

## Local

- The local benchmark index barely moved but ended higher as market participants awaited the Philippine GDP growth figure for the first quarter. The official data will be released later today. Consensus estimates the economy expanded by 6.3% for the first three months of 2014. Yesterday, the PSEi marginally rose by 7.62 points, or +0.11%, to end the day at 6,787.88. Almost all sectoral indices managed to eke out gains led by holding firms (+0.30%), industrial (+0.16%) and services (+0.15%), while only property (-0.05%) ended in the red. Market breadth was positive with 92 advances outnumbering 78 declines, while 40 issues were unchanged. Total value turnover amounted to Php7.22 billion. Foreign investors were net sellers at Php0.51 billion.
- GT Capital Holdings Inc. is planning to raise up to Php12 billion with Php10 billion from bonds and an oversubscription option of up to Php2 billion in case of strong demand. The company's proposed Php12 billion debt papers even secured the top credit score of Aaa from local debt rater, Philippine Rating Services Corp. (PhilRatings). PhilRatings noted GT Capital's strong capacity to meet its financial commitment on the obligation.
- According to the Bangko Sentral ng Pilipinas (BSP), non-performing loans (NPL) accounted for 2.16% of banks' total lending business as of March which was an improvement from the 2.74% registered in the same period last year and from 2.22% as at end-February. The central bank stated that the lower NPL level reflected a 19.42% surge in the loan portfolio held by banks to Php4.33 trillion from Php3.63 trillion recorded in the same period last year and generally prudent lending standards in the country.
- On the local fixed income market, bond yields declined on average by 1.48 basis points as some investors anticipated the 1Q 2014 GDP growth figure to be lower. The short-end and belly of the curve declined by 2.5 and 1.9 basis points respectively while the long-end of the curve rose by 0.5 basis points.
- The Philippine peso depreciated during yesterday's trading session as investors projected 1Q 2014 GDP growth to be lower than the previous figures. The Philippine peso lost ground against the greenback as it fell by 10 centavos to close at 43.880 from Tuesday's close of 43.780.

## US and Europe

- U.S. equities dipped lower following a global rally in sovereign bonds as the world's central banks are expected to continue keeping rates low. The S&P500 index slipped 2.13 points to close at 1,909.78, while the Dow Jones Industrial Average fell 42.32 points, or -0.25%, to close at 16,633.18.
- The Johnson Redbook Sales Index reported that the first three weeks of May saw national chain-store sales rise by 0.7% month-on-month and a seasonally adjusted rise in sales by 3.8% year-on-year. Redbook noted that these figures are a result of consumer spending over the Memorial Day Holiday and that the soft-figure early on in the month is mostly due to the winter weather spillover in most parts of the country. Meanwhile, the International Council of Shopping Centers & Goldman Sachs Retail Chain Store Sales Index reported a 1.2% week-on-week dip mostly due to Americans traveling the past Memorial Day Holiday. However, it is notable that same-store sales were expected to grow between 3% and 3.5% year-on-year.
- US Treasury bond prices continued to rise as bond yields plummeted to their lowest levels on a closing basis since summer of 2013 mostly due to rallies in other sovereign debt markets, which made the US bond prices look relatively inexpensive. The two-year note yield dipped 1.8 basis points to 0.367% while the 10-year bond yield plummeted 7.5 basis points to 2.44%.
- European equities edged lower due to a global rally in the sovereign bond market yet were accompanied by increasing hopes of a substantial policy response from the European Central Bank at its policy meeting next week. The FTSEurofirst300 index inched down 0.99 of a point to 1,377.83.
- The euro continued to weaken against the US dollar after French consumer spending and German unemployment data both missed market expectations. The shared currency pared 0.55 cents to close at EUR/USD1.3591.

## Asia Pacific

- Except for Singapore, all Asian markets rallied Wednesday, buoyed by the S&P 500's overnight record close. Japan's Nikkei Stock Average climbed 0.24% amid strong demand for shares of general contractors and select individual shares. Australia's inched up 0.28% as the low volatility and low bond yields prompted investors to buy into high dividend-paying shares. The MSCI All Country Asia Pacific Index advanced 0.71 points, or 0.50%, to 141.90.

