

## Local

- The local equities market closed the day slightly lower as investors stayed on the sidelines pending the BSP's decision on interest rates. Some bargain hunting narrowed the losses from the levels sustained since last Friday. The PSEi lost 3.74 points, or -0.06%, to close at 6,669.39. Almost all sectors ended lower led by industrial (-0.16%), property (-0.14%), and financials (-0.10%), while mining and oil (+3.48%) and services (+0.21%) bucked the trend ending the day in the positive territory. Market breadth was positive with 107 advances outnumbering 75 declines, while 42 stocks were unchanged. Total value turnover amounted to Php11.86 billion. Foreign investors were net sellers for the third straight day at Php1.08 billion.
- Index heavy-weight Philippine Long Distance Telephone Co. (PLDT), through its wireless unit Smart Communications Inc., plans to seek presence in the Php2.2-billion mobile advertising business. Smart launched SmartAds, a new mobile advertising platform that delivers real-time offers through text to users based on their real-time location. The unique selling proposition of the app is providing brand offers as the consumers are currently within the proximity of stores, resulting to targeted and deeper consumer engagement. At present, 12 million Smart subscribers have signified interest and were profiled for mobile advertising. The company disclosed that SmartAds can potentially reach up to 72 million mobile phone users.
- The Bangko Sentral ng Pilipinas disclosed that the Philippines' balance of payments (BOP) registered a surplus for the month of May, amounting to US\$373 million. Year-to-date, cumulative BOP balance still ended with a deficit of US\$4.12 billion. The BSP forecasts a US\$3-billion BOP surplus for full year 2014, lower than prior year's US\$5.085 billion on the back of US Federal Reserve's tapering of its economic stimulus.
- Prices of local government securities rallied during today's trading session following more dovish-than-expected comments by Federal Reserve Chair Janet Yellen following the FOMC meeting. Yields across the curve fell by 0.17 basis points with short- and medium-tenored bonds dropping by 2.8 and 0.2 basis points, respectively.
- The Philippine peso strengthened against the US dollar as results of the FOMC meeting revealed that ultra-low interest rates would still remain in the world's largest economy for some time. The local currency appreciated by 30 centavos to close at 43.820.

## US and Europe

- US equities rallied to new record highs as investors focused on largely solid economic data, which overshadowed a handful of poorly received earnings results in the retail sector. The S&P 500 index climbed 2.50 points to close at 1,959.48, while the Dow Jones Industrial Average index advanced 14.84 points to close at 16,921.46.
- Reports from the Federal Reserve Bank of Philadelphia indicated that mid-Atlantic manufacturers posted improved business conditions in June. The Federal Reserve Bank of Philadelphia's index of general business activity, which covers the regional factory sector, rose higher-than-expected to 17.8 from 15.4 in May. Meanwhile, other indicators expanding business developments in the country rose as well, which solidify earlier assumptions that the US is on its way back to its sustainable growth path. The new orders index, employees' index, workweek index, and general business expectations index all significantly climbed to 16.8, 15.5, 11.9, 7.3, and 35.0 respectively. Meanwhile, the Philadelphia area manufacturers reported higher cost pressures as the prices-paid index rose to 35.0 from 23.0, while the prices-received index slowed to 14.1 in June from 17.0 in May and 4.3 in April.
- The US Labor Department reported that fewer Americans filed new claims for jobless benefits last week. Initial claims for unemployment benefits declined by 6,000 to a seasonally adjusted 312,000 last week. The number of workers continuing to draw unemployment benefits dropped 54,000 to a seasonally adjusted 2.561 million workers.
- US Treasury prices dipped amid largely positive economic data and a treasury inflation-protected securities auction. The Treasury market slipped as investors continued to react to the commentary from the Federal Open Market Committee meeting Wednesday. The ten-year bond yield increased 3.8 basis points to 2.621%.
- European markets edged higher following the market-friendly commentary from the US Federal Reserve officials. The FTSEurofirst 300 index rose 8.14 points, or 0.6%, to close at 1,395.58.
- The euro strengthened against the US dollar following the FOMC meeting last Wednesday. The EUR/USD closed at 1.3608.

## Asia Pacific

- Most Asian markets rallied Thursday as investors welcomed the US Fed's commitment to keep interest rates low. Comments from Chinese Premier Li Keqiang, who said the Chinese economy would avoid a hard landing and hit the government's 7.5% growth target this year, also boosted sentiment in the region. The statement helped commodity prices, and consequently, commodity-related stocks. Mr. Li's comments, however, disappointed investors in China who were hoping for announcements of more stimulus in the short-term. Japan's Nikkei 225 (+1.62%), Australia's S&P/ASX 200 Index (+1.59%), and Thailand's SET Index (+0.73%) posted the largest gains among peers. The MSCI All Country Asia Pacific Index advanced 1.76 points, or 1.23%, to 145.42.

