

Local

January 29, 2015

- The local equities market climbed to a new record high for this year amid continued optimism in the country's economic prospects. The PSEi gained another 30.61 points or 0.40% to close at 7,661.18. All indices ended in green led by holding firms (+0.94%) and industrial (+0.83%). Market breadth was negative with 94 declines outnumbering 78 advances, while 48 issues remain unchanged. Total value turnover reached Php10.46 billion. Foreign investors were net buyers at Php515.77 million.
- The House of Representatives signed an agreement with Meralco to participate in the Interruptible Load Program (ILP). It registered its 1.7-megawatt (MW) self-generating facilities (SGF) to de-load from 10 am to 1 pm. Meralco was targeting 730 MW of ILP capacities from its franchise alone.
- Megawide-led consortium borrows Php3.3 billion from the Asian Development Bank (ADB) to partially finance the construction of its Mactan-Cebu International Airport project. Late last year, Megawide raised Php20 billion through syndicated loan from six local banks, making the total debt financing for the project to Php23.3 billion or approximately 70% of the planned capital expenditure of Php31.92, the maximum extent of debt indicated in the proposal.
- In the local fixed income space, bond prices fell as strong buying interest in the afternoon failed to curb some profit taking earlier during the day. Yields rose by an average of 3.92 basis points with the short, belly and long ends increasing by 0.3, 8.4 and 1.4 basis points, respectively.
- The Peso's rally versus the greenback tempered slightly yesterday as investors took profit ahead of the conclusion of the Fed's FOMC meeting this week. The USD/PHP pair edged up 0.01% to close trading at 44.085.

US and Europe

- US equities declined, with energy producers leading the drop as crude oil prices continued to freefall following lower price forecasts. The Dow Jones Industrial average index plunged 195.84 points, or -1.13% to close at 17,191.37 and the S&P500 index surrendered 27.39 points, or -1.35%, to close at 2,002.16.
- According to the Federal Open Market Committee (FOMC) following its meeting on Wednesday, economic activity has been expanding at a solid pace and labor market conditions have improved further. Nevertheless, it kept its promise to be "patient" on raising interest rates, maintaining the Fed Funds rate at its current 0.25% level. Inflation however, is "anticipated to decline further in the near terms" but should "rise gradually toward 2% over the medium term", according to the FOMC. Note that the Federal Reserve has kept its main interest rate near zero since December 2008.
- US Treasury prices climbed, with the 10-year yield falling to a three-month low as falling oil prices diminished the inflation outlook and spurred speculation that the Federal Reserve could delay its policy rate hike. The 10-year benchmark yield lost 10 basis points to 1.72%.
- European stocks ended the day mostly unchanged as a handful of companies posted strong corporate earnings results, only to be countered by the continued concerns over Greece. The FTSEurofirst300 index lost 0.06% to 1,474.99.
- The Euro resumed its fall relative to the US Dollar yesterday as investors waited to see if the Fed would make good on its stance of "patience" with regard to monetary policy. This, against a backdrop of heightened uncertainty surrounding the prospect of a Greek exit from the Eurozone, led to the Euro depreciation in spite of German consumer sentiment beating expectations for January. The EUR/USD fell 0.83% to close trading at the 1.1287 level.

Asia Pacific

- Asian markets closed yesterday's trading with mixed results as the Japanese Nikkei and Australian ASX200 gained 27.43 points (+0.15%, day on day) and 5.56 points (+0.10%, day on day), respectively, while the Chinese Shanghai Composite and Indian Sensex fell 47.22 points (-1.41%, day on day) and 11.86 points (-0.04%, day on day). The Indian market traded sideways on anticipation over the Fed's FOMC meeting while sectoral strength and weakness in Japanese transportation and Chinese energy, respectively, led to the mixed performance. In Australia, the ASX's rally continued despite the soft inflation print.

