

## News Briefs

### Local

- The local equities market ended the week with a new record high, breaching the 6,100 level. Globe Telecom Inc. (GLO) and Philippine Long Distance Telephone Company (TEL) were the best performers as investors chose to buy stocks with high dividend yields. The PSEi rose by 67.03 points, or 1.10%, to close at 6,139.21. All sectoral indices ended in the green led by services (+2.29%), holding firms (+1.67%) and mining and oil (+1.54%). Market breadth was positive with advances outnumbering declines 103 to 60 with 48 stocks unchanged. Value turnover reached Php9.34 billion.
- Data from the Bangko Sentral ng Pilipinas (BSP) showed that new bank branch approvals reached a record of 171 in the third quarter of 2012, the highest for a specified period since the fourth quarter of 1998. These new outlets consisted of 78 universal and commercial banks, 67 thrift banks and 26 rural and cooperative banks. BSP deputy governor Nestor Espenilla Jr said that this is a good sign of a growing economy and healthy banking system. He also added that branch expansions will further enhance access to financial services especially in areas outside Metro Manila.
- The National Economic and Development Authority (NEDA) board has cleared infrastructure and social development projects worth a total of Php147 billion. Among the projects that were given the green light by the board were the Cavite-Laguna Expressway (CALAX) project which costs Php35.58 billion, NLEX-SLEX Connector Road project which is estimated at Php25.56 billion, the allocation of Php1.03 billion for the project called “Adapting to Climate Change Through the Construction of Water Impounding Facilities in the Philippines: Pasa Small Reservoir Irrigation Project (Pasa SRIP)” and Php2.94 billion that would be used to finance the Change in Scope of the Second Cordillera Highland Agricultural Resources Management Project (CHARMP II).
- Prices of local government securities ended the day barely changed as two-way interest was observed during last Friday’s trading session. In general, yields marginally declined by an average of 0.02 basis points led by the short end of the curve while dropped 0.6 basis points. Meanwhile, the belly and long end of the curve gained 0.1 and 0.6 basis points, respectively.
- The Philippine peso strengthened against the greenback last Friday on the back of continued optimism for the country’s economic outlook. The USD-PHP exchange pair gained 5.5 centavos to end the week at 40.575.

### US and Europe

- US equities ended in the green last Friday, closing a third straight week of gains following positive earnings results from General Electric and optimistic news on the country’s debt ceiling. The Dow Jones Industrial Average index rose 53.68 points to 13,649.70 and the S&P500 index was higher 5.04 points to close at 1,485.98.
- Consumer sentiment in the US declined January, hitting the lowest level since December 2011. The University of Michigan’s Consumer Confidence index dropped to 71.3 in January from 72.9 last December. The figure is also much lower than market estimates of 75.00, a forecast which had already taken into account effects of the concern lingering over existing major fiscal issues.
- Surveyed economists surmised that sales of homes in the US probably rose in December to the highest level in three years as the economy moves towards a more solid recovery in 2013. Economists have estimated that combined purchases of new and existing properties rose to an annual rate of 5.49 million in December, which is the highest since November 2009. The reasons for this, they added, are the historically low mortgage rates, an improving jobs market and the rising number of households which will likely increase demand for housing.
- US Treasury prices climbed last Friday as Thursday’s sell-off attracted bargain hunters. Moreover, pessimistic consumer confidence data overshadowed optimism over progress in resolving the fiscal crisis and drove investors to safe-haven assets. The 10-year benchmark dipped 4 basis points to 1.842% while the 2-year yield declined 2 basis points to 0.25%.
- European equities slightly declined in spite of China’s strong fourth quarter GDP growth. The FTSEurofirst300 index slipped 2.2 points to 1,163.64.
- The euro fell slightly against the US dollar as currency traders booked profits made over the past few days. The shared currency fell back 0.06 cents to close at US\$1.3370.

## Asia Pacific

- Most Asian markets ended in the green as a drastic depreciation of the yen sent Japan's Nikkei 225 to its highest weekly close since early 2011. Renewed selling of the yen started after Japan's economic minister, Akira Amari, said that excessive yen weakness could have a negative impact on the country. Consequently, reports suggested that the Japanese central bank was considering replacing a conventional "fixed" asset buying with an "open-ended" program until the 2% inflation target was reached. Also boosting markets was sentiment brought about by China's better than expected fourth quarter GDP (7.9% vs. a market estimate of 7.8%). Japan's Nikkei 225 (+2.86%), Taiwan's TWSE (+1.53%), and Indonesia's Jakarta Composite Index (+1.53%) posted the largest gains among peers. The MSCI All Country Asia Pacific Index advanced 1.52 points, or 1.16%, to 132.72.