## Key Indicators

EQUITIES BENCHMARK INDICES		19-Jun-14	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index		6,699.39	-0.06%	-1.61%	-2.50%	13.75%
MSCI World USD Index		1,748.41	0.61%	1.33%	3.71%	5.70%
MSCI All Country Asia Pacific ex-Japan Total Returns		401.75	0.78%	-0.29%	1.66%	7.15%
MSCI Europe USD Index		1,845.40	1.01%	0.79%	1.96%	5.09%
FTSEurofirst 300 Index		1,395.58	0.59%	0.26%	2.70%	6.19%
Dow Jones Industrial Average Index		16,921.46	0.09%	1.12%	2.48%	2.69%
Standard & Poor's 500 Index		1,959.48	0.13%	1.52%	3.95%	6.41%
YIELDS AND PRICES		19-Jun-14	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-F)		1.2750	0.00%	-0.01%	-0.05%	0.78%
1-Year Philippine Treasury Bill Yield (PDST-F)		1.8479	0.00%	-0.18%	-0.59%	0.91%
ROP2021 (Price)		106.216	0.44	(0.09)	(0.12)	2.59
ROP2034 (Price)		125.954	1.28	(0.75)	(3.11)	6.40
3-Month US Treasury Yield		0.0101	-0.01%	-0.03%	-0.01%	-0.05%
2-year US Treasury Yield		0.4477	0.00%	0.01%	0.11%	0.06%
10-year US Treasury Yield		2.6206	0.04%	0.03%	0.08%	-0.38%
30-year US Treasury Yield		3.4660	0.07%	0.06%	0.08%	-0.47%
3-Month German Treasury Bill Yield		-0.048	0.00%	-0.01%	-0.05%	-0.11%
Brent Crude Oil Spot (\$/bbl)		109.36	0.00%	0.00%	0.00%	0.00%
Dubai Crude Oil Spot (\$/bbl)		110.74	0.65%	3.41%	3.89%	1.89%
1-month Nymex oil futures (\$/bbl)		106.43	0.43%	-0.09%	3.72%	6.09%
Gold Spot (\$/oz)		1,320.39	3.34%	3.69%	2.11%	8.82%
USD/PHP (PDEX close)		43.820	(0.30)	0.00	0.20	(0.58)

Source: Bloomberg

## Asian Equity Markets

Asia Pacific Markets					
Last Trade as of		June 19, 2014			
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pacific Index	145.42	+ 1.76	+ 1.23	
Australia	S&P/ASX 200 Index	5,468.20	+ 85.48	+ 1.59	
China	Shanghai SE Comp Index	2,023.74	- 31.78	- 1.55	
Hong Kong	Hang Seng Index	23,167.73	- 13.99	- 0.06	
India	SENSEX	25,201.80	- 44.45	- 0.18	
Indonesia	Jakarta Composite Index	4,864.27	- 23.59	- 0.48	
Japan	Nikkei 225	15,361.16	+ 245.36	+ 1.62	
Malaysia	KLCI	1,881.48	+ 4.90	+ 0.26	
New Zealand	NZX 50 Index	5,192.15	+ 7.69	+ 0.15	
Singapore	Straits Times Index	3,269.02	- 7.78	- 0.24	
South Korea	KOSPI	1,992.03	+ 2.54	+ 0.13	
Taiwan	TWSE	9,316.81	+ 36.88	+ 0.40	
Thailand	SET Index	1,461.91	+ 10.55	+ 0.73	

## Local Bond Market

Peso Interest Rates (PDEX PDST-R2)									
	19-Jun-14	18-Jun-14	Difference			19-Jun-14	18-Jun-14	Difference	
1 month	1.0250	1.1350	-	0.110	4 year	3.1459	3.0571	+	0.089
3 month	1.1000	1.1000		0.000	5 year	3.5000	3.4500	+	0.050
6 month	1.2750	1.2750		0.000	7 year	3.6253	3.8000	-	0.175
1 year	1.6750	1.6750		0.000	10 year	3.9500	3.9500		0.000
2 year	2.4623	2.4843	-	0.022	20 year	5.0098	4.9250	+	0.085
3 year	2.8425	2.7950	+	0.048	25 year	5.1401	5.1254	+	0.015

## Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
6/25/2014	Philippines External Balance of Trade	Apr	6/23/2014	US Existing Homes Sales SAAR	May
6/25/2014	Philippines External Trade Imports YoY	Apr	6/24/2014	Conference Board Consumer Confidence SA 1985=100	Jun
6/25/2014	Philippines External Trade Imports	Apr	6/25/2014	Mortgage Bankers Association US Mortgage Market Indx Weekly % Change SA Old Meth	Jun 20
			6/25/2014	GDP US Chained 2009 Dollars QoQ SAAR	1Q T
			6/25/2014	US Durable Goods New Orders Industries MoM SA	May
			6/25/2014	US GDP Price Index QoQ SAAR	1Q T
			6/26/2014	US Initial Jobless Claims SA	Jun 14
			6/26/2014	US Personal Income MoM SA	May
			6/26/2014	US Personal Consumption Expenditures Nominal Dollars 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