

## Local

November 14, 2014

- The local equities market declined, led by losses in Metrobank, after the company reported a lower-than-expected 9M14 recurring income. The PSEi declined 34.24 points, or 0.47%, to close at 7,198.63. Almost all sector indices ended negative, led by holding firms (-0.75%), services (-0.55%) and financials (-0.53%). Total value turnover reached Php7.00 billion. Market breadth was negative, with 94 declines versus 71 advances, while 49 issues remained unchanged. Foreign investors were net buyers at Php0.54 billion.
- Xurpas Inc, a Mobile content provider, disclosed that it has priced its initial public offering at P3.97 per share, which will ultimately amount to P1.37-billion share sale. This is below the P4.19 per share price quoted earlier and significantly lower than the original P41.86 quoted when it first filed for the IPO. The IPO is scheduled to run from November 17 to 25, with a tentative listing date of December 2. The company's market capitalization will total P6.83 billion after the IPO is complete. Proceeds from the sale will primarily fund Xurpas' expansion moves overseas.
- Ayala Corp. (AC) increased its earnings by 35% in the first nine months of the year to Php14.1 billion on robust results from core businesses of real estate, telecommunications and water. Without the effect of accelerated depreciation from Globe Telecom's network transformation initiative during the previous year, AC said its core net income grew 15 percent year-on-year. The conglomerate's consolidated revenues, meanwhile, increased 17 percent to Php134.5 billion.
- On the local fixed income space, prices of government securities climbed after Moody's affirmation that Philippine's investment grade rating was secure in the near term. Yields declined 5.48 basis points on average, led by the short-end, which declined by 12.4 basis points, followed by the long-end and belly of the curve, down by 3.4 and 1.2 basis points, respectively.
- The Philippine peso traded sideways against the greenback after investors stayed on the sidelines on lack of fresh leads. The peso gained 0.5 centavos, to close at 44.865.

## US and Europe

- U.S. stocks closed a little higher on news of a potentially massive M&A transaction in the oil services sector. In particular, Halliburton Co. is in talks to buy rival oil field services giant Baker Hughes Inc. The Dow Jones Industrial Average climbed 0.23% to end at 17,652.79 while the S&P 500 gained 0.05%, to close at 2,039.33.
- The number of new claims for jobless benefits extended their sub-300k run for the longest stretch since 2000. Initial claims for unemployment benefits rose 12,000 to a seasonally adjusted 290,000, versus market estimate of 280,000, the highest level since late September, in the week ended Nov. 8.
- German consumer price inflation stabilized at a low level in October. The annual rate of inflation in Germany printed at 0.7% while prices fell 0.3% MoM. These figures were unchanged from the preliminary estimate published at the end of October.
- US Treasury prices were largely unchanged, as the upcoming auction of US\$16 billion in bonds and as US jobless claims data releases prompted little to no reaction from investors. The two-year note was a little changed at 0.51%, while the 10-year tenor declined 3.0 basis points, to reach 2.34%.
- European stocks closed with modest gains despite further weakness in crude prices. The FTSEurofirst 300 added 3.15 points to close at 1,346.56.
- The Euro rose against the dollar as initial jobless claims data in the US was released slightly higher than expected. The Euro gained 0.0053 against the USD to close at 1.2462.

## Asia Pacific

- Asian equities ended mixed, led by continued rally in Japan's stocks. Japan's Nikkei climbed 1.14%, to close above its seven-year high amid signs that the government may go ahead with snap elections, which helped the dollar gain. The Shanghai Composite trended lower by 0.36% after China reported a lower-than-expected industrial output growth in October. In Hong Kong, however, Hang Seng Index rose by 0.34%.

