

Daily Matters

November 4, 2014

MARKET INDICATORS

As of November 3, 2014

Index/ Bond	Index Level/Yield	DoD Change	DoD % Change
PSEi	7,312.85	97.12	1.35%
Dow Jones	17,366.24	-24.28	-0.14%
S&P 500	2,017.81	-0.24	-0.01%
NASDAQ	4,638.91	8.165	0.17%
MSCI Asia ex-Japan	573.71	-1.82	-0.32%
MSCI Emerging Market	1,010.37	-5.70	-0.56%
5 Yr FXTN	3.30	-17 bps	
10 Yr US Treasury	2.34	1 bp	
USD/PHP	44.90	0.02	0.04%

Source: Bloomberg

NEWS IN THE PHILIPPINES

BSP Sees Continued Volatility in Global Markets, PSE Drafting New Regulations For IPO, Bank Seeing Further Slowdown in Inflation

- Bangko Sentral ng Pilipinas (BSP) sees continued volatility in global markets and will remain cautious against any pressure on the peso. The central bank actions in advanced economies could “create near-term volatility in our own domestic financial markets,” according to BSP Governor Amando M. Tetangco Jr. This was following unexpected decision of Bank of Japan last week to expand its stimulus spending and the US Federal Reserve’s announcement to stop its massive stimulus program, signaling an increase in the interest rates soon.
- The Philippine Stock Exchange has drafted new rules which will require companies listing through the backdoor to launch an initial public offering or IPO within a specified timeframe. This aims to have all issuers to be “properly introduced” to the public investors by requiring them to provide a prospectus and information memorandum. On an optimistic timeframe, PSE may be able to implement the new rules by the first quarter of 2015.
- Banks see Philippine inflation to further slowdown in October amid signals by the Bangko Sentral ng Pilipinas (BSP) that the benchmark interest rates would be held steady in the following months. The agency aims to keep inflation within the 3 to 5 percent target range. Last month, fuel and food prices have dropped which signals that the inflation for October may decline.

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Local Bond Market

- On Monday, the Bureau of Treasury fully awarded Php 20 billion worth of Treasury bills. Tendered bids totaled Php 58.43 billion on the 3m, 6m and 1y, three times more than the total offering. The 3m was auctioned 15.4 bps higher from the previous auction. On the other hand, the 6m and 1y was awarded lower than the previous auction to reflect the lower inflation forecast for October.
- Bond market was mixed yesterday. The 6m and 1y were up by 12.5 bps, 3y up by 7 bp and the 25y was up by 4.6 bps. The rest declined except for the 7y which remained flat. The yield of the benchmark 5-year bond lost 17.3 bps to close at 3.3%.

Philippine Stocks

- Local stocks rallied following the surge in Wall Street which reached record highs and as Japan decided to boost its stimulus program. The Philippine Stock Exchange index rallied by 97.12 points or 1.35% to 7,312.85

Philippine Peso

- The Philippine peso peaked at 45.00 yesterday on strong greenback. The USDPHP exchange rate opened at 44.96 and ranged at 44.89 to 45.00 before closing at 44.90. This was two centavos higher than the previous close which was at 44.88. Volume was at USD 411.90 million for the day.

NEWS AROUND THE WORLD

China's October PMI Lower than Previous Month, US ISM Manufacturing PMI Higher than Expected

- Last weekend, China released its index of manufacturing activity that showed growth slowed in the month of October. The Purchasing Manager's Index, or PMI, came in at 50.8 last month, lower than the previous month which was at 51.1. The index tracks the activity in China's factories and workshops and is an indicator of the world's second-largest economy's health.
- The US ISM Manufacturing PMI came in higher than expected. The data, which is a leading indicator of economic health, was at 59, higher than forecast of 56.5. This indicates an expansion in the economy which further supports their decision in withdrawing their stimulus a couple of weeks ago.

US Stock Market

- Most US stocks slightly fell after it touched intraday records while Nasdaq gained due to strength in the semiconductors sector. After some resistance and profit-taking after the positive news came out (Japan stimulus and higher US PMI index), Dow fell by 24.28 points or 0.14% to 17,366.24 while S&P lost 0.24 points or 0.01% to 2,017.81. Nasdaq was up by 8.17 points or 0.17% to 4,638.91. The energy sector dropped the most after Saudi Arabia cut the cost of Crude sent to the United States.

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Asian Stocks

- The MSCI Asia ex-Japan Index fell by 1.82 points to close at 573.71 as Asian markets closed mixed on Monday following a breather after the markets surged last week. Shanghai hit a 21-month-high on hopes that Beijing will introduce new economy-boosting measures after the weak PMI data came out.

Emerging Markets

- The MSCI Emerging Markets Index fell during trading hours but closed slightly higher by 5.70 points to close at 1,010.37. Monday has been a weak trading day as traders were concerned on slowing growth in countries like Brazil and China.

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

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