

## Local

- The local equities market traded lower as profit-taking ensued amid concerns on violence in Iraq and the subsequent effect on oil prices. The PSEi closed the last trading day of the week in negative territory, losing 24.23 points, or -0.36%, to close at 6,784.95. All indices ended Friday below their previous day's close, with mining and oil (-1.18%), property (-0.93%), and holding firms (-0.32%) dropping the most. Market breadth was negative with 121 declines outnumbering 57 advances, while 41 issues were unchanged. Total value turnover amounted to Php7.76 billion. Foreign investors were net buyers at Php0.52 billion.
- The Philippine Long Distance Telephone Co. (PLDT) disclosed plans to build a new international cable landing station in Visayas within the year to boost its network. The new cable landing station is expected to provide redundancy as most of its current facilities are in Luzon (i.e. Batangas, La Union and Camarines Norte). The company said that the proposed additional station would be constructed under a consortium with foreign telco partners.
- The Bangko Sentral ng Pilipinas (BSP) expects the unrest in Iraq to pose insignificant upside risk to domestic inflation. However, the BSP derives comfort from the Organization of Petroleum Exporting Countries' (OPEC) commitment to maintain its production level. OPEC supplies a third of the global oil requirements. The BSP forecasts an average inflation of 4.3% for 2014, slightly above the midpoint of its three to five percent target range. For January to May 2014, actual inflation averaged at 4.1 percent.
- On the local fixed income market, prices of government securities declined as market players unloaded local assets on speculations that the interest rate hike by the Federal Reserve will happen sooner than expected after recent US economic data came out stronger than expected. Yields across the curve climbed 4.20 basis points led by short-tenored buckets which rose by 5.5 basis points, while the belly and the long-end of the curve went up by 4.7 and 1.6 basis points, respectively.
- The Philippine peso marginally gained against the US dollar as investors stayed on the sidelines ahead of the FOMC meeting and the BSP's Monetary Board meeting slated this week. The local currency appreciated by 3 centavos to end the week at 43.790.

## US and Europe

- US equities edged higher Friday in a volatile trading session despite investors' anxiety over the ongoing violence in Iraq and its effect to global oil prices. The S&P500 index climbed 6.05 points to close at 1,936.16, while the Dow Jones Industrial Average index advanced 41.55 points to close at 16,775.74.
- The US Labor Department reported that the producer price index (PPI) for final demand, a gauge of US inflation, dipped in May by a seasonally adjusted 0.2% month-on-month. The PPI decline shows signs that inflationary pressures are stabilizing, as the dip followed a surprising 0.6% spike in April. The decrease in PPI is attributed to the decline in prices for food, energy and trade services, while core prices remained unchanged. On an annual basis, producer prices rose 2%. The PPI measures changes in the prices firms receive for their goods and services, which means a decline in this figure signals that price pressures remain tame amid subdued economic growth.
- The Thomson Reuters/University of Michigan reported that its overall index on consumer sentiment printed at 81.2 last May, which is down from the 81.9 posted in April. The survey's barometer of current economic conditions climbed to 95.4 from 94.5, while the survey's gauge of consumer expectations slipped to 72.2 from 73.7. Despite the small variations, the survey found that consumers maintained their expectations at favorable levels for the past six months.
- US Treasury prices declined Friday following hawkish comments from Bank of England Governor Mark Carney. The announcement stirred up some anxiety that an interest rate increase could come sooner than most market players expected. This greatly affected short-dated bonds in the US, as these bonds are more sensitive to the direction of central bank interest rate policy. The two-year yields rose to the highest level since early May as it climbed 1.2 basis points to close at 0.448%, while the 10-year bond firmed 0.8 basis points to close at 2.6033%.
- European equities inched lower Friday mostly due to speculation that British interest rates will increase following Bank of England Governor Mark Carney's comments and amid the worsening violence in Iraq. The FTSEurofirst300 index dipped 2.19 points to close at 1,389.83.
- The euro weakened against the US dollar following the European Central Bank's decision to cut rates and amid the ongoing Sunni insurgency in Iraq. Despite the report released last Friday, which stated that US consumer sentiment unexpectedly deteriorated in June, the dollar still edged out the shared currency. The EUR/USD closed at 1.3541.

## Asia Pacific

- Asian markets ended Friday mixed as investors digested a batch of economic data from China which mostly matched expectations. Chinese industrial production grew by 8.8% year-on-year for the last May, matching consensus expectations, while retail sales were up 12.5% from April's 11.9%, beating the forecasts. Meanwhile, Japanese shares gained after the Bank of Japan raised its view on overseas economies, stating that advanced economies are recovering, albeit at a mild pace. China's Shanghai SE Comp Index (0.93%) and Japan's Nikkei 225 (0.83%) led gains, while India's SENSEX (-1.36%), South Korea's KOSPI (-1.03%), and New Zealand's NZX 50 Index (-0.47%) lost the most among the indices tracked. The MSCI All Country Asia Pacific Index waned 0.27 points, or -0.19%, to 144.08.

