

Local

- The local benchmark index rebounded from Thursday's loss as the BSP's SDA rate hike will benefit the banking sector and conglomerates. The PSEi added 31.57 points, or +0.47%, to close at 6,730.96. All sectors managed to eke out gains led by mining and oil (+2.08%), financials (+1.01%) and property (+0.46%). Market breadth was positive with 109 advances outnumbering 59 declines, while 50 names were unchanged. Total value turnover amounted to Php31.46 billion. Foreign investors were net sellers at Php1.11 billion.
- Century Properties Group is planning to issue around Php2 billion of fixed-rate bonds with an oversubscription option allowing for Php1 billion in additional securities. The company stated that the proceeds of the bond sale will be used to finance projects due for completion between 2017 and 2019, which involves 3,250 residential units measuring 90,000 square meters. The offer will also include three-year, five-year and seven-year issues, with pricing and other terms yet to be determined.
- According to data from the Department of Finance (DoF), the government's tax effort — or total tax collections as a percentage of gross domestic product (GDP) — registered at 12.38% in January to March, higher than the 12% recorded in the same period a year ago. The government looks to improve this to 14.5% this year from last year's 13.3%. Finance Undersecretary and Chief Economist Gil S. Beltran stated that the first quarter tax effort figure is still below this year's target, but added that first quarter figures are historically low. The peak normally happens in the second quarter since it includes the April income tax collections.
- Prices of local government securities fell on strong bets that the central bank will continue its monetary tightening strategy following the increase in SDA rate by 25 basis points to 2.25%. Yields across the curve climbed by 5.82 basis points led by short-end of the curve, which rose by 9.4 basis points, while the belly of the curve went up by 6.3 basis points.
- The Philippine peso appreciated against the greenback as market players favored the local currency following the SDA rate hike by the BSP and signals made by the central bank Governor Amando Tetangco for more tightening. The USD/PHP currency pair gained 3.5 centavos to end the week at 43.785.

US and Europe

- US equities ended the week on a record-breaking note as Wall Street continued to price in the Federal Reserve's monetary decision last Wednesday, and the comments that followed from Federal Reserve officials that interest rates are going to remain low for a considerable amount of time. The S&P 500 index climbed 3.40 points at 1,962.87, while the Dow Jones Industrial Average index gained 25.68 points to close at 16,947.08.
- Reports from the Federal Reserve Bank of Philadelphia showed that conditions for manufacturers in the Philadelphia region improved more in June than in the month of May. The index of current business activity climbed to 17.8 from 15.4 in May. Meanwhile, Philadelphia's Federal Reserve Bank's Business Outlook Survey indicated responding firms reported continued increases in overall activity, new orders, shipments, and employment this month.
- The Conference Board reported the Leading Economic Index of the US rose 0.5% in May to 101.7, which signals that economic growth could pick up in coming months. Recent data suggest the economy is finally moving up from a 2% growth trend to a more robust expansion. Meanwhile, the coincident index and lagging index both grew in May 0.3% and 0.4% respectively.
- The US Treasury prices rallied to close the week with new gains as the market continued to price in the Federal Reserve's decision to keep interest rates low. The 5-year yields fell half a basis point to 1.684% while the 10-year yields slipped 2 basis points to close at 2.605%.
- European equities edged lower as euro-zone consumer confidence unexpectedly weakened in June. The FTSEurofirst300 index declined 0.60 points, or 0.04%, to close at 1,394.98.
- The euro weakened against the US dollar following strong economic indicators from the US. The shared currency gave back 0.08 cents to close at EUR/USD1.3600.

Asia Pacific

- Asian markets mostly edged lower as profit-taking activities dominated markets after Thursday's rally. South Korea's KOSPI (-1.20%), New Zealand's NZX 50 Index (-0.91%), and Australia's S&P/ASX 200 Index (-0.89%) posted the largest losses among peers. The MSCI All Country Asia Pacific Index waned 0.72 points, or -0.50%, to 144.70.

