

Daily Matters

January 3, 2013

MARKET INDICATORS

As of January 2, 2013

Index/ Bond	Index Level/Yield	DoD Change	DoD % Change
PSEi	5,860.99	48.26	0.83%
Dow Jones	13,412.55	308.41	2.35%
S&P 500	1,462.42	36.23	2.54%
NASDAQ	3,112.26	92.75	3.07%
MSCI Asia ex-Japan	559.70	11.59	2.11%
MSCI Emerging Market	1,078.16	22.40	2.12%
5 Yr FXTN	3.70	-	
10 Yr US Treasury	1.84	8 bps	
USD/PHP	40.85	-0.15	-0.37%

Source: Bloomberg

NEWS IN THE PHILIPPINES

Earnings of Listed Companies Increase

- Philippine Stock Exchange (PSE): Strong economic growth pushed the combined net income of listed companies up almost 18% to P377.12 billion in the first nine months of 2012 from the same period in 2011. All sectors, except mining and oil, posted earnings gains during the period.

Local Bond Market

- The government plans to borrow \$750 million to \$1 billion from foreign sources this year, lower than the original \$1.5 billion to \$2 billion announced in November. The government also plans to borrow 75% of its funding needs from domestic sources as it aims to reduce foreign debt and manage foreign exchange fluctuations.
- The yield on the benchmark 5-year bond closed unchanged at 3.70%.
- Yields on benchmark bonds were mostly lower on Wednesday, with 5 issues closing lower, 4 unchanged, and 3 rising.

Philippine Stocks

- Local stocks rose to new highs on Wednesday as investors cheered the passage of a bill by US lawmakers meant to avert the “fiscal cliff.” The benchmark Philippine Stock Exchange

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index (PSEi) rose 0.83% or 48.26 points to 5,860.99.

Philippine Peso

- The peso strengthened against the US dollar on Wednesday, closing 15 centavos lower at 40.85, on increased risk appetite for emerging-market assets after the passage of a US bill to avert the “fiscal cliff.”

NEWS AROUND THE WORLD

US: Congress Passes “Fiscal Cliff” Bill, Manufacturing Activity Rebounds; Indonesia’s Inflation Slows; Singapore Home Prices Rise

- After the passage by the US Senate, the House of Representatives on Tuesday finally approved a bill meant to avert a series of automatic tax hikes and spending cuts making up the “fiscal cliff.” The deal would raise income taxes only on households earning more than \$450,000 a year, thereby exempting a majority of Americans. Automatic budget cuts worth \$109 billion would also be put on hold for two months.
- Institute of Supply Management (ISM): US manufacturing activity rebounded to an expansion in December, with the ISM’s Purchasing Managers’ Index (PMI) coming in at 50.7, rising from the 2012 low of 49.5 in November. Readings above 50 indicate expansion.
- Indonesian Statistics Bureau: Inflation in Indonesia slowed to 4.3% in December from 4.32% in November, supporting their central bank’s decision to hold off on rate hikes as exports slump in Southeast Asia’s largest economy. Exports fell for an eighth straight month in November, falling 4.6% from the previous year level.
- Singapore Urban Redevelopment Authority: Home prices in Singapore rose 1.8% to a record high in the fourth quarter of 2012 as developers sold more homes. Prices rose 2.8% in the year, adding to the 5.9% gain in 2011.

US Stock Market

- US stocks surged on Wednesday on the passage of a bill meant to avert the US “fiscal cliff.” (Dow Jones 2.35% 13,412.55; NASDAQ 3.07% 3,112.26; S&P 500 2.54% 1,462.42)

Asian Stocks

- Asian markets surged on Wednesday on investor enthusiasm after the passage of the US “fiscal cliff” bill. The MSCI Asia ex-Japan Index rose 2.11% or 11.59 points to 559.70.

Emerging Markets

- Emerging-market stocks mirrored a global trend and rallied on Wednesday after the passage of a US bill to avert the “fiscal cliff.” The MSCI Emerging Markets Index rose 2.12% or 22.40 points to 1,078.16.

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

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