ATR KIMENG ASSET MANAGEMENT

Daily Matters

October 16, 2013

MARKET INDICATORS

As of October 14, 2013 (Local); As of October 15, 2013 (International)

Index/ Bond	Index Level/Yield	DoD Change	DoD % Change
PSEi	6,442.70	-47.10	-0.73%
Dow Jones	15,168.01	-133.25	-0.87%
S&P 500	1,698.06	-12.08	-0.71%
NASDAQ	3,794.01	-21.27	-0.56%
MSCI Asia ex-Japan	554.83	3.97	0.72%
MSCI Emerging Market	1,029.85	7.20	0.70%
5 Yr FXTN	3.04	10 bps	
10 Yr US Treasury	2.73	4 bps	
USD/PHP	43.15	0.11	0.24%

Source: Bloomberg

NEWS IN THE PHILIPPINES

Government Borrowings Leap 180% in August; BSP Lifts Cap on Bank Lending Facility

- Bureau of Treasury (BoT): State borrowings more than doubled in August, compared with the same month last year, as domestic liabilities surge due to the government's issuance of P148.903 billion worth of retail bonds in the month. This is 180% more than the P53.191 billion recorded in August last year. The bulk of the debt was sourced from local lenders with domestic borrowings climbing 188% to P147.25 billion as opposed to P51.129 billion year-on-year.
- Bangko Sentral ng Pilipinas (BSP): The BSP will remove the P20 billion ceiling on its peso rediscount facility next month, allowing universal and commercial banks to borrow more funds to finance short-term liquidity needs. The central bank's peso rediscounting window will turn into an open-volume facility effective November 15 of this year.

Local Bond Market

- On Monday, the yield of the benchmark 5-year bond rose 10 bps to close at 3.04%.
- The yields of bonds mostly rose with 10 tenors rising and 2 unchanged. All short term yields gained.

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Philippine Stocks

- The Philippine stock market was closed yesterday in observance of the Eidul Adha Muslim holiday. Last Monday, the Philippine Stock Exchange index (PSEi) slid 0.73% or 47.10 points to close at 6,442.70.

Philippine Peso

- The local currency closed higher by 0.24% or 11 cents higher on Monday at 43.15.

NEWS AROUND THE WORLD

US AAA Rating Put on Negative Watch

- Fitch Ratings: The US AAA credit grade was placed on rating watch negative, citing the government's failure to raise its borrowing limit as the Treasury's deadline nears. The political deadlock and reduced financing flexibility could increase the risk of a US default. Another ratings agency, Standard & Poor's, already stripped the US of its top credit ranking in August 5, 2011.

US Stock Market

- US stocks retreated as lawmakers struggle to agree on a budget deal. Major indices started the day slow and the sell-off accelerated in the afternoon. (Dow Jones -0.87% 15,168.01; NASDAQ -0.56% 3,794.01; S&P 500 -0.71% 1,698.06)

Asian Stocks

- Asian stocks headed to its highest level in nearly 5 months on optimism for a deal in Washington to reopen the government and avert a possible debt default. Several markets in the region were closed for holidays. The MSCI Asia-Ex Japan Index rose 0.72% or 3.97 points to close at 554.83.

Emerging Markets

- Emerging-market stocks surged to 4 month highs, led by Russian shares, as commodity producers advanced. The MSCI Emerging Markets Index gained 0.70% or 7.20 points to close at 1,029.85.

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

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