

Daily Matters

June 18, 2014

MARKET INDICATORS

As of June 17, 2014

Index/ Bond	Index Level/Yield	DoD Change	DoD % Change
PSEi	6,704.93	-53.52	-0.79%
Dow Jones	16,808.49	27.48	0.16%
S&P 500	1,941.99	4.21	0.22%
NASDAQ	4,337.23	16.12	0.37%
MSCI Asia ex-Japan	574.78	0.03	0.01%
MSCI Emerging Market	1,043.53	-2.75	-0.26%
5 Yr FXTN	3.43	3 bps	
10 Yr US Treasury	2.65	6 bps	
USD/PHP	43.86	-0.06	-0.14%

Source: Bloomberg

NEWS IN THE PHILIPPINES

BIR Misses May Target; BoTr Reissues T-Bonds at Slightly Higher Yields

- Bureau of Internal Revenue (BIR): The tax collection agency missed its target for the fifth straight month despite achieving double-digit gains against collections last year. The BIR was able to receive P128.27 billion in revenues, up by 14.63% from the P111.99 collected during the same month last year, but below the P133.95 billion target. The last time the BIR met its target was December 2013 where it raked in P96.63 billion against a target of P90.79 billion.
- Bureau of Treasury (BoTr): The government partially awarded the reissued seven-year Treasury bond yesterday noting its cash position is enough to reject bids that it saw as too expensive. The BoTr was only able to raise P18.845 billion or only three-fourths of the P25 billion the government wished to raise from the last bond sale of the quarter. The debt papers were quoted at 3.511%, 51.4 bps higher than the 2.997% fetched when the same papers were reissued in November 19 last year.

Local Bond Market

- The yield of the benchmark 5-year bond closed higher by 2.50 bps to close at 3.43%.
- The yields of bonds mostly rose with 6 rising, 4 flat and 2 unchanged. The increase in yields were concentrated on the belly of the curve.

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Philippine Stocks

- The Philippine stock market retreated for a third straight day on sustained concerns on the crises in Iraq and as the central bank's rate hike decision tomorrow dampened sentiment. The Philippine Stock Exchange index (PSEi) shed 0.79% or 53.52 points to close at 6,704.93. All counters sank led by Property.

Philippine Peso

- The peso bounced back from a two week low against the greenback as currency traders anticipate a rate hike decision by the central bank tomorrow. The local currency closed 0.14% or 6 cents lower at 43.86.

NEWS AROUND THE WORLD

U.S. Consumer Prices Rise; U.S. Housing Starts Gain; Japan's Exports Decline

- U.S. Labor Department: Consumer prices in the world's largest economy grew in May by the most in a year, showing that U.S. companies are pricing higher as the economy strengthens. The cost of living advanced by 0.4%, the fastest pace since February 2013.
- U.S. Commerce Department: Builders broke ground to U.S. homes at a 1 million annualized pace in May, indicating that the industry is picking up after being badly hit by a severe winter to start the year. The number of housing starts in May was in line with a median forecast and followed April's 1.07 million annualized rate that was the most since November 2013.
- Japan Finance Ministry: Japan's exports fell in May for the first time in 15 months due to weak demand from the U.S. and Asia. Outbound shipments decreased by 2.7% from a year earlier, steeper than the 1.3% median forecast. Meanwhile, imports also dropped by 3.6%, narrowing the trade deficit to 909 billion yen (\$8.9 billion).

US Stock Market

- US stocks ended higher with tech stocks leading the advance. (Dow Jones 0.16% 16,808.49; NASDAQ 0.37% 4,337.23; S&P 500 0.22% 1,941.99)

Asian Stocks

- Asian stocks ended marginally unchanged as the deepening conflict in Iraq and a gas dispute between Russia and Ukraine sucked demand for riskier assets. The MSCI Asia-Ex Japan Index eked out 0.01% or 0.03 points to close at 574.78.

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Emerging Markets

- Emerging market stocks declined for a fifth straight day as an increase in U.S. consumer prices fuelled concern that the U.S. might hike rates earlier than expected. The MSCI Emerging Markets Index lost 0.26% or 2.75 points to close at 1,043.53.

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

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