

News Briefs

Local

- The local equities market fell for a second consecutive day as investors took last Tuesday's slump as a cue to further cash in on gains. Metro Pacific Investments Corp. (MPI) dropped by 2.24% as it sold 1.33 billion shares at a 2.86% discount to 30-day average price for Php4.60 per share to raise funds for its infrastructure investments. Yesterday, the PSEi lost 12.37 points, or -0.20%, to close at 6,092.53. Only property (+0.36%) and financials (+0.08%) ended in the green while the rest of the sectoral indices ended in the red led by services (-0.64%) and holding firms (-0.31%). Market breadth was negative with declines outnumbering advances 91 to 62 with 51 stocks unchanged. Value turnover reached Php12.83 billion.
- The Department of Tourism recently reported that the Philippines sets a record with more than 4 million foreign visitors that arrived in the country in 2012, which was the highest level in the country's tourism history. A total of 4,272,811 visitors arrived in the country last year, or 9.07% more than the 3,917,454 posted in 2011. Leading the pack were South Koreans, who supplied 1,031,155 visitors or 24.13% of the total volume. The Americans followed, accounting for 625,626 visitors or 15.27% percent share and the Japanese came in at third with 412,474 visitors or 9.65% of the total volume.
- Conglomerate San Miguel Corp. (SMC) has recently launched a tender offer to buy back convertible bonds worth US\$600 million in an effort to cut down on the firm's debt level. SMC disclosed on Wednesday that it secured board approval to buy back from creditors the dollar-denominated bonds which are listed in Singapore. It also applied for a six-day suspension of trading of its shares. The company explained that the suspension of trading is essential to maintain a level playing field and so as to allow the investing public the opportunity to analyze and consider the consequences, should there be any, of the invitation to tender on their investments in SMC shares.
- Prices of local government securities rose yesterday as bargain hunting was observed particularly on medium-tenored bonds, driven by speculation that the central bank will hold its benchmark rate during its Monetary Board meeting tomorrow. Yields declined by an average of 2.17 basis points with the belly and long end of the curve dropping by 6.3 and 3.1 basis points, respectively.
- The Philippine peso slightly declined during yesterday's trading session on forecasts that the BSP will maintain current rates. The local currency surrendered 1 centavo to close at 40.620.

US and Europe

- US equities ended on a high note after policymakers agreed to extend the country's borrowing limit and as investors digested strong corporate earnings results. The Dow Jones Industrial Average index gained 66.96 points to 13,779.33 while the S&P500 index crept higher 1.70 points to 1,494.81.
- On Wednesday, the US House of Representatives voted to suspend the government's US\$16.4 trillion borrowing limit—without raising spending cuts—until mid-May, allowing the federal government to continue borrowing money until then. Instead, Republicans are planning to use two other impending deadlines to initiate spending reductions. The first is on March 1, the start of automatic spending cuts, and the other is the end of March, which necessitates the passage of a bill to fund the government.
- According to the International Monetary Fund's (IMF) latest World Economic Outlook report, the world economy will expand by only 3.5 in 2013, which is a downgrade from the previous 3.6% forecast made last October 2012. Furthermore, although the report projects a higher growth for 2013 than 2012's 3.2% pace, it sees the Euro-zone to contract by 0.2% in 2013 instead of the +0.2% growth previously forecasted. In a video released together with the report, IMF Chief Economist Olivier Blanchard stated, "Is Europe on the mend? I think the answer is yes and no... Something has to happen to start growth."
- Prices of US Treasuries were barely changed Wednesday, trimming the day's earlier gains after the Republican-controlled House of Representatives voted to temporarily suspend the federal debt limit. The 2-year bond yield slid 1 basis point to 0.23% while the 10-year bond yield remained at 1.82%.
- European equities closed mostly higher yesterday with gains led by consumer giant Unilever PLC and pharmaceutical company Novartis PLC as they reported rising profits. The FTSEurofirst300 index gained 0.19% to close at 1,167.65.

- The euro marginally declined against US dollar as disappointing home sales data from the US overshadowed strong economic sentiment data from the Euro-zone and Germany. The shared currency slipped 0.14 cents to close at US\$1.3296

Asia Pacific

- Asian shares ended lower Wednesday as an appreciating yen hurt Japanese exporters' shares. The Japanese stock market, which represents the largest market by capitalization in the region, plunged 2.1% to 10,486.99. Investors were disappointed that the Bank of Japan refrained from providing a timeframe to achieve its 2% inflation target and didn't increase the targeted size of its asset purchases this year. Other markets found in the red were South Korea's KOSPI (-0.81%), Taiwan's TWSE (-0.19%) and Hong Kong's Hang Seng index (-0.10). The MSCI Asia Pacific index waned 0.86 points, or -0.65%, to close at 132.09.

