

Local

- The local equities market declined as profit-taking was observed after the local benchmark index breached the 6,500-level on Tuesday. The PSEi reversed this week's gains and lost 67.11 points, or -1.03%, to close at 6,462.47. All sectoral indices closed the day in the red with property (-2.06%), services (-1.12%), and holding firms (-1.01%) incurring the largest losses. Market breadth was negative with 106 declines outnumbering 53 advances, while 45 issues were unchanged. Total value turnover amounted to Php8.59 billion. Foreign investors were net buyers at Php0.34 billion.
- Universal Robina Corp. (URC) is planning to build a renewable power plant in Negros Island worth Php2.5 billion. According to the company statement, the construction of its Php2.52 billion bagasse-fired power plant is scheduled to start next week while commercial operation is set to begin in August 2014. According to URC Sugar Segment Business Unit General Manager Rene Cabati, the power plant would be able to reduce the use of fossil fuel and sustain the livelihood of sugarcane farmers in the URC Sonedco area. The company also stated that the facility will support the sugar milling operations and cater to national power demand.
- The Energy Regulatory Commission (ERC) recently approved two projects of Manila Electric Co. (Meralco). These are the Mahabang Parang-Batangas City 69-kilovolt lines and the construction of the First Cavite Industrial Estate-Rosario, a 115-kV line with a total cost of Php548.1 million. Meralco stated that the first project involves the construction of a 69-kV line with a total length of roughly 14.6 kilometers, which will provide an alternate feed to the Batangas City substation and the Meralco-BolBoc kilometers. Meanwhile, the second project is the construction of new 115-kV line along the road using steel poles from the FCIE substation to the Rosario 115-kV substation with an approximate length of 15.5 kilometers. Moreover, the ERC affirmed that the implementation of the said projects will still be subject to further monitoring and optimization in Meralco's next annual revenue requirement application under the performance-based regulation rate-setting methodology.
- Prices of local government securities dropped as market players booked profits from the previous day's rally. Yields rose by 2.38 basis points led by short-term bonds which climbed by 6.1 basis points, with long-tenored buckets also rising by 3.2 basis points.
- The Philippine peso depreciated against the greenback as importers purchased US dollars to cover import payments. The local currency surrendered 18 centavos to close at 44.650.

US and Europe

- U.S. equities closed mixed as investors remained on the sidelines awaiting fresh leads, while mulling over China's current economic health and tracking developments in Ukraine. The Dow Jones Industrial Average shed 11.17 points to 16,340.08 and the S&P 500 crept up 0.57 of a point to 1,868.20.
- U.S. Treasury prices moved higher amid strong demand for the day's debt sale, driven by a safe-haven stance due to multiple concerns globally. On Wednesday, the U.S. Treasury Department sold US\$21 billion worth of 10-year notes at a yield of 2.729%, the lowest level since October last year. Demand was quite robust, as the auction had a bid-to-cover ratio of 2.92x, the highest in a year. Another sign of strong buying interest was that investors, rather than dealer banks, were the sale's major participants. The 10-year benchmark yield dropped 4 basis points to 2.73%.
- European shares fell back as market players reacted to an unexpected drop in Euro-zone industrial output, which coincided with concerns over Chinese economic health and the persistent geopolitical tensions over in Ukraine. The FTSEurofirst300 index dropped 14.13 points to 1,307.26.
- Last January, industrial production in the Euro-zone declined by 0.2% on a monthly basis, compared to the market estimate of a 0.5% gain, following December's upwardly revised 0.4% drop. Though the drop was not seen across the currency bloc (Germany and Spain had recorded increases), Netherlands, the region's fifth largest economy, saw its output slump by 6.4%.
- According to Benoit Coeure, an executive board member of the European Central Bank (ECB), they are very "seriously" considering dropping the overnight bank deposits rate into negative territory. The ECB has confirmed Coeure's comments.
- The euro remained firm against the US dollar despite a drop in the region's industrial production. The release of disappointing jobs data from the US weighed on the greenback. For the day, the shared currency added 0.59 cents to EUR/USD1.3904.

Asia Pacific

- Asian markets suffered from another sell-off on fears that China's economic slowdown would hurt commodity prices. Prices of coal, copper, and iron ore extended their slide as manufacturers were reluctant to add inventory. Concerns for another corporate default also rattled markets as the Shanghai Stock Exchange disqualified Baoding Tianwei Baobian Electric Company's (a power-equipment maker) proposal to use its corporate bonds as collateral for short-term lending. Japan's Nikkei 225 (-2.59%), Hong Kong's Hang Seng Index (-1.65%), and South Korea's KOSPI (-1.60%) posted the largest losses among peers. The MSCI All Country Asia Pacific Index sank 1.98 points, or -1.43%, to 136.11.