## Key Indicators

EQUITIES BENCHMARK INDICES		13-Jun-14	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index		6,784.95	-0.36%	0.33%	-0.99%	15.20%
MSCI World USD Index		1,727.21	0.10%	-0.42%	1.72%	4.42%
MSCI All Country Asia Pacific ex-Japan Total Returns		401.17	-0.44%	0.31%	2.58%	6.99%
MSCI Europe USD Index		1,825.10	-0.32%	-0.75%	0.16%	3.93%
FTSEurofirst 300 Index		1,389.83	-0.16%	0.10%	1.54%	5.75%
Dow Jones Industrial Average Index		16,775.74	0.25%	-0.88%	0.36%	1.80%
Standard & Poor's 500 Index		1,936.16	0.31%	-0.68%	2.04%	5.15%
YIELDS AND PRICES		13-Jun-14	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-F)		1.2729	-0.01%	-0.01%	-0.05%	0.78%
1-Year Philippine Treasury Bill Yield (PDST-F)		1.9938	-0.04%	-0.07%	-0.19%	1.06%
ROP2021 (Price)		106.343	0.04	(0.43)	0.19	2.72
ROP2034 (Price)		126.652	(0.05)	(1.87)	(0.84)	7.10
3-Month US Treasury Yield		0.0304	-0.01%	0.00%	0.01%	-0.03%
2-year US Treasury Yield		0.4493	0.01%	0.05%	0.07%	0.06%
10-year US Treasury Yield		2.6033	0.01%	0.02%	-0.01%	-0.40%
30-year US Treasury Yield		3.4134	0.00%	-0.02%	-0.03%	-0.52%
3-Month German Treasury Bill Yield		-0.066	-0.03%	-0.05%	-0.08%	-0.13%
Brent Crude Oil Spot (\$/bbl)		109.36	0.00%	0.00%	0.00%	0.00%
Dubai Crude Oil Spot (\$/bbl)		108.97	1.76%	3.48%	4.36%	0.26%
1-month Nymex oil futures (\$/bbl)		106.91	0.36%	4.14%	5.12%	6.57%
Gold Spot (\$/oz)		1,276.89	0.27%	1.89%	-1.29%	5.24%
USD/PHP (PDEX close)		43.790	(0.03)	0.14	(0.02)	(0.61)

Source: Bloomberg

## Asian Equity Markets

Asia Pacific Markets					
Last Trade as of June 13, 2014					
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pacific Index	144.08	-	0.27	- 0.19
Australia	S&P/ASX 200 Index	5,405.05	-	23.75	- 0.44
China	Shanghai SE Comp Index	2,070.72	+	19.00	+ 0.93
Hong Kong	Hang Seng Index	23,319.17	+	144.15	+ 0.62
India	SENSEX	25,228.17	-	348.04	- 1.36
Indonesia	Jakarta Composite Index	4,926.66	-	7.74	- 0.16
Japan	Nikkei 225	15,097.84	+	124.31	+ 0.83
Malaysia	KLCI	1,876.74	+	2.87	+ 0.15
New Zealand	NZX 50 Index	5,170.51	-	24.60	- 0.47
Singapore	Straits Times Index	3,293.25	+	0.24	+ 0.01
South Korea	KOSPI	1,990.85	-	20.80	- 1.03
Taiwan	TWSE	9,196.39	-	8.26	- 0.09
Thailand	SET Index	1,456.02	-	1.00	- 0.07

## Local Bond Market

Peso Interest Rates (PDEX PDST-R2)							
	13-Jun-14	11-Jun-14	Difference		13-Jun-14	11-Jun-14	Difference
1 month	1.2500	0.9495	+ 0.301	4 year	3.1226	3.1000	+ 0.023
3 month	1.0023	1.0101	- 0.008	5 year	3.4000	3.4000	0.000
6 month	1.3000	1.2749	+ 0.025	7 year	3.5926	3.6750	- 0.082
1 year	1.6768	1.7750	- 0.098	10 year	3.9000	3.9000	0.000
2 year	2.4264	2.1590	+ 0.267	20 year	4.9000	4.9000	0.000
3 year	2.7274	2.6992	+ 0.028	25 year	5.1082	5.0600	+ 0.048

## Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
6/16/2014	Philippines Overseas Filipino Workers Remittances YoY	Apr	6/16/2014	US Industrial Production MoM 2007=100 SA	May
6/16/2014	Philippines Overseas Filipino Workers Remittances	Apr	6/17/2014	US CPI Urban Consumers MoM SA	May
6/19/2014	Philippines BOP	May	6/17/2014	US New Privately Owned Housing Units Started by Structure Total SAAR	May
6/19/2014	Philippines Overnight Reverse Repurchase Agreement RRP Rate	Jun 19	6/18/2014	Mortgage Bankers Association US Mortgage Market Indx Weekly % Change SA Old Meth	Jun 13
6/25/2014	Philippines External Balance of Trade	Apr	6/19/2014	Federal Funds Target Rate US	Jun 18
6/25/2014	Philippines External Trade Imports YoY	Apr	6/19/2014	US Initial Jobless Claims SA	Jun 14
6/25/2014	Philippines External Trade Imports	Apr	6/24/2014	Conference Board Consumer Confidence SA 1985=100	Jun
			6/25/2014	GDP US Chained 2009 Dollars QoQ SAAR	1Q T
			6/25/2014	US Durable Goods New Orders Industries MoM SA	May
			6/27/2014	University of Michigan Survey of Consumer Confidence Sentiment	Jun F

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