

Daily Matters

October 18, 2012

MARKET INDICATORS

As of October 17, 2012

| Index/ Bond | Index Level/Yield | DoD Change | DoD % Change |
|----------------------|-------------------|------------|--------------|
| PSEi | 5,438.38 | 38.44 | 0.71% |
| Dow Jones | 13,557.00 | 5.22 | 0.04% |
| S&P 500 | 1,460.91 | 5.99 | 0.41% |
| NASDAQ | 3,104.12 | 2.95 | 0.10% |
| MSCI Asia ex-Japan | 520.22 | 3.54 | 0.69% |
| MSCI Emerging Market | 1,010.85 | 7.50 | 0.75% |
| 5 Yr FXTN | 4.20 | -14 bps | |
| 10 Yr US Treasury | 1.82 | 10 bps | |
| USD/PHP | 41.19 | -0.14 | -0.34% |

Source: Bloomberg

NEWS IN THE PHILIPPINES

ADB Reports Weakness in Microfinance Sector

- Asian Development Bank (ADB): The Philippines is one of the leading countries in microfinance policy and regulation in Asia but still lacks in the penetration rate, which stands at 14% of target population behind Vietnam's 75% and Cambodia's 32%. The country adopts a market approach in microfinance where the Bangko Sentral ng Pilipinas regulates the private banking sector that offers products and services to the poor.

Local Bond Market

- The yields of government bonds fell across the board with only 3 tenors rising. The yield of the benchmark 5-year bond fell 14 bps to close at 4.20%.

Philippine Stocks

- Philippine stocks continued its advance for a 4th day, nearing its all-time high, due to upbeat global sentiment. The Philippine Stock Exchange index (PSEi) climbed 0.71% or 38.44 points to close at 5,438.38. Market breadth was positive with gainers outnumbering decliners at 89 to 66 with 53 stocks flat.

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Philippine Peso

- The peso strengthened to a 4-year high on speculation on monetary easing from central banks will fund inflows into emerging economies. The local currency closed 0.34% or 14 cents lower at 41.19.

NEWS AROUND THE WORLD

Home Building Rockets 15% To 4-Year High

- US Commerce Department: The housing recovery shined last September with housing starts leaping 15% from August, the fastest since July 2008 and exceeding all forecasts by economists. Builders started working at an annual pace of 872,000 homes last month and filed permits to build homes at an annual rate of 894,000, up 11.6% from August.

US Stock Market

- US stocks inched up yesterday as investors digested new housing data and another round of corporate earnings. 24 out of the 30 stocks in the Dow traded higher but was dragged down by a tech giant that reported a dip in sales. (Dow Jones 0.04% 13,557.00; NASDAQ 0.10% 3,104.12; S&P 500 0.41% 1,460.91)

Asian Stocks

- Asian stocks rose for a 3rd day as better-than-expected US housing data signaled an improving economy and reduced demand for less risky assets. The MSCI Asia ex-Japan Index ticked up 0.69% or 3.54 points to close at 520.22.

Emerging Markets

- Emerging-market stocks surged to 1 month highs due to better outlook on China and the retention of Spain's debt rating. The MSCI Emerging Markets Index gained 0.75% or 7.50 points to close at 1,010.85.

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

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