Key Indicators

EQUITIES BENCHMARK INDICES						
	28-Jan-15	DoD change	WoW change	MoM change	Ytd change	
Philippine Stock Exchange Index	7,661.18	0.40%	2.50%	6.61%	5.96%	
MSCI World USD Index	1,689.20	-0.96%	-0.30%	-2.33%	-2.45%	
MSCI All Country Asia Pacific ex-Japan Total Returns	400.66	-0.00%	1.49%	4.25%	3.03%	
MSCI Europe USD Index	1,625.18	-0.43%	0.93%	-0.02%	-0.17%	
FTSEurofirst 300 Index	1,474.99	-0.06%	3.07%	7.28%	7.12%	
Dow Jones Industrial Average Index	17,191.37	-1.13%	-2.07%	-4.78%	-4.69%	
Standard & Poor's 500 Index	2,002.16	-1.35%	-1.47%	-4.15%	-4.23%	
YIELDS AND PRICES						
	28-Jan-15	DoD change	WoW change	MoM change	Ytd change	
91-Day Philippine Treasury Bill Yield (PDST-F)	2.1341	0.00%	-0.10%	-0.40%	-0.41%	
1-Year Philippine Treasury Bill Yield (PDST-F)	2.5636	0.02%	0.02%	-0.21%	-0.13%	
ROP2021 (Price)	109.509	0.09	0.16	1.30	1.26	
ROP2034 (Price)	140.994	0.18	0.62	7.19	7.12	
3-Month US Treasury Yield	0.0152	0.00%	-0.01%	0.02%	0.02%	
2-year US Treasury Yield	0.4654	-0.05%	-0.04%	-0.27%	-0.24%	
10-year US Treasury Yield	1.7207	-0.10%	-0.15%	-0.53%	-0.48%	
30-year US Treasury Yield	2.2908	-0.11%	-0.17%	-0.53%	-0.48%	
3-Month German Treasury Bill Yield	-0.209	-0.02%	0.02%	-0.04%	-0.02%	
Dubai Crude Oil Spot (\$/bbl)	45.50	2.45%	2.18%	-20.15%	-19.20%	
1-month Nymex oil futures (\$/bbl)	44.45	-3.85%	-6.97%	-18.78%	-17.09%	
Gold Spot (\$/oz)	1,284.49	-0.60%	-0.67%	7.40%	8.55%	
USD/PHP (PDEX close)	44.085	0.02	(0.31)	(0.59)	(0.63)	

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets					
		Last Trade as of	January 28, 2015		
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pacific Index	142.37	- 0.06	- 0.04	
Australia	S&P/ASX 200 Index	5,552.78	+ 5.56	+ 0.10	
China	Shanghai SE Comp Index	3,305.74	- 47.22	- 1.41	
Hong Kong	Hang Seng Index	24,861.81	+ 54.53	+ 0.22	
India	SENSEX	29,559.18	- 11.86	- 0.04	
Indonesia	Jakarta Composite Index	5,268.85	- 8.30	- 0.16	
Japan	Nikkei 225	17,795.73	+ 27.43	+ 0.15	
Malaysia	KLCI	1,795.88	- 7.29	- 0.40	
New Zealand	NZX 50 Index	5,794.82	+ 57.09	+ 0.99	
Singapore	Straits Times Index	3,419.15	+ 6.95	+ 0.20	
South Korea	KOSPI	1,961.58	+ 9.18	+ 0.47	
Taiwan	TWSE	9,510.92	- 10.67	- 0.11	
Thailand	SET Index	1,592.81	+ 3.00	+ 0.19	

Local Bond Market

Peso Interest Rates (PDEX PDST-F)							
	28-Jan-15	27-Jan-15	Difference		28-Jan-15	27-Jan-15	Difference
1 month	2.3091	2.3159	- 0.007	4 year	3.5795	3.5023	+ 0.077
3 month	2.1341	2.1318	+ 0.002	5 year	3.4455	3.4500	- 0.005
6 month	2.4773	2.4795	- 0.002	7 year	3.8841	3.6477	+ 0.236
1 year	2.5636	2.5455	+ 0.018	10 year	4.0818	4.1068	- 0.025
2 year	3.0864	3.0591	+ 0.027	20 year	5.1295	5.0591	+ 0.070
3 year	3.3250	3.2432	+ 0.082	25 year	4.2682	4.2727	- 0.005

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
1/29/2015	Philippines GDP Constant 2000 Prices YoY	4Q	1/29/2015	US Initial Jobless Claims SA	Jan 24
1/29/2015	Philippines National Accounts GDP Constant 2000 Prices QoQ SA	4Q	1/30/2015	GDP US Chained 2009 Dollars QoQ SAAR	4Q A
1/29/2015	Philippines Annual GDP Constant 2000 Prices Growth Rate	2014	1/30/2015	University of Michigan Consumer Sentiment Index	Jan F
1/30/2015	Philippines Commercial Banks Loans Outstanding Total Gross YoY	Dec	2/2/2015	US Personal Income MoM SA	Dec
1/30/2015	Philippines Commercial Banks Loan Outstanding Total Net YoY	Dec	2/2/2015	US Personal Consumption Expenditures Nominal Dollars MoM SA	Dec
2/5/2015	Philippines CPI All items YoY% 2006=100	Jan	2/2/2015	ISM Manufacturing PMI SA	Jan
2/5/2015	Philippines CPI All items MoM% 2006=100	Jan	2/3/2015	US Manufacturers New Orders Total MoM SA	Dec
2/6/2015	Philippines Gross Intl Reserves	Jan	2/4/2015	Mortgage Bankers Association US Mortgage Market Indx Weekly % Change SA Old Meth	Jan 23
			2/6/2015	US Employees on Nonfarm Payrolls Total MoM Net Change SA	Jan
			2/6/2015	U-3 US Unemployment Rate Total in Labor Force Seasonally Adjusted	Jan

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