Key Indicators

EQUITIES BENCHMARK INDICES	23-Jan-13	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	6,092.53	-0.20%	0.74%	4.61%	4.81%
MSCI World USD Index	1,393.04	-0.04%	1.02%	3.88%	4.99%
MSCI All Country Asia Pacific ex-Japan Total Returns	375.63	-0.15%	0.73%	3.91%	2.83%
MSCI Europe USD Index	1,500.52	0.16%	0.63%	3.38%	3.82%
FTSEurofirst 300 Index	1,167.65	0.19%	0.66%	2.50%	3.28%
Dow Jones Industrial Average Index	13,779.33	0.49%	1.98%	4.46%	6.50%
Standard & Poor's 500 Index	1,494.81	0.15%	1.51%	4.52%	6.59%
YIELDS AND PRICES	23-Jan-13	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-F)	0.3019	0.00%	-0.01%	-0.22%	-0.18%
1-Year Philippine Treasury Bill Yield (PDST-F)	0.9804	0.00%	-0.01%	-0.08%	-0.01%
ROP2021 (Price)	111.748	0.09	(0.13)	(0.55)	(0.68)
ROP2034 (Price)	135.995	0.03	(1.66)	(3.23)	(3.41)
3-Month US Treasury Yield	0.0710	0.01%	0.00%	0.02%	0.04%
2-year US Treasury Yield	0.2344	-0.01%	-0.01%	-0.03%	-0.01%
10-year US Treasury Yield	1.8241	-0.02%	0.01%	0.06%	0.12%
30-year US Treasury Yield	3.0182	-0.01%	0.01%	0.09%	0.15%
3-Month German Treasury Bill Yield	0.000	0.00%	0.02%	0.05%	0.00%
Brent Crude Oil Spot (\$/bbl)	115.11	0.30%	2.77%	3.21%	2.83%
Dubai Crude Oil Spot (\$/bbl)	107.96	0.05%	1.65%	1.92%	0.88%
1-month Nymex oil futures (\$/bbl)	95.23	-1.05%	1.05%	7.41%	4.88%
Gold Spot (\$/oz)	1,685.85	-0.40%	0.35%	1.73%	1.81%
USD/PHP (PDEX close)	40.615	0.01	(0.01)	(0.45)	(0.43)

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets					
Last Trade as of January 23, 2013					
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pacific Index	132.09	-	0.86	- 0.65
Australia	S&P/ASX 200 Index	4,787.83	+	8.75	+ 0.18
China	Shanghai SE Comp Index	2,320.91	+	5.77	+ 0.25
Hong Kong	Hang Seng Index	23,635.10	-	23.89	- 0.10
India	SENSEX	20,026.61	+	45.04	+ 0.23
Indonesia	Jakarta Composite Index	4,418.73	+	2.18	+ 0.05
Japan	Nikkei 225	10,486.99	-	222.94	- 2.08
Malaysia	KLCI	1,635.25	+	6.59	+ 0.40
New Zealand	NZX 50 Index	4,187.72	+	0.64	+ 0.02
Singapore	Straits Times Index	3,231.23	+	11.37	+ 0.35
South Korea	KOSPI	1,980.41	-	16.11	- 0.81
Taiwan	TWSE	7,744.18	-	14.92	- 0.19
Thailand	SET Index	1,439.20	+	5.11	+ 0.36

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)							
	23-Jan-13	22-Jan-13	Difference		23-Jan-13	22-Jan-13	Difference
1 month	0.1250	0.1250	0.000	4 year	3.5650	3.6250	- 0.060
3 month	0.1250	0.1250	0.000	5 year	3.5750	3.6750	- 0.100
6 month	0.3500	0.3500	0.000	7 year	3.8731	3.9312	- 0.058
1 year	0.8150	0.6689	+ 0.146	10 year	4.3237	4.3279	- 0.004
2 year	2.2285	2.2350	- 0.006	20 year	5.4833	5.5750	- 0.092
3 year	3.0850	3.1750	- 0.090	25 year	5.5191	5.5150	+ 0.004

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
1/24/2013	Philippines Overnight Reverse Repurchase Agreement RRP Rate	Jan 24	1/24/2013	US Initial Jobless Claims SA	Jan 19
1/25/2013	Philippines External Balance of Trade	Nov	1/28/2013	US Durable Goods New Orders Industries MoM SA	Dec
1/25/2013	Philippines External Trade Imports YoY	Nov	1/29/2013	Conference Board Consumer Confidence SA 1985=100	Jan
1/25/2013	Philippines External Trade Imports	Nov	1/30/2013	Mortgage Bankers Association US Mortgage Market Indx Weekly % Change SA Old Meth	Jan 18
1/31/2013	Philippines GDP Constant 2000 Prices YoY	4Q	1/30/2013	GDP US Chained 2005 Dollars QoQ SAAR	4Q A
1/31/2013	Philippines National Accounts GDP Constant 2000 Prices QoQ SA	4Q	1/31/2013	Federal Funds Target Rate US	Jan 30
1/31/2013	Philippines Annual GDP Constant 2000 Prices Growth Rate	2012	2/1/2013	US Employees on Nonfarm Payrolls Total MoM Net Change SA	Jan
			2/1/2013	US Unemployment Rate Total in Labor Force Seasonally Adjusted	Jan
			2/1/2013	University of Michigan Survey of Consumer Confidence Sentiment	Jan F
			2/1/2013	ISM Manufacturing PMI SA	Jan

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