

Local

- The local equities market stopped just short of breaching a strong resistance yesterday at the 6,200 level, extending to three days its rally. Backed largely by buying sentiment on full-year corporate earnings that have so far offered some upside surprise, investors' spirits were further buoyed by Japan's decision to maintain its own version of economic stimulus. The PSEi gained 26.15 points, or +0.42%, to close at 6,193.97. Most indices ended the day in positive territory led by property (+1.24%), mining and oil (+0.70%), and holding firms (+0.45%) while services (-0.59%) bucked the trend to end in the red. Market breadth was positive with 89 advances outnumbering 73 declines, while 33 issues were unchanged. Total value turnover amounted to Php5.98 billion. Foreign investors were net sellers at Php0.17billion.
- According to the Department of Finance (DoF), total government debt climbed by 4.5% last year to Php5.68 trillion as it continued to borrow from both local and foreign sources in order to fund its expenditures. However, debt was still at a manageable level as the registered increase was slower than the growth of the economy in 2013. In nominal terms, the economy grew by 9.28% to Php11.55 trillion last year. Given these figures, the country's debt-to-GDP ratio in nominal terms dropped to 49.21% from 2012's 51.5%. This was the first time the ratio registered below 50%.
- Data released by the Philippine Ports Authority (PPA) yesterday showed that cargo volume reached 199.18 million metric tons (MT) last year, or 5.74 million higher than 2012's level. According to PPA general manager Juan Sta. Ana, the growth in cargo volume came from the country's robust exports and imports amid sustained economic growth last year. Private ports accounted for 61.3% of total cargo while government-run ports accounted for 38.7%.
- The Bureau of the Treasury sold Php25 billion worth of re-issued 5-year Fixed Rate Treasury Notes during an auction concluded yesterday. The notes were fully awarded at an average yield of 3.520%, compared to the prior auction held in December last year, wherein the government rejected all bids. These same notes were also sold in September last year, at an average yield of 3.002%. Total bids amounted to Php39.95 billion.
- The Philippine peso depreciated against the US dollar, tracking regional peers as investors remained uncertain on the growth trajectory of emerging markets. The local currency lost 17 centavos to close at 44.600.

US and Europe

- US equities ended the day mixed following the release of more downbeat, weather-affected economic data points, countered by a US\$25 billion deal made in the healthcare segment and an unexpected decision from the Bank of Japan to broaden its lending programs. The Dow Jones Industrial Average eased 23.99 points to 16,130.40 while the S&P 500 tickled up 2.13 points to 1,840.76.
- For the month of February, the Federal Reserve Bank of New York's Empire State Manufacturing Survey indicated that its business-conditions index fell to 4.48, much lower than the market estimate of 8.50, from January's 12.51. Other components of the survey also slumped, with the new-orders index falling to -0.21 from 10.98, the shipments index plunging to 2.13 from 15.52 and the employment index dipping to 11.25 from 12.20. However, there was an improvement in the general business-conditions-expectations index for the next six months to 38.99 from 37.51 as manufacturers were fairly optimistic about future business conditions.
- According to the National Association of Home Builders, its Housing Market index dropped to 46 in February from 56 in January. Market consensus had forecasted no change. Home builder confidence fell as February's severe weather weighed on sentiment.
- For the fourth quarter of 2013, US consumer debt rose by US\$241 billion, or +2.1%, to US\$11.52 trillion. This was the fastest pace of increase since the third quarter of 2007. Mortgage balances, which comprise the largest part of household debt, rose US\$16 billion on an annual basis, capping a four-year streak of annual declines. Credit-card balances and auto-loan balances likewise jumped by US\$4 billion and US\$80 billion, respectively, while student-loan balances rose US\$114 billion. Over-all also debt climbed US\$180 billion from the previous year's levels.
- US Treasury prices rose following a worse-than-expected New York Empire State Manufacturing report. The 10-year benchmark yield fell 3.2 basis points to 2.71%.
- European shares ended the day marginally higher despite a significant decline in a key German sentiment gauge and as investors mulled over the various monetary policy actions from China and Japan. The FTSEurofirst 300 index crept up 0.24 of a point to 1,337.30.

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- Last February, the German ZEW's monthly poll of economic sentiment dropped to 55.7 from 61.7 in January. Market estimate was for the figure to come in at 61.5. However, ZEW President Clemens Fuest stressed that the drop "must not be overstated" especially as most of the survey participants remained optimistic. The gauge had dropped mainly due to uncertainty on the recent weak figures from the US, and concerns regarding China's prospects.
- The euro appreciated against the greenback as investors positively received the fact that the region's current account continued to be at a surplus. The currency bloc's current account remained at a surplus despite falling from a record high at the end of 2013. The current account balance declined in adjusted terms to a surplus of €21.3bln in December from a downwardly revised €23.3bln in November. The shared currency added 0.52 cents to EUR/USD1.3759.

Asia Pacific

- Most Asian markets extended their second win for the week, with Japanese shares posting their biggest gain in over six months. Investors took their cue from the Japanese central bank's statement that it would extend its lending program, suggesting that it was ready to do more to help its economy. The statement came after Monday's release of a weaker-than-expected GDP print. Analysts commented that while the Bank of Japan didn't offer any major surprise, market players were hungry for good news following the Nikkei's 11% drop this year. Japan's Nikkei 225 (+3.13%), India's SENSEX (+0.83%), and China's Shanghai SE Composite Index (+0.77%) posted the largest gains among peers. The MSCI All Country Asia Pacific Index advanced 1.29 points, or 0.95%, to 137.57.

