

Daily Matters

June 13, 2014

MARKET INDICATORS

Local: as of June 11, 2014; International: as of June 12, 2014

| Index/ Bond | Index Level/Yield | DoD Change | DoD % Change |
|----------------------|-------------------|------------|--------------|
| PSEi | 6,766.57 | -34.27 | -0.50% |
| Dow Jones | 16,737.53 | 15.19 | 0.09% |
| S&P 500 | 1,927.88 | 3.64 | 0.19% |
| NASDAQ | 4,251.64 | 17.56 | 0.41% |
| MSCI Asia ex-Japan | 571.98 | -2.40 | -0.42% |
| MSCI Emerging Market | 1,031.19 | -4.76 | -0.46% |
| 5 Yr FXTN | 3.29 | 4 bps | |
| 10 Yr US Treasury | 2.60 | - | |
| USD/PHP | 43.88 | 0.07 | 0.16% |

Source: Bloomberg

NEWS IN THE PHILIPPINES

Gov't Debt Payments Down in April; Japanese Rating Agency Affirms 'BBB' Rating

- Bureau of the Treasury (BTr):** The government's debt payments reached P16.083 billion in April, 46.81% less than the P30.238 billion spent in the same month of the previous year. Out of the total, P13.4 billion was used to pay interest while principal payments accounted for P2.68 billion. The April level brought the country's total debt payments in the first four months of the year to P174.19 billion, nearly 32% less from a year ago. According to the national budget, the government is programmed to spend P793.583 billion in debt servicing this year, of which P440.931 billion and P352.652 billion are earmarked for principal payments and interest payments, respectively.
- Japan Credit Rating Agency (JCRA):** The JCRA affirmed its 'BBB' investment score for the Philippines with a stable economic outlook, citing the country's high revenues from tourism and outsourcing, healthy government finances and continued resilience towards external shocks. The JCRA is of the opinion that the Philippines will grow faster than 6% in 2014. The rating granted by the JCRA matched the previous rating given by Standard & Poor's to the country. However, the investment grade remains challenged by the country's inadequate infrastructure and investment environment, the latter of which the governments needs to improve, the JCRA noted.

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Local Bond Market

- The Philippine bond market was closed for Independence Day.

Philippine Stocks

- The Philippine stock market was closed for Independence Day.

Philippine Peso

- The Philippine foreign exchange market was closed for Independence Day.

NEWS AROUND THE WORLD

U.S Retail Sales Miss Forecasts; U.S Budget Deficit Shrinks in May; China's New Yuan Loans Rebound in May

- U.S Commerce Department: Retail sales in the U.S grew less than expected in May, with only a 0.3% gain, compared to 0.6% rise expected on Wall Street. The 0.3% increase followed a revised 0.5% gain seen in April, signalling a slowdown in consumer spending after a previous three-month surge in sales. The new figures did little to dampen the outlook for the U.S economy, however, as investors and economists alike took their cues from rising home prices, improvements in the manufacturing sector, and a recovering job market.
- U.S. Treasury Department: The U.S government's monthly budget registered a \$130 billion deficit in May, slightly narrower than the \$139 billion deficit of May 2013. Although April posted a \$106.9 billion surplus, economists welcome the May deficit as positive news for economic recovery, as it marked the smallest budget shortfall for the eight months of a fiscal year since 2008. May's result brought the year-to-date deficit to \$436 billion compared with a \$626.3 billion shortfall in the same period a year earlier, figures showed. The improvement reflected the country's improving labor market, which translated to more income and higher tax revenues.
- People's Bank of China: China's new yuan-denominated lending amounted to 870.8 billion yuan (\$141.56 billion) in May, rising faster than expected as the national government ramps up policy stimulus measures in order to strengthen economic growth. The volume was higher than the 774.7 billion yuan recorded in April and likewise up 204.1 billion yuan on a year-to-year basis. Money supply also topped estimates, as it rose 13.4% compared with a median projection for a 13.1% increase. The latest figures helped reaffirm signs the world's second-largest economy is finally pulling out of a rough patch, despite first quarter growth of 7.4%, the slowest pace recorded in 18 months, but the road to recovery remains slow.

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US Stock Market

- U.S stocks fell on Tuesday, following heightened violence in Iraq which sent oil prices surging along with weaker than expected U.S retail sales. All three main indices ended the day in the red, marking the S&P 500's first three-day losing streak since April. (Dow Jones - 0.65% 16,734.19; NASDAQ -0.79% 4,297.63; S&P 500 -0.71% 1,930.11)

Asian Stocks

- Asian stocks retreated on Thursday, as investors took their cue from overnight losses at Wall Street and rushed to book profits. The MSCI Asia-Ex Japan Index dropped 1.70 points or 0.29% to close at 577.25.

Emerging Markets

- Emerging markets stocks fell for a second day on Thursday due to valuation concerns which rose to its highest level since 2011. The MSCI Emerging Market Index lost 1.30 points or 0.12% to close at 1,054.74.

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

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