

## Local

January 30, 2015

- The local equities market ended its 3-day winning streak as the Fed's more hawkish tone and profit-taking pressures overshadowed the positive surprise from the GDP figures. The PSEi lost 43.88 points or -0.57% to close at 7,617.30. All indices ended in red led by property (-1.56%) and services (-0.91%). Market breadth was negative with 116 declines outnumbering 65 advances, while 43 issues remained unchanged. Total value turnover reached Php13.05 billion. Foreign investors were net buyers at Php817.58 million.
- The Philippine Economic Zone Authority (PEZA) expects investments in ecozones for this year will be 8-9% higher than in 2014. PEZA noted that investment pledges in 2014 was recorded at Php279.48 billion, 1.2% higher than 2013's Php276.13 billion. PEZA cited the growing interest of foreign manufacturers to locate in the Philippines. However, the main risk for this growth is the bottleneck in Manila ports, the agency said.
- Andrew Tan-led, Megaworld Corporation (MEG) launched its second tower in Davao Park District. The Company said that its subsidiary, Suntrust Properties Inc. will develop the second tower after its first tower in One Lakeshore Drive was almost sold out, two months after the selling began. MEG expects at least Php2 billion in sales this year from the said project. It allots Php15 billion in the next five to seven years to build and develop the Davao township.
- In the local fixed income space, bond prices rose as the country's 4Q'14 (fourth quarter, 2014) GDP result of 6.9% printed, beating market expectations of 6.1% and 3Q'14's result of 5.3%. Yields fell 1.25 basis points, on average, across the length of the curve with the belly and long-ends losing 3 and 1.8 basis points, respectively. The short end, meanwhile, gained 1.4 basis points.
- The Peso paused its rally yesterday as language emanating from the Fed's FOMC meeting this week indicated a more hawkish stance with regard to short term interest rate hikes, prompting limited profit taking. The USD/PHP pair climbed 0.06% to close today's trading at the 44.110 level.

## US and Europe

- US equities bounced back from Wednesday's decline as an upbeat statement from Federal Reserve Chairman Janet Yellen was accompanied by mostly positive corporate earnings and a drop in unemployment claims. The Dow Jones Industrial Average rallied 225.48 points to 17,416.85 and the S&P500 index bounced 19.09 points to 2,021.25.
- According to Fed Chair Janet Yellen, the US economy is strong, stating that "things are going well" and that unemployment is low. Sen. Joe Manchin, who had lunch with her on Wednesday said that "she feels the economy is strong, a lot is good." Sen. Richard Durbin added that "She went through the issues of unemployment and inflation. Very positive. And economic growth numbers were good, have been good." Moreover, Ms. Yellen distinguished the US economy from the rest of the world, noting weakness outside.
- Unemployment claims in the US plunged by 43,000 last week to a seasonally adjusted 265,000. This was lower than the market estimate of a drop to 300,000, and was the lowest level since April 2000. A Labor Department Analyst said that it could have been because of the shortened workweek from the Martin Luther King Jr. holiday. The less-volatile four-week moving average likewise declined 8,250 to 298,500 while the number of people filing continuing claims for unemployment benefits dropped 71,000 to 2.385 million in the week ended January 17.
- US Treasury prices retreated from Wednesday's close as a strong jobless claims report boosted appetite for riskier assets. The 10-year bond yield is rose 5 basis points to 1.7512%.
- European shares ended the day lower, pulled down by disappointing corporate earnings results. The FTSEurofirst300 index shed 1.80 points to 1,473.19.
- The Euro slipped further relative to the US Dollar yesterday as strong, ECB-induced liquidity resulted in robust capital inflows into the US market driving down the EUR/USD pair 0.48% to close yesterday's trading at the 1.1307 level.

## **Asia Pacific**

- Most Asian markets closed lower with the Japanese Nikkei, Chinese Shanghai Composite and Hong Kong Hang Seng losing 189.51 points (-1.06%, day on day), 43.43 points (-1.31%, day on day) and 265.96 points (-1.07%, day on day), respectively. As Chinese regulators cracked down on margin trading in the Shanghai Composite, concern that the rally was over affected the Hang Seng negatively. Unimpressive corporate earnings results in Japan also led to weakness. In Indian Sensex, which gained 122.59 points (+0.41%, day on day), there was outperformance on blue chip names.

