

## Local

- The local benchmark index went back above 6,800-level as foreign investors favored heavyweight stocks from the index. The PSEi gained 31.20 points, or +0.46%, to close at 6,809.18 last Wednesday. Almost all sectoral indices ended in the green led by property (+1.23%), financials (+0.61%), and holdings firms (+0.45%), while mining and oil (-0.36%) and services (-0.65) ended negative. Market breadth was negative with 98 declines outnumbering 84 advances, while 42 stocks were unchanged. Total value turnover amounted to Php7.61 billion. Foreign investors were net buyers at Php0.90 billion.
- The Japan Credit Rating Agency (JCRA) affirmed its investment grade rating and stable outlook for the Philippines, noting the country's continued resilience to external shocks, robust economic growth, stable political situation and healthy government finances. It further went on to say that the country's robust economic growth was supported by strong domestic demand, supported by remittance and revenues from tourism and the BPO segment. However, the JCRA also noted that its ratings were constrained by the country's challenging investment environment, particularly its inadequate infrastructure.
- Data released by the Bureau of the Treasury showed that the government's debt payments dropped by nearly 50 % last April as it settled less in interest and principal from its liabilities. The government spent Php16.083 billion to settle interest and principal payments to creditors, down 46.81% from April last year. Bulk of the amount was interest payments, which totaled at Php13.398 billion, 43.42% lower than the Php16.919 billion paid last year. On the other hand, principal payments totaled Php2.685 billion from 2012's Php6.557 billion.
- On the local fixed income market, prices of government securities marginally climbed as two-way interest prevailed with market players taking positions ahead of the 5-year auction next week. Yields across the curve slightly fell by 0.68 basis points with the short-tenored buckets dropping by 8.2 basis points, while the belly and the long-end of the curve rose by 3.1 and 3.0 basis points, respectively.
- The Philippine peso depreciated against the greenback as investors loaded up on dollar holdings ahead of the holiday. The local currency lost 14.5 centavos to close at 43.820.

## US and Europe

- US equities fell on Thursday as investors were concerned over the all-sectarian conflict in Iraq, oil price increase, and a sluggish May retail sales report. The S&P 500 index ended its record highs by slipping 13.78 points, or 0.7%, to close at 1,930.11, while the Dow Jones Industrial Average index lost 109.69 points, or 0.65%, to close at 16,734.19.
- The US Commerce Department reported that retail sales rose less than expected in May. Retail sales advanced 0.3% month-on-month. While May figure was below the 0.6% increase that market expected, April sales were revised to show growth of 0.5%. This revision helped keep growth forecasts intact. In May, consumers bought automobiles aggressively, as sales were particularly strong with an increase of 1.4% month-on-month. Consumers also spent on building materials, garden equipment and furniture. However, it is important to note that modest declines in sales were recorded at sporting goods shops, electronics and appliances stores, clothing retailers, restaurants, and bars.
- The US Labor Department stated that Americans filing new claims for unemployment benefits slightly increased last week. Initial claims for unemployment benefits climbed 4,000 to a seasonally adjusted 317,000 for the week ended June 7. Despite the rise, claims are not too far from their pre-recession levels. Moreover, job growth continues to rise at a steady pace, which indicates the sustainable growth in the US economy.
- US Treasuries rallied following a 30-year bond auction that saw the largest ever allocation to buy-side investors. The US Treasury Department sold US\$30 billion worth of 30-year bonds at a yield of 3.444%. Indirect bidders, which include foreign central banks, bought 51.7% of the sale compared with the average of 43.0% in the past six auctions. Meanwhile, direct bidders, which include domestic money managers, bought 21.8% of the sale, compared with 13.8% in the past. The two-year note yield increased 0.2 basis points to close at 0.437%, while the 10-year bond yield fell 4.4 basis points to close at 2.595%.
- European equities gained ground as investors focused on increased M&A speculation in the telecom space and higher-than-expected read on industrial production, which overshadowed the disappointing data out of the US. The FTSEurofirst300 index advanced 0.43 of a point to close at 1,392.02.
- The euro slightly strengthened against the US dollar on the back of sluggish economic data out of the US and positive expectations on industrial production in Europe. The EUR/USD increased 0.01% as it closed at 1.3553 from previous day's close of 1.3552.

## Asia Pacific

- Most Asian markets ended lower Thursday after US equity markets broke their 5-day winning streak. In Japan, shares dropped 0.64%, its lowest level in more than a week, after the yen strengthened against the US dollar. In Australia, stocks ended 0.46% lower following labor data which showed that the number of employed decreased by 4,800 in May, well below the expectations for a 10,000 increase. In China, shares edged 0.16% lower as investors turned defensive ahead of a series of economic data due on Friday, such as industrial output figures and retail sales numbers. The MSCI All Country Asia Pacific Index waned 0.20 points, or -0.14%, to 144.35.

