

Local

- The local equities market reversed gears as negative sentiment gripped market players as speculations that the arbitration panel of Manila Water Company, Inc. (PSE Ticker: MWC) reached an unfavorable decision regarding MWC's rate rebasing exercise. Index stocks related to the water business took a hit and dragged the index downward to close at 7,819.04, a 0.37% drop. Only mining and oil (+0.97%) and services (+0.13%) managed to record gains. On the other hand, industrials (-1.07%), and holding firms (-0.50%) garnered the largest losses for the day. Market breadth remained positive with 95 advances outnumbering 90 declines, while 46 issues remain unchanged. Total value turnover reached Php9.09 billion. Foreign investors were net buyers at Php123.43 million.
- The Bureau of Customs revenues registered at Php369.31 billion in 2014, which grew 21.1% year-on-year. Despite the double-digit growth, BoC's collections still fell short of its target of Php408.1 billion by 10.5%. The country's major portals such as the Manila International Container Terminal, Port of Manila, and the Ninoy Aquino International Airport missed their respective targets. Meanwhile, only the ports of Batangas, Iloilo, Cebu, Cagayan de Oro, Davao, Subic and Apari exceeded target last year. For 2015, the collection target is at Php456.47 billion, or 23.6% / 11.9% higher than the actual / target collection in 2014. The BoC believes that its current efforts to implement reforms against illicit trade and at improving efficiency of processes will help them achieve its collection target this year.
- International Container Terminal Services Inc. (PSE Ticker: ICT) reported full year 2014 net income of \$182 million, higher by 6% from the \$172.4 million registered the prior year. ICT attributed the growth to more meaningful contributions of its ports in Manzanillo, Mexico and Puerto Cortes, Honduras, together with the consolidation of terminal operations in Yantai, China, and better performance at Subic Bay, Philippines. Revenues from port operations inched up by 24% to \$1.1 billion in 2014 from \$852.4 million in 2013. Consolidated volume recorded at 7,438,635 twenty-foot equivalent units (TEUs) last year, or 18% higher compared to the previous year. The growth in volumes was mainly driven by the company's new ports in Mexico, Honduras and Iraq.
- In the local fixed income markets, yields dropped on the back of an in line inflation figure. Yields went down by 3.26 basis points on average as short-tenored securities went down by 2.8 basis points. Likewise, the belly and the long end of the curve sank 2.2 and 5.7 basis points, respectively.
- The Philippine peso lost ground against the greenback for the second straight day as market participants continued to be cautious ahead of major economic releases in Europe and US. The local currency depreciated by 2.5 centavos, to close the day at 44.125.

US and Europe

- US equities recovered from yesterday's loss as investors cheered on positive news over in the Euro-zone, stronger dollar and merger and acquisitions (M&A) in the healthcare space. The Dow Jones Industrial Average firmed 38.82 points, or 0.21%, to 18,135.72. The S&P 500 edged up 2.51 points, or 0.12% to 2,101.04.
- Recent initial jobless claims reading raised concerns of a lower non-farm payroll print for the month of February. The number of Americans seeking first-time unemployment benefits rose last week to the highest level since May. Initial jobless claims rose 7,000 to a seasonally adjusted 320,000 in the week ended February 28. The four-week moving average for claims increased 10,250 to 304,750. The number of people filing continuing claims for unemployment benefits jumped 17,000 to 2.421 million for the week ended February 21.
- New orders for U.S. factory goods unexpectedly declined in January, logging their sixth successive monthly decline. New orders for manufactured goods dipped 0.2% from a downwardly revised drop of 3.5% in December. Orders for non-defense capital goods excluding aircraft – a key measure of business confidence and spending plans - increased 0.5%, a small downward revision to the 0.6% growth reported in February.
- US treasuries closed barely changed as optimism over the Euro-zone was offset by generally disappointing economic releases in the US. The two-year note yield lost 1.57 basis points to 0.6389%. The 10-year bond yield dipped 0.18 basis points to 2.1154%.
- European shares posted solid gains following generally upbeat economic assessment of the European Central Bank (ECB). The FTSEurofirst 300 index rose 12.45 points, or 0.80%, to 1,569.48.

March 6, 2015

- During the speech following its monetary policy meeting, ECB President Mario Draghi announced that its quantitative easing program will commence on Monday, March 9. He shrugged off concerns with regard to the liquidity of the instruments the central bank intends to purchase. Draghi added that it will buy rates as long as it does not fall below the deposit rate, currently at -0.2%. Optimism among market watchers ensued after Draghi noted that the recent data releases pointed “to further improvements in the economy”. The ECB projects the economy will grow 1.5% in 2015 and 1.9% in 2016, compared to forecasts of 1.0% and 1.5%, respectively in December. Inflation forecasts for 2015 is expected to be unchanged YoY. Meanwhile, key policy rates were kept at current levels.
- The shared currency euro lost ground after ECB President Draghi provided details on its bond-buying program. The EUR/USD pair shed 0.71 cents to 1.1053.

Asia Pacific

- The MSCI All Country Asia Pacific Index pulled back by -0.32% to 145.08. China shares fell after the country lowered its economic growth estimates this year to 7.0%, after 7.4% growth posted last year, and marking the slowest in more than twenty years. Mainland China’s Shanghai Composite index retreated 0.95% to 3,248.48. Meanwhile, Hong Kong’s Hang Seng Index gave up 1.11% to 24,193.04. Meanwhile, Japan’s Nikkei 225 edged higher by 0.26% to 18,751.84 due to the rally of pharmaceutical stocks on the back of new partnerships overseas. Likewise, India’s S&P BSE Index continued to post gains, or 0.23% to 29,448.95, following the central bank’s recent decision to cut rates.