## Key Indicators

<b>EQUITIES BENCHMARK INDICES</b>	<b>18-Jan-13</b>	<b>DoD change</b>	<b>WoW change</b>	<b>MoM change</b>	<b>Ytd change</b>
Philippine Stock Exchange Index	6,139.21	1.10%	1.45%	8.92%	5.62%
MSCI World USD Index	1,388.11	0.14%	0.45%	2.98%	4.62%
MSCI All Country Asia Pacific ex-Japan Total Returns	375.66	0.79%	0.76%	3.41%	2.84%
MSCI Europe USD Index	1,495.15	-0.62%	-0.42%	2.87%	3.45%
FTSEurofirst 300 Index	1,163.64	-0.16%	0.02%	2.30%	2.93%
Dow Jones Industrial Average Index	13,649.70	0.39%	1.20%	2.24%	5.50%
Standard & Poor's 500 Index	1,485.98	0.34%	0.95%	2.71%	5.96%
<b>YIELDS AND PRICES</b>	<b>18-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)	0.3085	0.00%	-0.00%	-0.22%	-0.18%
1-Year Philippine Treasury Bill Yield (PDST-F)	0.9729	-0.02%	-0.06%	-0.32%	-0.02%
ROP2021 (Price)	111.866	0.00	0.24	(0.22)	(0.56)
ROP2034 (Price)	137.170	(0.28)	(0.21)	(1.70)	(2.23)
3-Month US Treasury Yield	0.0710	0.00%	0.01%	0.02%	0.04%
2-year US Treasury Yield	0.2503	-0.01%	0.00%	-0.03%	0.00%
10-year US Treasury Yield	1.8416	-0.04%	-0.03%	0.02%	0.14%
30-year US Treasury Yield	3.0289	-0.04%	-0.02%	0.03%	0.16%
3-Month German Treasury Bill Yield	-0.023	-0.02%	-0.00%	0.02%	-0.02%
Brent Crude Oil Spot (\$/bbl)	113.87	0.92%	1.82%	1.29%	1.72%
Dubai Crude Oil Spot (\$/bbl)	106.39	0.41%	-1.05%	1.25%	-0.59%
1-month Nymex oil futures (\$/bbl)	95.56	0.07%	2.14%	8.68%	5.24%
Gold Spot (\$/oz)	1,684.30	-0.19%	1.29%	0.79%	1.72%
USD/PHP (PDEX close)	40.575	(0.05)	(0.03)	(0.50)	(0.47)

Source: Bloomberg

## Asian Equity Markets

<b>Asia Pacific Markets</b>					
Last Trade as of		January 18, 2013			
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pacific Index	132.72	+	1.52	+ 1.16
Australia	S&P/ASX 200 Index	4,771.23	+	14.60	+ 0.31
China	Shanghai SE Comp Index	2,317.07	+	32.16	+ 1.41
Hong Kong	Hang Seng Index	23,601.78	+	262.02	+ 1.12
India	SENSEX	20,039.04	+	75.01	+ 0.38
Indonesia	Jakarta Composite Index	4,465.48	+	67.10	+ 1.53
Japan	Nikkei 225	10,913.30	+	303.66	+ 2.86
Malaysia	KLCI	1,676.44	-	4.65	- 0.28
New Zealand	NZX 50 Index	4,164.18	-	32.63	- 0.78
Singapore	Straits Times Index	3,211.22	+	16.12	+ 0.50
South Korea	KOSPI	1,987.85	+	13.58	+ 0.69
Taiwan	TWSE	7,732.87	+	116.23	+ 1.53
Thailand	SET Index	1,434.44	+	13.49	+ 0.95

## Local Bond Market

<b>Peso Interest Rates (PDEX PDST-R2)</b>							
	18-Jan-13	17-Jan-13	Difference		18-Jan-13	17-Jan-13	Difference
1 month	0.1250	0.1250	0.000	4 year	3.6111	3.6027	+ 0.008
3 month	0.1250	0.1250	0.000	5 year	3.6750	3.6500	+ 0.025
6 month	0.3500	0.3750	- 0.025	7 year	4.0650	4.0700	- 0.005
1 year	0.8000	0.8000	0.000	10 year	4.3294	4.3081	+ 0.021
2 year	2.2250	2.2500	- 0.025	20 year	5.5648	5.5500	+ 0.015
3 year	3.1500	3.1500	0.000	25 year	5.5244	5.5410	- 0.017

## Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
1/24/2013	Philippines Overnight Reverse Repurchase Agreement RRP Rate	Jan 24	1/23/2013	Mortgage Bankers Association US Mortgage Market Indx Weekly % Change SA Old Meth	Jan 18
1/25/2013	Philippines External Balance of Trade	Nov	1/24/2013	US Initial Jobless Claims SA	Jan 19
1/25/2013	Philippines External Trade Imports YoY	Nov	1/28/2013	US Durable Goods New Orders Industries MoM SA	Dec
1/25/2013	Philippines External Trade Imports	Nov	1/29/2013	Conference Board Consumer Confidence SA 1985=100	Jan
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
			2/1/2013	ISM Manufacturing PMI SA	Jan

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