

## News Briefs

### Local

- Yesterday, the local equities market broke the 6,100 level, hitting an intraday peak of 6,115.18. ALI led the stock rally as it unveiled plans for the development of Circuit Makati, a Php20-billion 21-hectare mixed-use development to be built on the former Sta. Ana horse racetrack. The local bourse succumbed to profit-taking later on during the day, to close 0.70% higher at 6,093.90, its 7th all-time high this year. All sectoral indices ended higher led by financials (+1.53%), property (+1.48%) and mining and oil (0.77%). Market breadth was positive with advances outnumbering declines 94 to 71 with 44 stocks unchanged. Value turnover reached Php9.28 billion.
- Barclays Investment bank has revised the Philippines' growth upward on the back of the country's sound fundamentals driven by a reform-focused government which draws confidence from both local and foreign investors. In Barclay's Emerging Markets Research, it was stated that the country's GDP could have reached 6.5% last year before it slows to 5.9% in 2013. Nevertheless, these figures are still higher than the November forecasts of 6.2% and 5.5%, respectively. Barclay's said that election-related spending typically boosts growth one-to-two quarters before the elections and the export performance is gradually improving in line with external demand.
- The Bureau of Internal Revenue (BIR) is looking to raise Php258.14 billion from individual tax collections this year, 16.4% higher than Php221.77 billion in 2012, as it steps up its campaign against tax evasion. According to the agency, the incidence of tax evasion among the 3 million registered professions in the country is higher where around 190,000 are doctors and lawyers who charge higher fees and have higher incomes. BIR deputy commissioner Estela Sales said she is hopeful that the agency's Run After Tax Evaders or RATE program will continue to entice people to be vigilant and report those who don't file and pay the correct taxes.
- Prices of local government securities slightly decreased yesterday as investors took back profits following last week's gains, and amid the lack of market-moving news. In general, yields increased by an average of 1.68 basis points led by the short-end and belly of the curve, which climbed 2.0 and 2.9 basis points, respectively.
- The Philippine peso dropped from 4-year highs during yesterday's trading session following the BSP's warning that it would intervene to temper the currency's volatility. The local currency shed 5 centavos to close at 40.660.

### US and Europe

- US equities ended mixed after President Obama spoke against Republicans on the debt ceiling issue and as Apple stocks faltered amid reports of weaker-than-expected global demand. The Dow Jones Industrial Average index gained 18.89 points to 13,507.32 while the S&P500 index slid 1.37 points to 1,470.68.
- President Obama pressured congress to swiftly increase the nation's borrowing limit, saying that the prospect of no increase was absurd and warning of the potential damage to financial markets. Obama added that the increase in borrowing limit would need to be raised to pay government bills that are already due, and stated that failure to pay the nation's debts would result in the questionability of its credit rating around the world. Ticking off numerous worst-case scenarios, he further said that Republicans "will not collect a ransom in exchange for not crashing the American economy."
- The Organization for Economic Cooperation and Development's (OECD) composite leading indicators (CLI) are hinting towards a Euro-zone economy that is not likely to further slow down in the coming months and that a number of other economies are seen to gain momentum. According to the OECD, its indicator of economic activity for its 34 developed-country members remained at 100.2 for the second straight month last November. It added that the CLIs for the United States and the United Kingdom point to firm economic growth and that CLIs for Italy, Germany and France and the Euro-zone as a whole point to stabilization in growth prospects. Likewise, the OECD's leading indicators for China and India tentatively signal a pickup in growth.
- US Treasury prices increased, driven higher by concerns about a stalemate of debt-ceiling negotiations. The two-year note yield ended unchanged at 0.249% while the 10-year bond yield pared 1.5 basis points to 1.853%.
- European equities weakened as Euro-zone industrial production for the month of November declined at the fastest pace in three years. The FTSEurofirst300 index slipped back 3.64 to close at 1,159.76.

- The euro continued to trade higher, still buoyed by the ECB's rate decision, despite weak economic data out of the region. The shared currency surrendered 0.11 cents to close at US\$1.3354.

## Asia Pacific

- Asian stocks rallied Monday as investors heartily welcomed comments from a Chinese official that China will grant foreigners greater access to its equity market. Guo Shuqing, chairman of the China Securities Regulatory Commission, stated that the country could substantially increase the amount foreigners were allowed to invest in local equities. China's Shanghai SE Comp Index (+3.06%) led the rally, followed by Indonesia's Jakarta Composite Index (+1.78%) and India's SENSEX (+1.23%). The MSCI All Country Asia Pacific Index increased 0.32 points, or 0.24%, to 132.14.

