

News Briefs

Local

- The benchmark index breached the 6,200 level for the first time, hitting its 11th all-time high this year. The local equities market sustained its uptrend yesterday on the back of good economic growth prospects, in anticipation of the GDP report to be released on Thursday. The PSEi climbed 42.31 points, or 0.68% higher, to close at 6,234.73. All sectoral indices ended in the positive territory led by property (+1.37%), industrials (+0.90%) and holding firms (+0.87%). Market breadth was positive with advances outnumbering declines 109 to 67 with 40 stocks unchanged. Value turnover soared to Php10.13 billion.
- Subsidiaries of Metropolitan Bank & Trust Co. (Metrobank) and Manila Electric Co. (Meralco) have tied up for power generation projects. According to Meralco, its board of directors cleared the execution of a memorandum of understanding between Meralco PowerGen Corp. and Global Business Power Corp. to pursue and evaluate certain potential power generation projects in the Philippines. Global Business, through its subsidiaries, owns power plants in Cebu, Iloilo, Aklan and Mindoro Oriental with a combined capacity of 633 megawatts. First Metro Investment Corp, a unit of Metrobank, is one of its main stakeholders.
- Listed food and beverage firm RFM Corp will be prepaying approximately Php1 billion worth of loans a year ahead of schedule. The firm is enabled by stronger cash flows and growth in profits last year. RFM added it will also be able to prepay the debt using the proceeds from the sale of its Swift meat brand in October last year to the Pacific Meat Co. worth as much as Php850 million. RFM executive vice-president and chief operating officer, Felicisimo M. Nacino, Jr. explained that it was originally a Php1.5 billion worth long-term debt for capital expenditures which the firm secured in 2010 from a group of banks. The balance as of end 2012 was at Php1.1 billion. Since the firm was left with cash of Php1.0 billion, Nacino said the firm decided to prepay even if it's still due end 2014.
- Prices of local government securities marginally declined yesterday as two-way interest was observed. In general, yields climbed by 0.94 basis points with the short end of the curve and the belly increasing by 1.9 and 6.7 basis points, respectively. Meanwhile, the long end of the curve dropped by 9.9 basis points.
- The Philippine peso strengthened against the greenback during yesterday's trading session following the statement from President Benigno Aquino III that economic growth surpassed the government's 2012 target which firmed the country's position of attaining another credit-rating upgrade. The local currency gained 17.5 centavos to close at 40.735.

US and Europe

- US equities ended Tuesday higher on the back of corporate earnings results which continued, for the most part, to exceed expectations. The S&P500 index gained 7.67 points to close at 1,507.84 and the Dow Jones Industrial Average index rallied 72.64 points to close at 13,954.42.
- Home prices in the US crept lower last November. The Standard & Poor's Case-Shiller home-price index of 10 major metropolitan areas dropped 0.2% month-on-month while the 20-city index lost 0.1%. On the other hand, the 10- and 20-city index climbed 0.5% and 0.63% in a seasonally adjusted basis. This was still lower than market estimates of +0.7%. Year-on-year, the 10-city index increased by 4.5% while the 20-city index jumped 5.52%. This was the strongest yearly price increase since August 2006.
- US consumer confidence fell to its lowest level since November 2011. According to the Conference Board, its consumer confidence index plummeted to 58.6, much lower than market estimates of 64.0, and the upwardly revised 66.7 last December. Likewise, consumer expectations over the next six months tumbled to 59.5 from December's 68.1 which at the time had also been a huge drop from the 80.89 in November. Lastly, the present situation index slipped to 57.3 from a revised 64.6 in December showing that consumers had a pessimistic assessment of current economic conditions. These drops, according to Director of economic indicators Lynn Franco, could be attributed to the increase in payroll tax, which had surely dampened consumers' spirits.
- US Treasury prices dropped despite a report that showed US consumer confidence had plunged to the lowest since November 2011. Moreover, the Treasury Department's US\$35 billion 5-year note auction received lukewarm demand. The notes were sold at an average yield of 0.889%, which was the highest borrowing cost in 9 months. The direct bid,

which includes US mutual funds, was 16.7% from 30.4% last December and below the 18.1% average for the past four sales.

- European equities picked up the pace as investors were warmly receptive to optimistic German consumer confidence data and solid US earnings reports. The FTSEurofirst300 index gained 4.80 points to 1,177.79.
- The euro continued to trade sideways against the US dollar on Tuesday as markets awaited the results of the US Federal Reserve's key monetary policy meeting. The shared currency surrendered 0.01 cent to close at US\$1.3455.

Asia Pacific

- Most Asian equity markets ended in green territory in yesterday's session. Japan's Nikkei 225 (+0.39%) was boosted by solid gains from the financial sector as the recent rally allows banks to book substantial capital gains. Meanwhile, Australia's S&P/ASX 200 Index (+1.11%) benefitted from the health sector as investors bought into defensive stocks. The MSCI All Country Asia Pacific Index advanced 1.16 points, or +0.88%, to 132.51.