Key Indicators

EQUITIES BENCHMARK INDICES	12-Mar-14	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	6,462.47	-1.03%	0.10%	5.73%	9.72%
MSCI World USD Index	1,665.55	-0.40%	-0.80%	1.70%	0.69%
MSCI All Country Asia Pacific ex-Japan Total Returns	370.29	-1.21%	-1.12%	0.85%	-1.24%
MSCI Europe USD Index	1,766.80	-0.81%	-1.58%	0.86%	0.61%
FTSEurofirst 300 Index	1,307.26	-1.07%	-2.73%	-1.47%	-0.53%
Dow Jones Industrial Average Index	16,340.08	-0.07%	-0.12%	2.36%	-0.84%
Standard & Poor's 500 Index	1,868.20	0.03%	-0.30%	2.69%	1.46%
YIELDS AND PRICES	12-Mar-14	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-F)	1.1292	-0.00%	-0.05%	-0.08%	0.64%
1-Year Philippine Treasury Bill Yield (PDST-F)	2.0583	0.01%	-0.06%	0.02%	1.13%
ROP2021 (Price)	104.459	0.33	(0.33)	0.73	0.84
ROP2034 (Price)	122.799	0.15	(1.07)	2.87	3.24
3-Month US Treasury Yield	0.0406	0.00%	-0.01%	-0.01%	-0.02%
2-year US Treasury Yield	0.3618	-0.01%	0.03%	0.02%	-0.03%
10-year US Treasury Yield	2.7300	-0.04%	0.03%	-0.03%	-0.27%
30-year US Treasury Yield	3.6733	-0.04%	0.03%	-0.05%	-0.26%
3-Month German Treasury Bill Yield	0.091	0.01%	0.05%	0.03%	0.03%
Brent Crude Oil Spot (\$/bbl)	109.36	0.00%	0.00%	0.00%	0.00%
Dubai Crude Oil Spot (\$/bbl)	103.63	-0.82%	-1.52%	-1.33%	-4.66%
1-month Nymex oil futures (\$/bbl)	97.99	-2.04%	-3.41%	-2.37%	-2.32%
Gold Spot (\$/oz)	1,366.83	1.32%	2.24%	5.86%	12.65%
USD/PHP (PDEX close)	44.650	0.18	(0.12)	(0.18)	0.25

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets					
		Last Trade as of	March 11, 2013		
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pac Index	136.11	-	1.98	- 1.43
Australia	S&P/ASX 200 Index	5,384.20	-	29.64	- 0.55
China	Shanghai SE Comp Index	1,997.69	-	3.46	- 0.17
Hong Kong	Hang Seng Index	21,901.95	-	367.66	- 1.65
India	SENSEX	21,856.22	+	29.80	+ 0.14
Indonesia	Jakarta Composite Index	4,684.39	-	19.83	- 0.42
Japan	Nikkei 225	14,830.39	-	393.72	- 2.59
Malaysia	KLCI	1,818.60	-	9.95	- 0.54
New Zealand	NZX 50 Index	5,096.53	-	5.41	- 0.11
Singapore	Straits Times Index	3,097.43	-	31.97	- 1.02
South Korea	KOSPI	1,932.54	-	31.33	- 1.60
Taiwan	TWSE	8,684.73	-	17.60	- 0.20
Thailand	SET Index	1,356.42	-	7.86	- 0.58

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)							
	12-Mar-14	11-Mar-14	Difference		12-Mar-14	11-Mar-14	Difference
1 month	1.0000	1.0000	0.000	4 year	2.8495	2.8768	- 0.027
3 month	0.8925	0.9500	- 0.058	5 year	3.2000	3.2015	- 0.002
6 month	1.2500	1.3750	- 0.125	7 year	3.7644	3.7678	- 0.003
1 year	1.8750	1.4470	+ 0.428	10 year	4.0000	3.9500	+ 0.050
2 year	2.0054	1.9798	+ 0.026	20 year	5.0000	5.0000	0.000
3 year	2.5000	2.5500	- 0.050	25 year	5.3762	5.3296	+ 0.047

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
3/17/2014	Philippines Overseas Filipino Workers Remittances YoY	Jan	3/13/2014	US Initial Jobless Claims SA	Mar 8
3/17/2014	Philippines Overseas Filipino Workers Remittances	Jan	3/13/2014	Adjusted Retail & Food Services Sales SA Total Monthly % Change	Feb
3/19/2014	Philippines BOP	Feb	3/14/2014	University of Michigan Survey of Consumer Confidence Sentiment	Mar P
			3/17/2014	US Industrial Production MoM 2007=100 SA	Feb
			3/18/2014	US CPI Urban Consumers MoM SA	Feb
			3/18/2014	US New Privately Owned Housing Units Started by Structure Total SAAR	Feb
			3/19/2014	Mortgage Bankers Association US Mortgage Market Indx Weekly % Change SA Old Meth	Mar 7
			3/20/2014	Federal Funds Target Rate US	Mar 19
			3/20/2014	US Existing Homes Sales SAAR	Feb
			3/20/2014	Conference Board US Leading Index MoM	Feb

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