

Philippine bourse sets new record on lower inflation, U.S. fiscal deal

MANILA, Jan. 7 (Xinhua) -- The Philippine stock market rallied past the 6,000-level on Monday due to continued investor optimism over economic developments in the local and global fronts.

The bellwether Philippine stock exchange index gained 1.23 percent, or 73.46 points, to 6,044.91, while the broader all-share index rose by 0.88 percent, or 33.28 points, to 3,811.71.

Trading volume reached 3.31 billion shares worth 8.51 billion pesos (208.33 million U.S. dollars), with 107 stocks advancing, 71 declining, and 39 were unchanged.

All six counters were up.

Analyst Justino Calaycay of Accord Capital Equities Corp. said the Philippine equities hit the 6,000-level early in the year due to positive developments, most especially in the U.S..

"Inspired by a surge in U.S. equities overnight and inspired by benign December inflation projections, local market investors, including foreigners entered aggressively on the long side right at the open and hardly looked back," Calaycay said.

Risk appetite was whetted after the House Republican leadership dropped its opposition to a budget deal passed on New Year's Eve by the Democrat-controlled Senate.

The Philippine government also reported that the average full- year inflation of 3.2 percent in 2012 is lower than 4.6 percent posted the previous year. The Philippine central bank said inflation rate for 2013 will be "manageable" and that interest rates will likely remain low.

Gregg Adrian Ilag of AB Capital Securities, Inc. said investors are likely to search for a new catalyst given that the optimism on the fiscal cliff issue has been priced in.

The analyst also advises investors to be selective in buying stocks amid the rich valuations of the index.

Stocks in the 30-company index were mostly up, including Megaworld Corp., Banco de Oro Unibank, Inc., and heavyweight Philippine Long Distance Telephone Co.