## Key Indicators

<b>EQUITIES BENCHMARK INDICES</b>	<b>14-Jan-13</b>	<b>DoD change</b>	<b>WoW change</b>	<b>MoM change</b>	<b>Ytd change</b>
Philippine Stock Exchange Index	6,093.90	0.70%	0.81%	6.78%	4.84%
MSCI World USD Index	1,380.21	-0.13%	0.97%	4.13%	4.02%
MSCI All Country Asia Pacific ex-Japan Total Returns	374.63	0.49%	0.57%	2.88%	2.56%
MSCI Europe USD Index	1,498.51	-0.20%	1.82%	4.32%	3.68%
FTSEurofirst 300 Index	1,159.76	-0.31%	-0.16%	2.33%	2.58%
Dow Jones Industrial Average Index	13,507.32	0.14%	0.92%	2.83%	4.40%
Standard & Poor's 500 Index	1,470.68	-0.09%	0.60%	4.04%	4.87%
<b>YIELDS AND PRICES</b>	<b>14-Jan-13</b>	<b>DoD change</b>	<b>WoW change</b>	<b>MoM change</b>	<b>Ytd change</b>
91-Day Philippine Treasury Bill Yield (PDST-F)	0.5091	0.20%	0.04%	-0.05%	0.02%
1-Year Philippine Treasury Bill Yield (PDST-F)	1.1000	0.07%	0.20%	-0.40%	0.11%
ROP2021 (Price)	111.921	0.30	(0.33)	(0.35)	(0.50)
ROP2034 (Price)	138.065	0.69	(1.08)	(1.26)	(1.34)
3-Month US Treasury Yield	0.0659	0.00%	0.01%	0.04%	0.04%
2-year US Treasury Yield	0.2450	-0.00%	-0.02%	0.01%	-0.00%
10-year US Treasury Yield	1.8448	-0.02%	-0.05%	0.14%	0.14%
30-year US Treasury Yield	3.0313	-0.02%	-0.07%	0.17%	0.16%
3-Month German Treasury Bill Yield	-0.021	0.00%	0.02%	0.03%	-0.02%
Brent Crude Oil Spot (\$/bbl)	112.66	0.73%	-0.41%	0.60%	0.64%
Dubai Crude Oil Spot (\$/bbl)	106.90	-0.58%	0.27%	2.59%	-0.11%
1-month Nymex oil futures (\$/bbl)	94.14	0.62%	1.02%	8.54%	3.68%
Gold Spot (\$/oz)	1,667.85	0.30%	1.27%	-1.67%	0.72%
USD/PHP (PDEX close)	40.660	0.05	(0.23)	(0.43)	(0.39)

Source: Bloomberg

## Asian Equity Markets

<b>Asia Pacific Markets</b>					
Last Trade as of January 14, 2013					
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pacific Index	132.14	+	0.32	+ 0.24
Australia	S&P/ASX 200 Index	4,719.71	+	10.22	+ 0.22
China	Shanghai SE Comp Index	2,311.74	+	68.74	+ 3.06
Hong Kong	Hang Seng Index	23,413.26	+	149.19	+ 0.64
India	SENSEX	19,906.41	+	242.77	+ 1.23
Indonesia	Jakarta Composite Index	4,382.50	+	76.59	+ 1.78
Japan	Nikkei 225	10,801.57		0.00	0.00
Malaysia	KLCI	1,684.63	+	1.93	+ 0.11
New Zealand	NZX 50 Index	4,153.92	+	22.16	+ 0.54
Singapore	Straits Times Index	3,206.59	-	9.91	- 0.31
South Korea	KOSPI	2,007.04	+	10.37	+ 0.52
Taiwan	TWSE	7,823.97	+	4.82	+ 0.06
Thailand	SET Index	1,425.07	+	13.01	+ 0.92

## Local Bond Market

<b>Peso Interest Rates (PDEX PDST-R2)</b>							
	14-Jan-13	11-Jan-13	Difference		14-Jan-13	11-Jan-13	Difference
1 month	0.1250	0.1250	0.000	4 year	3.5966	3.5816	+ 0.015
3 month	0.1000	0.0512	+ 0.049	5 year	3.6500	3.6500	0.000
6 month	0.3500	0.3496	+ 0.000	7 year	4.0000	3.9950	+ 0.005
1 year	0.7636	0.7344	+ 0.029	10 year	4.2750	4.3000	- 0.025
2 year	2.3250	2.2500	+ 0.075	20 year	5.5500	5.5500	0.000
3 year	3.2250	3.1750	+ 0.050	25 year	5.5390	5.5353	+ 0.004

## Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
1/15/2013	Philippines Overseas Filipino Workers Remittances YoY	Nov	1/15/2013	Adjusted Retail & Food Services Sales SA Total Monthly % Change	Dec
1/15/2013	Philippines Overseas Filipino Workers Remittances	Nov	1/15/2013	US PPI By Processing Stage Finished Goods Total MoM SA	Dec
1/17/2013	Philippines Commercial Banks Loans Outstanding Total Gross YoY	Nov	1/16/2013	Mortgage Bankers Association US Mortgage Market Indx Weekly % Change SA Old Meth	Jan 11
1/17/2013	Philippines Money Supply M3 YoY	Nov	1/16/2013	US CPI Urban Consumers MoM SA	Dec
1/17/2013	Philippines Commercial Banks Loan Outstanding Total Net YoY	Nov	1/16/2013	US Industrial Production MoM 2007=100 SA	Dec
1/18/2013	Philippines BOP	Dec	1/17/2013	US Initial Jobless Claims SA	Jan 12
1/24/2013	Philippines Overnight Reverse Repurchase Agreement RRP Rate	Jan 24	1/17/2013	US New Privately Owned Housing Units Started by Structure Total SAAR	Dec
1/25/2013	Philippines External Balance of Trade	Nov	1/18/2013	University of Michigan Survey of Consumer Confidence Sentiment	Jan
			1/22/2013	US Existing Homes Sales SAAR	Dec
			1/24/2013	Conference Board US Leading Index MoM	Dec

Sources: BPI, Business World, PDI, Phil Star, Manila Bulletin, Reuters, Briefing, Bloomberg, CNN, Dow Jones