## Key Indicators

EQUITIES BENCHMARK INDICES							
	28-May-14	DoD change	WoW change	MoM change	Ytd change		
Philippine Stock Exchange Index	6,787.88	0.11%	0.38%	2.78%	15.25%		
MSCI World USD Index	1,706.15	-0.09%	1.16%	2.00%	3.14%		
MSCI All Country Asia Pacific ex-Japan Total Returns	398.88	0.49%	1.41%	3.25%	6.38%		
MSCI Europe USD Index	1,819.25	-0.22%	0.49%	1.17%	3.60%		
FTSEurofirst 300 Index	1,377.83	-0.07%	0.96%	3.11%	4.83%		
Dow Jones Industrial Average Index	16,633.18	-0.25%	0.61%	1.12%	0.94%		
Standard & Poor's 500 Index	1,909.78	-0.11%	1.15%	2.16%	3.71%		
YIELDS AND PRICES							
	28-May-14	DoD change	WoW change	MoM change	Ytd change		
91-Day Philippine Treasury Bill Yield (PDST-F)	1.2438	-0.04%	-0.09%	-0.23%	0.75%		
1-Year Philippine Treasury Bill Yield (PDST-F)	2.1125	-0.04%	-0.10%	-0.28%	1.18%		
ROP2021 (Price)	106.623	0.24	0.51	1.19	3.00		
ROP2034 (Price)	128.993	0.31	0.59	3.49	9.44		
3-Month US Treasury Yield	0.0304	0.01%	0.00%	0.03%	-0.03%		
2-year US Treasury Yield	0.3652	0.02%	0.03%	-0.07%	-0.02%		
10-year US Treasury Yield	2.4431	-0.07%	-0.09%	-0.26%	-0.56%		
30-year US Treasury Yield	3.2942	-0.07%	-0.12%	-0.19%	-0.64%		
3-Month German Treasury Bill Yield	-0.004	-0.02%	-0.01%	-0.01%	-0.07%		
Brent Crude Oil Spot (\$/bbl)	109.36	0.00%	0.00%	0.00%	0.00%		
Dubai Crude Oil Spot (\$/bbl)	106.83	0.46%	0.33%	0.35%	-1.71%		
1-month Nymex oil futures (\$/bbl)	102.72	-1.34%	-1.30%	1.86%	2.39%		
Gold Spot (\$/oz)	1,258.14	-0.53%	-2.62%	-2.97%	3.69%		
USD/PHP (PDEX close)	43.880	0.10	0.10	(0.61)	(0.52)		

Source: Bloomberg

## Asian Equity Markets

Asia Pacific Markets					
Last Trade as of May 28, 2014					
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pacific Index	141.90	+ 0.71	+ 0.50	
Australia	S&P/ASX 200 Index	5,527.18	+ 15.48	+ 0.28	
China	Shanghai SE Comp Index	2,050.23	+ 15.66	+ 0.77	
Hong Kong	Hang Seng Index	23,080.03	+ 135.73	+ 0.59	
India	SENSEX	24,556.09	+ 6.58	+ 0.03	
Indonesia	Jakarta Composite Index	4,985.58	+ 21.65	+ 0.44	
Japan	Nikkei 225	14,670.95	+ 34.43	+ 0.24	
Malaysia	KLCI	1,871.66	+ 4.09	+ 0.22	
New Zealand	NZX 50 Index	5,181.46	+ 35.61	+ 0.69	
Singapore	Straits Times Index	3,271.84	- 2.22	- 0.07	
South Korea	KOSPI	2,017.06	+ 19.43	+ 0.97	
Taiwan	TWSE	9,121.71	+ 66.42	+ 0.73	
Thailand	SET Index	1,402.79	+ 10.06	+ 0.72	

## Local Bond Market

Peso Interest Rates (PDEX PDST-R2)								
	28-May-14	27-May-14	Difference		28-May-14	27-May-14	Difference	
1 month	1.1250	1.1250	0.000		4 year	3.0081	3.0286	- 0.020
3 month	1.0750	1.1250	-	0.050	5 year	3.3681	3.4010	- 0.033
6 month	1.7250	1.7500	-	0.025	7 year	3.4898	3.4778	+ 0.012
1 year	1.9500	1.9750	-	0.025	10 year	3.9000	3.9000	0.000
2 year	2.3671	2.3769	-	0.010	20 year	4.8000	4.8000	0.000
3 year	2.6569	2.6984	-	0.041	25 year	4.9578	4.9426	+ 0.015

## Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
5/29/2014	Philippines GDP Constant 2000 Prices YoY	1Q	5/29/2014	US Initial Jobless Claims SA	May 24
5/29/2014	Philippines National Accounts GDP Constant 2000 Prices QoQ SA	1Q	5/29/2014	GDP US Chained 2009 Dollars QoQ SAAR	1Q S
5/30/2014	Philippines Commercial Banks Loans Outstanding Total Gross YoY	Apr	5/30/2014	US Personal Income MoM SA	Apr
5/30/2014	Philippines Commercial Banks Loan Outstanding Total Net YoY	Apr	5/30/2014	US Personal Consumption Expenditures Nominal Dollars MoM SA	Apr
6/5/2014	Philippines CPI All items YoY% 2006=100	May	5/30/2014	University of Michigan Survey of Consumer Confidence Sentiment	May F
6/5/2014	Philippines CPI All items MoM% 2006=100	May	6/2/2014	ISM Manufacturing PMI SA	May
6/5/2014	Philippines Core Inflation YoY 2006=100	May	6/3/2014	US Manufacturers New Orders Total MoM SA	Apr
6/6/2014	Philippines Gross Intl Reserves	May	6/4/2014	Mortgage Bankers Association US Mortgage Market Indx Weekly % Change SA Old Meth	May 23
			6/6/2014	US Employees on Nonfarm Payrolls Total MoM Net Change SA	May
			6/6/2014	U-3 US Unemployment Rate Total in Labor Force Seasonally Adjusted	May

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