## Key Indicators

EQUITIES BENCHMARK INDICES		12-Jun-14	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index		6,809.18	0.00%	0.54%	-0.03%	15.61%
MSCI World USD Index		1,725.49	-0.33%	-0.01%	1.81%	4.31%
MSCI All Country Asia Pacific ex-Japan Total Returns		402.93	-0.15%	0.99%	3.82%	7.46%
MSCI Europe USD Index		1,830.95	0.17%	0.36%	0.42%	4.26%
FTSEurofirst 300 Index		1,392.02	0.03%	0.86%	2.02%	5.91%
Dow Jones Industrial Average Index		16,734.19	-0.65%	-0.61%	0.23%	1.55%
Standard & Poor's 500 Index		1,930.11	-0.71%	-0.53%	1.76%	4.82%
YIELDS AND PRICES		12-Jun-14	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-F)		1.2833	0.00%	-0.01%	-0.10%	0.79%
1-Year Philippine Treasury Bill Yield (PDST-F)		2.0292	0.00%	-0.13%	-0.20%	1.10%
ROP2021 (Price)		106.303	(0.14)	(0.36)	0.12	2.68
ROP2034 (Price)		126.706	(0.27)	(1.60)	(0.90)	7.15
3-Month US Treasury Yield		0.0355	0.00%	0.01%	0.02%	-0.03%
2-year US Treasury Yield		0.4370	0.01%	0.06%	0.04%	0.05%
10-year US Treasury Yield		2.5951	-0.04%	0.01%	-0.07%	-0.40%
30-year US Treasury Yield		3.4101	-0.06%	-0.03%	-0.09%	-0.53%
3-Month German Treasury Bill Yield		-0.035	0.00%	-0.02%	-0.05%	-0.10%
Brent Crude Oil Spot (\$/bbl)		109.36	0.00%	0.00%	0.00%	0.00%
Dubai Crude Oil Spot (\$/bbl)		107.09	1.27%	2.66%	2.56%	-1.47%
1-month Nymex oil futures (\$/bbl)		106.53	2.04%	3.95%	5.91%	6.19%
Gold Spot (\$/oz)		1,273.45	0.98%	1.58%	-1.73%	4.95%
USD/PHP (PDEX close)		43.820	0.00	0.01	0.11	(0.58)

Source: Bloomberg

## Asian Equity Markets

Asia Pacific Markets					
Last Trade as of		June 12, 2014			
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pacific Index	144.55	+ 0.67	+ 0.47	
Australia	S&P/ASX 200 Index	5,453.99	- 15.66	- 0.29	
China	Shanghai SE Comp Index	2,054.95	+ 2.42	+ 0.12	
Hong Kong	Hang Seng Index	23,257.29	- 58.45	- 0.25	
India	SENSEX	25,473.89	- 109.80	- 0.43	
Indonesia	Jakarta Composite Index	4,971.95	+ 25.86	+ 0.52	
Japan	Nikkei 225	15,069.48	+ 74.68	+ 0.50	
Malaysia	KLCI	1,878.38	+ 1.77	+ 0.09	
New Zealand	NZX 50 Index	5,179.15	- 0.25	- 0.00	
Singapore	Straits Times Index	3,290.04	- 3.78	- 0.11	
South Korea	KOSPI	2,014.67	+ 2.87	+ 0.14	
Taiwan	TWSE	9,229.80	+ 7.43	+ 0.08	
Thailand	SET Index	1,463.71	- 5.48	- 0.37	

## Local Bond Market

Peso Interest Rates (PDEX PDST-R2)									
	11-Jun-14	10-Jun-14	Difference			11-Jun-14	10-Jun-14	Difference	
1 month	0.9495	1.2450	-	0.296	4 year	3.1000	3.0262	+	0.074
3 month	1.0101	1.0182	-	0.008	5 year	3.4000	3.3250	+	0.075
6 month	1.2749	1.3000	-	0.025	7 year	3.6750	3.4510	+	0.224
1 year	1.7750	1.7750	-	0.000	10 year	3.9000	3.8750	+	0.025
2 year	2.1590	2.3859	-	0.227	20 year	4.9000	4.8500	+	0.050
3 year	2.6992	2.6887	+	0.011	25 year	5.0600	5.0438	+	0.016

## Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
6/16/2014	Philippines Overseas Filipino Workers Remittances YoY	Apr	6/13/2014	University of Michigan Survey of Consumer Confidence Sentiment	Jun P
6/16/2014	Philippines Overseas Filipino Workers Remittances	Apr	6/16/2014	US Empire State Manufacturing Survey General Business Conditions SA	Jun
6/19/2014	Philippines BOP	May	6/16/2014	US Industrial Production MoM 2007=100 SA	May
6/19/2014	Philippines Overnight Reverse Repurchase Agreement RRP Rate	Jun 19	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
			6/18/2014	Mortgage Bankers Association US Mortgage Market Indx Weekly % Change SA Old Meth	Jun 13
			6/19/2014	Federal Funds Target Rate US	Jun 18
			6/19/2014	US Initial Jobless Claims SA	Jun 7
			6/19/2014	Conference Board US Leading Index MoM	May
			6/19/2014	Philadelphia Fed Business Outlook Survey Diffusion Index General Conditions	Jun

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