Key Indicators

EQUITIES BENCHMARK INDICES					
	5-Mar-15	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	7,819.04	-0.37%	0.70%	1.89%	8.14%
MSCI World USD Index	1,763.74	0.16%	-0.58%	2.10%	1.85%
MSCI All Country Asia Pacific ex-Japan Total Returns	402.87	-0.56%	-1.00%	0.58%	3.60%
MSCI Europe USD Index	1,683.15	0.42%	-0.88%	1.84%	3.39%
FTSEurofirst 300 Index	1,569.48	0.80%	0.77%	5.49%	13.98%
Dow Jones Industrial Average Index	18,135.72	0.21%	-0.43%	1.40%	0.54%
Standard & Poor's 500 Index	2,101.04	0.12%	-0.46%	1.87%	0.50%
YIELDS AND PRICES					
	5-Mar-15	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-F)	1.6909	-0.12%	-0.17%	-0.25%	-0.85%
1-Year Philippine Treasury Bill Yield (PDST-F)	2.4273	0.00%	-0.00%	-0.09%	-0.27%
ROP2021 (Price)	109.448	0.17	(0.06)	(0.66)	1.14
ROP2034 (Price)	138.726	0.31	(0.52)	(2.11)	4.77
3-Month US Treasury Yield	0.0051	0.00%	-0.01%	0.00%	0.01%
2-year US Treasury Yield	0.6389	-0.02%	-0.01%	0.12%	-0.07%
10-year US Treasury Yield	2.1154	-0.00%	0.09%	0.30%	-0.09%
30-year US Treasury Yield	2.7285	0.01%	0.10%	0.30%	-0.04%
3-Month German Treasury Bill Yield	-0.269	-0.02%	0.00%	-0.04%	-0.08%
Dubai Crude Oil Spot (\$/bbl)	58.70	0.09%	0.22%	11.30%	4.24%
1-month Nymex oil futures (\$/bbl)	50.76	-1.49%	5.38%	0.55%	-5.32%
Gold Spot (\$/oz)	1,200.55	-0.32%	-1.43%	-4.77%	0.64%
USD/PHP (PDEX close)	44.125	0.02	0.05	(0.02)	(0.59)

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets					
		Last Trade as of	March 5, 2015		
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pacific Index	145.08	- 0.46	- 0.32	
Australia	S&P/ASX 200 Index	5,904.16	+ 2.57	+ 0.04	
China	Shanghai SE Comp Index	3,248.48	- 31.06	- 0.95	
Hong Kong	Hang Seng Index	24,193.04	- 272.34	- 1.11	
India	SENSEX	29,448.95	+ 68.22	+ 0.23	
Indonesia	Jakarta Composite Index	5,450.95	+ 2.89	+ 0.05	
Japan	Nikkei 225	18,751.84	+ 48.24	+ 0.26	
Malaysia	KLCI	1,806.09	- 19.45	- 1.07	
New Zealand	NZX 50 Index	5,856.77	- 17.31	- 0.29	
Singapore	Straits Times Index	3,395.27	- 20.26	- 0.59	
South Korea	KOSPI	1,998.38	+ 0.09	+ 0.00	
Taiwan	TWSE	9,595.09	- 26.64	- 0.28	
Thailand	SET Index	1,553.33	- 9.51	- 0.61	

Local Bond Market

Peso Interest Rates (PDEX PDST-F)							
	5-Mar-15	4-Mar-15	Difference		5-Mar-15	4-Mar-15	Difference
1 month	2.3895	2.3891	+ 0.000	4 year	3.7023	3.7091	- 0.007
3 month	1.6909	1.8068	- 0.116	5 year	3.8218	3.8182	+ 0.004
6 month	2.1886	2.1864	+ 0.002	7 year	3.7614	3.7795	- 0.018
1 year	2.4273	2.4273	0.000	10 year	3.9523	3.9750	- 0.023
2 year	3.0886	3.1023	- 0.014	20 year	4.9100	4.9668	- 0.057
3 year	3.4591	3.5318	- 0.073	25 year	4.6455	4.7364	- 0.091

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
3/6/2015	Philippines Gross Intl Reserves	Feb	3/6/2015	US Employees on Nonfarm Payrolls Total MoM Net Change SA	Feb
3/10/2015	Philippines External Trade Exports YoY	Jan	3/6/2015	U-3 US Unemployment Rate Total in Labor Force Seasonally Adjusted	Feb
3/10/2015	Philippines External Trade Exports	Jan	3/6/2015	US Trade Balance of Goods and Services SA	Jan
3/12/2015	Philippines Labor Force Survey Unemployment Rate New Concept	Jan	3/10/2015	Merchant Wholesalers Inventories Total Monthly % Change	Jan
			3/11/2015	Mortgage Bankers Association US Mortgage Market Indx Weekly % Change SA Old Meth	Feb 27
			3/12/2015	Adjusted Retail & Food Services Sales SA Total Monthly % Change	Feb
			3/12/2015	US Import Price Index by End Use All MoM NSA	Feb
			3/13/2015	University of Michigan Consumer Sentiment Index	Mar P

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