

Local

November 20, 2014

- Local equities slightly declined as the local bourse tracked regional trends. The PSEi shed -6.17 points, or -0.09%, to close at 7,269.49. Most sectors ended in the green led by the financials sector (0.45%) followed by the mining and oil (0.30%). The only sectors that weakened today were the holding firms (-0.31%) and the property sector (-0.09%). Market breadth was negative, with 98 declines outnumbering 84 advances, while 42 issues remained unchanged. Total value traded reached Php7.91 billion. Foreign investors were net buyers at Php 1.27 billion.
- SM Prime Holdings Inc. is looking to raise additional funds via the debt market to finance its entry into OCLP Holdings, Inc., owners of strategic land bank areas in the Ortigas Business District that includes the Greenhills Shopping Center. SM Prime chief finance officer Jeffrey C. Lims said that the company may resort to fundraising activities to finance its acquisition of stakes in the Fernando Ortigas group of OCLP.
- The Bangko Sentral ng Pilipinas reported a balance of payments surplus of USD24 million for October, primarily due to foreign exchange deposits by the national government and income from the BSP's foreign investments. Year to date, the Philippines's BOP position amounted to a USD3.4 billion deficit, lower than the projected surplus of USD1 billion. Foreign exchange reserves, on the other hand, were at USD79.3 billion as at the end of October.
- On the local fixed income space, prices of government securities fell mainly due to investors taking profits in their positions following the recent rally. Yields went up 1.98 basis points on average led by the short-end, which hiked by 7.1 basis points, trailed by the belly, up by 4.8 basis points. The long-end, on the other hand, dropped 9.5 basis points.
- The Philippine peso depreciated against the US Dollar as investors moved ahead of the release of the FOMC minutes. The peso lost 10.5 centavos to close at 45.070.

US and Europe

- U.S. stocks edged lower after minutes from the November Federal Open Market Committee meeting remained vague as to the timing of interest rate increases. The Dow Jones Industrial Average declined 2.09 points to end at 17,685.73 while the S&P 500 shed 3.08 points to close at 2,048.72.
- Reports from the US Commerce Department showed that housing starts dropped -2.8% month-on-month. This figure came in shy of market expectations during October, as the market estimated a 0.8% increase for the month. The silver lining within the released figures was news that the decline was entirely driven by a slump in multi-family properties. Meanwhile, starts for single-family homes (roughly two-thirds of the market) jumped 4.2% month-on-month to reach their best pace since November 2013.
- The eurozone's current account surplus widened in September. The current account balance printed a surplus of €30.0bln, up from August's revised surplus of €22.8bln.
- US Treasuries took losses in the wake of the November Fed minutes which showed an ever increasing focus on inflation expectations. The two-year note yield increased by 2.0 bps to close at 0.520%, while the 10-year yield jumped by 4.0 bps to 2.359%.
- European stocks declined having earlier touched seven week highs, as investors stayed on the sidelines ahead of the release of the most recent Federal Reserve policy meeting minutes. The FTSEurofirst 300 index edged down 0.34 of a point to 1,359.88.
- The greenback rose on the back of positive U.S. housing data, specifically on the starts for single-family homes. The Euro lost another 0.0031 against the USD to close at 1.255.

Asia Pacific

- Asian equities ended slightly lower, primarily reflecting the FOMC's uncertainty as to the timing of raising interest rates. Japan's Nikkei closed 0.32% lower, as losses were slightly offset by gains from exporters following the continued depreciation of the yen. Both the Shanghai Composite Index and the Hang Seng Index continued to slide, falling 0.22% and 0.66%, respectively, due to waning enthusiasm about the stock trading link.

