

Daily Matters

November 6, 2014

MARKET INDICATORS

As of November 5, 2014

Index/ Bond	Index Level/Yield	DoD Change	DoD % Change
PSEi	7,208.81	-13.20	-0.18%
Dow Jones	17,484.53	100.69	0.58%
S&P 500	2,023.57	11.47	0.57%
NASDAQ	4620.73	-2.91	-0.06%
MSCI Asia ex-Japan	567.71	-3.67	-0.64%
MSCI Emerging Market	998.44	-8.67	-0.87%
5 Yr FXTN	3.775	47.5 bps	
10 Yr US Treasury	2.34	0 bps	
USD/PHP	44.97	0.055	0.12%

Source: Bloomberg

NEWS IN THE PHILIPPINES

Interest Rates To Remain Low, BSP Looking to Require Banks to Widen Ownership Base

- Data released yesterday showed that inflation decreased for the second consecutive month as international fuel prices slumped to their lowest level in years. Lower food and fuel costs led to a slower rate of consumer price increases in October, allowing authorities to encourage economic activity by keeping interest rates low. Inflation in October eased to 4.3%, well within BSP's target range of 3.7 to 4.6 for the month.
- According to BSP's Governor Amando M. Tetangco Jr, there are more "points of view when you have more owners so that can actually improve operations of banks." The Philippine Stock Exchange currently requires all listed firms to have at least 10 percent of their common shares to be in the hands of minority investors. Big banks that take their companies public are still being majorly held families BDO Unibank, Metropolitan Bank & Trust Co., and Bank of the Philippine Islands. Tetangco said that publicly listed universal banks should be made to list more of their shares on the PSE to accommodate more investors, thereby improving accountability because managers have a more diverse set of board members to answer to.

Local Bond Market

- The yields of the benchmarks closed mostly higher yesterday. The 1m, 1y and 25y fell while the 7y and 20y remained flat. The 5-year-benchmark closed higher at 47.5% compared to the previous day.

Philippine Stocks

- The Philippine Stock Exchange index slipped by 13.2 points, or 0.18 percent, to close at 7,208.81 amid a continued and heavy sell-down of a major telco stock due to disappointing 3Q2014 results.

Philippine Peso

- The Philippine peso closed at 44.97, much higher than Wednesday's close at 44.915. USDPHP opened at 44.90 and traded at the range of 44.82 to 44.98. Total volume for the day was USD 517 million.

NEWS AROUND THE WORLD

US ADP Non-Farm Employment Data Out, US ISM Manufacturing Data Lower Than Expected, Australian Employers Added Jobs

- US ADP Non-Farm Employment Change data came out yesterday. ADP reported that US companies added 230,000 workers to payrolls in October, higher than the forecast of 218,000, adding to improving investor sentiment.
- US ISM Non-Manufacturing PM was at 57.1, lower than forecast of 58.2. The data is a leading indicator of economic health. Businesses react quickly to market conditions, and their purchasing managers hold perhaps the most current and relevant insight into the company's view of the economy.
- Australian employers have added payrolls in October, indicating the central bank's plan to stimulate growth and employment with record-low interest rates is working. The number of employed people rose by 24,100 versus the consensus of 20,000. The jobless rate was held at 6.2 percent.

US Stock Market

- US stocks rose yesterday, sending the S&P500. The energy sector pushed the S&P. Also, data showed that US companies added more workers last month compared to forecast. S&P500 went up by 11.47 pts or 0.57% to 2,023.57 and Dow Jones up by 100.69 pts or 0.58% to 17,484.53. Nasdaq, on the other hand, fell by 2.91 points or 0.06% to 4620.73.

Asian Stocks

- Asian stocks slid yesterday amid falling oil prices which signals a weakening global economic growth. The MSCI Asia ex-Japan Index was down by 3.67 points or 0.64% to

567.71.

Emerging Markets

- The MSCI Emerging Markets Index declined by 8.67 points to 998.44, continuing its retreat from the previous day.

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

Prepared by:

ATR KimEng Asset Management

Tel: +63 (2) 8481381; Fax: +63 (2) 8410315

Website: www.atram.com.ph

Disclaimer:

This e-mail, including any attachments, is for the exclusive use of the intended recipient/s. It may contain confidential, proprietary or legally privileged information. If you received this e-mail by mistake, kindly delete it and any attachments from your system, destroy any hard copies and notify the sender immediately. Retention, dissemination, distribution, copying or otherwise making use of any part of this e-mail and any attachments if you are not the intended recipient is strictly prohibited. Thank you.

This e-mail and any attachments are neither a solicitation nor an offer to buy or sell any security or related financial product. Information and/or views contained herein are for information only and based on data that ATR KimEng Asset Management (ATRAM) has researched. However, ATRAM does not represent that the information and/or views are accurate or complete, and these should not be relied upon as such. Any person receiving this e-mail must make his/her own investigation and satisfy him-/herself as to the accuracy and completeness of the information and/or views. This document may not be reproduced or distributed without written consent from ATR KimEng Asset Management.