## Key Indicators

<b>EQUITIES BENCHMARK INDICES</b>	<b>13-Nov-14</b>	<b>DoD change</b>	<b>WoW change</b>	<b>MoM change</b>	<b>Ytd change</b>
Philippine Stock Exchange Index	7,198.63	-0.47%	-0.53%	3.31%	22.22%
MSCI World USD Index	1,716.24	0.07%	0.51%	6.36%	3.75%
MSCI All Country Asia Pacific ex-Japan Total Returns	398.42	0.13%	0.96%	3.90%	6.26%
MSCI Europe USD Index	1,627.86	0.19%	-0.05%	2.58%	-7.30%
FTSEurofirst 300 Index	1,346.56	0.23%	-0.37%	4.07%	2.46%
Dow Jones Industrial Average Index	17,652.79	0.23%	0.56%	8.16%	7.13%
Standard & Poor's 500 Index	2,039.33	0.05%	0.40%	8.78%	10.75%
<b>YIELDS AND PRICES</b>	<b>13-Nov-14</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)	1.5729	-0.00%	0.04%	0.14%	1.08%
1-Year Philippine Treasury Bill Yield (PDST-F)	1.9687	-0.00%	0.02%	0.02%	1.04%
ROP2021 (Price)	107.138	(0.01)	0.08	0.88	3.52
3-Month US Treasury Yield	0.0051	-0.01%	-0.02%	0.00%	-0.06%
2-year US Treasury Yield	0.5153	-0.02%	-0.03%	0.09%	0.13%
10-year US Treasury Yield	2.3399	-0.03%	-0.05%	0.06%	-0.66%
30-year US Treasury Yield	3.0709	-0.03%	-0.03%	0.06%	-0.87%
3-Month German Treasury Bill Yield	-0.110	0.01%	0.01%	0.02%	-0.17%
Dubai Crude Oil Spot (\$/bbl)	75.75	-2.85%	-5.58%	-13.61%	-30.31%
1-month Nymex oil futures (\$/bbl)	74.21	-3.85%	-4.75%	-13.45%	-26.03%
Gold Spot (\$/oz)	1,162.46	-0.02%	1.80%	-5.94%	-4.19%
USD/PHP (PDEX close)	44.865	(0.00)	(0.13)	0.07	0.47

Source: Bloomberg

## Asian Equity Markets

<b>Asia Pacific Markets</b>					
Last Trade as of <b>November 13, 2014</b>					
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pacific Index	141.70	+ 0.32	+ 0.23	
Australia	S&P/ASX 200 Index	5,442.70	- 20.35	- 0.37	
China	Shanghai SE Comp Index	2,485.61	- 8.87	- 0.36	
Hong Kong	Hang Seng Index	24,019.94	+ 81.76	+ 0.34	
India	SENSEX	27,940.64	- 68.26	- 0.24	
Indonesia	Jakarta Composite Index	5,048.67	- 0.17	- 0.00	
Japan	Nikkei 225	17,392.79	+ 195.74	+ 1.14	
Malaysia	KLCI	1,815.81	- 0.43	- 0.02	
New Zealand	NZX 50 Index	5,462.74	- 25.14	- 0.46	
Singapore	Straits Times Index	3,304.93	+ 21.22	+ 0.65	
South Korea	KOSPI	1,960.51	- 6.76	- 0.34	
Taiwan	TWSE	8,980.67	+ 61.72	+ 0.69	
Thailand	SET Index	1,577.21	+ 15.18	+ 0.97	

## Local Bond Market

<b>Peso Interest Rates (PDEX PDST-R2)</b>									
	13-Nov-14	12-Nov-14	Difference			13-Nov-14	12-Nov-14	Difference	
1 month	1.2501	1.5000	-	0.250	4 year	2.8750	2.8453	+	0.030
3 month	1.3500	1.3695	-	0.019	5 year	3.6479	3.7750	-	0.127
6 month	1.6750	1.9000	-	0.225	7 year	3.7750	3.7750	-	0.000
1 year	1.7999	1.8000	-	0.000	10 year	3.9279	3.9424	-	0.015
2 year	2.4000	2.4000		0.000	20 year	5.0000	5.0000		0.000
3 year	2.4750	2.4395	+	0.036	25 year	4.7125	4.7990	-	0.087

## Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
11/19/2014	Philippines BOP	Oct	11/14/2014	Adjusted Retail & Food Services Sales SA Total Monthly % Change	Oct
			11/14/2014	University of Michigan Survey of Consumer Confidence Sentiment	Nov P
			11/17/2014	US Empire State Manufacturing Survey General Business Conditions SA	Nov
			11/17/2014	US Industrial Production MoM 2007=100 SA	Oct
			11/19/2014	Mortgage Bankers Association US Mortgage Market Indx Weekly % Change SA Old Meth	Nov 7
			11/19/2014	US New Privately Owned Housing Units Started by Structure Total SAAR	Oct
			11/20/2014	US CPI Urban Consumers MoM SA	Oct
			11/20/2014	US Existing Homes Sales SAAR	Oct
			11/20/2014	Conference Board US Leading Index MoM	Oct

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