD/PHP	43.79	0.02	0.03%

Source: Bloomberg

## NEWS IN THE PHILIPPINES

### M3 Growth Eases in April; T-bills Fall Across the Board; Building Permits Rise in Q1

- Bangko Sentral ng Pilipinas (BSP):** The growth of the nation's money supply or M3, the broadest measure of liquidity, slowed down to 32.1% in April, as compared to the 34.7% hike recorded in March. The rise marked the third consecutive month the M3 expansion decelerated and its slowest pace since September 2013's 31.3%. The April level reflected the impact of the central bank's earlier decision to hike reserve requirements by one percentage point in both March and April as part of the agency's monetary-tightening policies. The slight growth in the April money supply was largely attributed to the increase in domestic loans, which rose by 13.2% during the period.
- Bureau of the Treasury (BTr):** The yields of government debt papers fell across the board at yesterday's auction, with the 91-day, 182-day and 364-day Treasury bills fetching 1.035%, 1.481%, and 1.754%, respectively. The Bureau of the Treasury (BTr) was able to raise P20 billion as planned from the sale of these debt papers. According to National Treasurer Rosalia de Leon, the lower yields were mostly due to the recent credit upgrade granted by Standard & Poor's (S&P) to the nation, as well as the lower-than-expected 5.7% Gross Domestic Growth (GDP) growth for the first quarter. The government has programmed P135-billion worth of debt papers to local lenders for the second quarter.

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- Philippine Statistics Authority (PSA): Preliminary results showed the total number of new construction projects from approved building permits reached 29,468 from January until March this year, a 20.8% increase from the recorded 24,400 in the same quarter last year. Residential type-building projects accounted for much of the new construction projects and were valued at P61.1 billion, a 4.3% from the P58.7 billion recorded in the same period in 2013. Building permits serve as a consumption-based indicator and as a leading gauge for future real estate supply levels.

### **Local Bond Market**

- The yield of the benchmark 5-year bond gained 9 bps to close at 3.35%.
- The yields of bonds ended mixed with an equal number of gainers and losers while 2 tenors, namely the 1-month and 10-year bonds were unchanged.

### **Philippine Stocks**

- Bargain hunting opportunities for investors and Wall Street's stock rally carried the main index back into the 6,700 territory. Local share prices rebounded from the previous week's sharp losses, with the Philippine Stock Exchange index (PSEi) gaining 62.75 points, or 0.94% to close at 6,710.40. Market breadth was positive, as advancers dominated the decliners 105 to 62 while 47 stocks were unchanged.

### **Philippine Peso**

- The Philippine Peso weakened against the greenback on Monday to close at P43.79 to the dollar. The peso's losses against the dollar were largely due to the target-hitting expectations surrounding the U.S. Manufacturing PMI Index. These losses, however, were subdued as investors anticipated upcoming inflation data.

## **NEWS AROUND THE WORLD**

### **U.S. Manufacturing Activity Expanded in May**

- Institute of Supply Management (ISM): The ISM again corrected its May manufacturing index, with the correct figure now at 55.4, instead of 56.0 as previously corrected or 53.2 as originally reported. The increase to 55.4 from the recorded 54.9 in April marked the fourth consecutive month of improvements of the nation's manufacturing index. Although the value sat slightly lower than the 55.5 forecasted reading by economists, the May level suggested that economic growth is regaining momentum in the second quarter.

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## US Stock Market

- The U.S stock market ended predominantly higher, with the Dow Jones and S&P 500 once again closing in on record highs. Technology stocks ended slightly lower, as large-cap sector companies pulled down the NASDAQ. All three main indices initially posted losses in early trade, following a downbeat reading in the manufacturing index by the ISM. However, most share prices eventually rebounded after ISM corrected its initial reading to display more positive news of the nation's factory output. (Dow Jones 0.16% 16,743.63; NASDAQ -0.13% 4,237.20; S&P 500 0.07% 1,924.97)

## Asian Stocks

- Asian stocks rose in response to China's manufacturing activity's surge to a five-month high, as well as the China's policymakers' announcement of further cuts in reserve requirement for some of its banks. The MSCI Asia-Ex Japan Index edged higher by 0.18% or 1.04 points to close at 569.82.

## Emerging Markets

- Emerging markets shares rose as growth in China's manufacturing activity boosted the nation's export outlook. Meanwhile, Russia's main index hit its highest point since February on the back of strong energy shares. The MSCI Emerging Markets Index regained 0.18% or 1.81 points to close at 1,029.50.

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

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