Key Indicators

EQUITIES BENCHMARK INDICES	29-Jan-13	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	6,234.73	0.68%	2.13%	7.26%	7.26%
MSCI World USD Index	1,410.68	0.54%	1.22%	6.32%	6.32%
MSCI All Country Asia Pacific ex-Japan Total Returns	374.53	0.91%	-0.44%	2.53%	2.53%
MSCI Europe USD Index	1,534.69	0.50%	2.44%	6.19%	6.19%
FTSEurofirst 300 Index	1,177.79	0.41%	1.06%	4.18%	4.18%
Dow Jones Industrial Average Index	13,954.42	0.52%	1.77%	7.86%	7.86%
Standard & Poor's 500 Index	1,507.84	0.51%	1.02%	7.52%	7.52%
YIELDS AND PRICES	29-Jan-13	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-F)	0.3269	0.03%	0.03%	-0.16%	-0.16%
1-Year Philippine Treasury Bill Yield (PDST-F)	1.2192	0.24%	0.24%	0.23%	0.23%
ROP2021 (Price)	111.097	(0.35)	(0.57)	(1.33)	(1.33)
ROP2034 (Price)	134.878	(0.54)	(1.09)	(4.91)	(4.53)
3-Month US Treasury Yield	0.0659	0.01%	0.01%	0.04%	0.04%
2-year US Treasury Yield	0.2774	0.00%	0.04%	0.03%	0.03%
10-year US Treasury Yield	1.9991	0.04%	0.16%	0.30%	0.30%
30-year US Treasury Yield	3.1839	0.04%	0.16%	0.32%	0.32%
3-Month German Treasury Bill Yield	0.022	0.00%	0.02%	0.02%	0.02%
Brent Crude Oil Spot (\$/bbl)	116.34	0.54%	1.38%	3.93%	3.93%
Dubai Crude Oil Spot (\$/bbl)	109.02	0.45%	1.03%	1.87%	1.87%
1-month Nymex oil futures (\$/bbl)	97.57	1.17%	1.38%	7.46%	7.46%
Gold Spot (\$/oz)	1,663.80	0.50%	-1.71%	0.48%	0.48%
USD/PHP (PDEX close)	40.735	(0.17)	0.13	(0.31)	(0.31)

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets					
Last Trade as of January 29 2013					
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pacific Index	132.51	+	1.16	+ 0.88
Australia	S&P/ASX 200 Index	4,888.98	+	53.80	+ 1.11
China	Shanghai SE Comp Index	2,358.98	+	12.47	+ 0.53
Hong Kong	Hang Seng Index	23,655.17	-	16.71	- 0.07
India	SENSEX	19,990.90	-	112.45	- 0.56
Indonesia	Jakarta Composite Index	4,439.03	+	22.09	+ 0.50
Japan	Nikkei 225	10,866.72	+	42.41	+ 0.39
Malaysia	KLCI	1,637.34	+	0.21	+ 0.01
New Zealand	NZX 50 Index	4,200.29	-	4.15	- 0.10
Singapore	Straits Times Index	3,259.75	-	14.16	- 0.43
South Korea	KOSPI	1,955.96	+	16.25	+ 0.84
Taiwan	TWSE	7,802.00	+	87.33	+ 1.13
Thailand	SET Index	1,478.77	+	6.72	+ 0.46

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)							
	29Jan-13	28-Jan-13	Difference		29Jan-13	28-Jan-13	Difference
1 month	0.2000	0.2000	0.000	4 year	3.6732	3.4752	+ 0.198
3 month	0.1500	0.1050	+ 0.045	5 year	3.5991	3.6750	- 0.076
6 month	0.4000	0.4000	0.000	7 year	3.7333	3.7464	- 0.013
1 year	1.0000	0.9710	+ 0.029	10 year	4.0317	4.0635	- 0.032
2 year	2.4337	2.2000	+ 0.234	20 year	5.1750	5.3000	- 0.125
3 year	3.0850	3.0914	- 0.006	25 year	5.1891	5.3297	- 0.141

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
1/31/2013	Philippines GDP Constant 2000 Prices YoY	4Q	1/30/2013	Mortgage Bankers Association US Mortgage Market Indx Weekly % Change SA Old Meth	Jan 25
1/31/2013	Philippines National Accounts GDP Constant 2000 Prices QoQ SA	4Q	1/30/2013	GDP US Chained 2005 Dollars QoQ SAAR	4Q A
1/31/2013	Philippines Annual GDP Constant 2000 Prices Growth Rate	2012	1/31/2013	Federal Funds Target Rate US	Jan 30
2/5/2013	Philippines CPI All items YoY% 2006=100	Jan	1/31/2013	US Initial Jobless Claims SA	Jan 26
2/5/2013	Philippines CPI All items MoM% 2006=100	Jan	1/31/2013	US Personal Income MoM SA	Dec
2/5/2013	Philippines Core Inflation YoY 2006=100	Jan	1/31/2013	US Personal Consumption Expenditures Nominal Dollars MoM SA	Dec
2/7/2013	Philippines Gross Intl Reserves	Jan	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