Key Indicators

EQUITIES BENCHMARK INDICES	18-Feb-14	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	6,193.97	0.42%	1.44%	3.46%	5.16%
MSCI World USD Index	1,660.54	0.42%	1.60%	0.19%	0.39%
MSCI All Country Asia Pacific ex-Japan Total Returns	371.20	0.01%	2.18%	0.50%	-1.00%
MSCI Europe USD Index	1,786.53	0.38%	2.07%	0.94%	1.73%
FTSEurofirst 300 Index	1,337.30	0.02%	1.52%	-0.57%	1.75%
Dow Jones Industrial Average Index	16,130.40	-0.15%	0.85%	-1.99%	-2.11%
Standard & Poor's 500 Index	1,840.76	0.12%	1.15%	0.11%	-0.03%
YIELDS AND PRICES	18-Feb-14	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-F)	1.1767	-0.00%	-0.02%	0.18%	0.69%
1-Year Philippine Treasury Bill Yield (PDST-F)	1.9375	-0.01%	-0.12%	-0.10%	1.00%
ROP2021 (Price)	104.005	0.09	0.24	(0.05)	0.38
ROP2034 (Price)	121.176	0.59	1.24	1.76	1.62
3-Month US Treasury Yield	0.0152	0.01%	-0.03%	-0.02%	-0.05%
2-year US Treasury Yield	0.2985	-0.01%	-0.03%	-0.07%	-0.09%
10-year US Treasury Yield	2.7069	-0.04%	-0.02%	-0.11%	-0.29%
30-year US Treasury Yield	3.6777	-0.02%	-0.01%	-0.07%	-0.26%
3-Month German Treasury Bill Yield	0.054	0.00%	-0.01%	-0.00%	-0.01%
Brent Crude Oil Spot (\$/bbl)	109.36	0.00%	0.00%	0.00%	0.00%
Dubai Crude Oil Spot (\$/bbl)	106.00	-0.16%	0.97%	3.08%	-2.47%
1-month Nymex oil futures (\$/bbl)	102.43	2.12%	2.49%	8.54%	2.10%
Gold Spot (\$/oz)	1,321.97	-0.51%	2.36%	5.42%	8.95%
USD/PHP (PDEX close)	44.600	0.17	(0.46)	(0.40)	0.20

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets					
		Last Trade as of February 18, 2013			
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pac Index	137.57	+ 1.29	+ 0.95	
Australia	S&P/ASX 200 Index	5,392.82	+ 9.93	+ 0.18	
China	Shanghai SE Comp Index	2,119.07	- 16.35	- 0.77	
Hong Kong	Hang Seng Index	22,587.72	+ 51.78	+ 0.23	
India	SENSEX	20,634.21	+ 170.15	+ 0.83	
Indonesia	Jakarta Composite Index	4,556.19	+ 0.82	+ 0.02	
Japan	Nikkei 225	14,843.24	+ 450.13	+ 3.13	
Malaysia	KLCI	1,825.24	- 2.24	- 0.12	
New Zealand	NZX 50 Index	4,895.10	+ 0.11	+ 0.00	
Singapore	Straits Times Index	3,070.78	+ 1.50	+ 0.05	
South Korea	KOSPI	1,946.91	+ 0.55	+ 0.03	
Taiwan	TWSE	8,556.23	+ 36.68	+ 0.43	
Thailand	SET Index	1,326.21	- 6.16	- 0.46	

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)							
	18-Feb-14	17-Feb-14	Difference		18-Feb-14	17-Feb-14	Difference
1 month	1.5000	1.5000	0.000	4 year	3.5000	3.2018	+ 0.298
3 month	1.0000	1.0000	0.000	5 year	3.8000	3.8500	- 0.050
6 month	1.5000	1.5000	0.000	7 year	4.0000	4.0000	0.000
1 year	1.7500	1.7500	0.000	10 year	4.0500	4.0500	0.000
2 year	2.2025	2.2564	- 0.054	20 year	5.2000	4.9538	+ 0.246
3 year	2.8000	2.6034	+ 0.197	25 year	5.5703	5.7926	- 0.222

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
2/19/2014	Philippines BOP	Jan	2/19/2014	Mortgage Bankers Association US Mortgage Market Indx Weekly % Change SA Old Meth	Feb 14
2/25/2014	Philippines External Balance of Trade	Dec	2/19/2014	US New Privately Owned Housing Units Started by Structure Total SAAR	Jan
2/25/2014	Philippines External Trade Imports YoY	Dec	2/20/2014	US Initial Jobless Claims SA	Feb 15
2/25/2014	Philippines External Trade Imports	Dec	2/20/2014	US CPI Urban Consumers MoM SA	Jan
			2/20/2014	Conference Board US Leading Index MoM	Jan
			2/21/2014	US Existing Homes Sales SAAR	Jan
			2/25/2014	Conference Board Consumer Confidence SA 1985=100	Feb
			2/27/2014	US Durable Goods New Orders Industries MoM SA	Jan
			2/28/2014	GDP US Chained 2009 Dollars QoQ SAAR	4Q S
			2/28/2014	University of Michigan Survey of Consumer Confidence Sentiment	Feb F

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