

MARKET INDICATORS

As of December 28, 2017

Index/ Bond	Index Level/Yield	DoD Change	DoD % Change
PSEi	8,535.09	44.18	0.52%
Dow Jones	24,837.51	63.21	0.26%
NASDAQ	6,950.16	10.82	0.16%
S&P500	2,687.54	4.92	0.18%
MSCI Asia ex-Japan	710.67	6.16	0.87%
MSCI Emerging Market	1,153.58	9.19	0.80%
5Yr FXTN	4.75	-2 bps	
10 Yr US Treasury	2.43	2 bps	
USD/PHP	49.92	-0.06	-0.12%

Source: Bloomberg



News in the Philippines

Government targets 2-4% headline inflation

- Bangko Sentral ng Pilipinas (BSP) – The Philippine Government reported yesterday that they expect to target 2-4% headline inflation until 2020. Even with the upcoming impact of the tax reform, the administration believes that the effect of “sustained investment spending by the national government on the economy’s productive capacity would help temper inflation pressures.” From January to November of this year, inflation has been recorded at 3.2%, more than 2016’s 1.8% average, however still well within the target range. BSP sees inflation for 2018 to average 3.4% and 3.2% by 2019.

Local Bond Market

- The yield of the benchmark 5-year bond closed at 4.75, falling 2 bps during yesterday’s session.
- The yields of bonds traded flat throughout yesterday’s session with 3 yields rising, 4 yields falling and 4 yields remaining stagnant.

Philippine Stocks

- Local stocks gained at yesterday’s close, marking its 13th record high finish of the year. The strength of the Philippine economy on the heels of the just-enacted tax reform, helped push the bellwether index to a new high. The PSEI gained 0.52% or 44.18 points to end the day at 8,535.09.

Philippine Peso

- The local peso strengthened against the greenback during yesterday’s session returning to the P49 level for the first time in six months. Market players were assessing the negative effects of the US tax reform on large financial institutions. The peso closed the day at PHP 49.92.



News around the World

US weekly jobless claims below estimate

- Economic news released yesterday showed that the United States weekly jobless claims came in below expectations for the week ending December 23rd. 245,000 US workers filed initial claims for unemployment benefits within the week compared to analyst expectations of 240,000. Though the number recorded was below expectations, the underlying trend remained consistent with a tightening labor market. Last week marked the 147th straight week that claims have been below the 300,000-threshold that is associated with a strong labor market. Furthermore, the jobless rate is at a 17-year low of 4.1% suggesting that the labor market is considered to be near full employment.

US Market

- US stocks closed the day positive yesterday after light holiday trading. Financial stocks were the catalysts for much of the market gains, benefitting from rising bond yields that help banks charge higher interest rates on loans. The S&P 500 ended at 2,687.54 rising 0.18% or 4.92 points. The Dow Jones, reaching a new high, climbed 63.21 points or 0.26% to end at 24,837.51. The NASDAQ fell 10.82 points or 0.16% to close at 6,950.16.

Asian Stocks

- Asian stocks jumped yesterday after positive gains led by markets in China and Hong Kong. The MSCI Asia-Ex Japan Index gained 0.87% or 6.16 points to close at 710.67.

Emerging Markets

- Emerging markets gained yesterday as healthy gains in tech stocks and soaring commodity prices helped the index to a new one month high. The MSCI Emerging Markets Index climbed 0.80% or 9.19 points, closing at 1,153.58.