

Local

- The local benchmark index ended lower yesterday, bucking the regional trend on valuation concerns. The PSEI reversed Monday's gains, losing 24.75 points, or -0.36%, to close at 6,777.98. All sectoral indices ended lower, with property (-0.90%), mining and oil (-0.87%), and services (-0.58%) dropping the most. Market breadth was negative with 105 declines outnumbering 67 advances, while 42 issues were unchanged. Total value turnover amounted to Php7.99 billion. Foreign investors were net buyers at Php1.11 billion.
- According to the Chamber of Automotive Manufacturers of the Philippines, Inc. and the Truck Manufacturers Association, units rolled out of the members firms' showrooms last month grew by 23.6% year-on-year and 8.3% month-on-month to 19,598 units. Commercial vehicles accounted for bulk of the sales at 12,091 units, up 13.4% year-on-year, while the passenger car segment grew 44.3% to 7,507 units. On a year-to-date basis, vehicle sales were higher by 22.4% to 89,335 units.
- Data released by the Philippine Statistics Authority (PSA) yesterday showed that manufacturing output rebounded in April after barely growing in March amid an improvement in the production of petroleum products. The PSA's Monthly Integrated Survey of Selected Industries showed that manufacturing, measured by the volume of production index (VoPI), grew by 12.8% from March's 0.6%. This was the highest expansion recorded so far this year, following January's 5% and February's 6.8%.
- On the local fixed income market, government securities traded sideways as market players stayed on the sidelines amid the lack of fresh market leads. Yields across the curve marginally declined by 1.24 basis points with the medium- and the long-tenored bonds dropping by 2.1 and 1.3 basis points, respectively.
- The Philippine peso weakened against the US dollar on the back of the country's slower exports growth figure in April. The local currency retreated 9 centavos to close at 43.675.

US and Europe

- US equities finished broadly flat on what analysts believe was a catalyst-light trading day due to lack of fresh leads. The Dow Jones Industrial Average rose 2.82 points to close at 16,945.92, while the S&P 500 index slipped 0.48 points to close at 1,950.79.
- US Treasury bond yields scaled one-month peaks, as investors anticipated the prospect of higher interest rates following hawkish comments from the Federal Reserve and release of upbeat US economic data. Bond prices also fell following a lackluster 3-year note auction, which is a factor that has pulled the market as it accommodates new supply. The two-year note yield rose 2 basis points to close at 0.439%, while the ten-year note yield rose 3.7 basis points, to close at 2.64%.
- The US National Federation of Independent Business reported its Small Business Optimism Index rose 1.4 points to 96.6 in May from 95.2 in April, which was the highest reading since September 2007. This index is used as one of the leading indicators of economic growth, which suggests that the US economy is back to pre-recession levels. Moreover, small business owners share upbeat prospects over the next six months.
- The US Labor Department reported that job openings increased by 280,000 to a seasonally adjusted 4.455 million in April, which is the highest reading in seven years. The number of job openings is a measure of labor demand. The increase in this number is indicative of sustainable growth in the economy, which is in line with pre-recession figures.
- European equities extended their rally following the European Central Bank's new economic stimulus measures last week. The FTSEurofirst300 index rose 4.47 points to close at 1,398.18.
- The euro depreciated against the strengthening US dollar amid the rising US Treasury yields, which investors are anticipating would force the Federal Reserve to hike rates sooner than expected. The EUR/USD closed at 1.3545.

Asia Pacific

- Most Asian markets rallied Tuesday as investors took cue from the Dow Jones Industrial Average index's record finish last Monday. In Hong Kong, shares were buoyed by favorable inflation data and the Chinese central bank's decision to ease policies. Reports showed that consumer prices in China rose 2.5% in May. Although the figure was higher than the 1.8% reading in April, it was low enough to provide room for the government to ease policies. Another report showed that the central bank will reduce the reserve requirement for city commercial banks and rural banks by 0.50%. Although the largest banks in the country weren't included in the move, it increased the probability of a broader cut in the reserve requirement. Indonesia's Jakarta Composite Index (+1.25%), South Korea's KOSPI (+1.09%), and China's Shanghai SE Comp Index (+1.08%) posted the largest gains among peers. Japan, on the other hand, bucked the trend on the back of a stronger yen. The MSCI All Country Asia Pacific Index increased 0.38 points, or 0.26%, to 143.88.