## Key Indicators

<b>EQUITIES BENCHMARK INDICES</b>	<b>29-Jan-15</b>	<b>DoD change</b>	<b>WoW change</b>	<b>MoM change</b>	<b>Ytd change</b>
Philippine Stock Exchange Index	7,617.30	-0.57%	2.71%	5.35%	5.35%
MSCI World USD Index	1,693.81	0.27%	-0.97%	-2.19%	-2.19%
MSCI All Country Asia Pacific ex-Japan Total Returns	395.59	-1.26%	-0.03%	1.73%	1.73%
MSCI Europe USD Index	1,622.62	-0.16%	0.59%	-0.33%	-0.33%
FTSEurofirst 300 Index	1,473.19	-0.12%	1.36%	6.99%	6.99%
Dow Jones Industrial Average Index	17,416.85	1.31%	-2.23%	-3.44%	-3.44%
Standard & Poor's 500 Index	2,021.25	0.95%	-2.03%	-3.32%	-3.32%
<b>YIELDS AND PRICES</b>	<b>29-Jan-15</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)	2.1455	0.01%	-0.10%	-0.40%	-0.40%
1-Year Philippine Treasury Bill Yield (PDST-F)	2.5591	-0.00%	0.05%	-0.14%	-0.14%
ROP2021 (Price)	109.912	0.40	0.73	1.66	1.66
ROP2034 (Price)	141.880	0.89	2.37	8.01	8.01
3-Month US Treasury Yield	0.0051	-0.01%	-0.01%	0.01%	0.01%
2-year US Treasury Yield	0.5158	0.05%	-0.00%	-0.19%	-0.19%
10-year US Treasury Yield	1.7512	0.03%	-0.11%	-0.45%	-0.45%
30-year US Treasury Yield	2.3148	0.02%	-0.12%	-0.46%	-0.46%
3-Month German Treasury Bill Yield	-0.222	-0.01%	0.00%	-0.04%	-0.04%
Dubai Crude Oil Spot (\$/bbl)	45.14	-0.79%	1.26%	-19.84%	-19.84%
1-month Nymex oil futures (\$/bbl)	44.53	0.18%	-3.84%	-16.94%	-16.94%
Gold Spot (\$/oz)	1,257.38	-2.11%	-3.44%	6.26%	6.26%
USD/PHP (PDEX close)	44.110	0.02	(0.21)	(0.61)	(0.61)

Source: Bloomberg

## Asian Equity Markets

<b>Asia Pacific Markets</b>				
		<b>Last Trade as of</b>	<b>January 29, 2015</b>	
<b>Country</b>	<b>Index</b>	<b>Value</b>	<b>DoD Change</b>	<b>% Change</b>
Asia Pacific	MSCI AC Asia Pacific Index	140.45	- 1.92	- 1.35
Australia	S&P/ASX 200 Index	5,569.49	+ 16.70	+ 0.30
China	Shanghai SE Comp Index	3,262.31	- 43.43	- 1.31
Hong Kong	Hang Seng Index	24,595.85	- 265.96	- 1.07
India	SENSEX	29,681.77	+ 122.59	+ 0.41
Indonesia	Jakarta Composite Index	5,262.72	- 6.13	- 0.12
Japan	Nikkei 225	17,606.22	- 189.51	- 1.06
Malaysia	KLCI	1,782.18	- 13.70	- 0.76
New Zealand	NZX 50 Index	5,759.81	- 35.01	- 0.60
Singapore	Straits Times Index	3,419.05	- 0.10	- 0.00
South Korea	KOSPI	1,951.02	- 10.56	- 0.54
Taiwan	TWSE	9,426.90	- 84.02	- 0.88
Thailand	SET Index	1,586.40	- 6.41	- 0.40

## Local Bond Market

<b>Peso Interest Rates (PDEX PDST-F)</b>							
	<b>29-Jan-15</b>	<b>28-Jan-15</b>	<b>Difference</b>		<b>29-Jan-15</b>	<b>28-Jan-15</b>	<b>Difference</b>
1 month	2.3591	2.3091	+ 0.050	4 year	3.5682	3.5795	- 0.011
3 month	2.1455	2.1341	+ 0.011	5 year	3.3909	3.4455	- 0.055
6 month	2.4773	2.4773	0.000	7 year	3.7750	3.8841	- 0.109
1 year	2.5591	2.5636	- 0.005	10 year	4.0750	4.0818	- 0.007
2 year	3.0841	3.0864	- 0.002	20 year	5.1500	5.1295	+ 0.021
3 year	3.3500	3.3250	+ 0.025	25 year	4.2000	4.2682	- 0.068

## Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
1/30/2015	Philippines Commercial Banks Loans Outstanding Total Gross YoY	Dec	1/30/2015	GDP US Chained 2009 Dollars QoQ SAAR	Jan 24
1/30/2015	Philippines Commercial Banks Loan Outstanding Total Net YoY	Dec	1/30/2015	University of Michigan Consumer Sentiment Index	4Q A
2/5/2015	Philippines CPI All items YoY% 2006=100	Jan	2/2/2015	US Personal Income MoM SA	Jan F
2/5/2015	Philippines CPI All items MoM% 2006=100	Jan	2/2/2015	US Personal Consumption Expenditures Nominal Dollars MoM SA	Dec
2/5/2015	Philippines Core Inflation YoY 2006=100	Jan	2/2/2015	ISM Manufacturing PMI SA	Dec
2/6/2015	Philippines Gross Intl Reserves	Jan	2/3/2015	US Manufacturers New Orders Total MoM SA	Jan
1/28/2016	Philippines Annual GDP Constant 2000 Prices Growth Rate	2015	2/4/2015	Mortgage Bankers Association US Mortgage Market Indx Weekly % Change SA Old Meth	Dec
			2/5/2015	US Initial Jobless Claims SA	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