Key Indicators

EQUITIES BENCHMARK INDICES	19-Nov-14	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	7,269.49	-0.08%	0.51%	3.00%	23.42%
MSCI World USD Index	1,724.73	-0.20%	0.57%	6.07%	4.27%
MSCI All Country Asia Pacific ex-Japan Total Returns	392.03	-0.64%	-1.47%	1.15%	4.55%
MSCI Europe USD Index	1,652.78	0.05%	1.72%	4.91%	-5.88%
FTSEurofirst 300 Index	1,359.88	-0.02%	1.23%	6.85%	3.47%
Dow Jones Industrial Average Index	17,685.73	-0.01%	0.42%	7.84%	7.33%
Standard & Poor's 500 Index	2,048.72	-0.15%	0.51%	7.60%	11.26%
YIELDS AND PRICES	19-Nov-14	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-F)	1.5854	0.06%	0.01%	0.16%	1.09%
1-Year Philippine Treasury Bill Yield (PDST-F)	1.9625	-0.01%	-0.01%	0.07%	1.03%
ROP2021 (Price)	107.570	0.11	0.42	0.29	3.95
3-Month US Treasury Yield	0.0000	-0.01%	-0.01%	-0.02%	-0.06%
2-year US Treasury Yield	0.5205	0.02%	-0.02%	0.17%	0.13%
10-year US Treasury Yield	2.3594	0.04%	-0.01%	0.17%	-0.64%
30-year US Treasury Yield	3.0769	0.04%	-0.03%	0.11%	-0.86%
3-Month German Treasury Bill Yield	-0.090	0.01%	0.03%	0.04%	-0.15%
Dubai Crude Oil Spot (\$/bbl)	74.87	-1.40%	-3.98%	-11.98%	-31.12%
1-month Nymex oil futures (\$/bbl)	74.58	-0.04%	-3.37%	-9.83%	-25.66%
Gold Spot (\$/oz)	1,182.72	-1.19%	1.73%	-5.15%	-2.52%
USD/PHP (PDEX close)	45.070	0.10	0.20	0.25	0.67

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets					
Last Trade as of		November 19, 2014			
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pacific Index	139.68	- 0.97	- 0.69	
Australia	S&P/ASX 200 Index	5,368.84	- 30.85	- 0.57	
China	Shanghai SE Comp Index	2,450.99	- 5.38	- 0.22	
Hong Kong	Hang Seng Index	23,373.31	- 155.86	- 0.66	
India	SENSEX	28,032.85	- 130.44	- 0.46	
Indonesia	Jakarta Composite Index	5,127.93	+ 25.46	+ 0.50	
Japan	Nikkei 225	17,288.75	- 55.31	- 0.32	
Malaysia	KLCI	1,824.39	+ 6.01	+ 0.33	
New Zealand	NZX 50 Index	5,522.06	+ 17.03	+ 0.31	
Singapore	Straits Times Index	3,334.56	+ 20.83	+ 0.63	
South Korea	KOSPI	1,966.87	- 0.14	- 0.01	
Taiwan	TWSE	8,963.24	+ 104.17	+ 1.18	
Thailand	SET Index	1,577.55	- 3.72	- 0.24	

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)							
	19-Nov-14	18-Nov-14	Difference		19-Nov-14	18-Nov-14	Difference
1 month	1.5000	1.5000	0.000	4 year	2.9750	2.8300	+ 0.145
3 month	1.4838	1.3750	+ 0.109	5 year	3.2510	3.3015	- 0.051
6 month	1.8000	1.6250	+ 0.175	7 year	3.7750	3.7000	+ 0.075
1 year	1.8000	1.8000	0.000	10 year	3.7576	3.8133	- 0.056
2 year	2.3850	2.3750	+ 0.010	20 year	4.8379	5.0000	- 0.162
3 year	2.5112	2.4508	+ 0.060	25 year	4.5897	4.6577	- 0.068

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
11/25/2014	Philippines External Balance of Trade	Sep	11/20/2014	US Initial Jobless Claims SA	Nov 15
11/25/2014	Philippines External Trade Imports YoY	Sep	11/20/2014	US CPI Urban Consumers MoM SA	Oct
11/25/2014	Philippines External Trade Imports	Sep	11/20/2014	US Existing Homes Sales SAAR	Oct
11/27/2014	Philippines GDP Constant 2000 Prices YoY	3Q	11/25/2014	GDP US Chained 2009 Dollars QoQ SAAR	3Q S
11/27/2014	Philippines National Accounts GDP Constant 2000 Prices QoQ SA	3Q	11/25/2014	Conference Board Consumer Confidence SA 1985=100	Nov
11/28/2014	Philippines Commercial Banks Loans Outstanding Total Gross YoY	Oct	11/26/2014	Mortgage Bankers Association US Mortgage Market Indx Weekly % Change SA Old Meth	Nov 14
			11/26/2014	US Durable Goods New Orders Industries MoM SA	Oct
			11/26/2014	US Personal Income MoM SA	Oct
			11/26/2014	US Personal Consumption Expenditures Nominal Dollars MoM SA	Oct

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