Key Indicators

EQUITIES BENCHMARK INDICES		10-Jun-14	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index		6,777.98	-0.36%	-0.34%	-1.01%	15.08%
MSCI World USD Index		1,735.32	-0.04%	1.14%	3.09%	4.91%
MSCI All Country Asia Pacific ex-Japan Total Returns		403.73	0.66%	1.00%	4.54%	7.67%
MSCI Europe USD Index		1,839.26	-0.02%	1.15%	1.56%	4.74%
FTSEurofirst 300 Index		1,398.18	0.32%	1.70%	3.16%	6.38%
Dow Jones Industrial Average Index		16,945.92	0.02%	1.34%	2.19%	2.84%
Standard & Poor's 500 Index		1,950.79	-0.02%	1.38%	3.85%	5.94%
YIELDS AND PRICES		10-Jun-14	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-F)		1.2687	-0.01%	0.01%	-0.09%	0.78%
1-Year Philippine Treasury Bill Yield (PDST-F)		1.9979	-0.04%	-0.14%	-0.22%	1.06%
ROP2021 (Price)		106.661	(0.09)	(0.29)	0.38	3.04
ROP2034 (Price)		128.115	(0.28)	(0.70)	(0.21)	8.56
3-Month US Treasury Yield		0.0304	0.00%	0.00%	0.01%	-0.03%
2-year US Treasury Yield		0.4388	0.02%	0.04%	0.06%	0.05%
10-year US Treasury Yield		2.6439	0.04%	0.05%	0.02%	-0.36%
30-year US Treasury Yield		3.4779	0.04%	0.04%	0.01%	-0.46%
3-Month German Treasury Bill Yield		-0.024	-0.01%	-0.02%	-0.04%	-0.09%
Brent Crude Oil Spot (\$/bbl)		109.36	0.00%	0.00%	0.00%	0.00%
Dubai Crude Oil Spot (\$/bbl)		105.53	0.42%	1.00%	0.64%	-2.91%
1-month Nymex oil futures (\$/bbl)		104.35	-0.06%	1.65%	4.36%	4.02%
Gold Spot (\$/oz)		1,259.91	0.60%	1.20%	-2.24%	3.84%
USD/PHP (PDEX close)		43.675	0.09	(0.14)	0.02	(0.72)

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets					
Last Trade as of		June 10, 2014			
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pacific Index	143.88	+	0.38	+ 0.26
Australia	S&P/ASX 200 Index	5,469.65	+	5.62	+ 0.10
China	Shanghai SE Comp Index	2,052.53	+	22.03	+ 1.08
Hong Kong	Hang Seng Index	23,315.74	+	198.27	+ 0.86
India	SENSEX	25,583.69	+	3.48	+ 0.01
Indonesia	Jakarta Composite Index	4,946.09	+	61.01	+ 1.25
Japan	Nikkei 225	14,994.80	-	129.20	- 0.85
Malaysia	KLCI	1,876.61	+	12.92	+ 0.69
New Zealand	NZX 50 Index	5,179.40	-	7.95	- 0.15
Singapore	Straits Times Index	3,293.82	-	11.38	- 0.34
South Korea	KOSPI	2,011.80	+	21.76	+ 1.09
Taiwan	TWSE	9,222.37	+	59.63	+ 0.65
Thailand	SET Index	1,469.19	+	11.89	+ 0.82

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)									
	10-Jun-14	09-Jun-14	Difference			10-Jun-14	09-Jun-14	Difference	
1 month	1.2450	1.2500	-	0.005	4 year	3.0262	3.0500	-	0.024
3 month	1.0182	1.0150	+	0.003	5 year	3.3250	3.3250		0.000
6 month	1.3000	1.3750	-	0.075	7 year	3.4510	3.5972	-	0.146
1 year	1.7750	1.7033	+	0.072	10 year	3.8750	3.9000	-	0.025
2 year	2.3859	2.3491	+	0.037	20 year	4.8500	4.8500		0.000
3 year	2.6887	2.6600	+	0.029	25 year	5.0438	5.0579	-	0.014

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
6/16/2014	Philippines Overseas Filipino Workers Remittances YoY	Apr	6/11/2014	Mortgage Bankers Association US Mortgage Market Indx Weekly % Change SA Old Meth	Jun 6
6/16/2014	Philippines Overseas Filipino Workers Remittances	Apr	6/12/2014	US Initial Jobless Claims SA	Jun 7
6/19/2014	Philippines BOP	May	6/12/2014	Adjusted Retail & Food Services Sales SA Total Monthly % Change	May
6/19/2014	Philippines Overnight Reverse Repurchase Agreement RRP Rate	Jun 19	6/13/2014	University of Michigan Survey of Consumer Confidence Sentiment	Jun P
			6/16/2014	US Empire State Manufacturing Survey General Business Conditions SA	Jun
			6/16/2014	US Industrial Production MoM 2007=100 SA	May
			6/17/2014	US CPI Urban Consumers MoM SA	May
			6/17/2014	US New Privately Owned Housing Units Started by Structure Total SAAR	May
			6/19/2014	Federal Funds Target Rate US	Jun 18
			6/19/2014	Conference Board US Leading Index MoM	May

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