Key Indicators

EQUITIES BENCHMARK INDICES		20-Jun-14	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index		6,730.96	0.47%	-0.80%	-2.21%	14.28%
MSCI World USD Index		1,747.43	-0.06%	1.17%	4.14%	5.64%
MSCI All Country Asia Pacific ex-Japan Total Returns		399.21	-0.63%	-0.49%	1.39%	6.47%
MSCI Europe USD Index		1,837.59	-0.42%	0.68%	1.83%	4.64%
FTSEurofirst 300 Index		1,394.98	-0.04%	0.37%	2.80%	6.14%
Dow Jones Industrial Average Index		16,947.08	0.15%	1.02%	3.50%	2.84%
Standard & Poor's 500 Index		1,962.87	0.17%	1.38%	4.81%	6.60%
YIELDS AND PRICES		20-Jun-14	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-F)		1.3182	0.04%	0.05%	-0.00%	0.83%
1-Year Philippine Treasury Bill Yield (PDST-F)		1.8909	0.04%	-0.10%	-0.50%	0.96%
ROP2021 (Price)		106.122	(0.09)	(0.22)	0.02	2.50
ROP2034 (Price)		125.523	(0.43)	(1.13)	(2.99)	5.97
3-Month US Treasury Yield		0.0101	0.00%	-0.02%	-0.02%	-0.05%
2-year US Treasury Yield		0.4561	0.01%	0.01%	0.12%	0.07%
10-year US Treasury Yield		2.6052	-0.02%	0.00%	0.09%	-0.39%
30-year US Treasury Yield		3.4337	-0.03%	0.02%	0.05%	-0.50%
3-Month German Treasury Bill Yield		-0.039	0.01%	0.03%	-0.03%	-0.10%
Brent Crude Oil Spot (\$/bbl)		109.36	0.00%	0.00%	0.00%	0.00%
Dubai Crude Oil Spot (\$/bbl)		111.26	0.47%	2.10%	5.10%	2.36%
1-month Nymex oil futures (\$/bbl)		107.26	0.78%	0.33%	4.71%	6.92%
Gold Spot (\$/oz)		1,314.85	-0.42%	2.97%	1.58%	8.37%
USD/PHP (PDEX close)		43.785	(0.04)	(0.01)	0.03	(0.61)

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets					
Last Trade as of		June 20, 2014			
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pacific Index	144.70	-	0.72	- 0.50
Australia	S&P/ASX 200 Index	5,419.48	-	48.73	- 0.89
China	Shanghai SE Comp Index	2,026.67	+	2.94	+ 0.15
Hong Kong	Hang Seng Index	23,194.06	+	26.33	+ 0.11
India	SENSEX	25,105.51	-	96.29	- 0.38
Indonesia	Jakarta Composite Index	4,847.70	-	16.57	- 0.34
Japan	Nikkei 225	15,349.42	-	11.74	- 0.08
Malaysia	KLCI	1,885.72	+	4.24	+ 0.23
New Zealand	NZX 50 Index	5,145.03	-	47.12	- 0.91
Singapore	Straits Times Index	3,258.80	-	10.22	- 0.31
South Korea	KOSPI	1,968.07	-	23.96	- 1.20
Taiwan	TWSE	9,273.79	-	43.02	- 0.46
Thailand	SET Index	1,467.29	+	5.38	+ 0.37

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)							
	20-Jun-14	19-Jun-14	Difference		20-Jun-14	19-Jun-14	Difference
1 month	1.2500	1.0250	+ 0.225	4 year	3.2750	3.1459	+ 0.129
3 month	1.2564	1.1000	+ 0.156	5 year	3.5000	3.5000	0.000
6 month	1.2750	1.2750	0.000	7 year	3.6565	3.6253	+ 0.031
1 year	1.6676	1.6750	- 0.007	10 year	3.9000	3.9500	- 0.050
2 year	2.5466	2.4623	+ 0.084	20 year	5.0004	5.0098	- 0.009
3 year	2.9152	2.8425	+ 0.073	25 year	5.2067	5.1401	+ 0.067

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
6/30/2014	Philippines Commercial Banks Loans Outstanding Total Gross YoY	May	6/25/2014	GDP US Chained 2009 Dollars QoQ SAAR	1Q T
6/30/2014	Philippines Commercial Banks Loan Outstanding Total Net YoY	May	6/25/2014	US Durable Goods New Orders Industries MoM SA	May
7/4/2014	Philippines CPI All items YoY% 2006=100	Jun	6/26/2014	US Initial Jobless Claims SA	Jun 21
7/4/2014	Philippines CPI All items MoM% 2006=100	Jun	6/27/2014	University of Michigan Survey of Consumer Confidence Sentiment	Jun F
			7/1/2014	ISM Manufacturing PMI SA	Jun
			7/3/2014	US Employees on Nonfarm Payrolls Total MoM Net Change SA	Jun
			7/3/2014	U-3 US Unemployment Rate Total in Labor Force Seasonally Adjusted	Jun

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