

MARKET INDICATORS

As of January 11, 2018

Index/ Bond	Index Level/Yield	DoD Change	DoD % Change
PSEi	8,813.25	-107.04	-1.20%
Dow Jones	25,574.73	205.60	0.81%
NASDAQ	7,211.78	58.21	0.81%
S&P500	2,767.56	19.33	0.70%
MSCI Asia ex-Japan	736.76	-1.89	-0.26%
MSCI Emerging Market	1,197.00	-0.53	-0.04%
5Yr FXTN	4.74	-1 bp	
10 Yr US Treasury	2.54	-2 bps	
USD/PHP	50.37	-0.01	-0.03%

Source: Bloomberg



News in the Philippines

Philippine banking industry solid despite growing risks

- According to BMI Research yesterday, the Philippine banking industry is expected to continue operating on solid ground in 2018 despite increasing risks as interest rates rise and vigorous loan growth continues. The statement is said to be backed up by the country's strong macroeconomic fundamentals, though there must be robust economic activity to offset the already occurring loan growth. The country's infrastructure program supports this theory as it hopes to increase GDP expansion to up to 7-8% annually compared to the 6.7% in the nine months to September of last year.

Local Bond Market

- The yield of the benchmark 5-year bond closed at 4.74, falling 1 bp during yesterday's session.
- The yields of bonds traded mostly flat throughout yesterday's session with 3 yields rising, 2 yields falling and 6 yields remaining stagnant.

Philippine Stocks

- Local stocks declined at yesterday's close. The market took notice of rising global bond yields and corrected together with most regional markets. The PSEi fell 1.20% or 107.04 points to end the day at 8,813.25.

Philippine Peso

- The local peso traded strengthened against the greenback during yesterday's session after news that China would slow down its purchasing of US Treasury bonds amid bargain-hunting. The peso closed the day at PHP 50.37.



News around the World

US producer prices fall for first time in 1 ½ years

- Economic news released yesterday showed that US producer prices fell for the month in December, for the first time since August 2016. The US Labor Department announced that the Producer Price Index (PPI) fell 0.1% in the last month of the year compared to analyst expectations that PPI would increase 0.2%. November 2017 saw an increase of 3.1% bringing PPI for 2017 to 2.6% compared to 2016's 1.7%. The slight dip was due to declining costs for services and might temper expectations for a rise in inflation. However, economists hope that the "tightening labor market and recent weakness in the dollar will drive inflation to the Federal Reserve's 2% target this year".

US Market

- US stocks closed the day positive yesterday, hitting brand new records. After a rise in interest rates scared off investors a day earlier, a sense of calmness returned yesterday as the price of oil reached its highest level since 2014. The S&P 500, ended at 2,767.56 gaining 0.70% or 19.33 points. The Dow Jones jumped 205.60 points or 0.81% to end at 25,574.73. The NASDAQ climbed 58.21 points or 0.81% to close at 7,211.78.

Asian Stocks

- Asian stocks were negative yesterday after a continued rise in bond yields affected investor sentiment. The MSCI Asia-Ex Japan Index fell 0.26% or 1.89 points to close at 736.76.

Emerging Markets

- Emerging markets fell yesterday, following regional markets, after rising interest rates have made investors nervous. The MSCI Emerging Markets Index fell 0.04% or 0.53 points, closing at 1,197.00.