

# Daily Matters

January 31, 2013

## MARKET INDICATORS

As of January 30, 2013

Index/ Bond	Index Level/Yield	DoD Change	DoD % Change
PSEi	6,271.23	36.50	0.59%
Dow Jones	13,910.42	-44.00	-0.32%
S&P 500	1,501.96	-5.88	-0.39%
NASDAQ	3,142.31	-11.35	-0.36%
MSCI Asia ex-Japan	558.16	2.86	0.52%
MSCI Emerging Market	1,068.20	-1.68	-0.16%
5 Yr FXTN	3.60	-	
10 Yr US Treasury	1.99	-1 bp	
USD/PHP	40.63	-0.10	-0.24%

Source: Bloomberg

## NEWS IN THE PHILIPPINES

### Q3 GDP Growth Revised Upward; 2012 Premium Income of Insurers Exceed Target

- National Statistical Coordination Board: Economic growth in the 3<sup>rd</sup> quarter of 2012 was revised upward to an annual rate of 7.2% from the original 7.1%. Growth in the following sectors was also revised upward: agriculture, hunting, forestry and fishing, and services.
- Insurance Commission: The gross premium income of life insurance companies is said to have reached P120 B in 2012, exceeding the P100 B target set by life insurers and higher than the P85.8 billion reached in 2011. Growth was attributed to optimism on the economy, the introduction of new products, and investors seeking options for higher returns.

### Local Bond Market

- The yield on the benchmark 5-year bond closed unchanged at 3.60%.
- Yields on benchmark bonds were mostly higher on Wednesday, with 3 issues closing lower, 4 unchanged, and 5 rising.

### Philippine Stocks

- Local stocks continued to rally to new highs on Wednesday as upbeat investors positioned themselves ahead of the release of 4<sup>th</sup> quarter GDP data later today. The Philippine Stock Exchange index (PSEi) rose 36.50 points or 0.59% to close at 6,271.23.

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## Philippine Peso

- The peso strengthened against the US dollar on Wednesday, closing 10 centavos lower at 40.63, as further optimism on the local stock market increased demand for pesos.

## NEWS AROUND THE WORLD

### US: Economy Contracts in Q4, Private Sector Adds More Jobs; Spanish Economy Contracts Further

- US Commerce Department: A drop in Federal defense spending and business inventories dragged 4<sup>th</sup> quarter GDP to fall by an annual rate of 0.1%, the first quarterly contraction since the 2<sup>nd</sup> quarter of 2009. The blip however was widely considered to be one-off as uncertainty on the “fiscal cliff” supposedly to have taken effect in January held back defense spending.
- ADP: The US private sector hired 192,000 people in January, higher than the consensus of 175,000 jobs, led by the service sector which added 177,000. The manufacturing sector however cut 3,000 positions.
- Spain’s National Statistics Institute: Spain's GDP fell by 0.7% in the 4<sup>th</sup> quarter of 2012 from the quarter prior, the sixth straight quarter of contraction. Government spending cuts, tax increases, and record unemployment have depressed economic activity.

### US Stock Market

- US stocks fell on Wednesday amid the release of negative US economic growth figures, but selling was tempered by the US Federal Reserve’s statement that it will continue with its bond-buying program indefinitely. (Dow Jones -0.32% 13,910.42; NASDAQ -0.36% 3,142.31; S&P 500 -0.39% 1,501.96)

### Asian Stocks

- Asian markets rose on Wednesday as investors cheered positive US housing data announced the session prior. The MSCI Asia ex-Japan Index rose 0.52% or 2.86 points to close at 558.16.

### Emerging Markets

- Emerging-market stocks inched lower on Wednesday as investor sentiment was soured by news on the contraction of the US economy. The MSCI Emerging Markets Index fell 0.16% or 1.68 points to close at 1,068.20.

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

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