

Local

- Local equities rose for the second, straight trading session, tracking a rally in US stocks and favorable Chinese data. The US markets reached all-time highs after the Fed's dovish tone. Meanwhile, flash PMI data from China rose to 50.8 in June, the first expansion in six months. The PSEi started the week on a positive note, increasing by 31.03 points, or +0.46%, to close at 6,761.99. Most sectoral indices ended in the green with property (+1.16%), industrials (+0.70%), and financials (+0.57%) receiving the largest gains while services (-0.17%) and mining and oil (-0.01%) incurred losses. Market breadth is positive with 101 advances outnumbering 87 declines, while 35 issues were unchanged. Total value turnover amounted to Php6.22 billion. Foreign investors were net sellers for the sixth straight trading day at Php0.40 billion.
- Aboitiz Equity Ventures (PSE Ticker: AEV), partnered with J. V. Angeles Construction Corp., won the bidding for a bulk water supply project in Davao City. This marks AEV's maiden entry into the water business. The project will require the partnership to put up a hydroelectric-powered bulk treatment facility and conveyance system, which will provide 300 million liters of potable water for Davao City.
- The Department of Agriculture disclosed yesterday that the World Trade Organization Committee on Trade in Goods (WTO-CTG) approved the Philippine's petition to extend high duties on imported rice until 2017. This will provide Filipino farmers more time to improve production capacities to better cope with increased competition with the enforcement of the Southeast Asian free trade in 2015.
- On the local fixed income market, prices of government securities marginally climbed on thin trading due to the lack of fresh leads. Market players remained on the sidelines awaiting the 3rd quarter borrowing schedule. On average, yields across the curve dropped by 1.01 basis points with the belly and long-end of the curve falling by 1 and 2.3 basis points, respectively.
- The Philippine peso slightly weakened against the US dollar on the lack of market moving news. The local currency lost 1 centavo to close at 43.795.

US and Europe

- US equities closed marginally lower on Monday's trading session as investors booked profits after the market hit record levels last week. Economic data released was mostly positive, but not bullish enough to lift the mood. The S&P500 index finished close to unchanged declining 0.26 points to close at 1,962.61, while the Dow Jones Industrial Average index lost 9.82 points to close at 16,937.26.
- Reports from the US National Association of Realtors (NAR) showed that sales of existing homes grew for a second month by 4.9% in May to a seasonally adjusted annual rate of 4.89 million. The growth in home sales is supported by an improving labor market, expanding inventories and recent drops in mortgage rates. The NAR reported home sales growth beat market expectations of a seasonally adjusted annual figure of 4.75 million in May.
- Reports from US Markit showed manufacturing activity is at its highest level since May 2010. The Markit Economics flash US manufacturing purchasing managers index for the US edged higher to 57.5 reading in June from 56.4 in May. The Markit index is similar to the Institute for Supply Management manufacturing index, which suggests that the world's largest economy is indeed moving towards a sustainable growth path. The index showed that output, orders, and employment picked up for the third straight month.
- The Chicago Fed national activity index (CFNAI) indicated that economic activity accelerated in May. This is a monthly index that measures overall economic activity and related inflationary pressure. The index advanced to 0.21 in May from -0.15 in April. The gain in the CFNAI was mainly led by gains in production-related indicators, specifically the manufacturing sector.
- US Treasury prices dipped following upbeat economic data points from the US. The 2 year note yields increased 0.4 basis points to close at 0.456% while the 10-year note yields increased 1.5 basis points to close at 2.625%.
- European equities fell on Monday following a report released that euro-zone business activity slowed in June. The FTSEurofirst 300 index declined 0.48% to close at 1,388.84.
- The euro weakened against the US dollar following the release of disappointing PMI figures from the region. The shared currency dipped 0.05 cents to close at EUR/USD1.3600.

Asia Pacific

- Most Asian markets traded sideways Monday as upbeat news from China's manufacturing sector were offset by ongoing concerns in Iraq. HSBC/Markit's Flash China Manufacturing Purchasing Managers' Index rose to 50.8 in June, beating analysts' forecast of 49.7 and May's final print of 49.4. The data was the first reading that came above 50 this year, suggesting that the economy was starting to stabilizing. The MSCI All Country Asia Pacific Index shed 0.01 points, or -0.01%, to 144.69.

Key Indicators

EQUITIES BENCHMARK INDICES		23-Jun-14	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index		6,761.99	0.46%	0.05%	-0.72%	14.81%
MSCI World USD Index		1,746.29	-0.07%	1.12%	2.85%	5.57%
MSCI All Country Asia Pacific ex-Japan Total Returns		399.06	-0.04%	-0.50%	0.29%	6.43%
MSCI Europe USD Index		1,830.90	-0.36%	0.43%	1.04%	4.26%
FTSEurofirst 300 Index		1,388.34	-0.48%	0.32%	1.40%	5.63%
Dow Jones Industrial Average Index		16,937.26	-0.06%	0.93%	1.99%	2.78%
Standard & Poor's 500 Index		1,962.61	-0.01%	1.28%	3.27%	6.58%
YIELDS AND PRICES		23-Jun-14	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-F)		1.3271	0.01%	0.05%	0.06%	0.84%
1-Year Philippine Treasury Bill Yield (PDST-F)		1.9437	0.05%	0.02%	-0.16%	1.01%
ROP2021 (Price)		106.041	(0.08)	(0.25)	(0.19)	2.42
ROP2034 (Price)		125.452	(0.07)	(1.19)	(2.86)	5.90
3-Month US Treasury Yield		0.0051	-0.01%	-0.02%	-0.03%	-0.06%
2-year US Treasury Yield		0.4643	0.01%	-0.00%	0.12%	0.08%
10-year US Treasury Yield		2.6261	0.02%	0.03%	0.09%	-0.37%
30-year US Treasury Yield		3.4549	0.02%	0.06%	0.06%	-0.48%
3-Month German Treasury Bill Yield		-0.040	-0.00%	0.02%	-0.06%	-0.10%
Brent Crude Oil Spot (\$/bbl)		109.36	0.00%	0.00%	0.00%	0.00%
Dubai Crude Oil Spot (\$/bbl)		111.28	0.02%	1.97%	4.17%	2.38%
1-month Nymex oil futures (\$/bbl)		106.17	-1.02%	-0.68%	1.74%	5.83%
Gold Spot (\$/oz)		1,317.36	0.19%	3.58%	1.92%	8.57%
USD/PHP (PDEX close)		43.795	0.01	(0.13)	0.13	(0.60)

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets					
Last Trade as of		June 23, 2014			
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pacific Index	144.69	- 0.01	- 0.01	
Australia	S&P/ASX 200 Index	5,453.31	+ 33.83	+ 0.62	
China	Shanghai SE Comp Index	2,024.37	- 2.31	- 0.11	
Hong Kong	Hang Seng Index	22,804.81	- 389.25	- 1.68	
India	SENSEX	25,031.32	- 74.19	- 0.30	
Indonesia	Jakarta Composite Index	4,842.13	- 5.57	- 0.11	
Japan	Nikkei 225	15,369.28	+ 19.86	+ 0.13	
Malaysia	KLCI	1,883.96	- 1.76	- 0.09	
New Zealand	NZX 50 Index	5,126.16	- 18.87	- 0.37	
Singapore	Straits Times Index	3,257.40	- 1.40	- 0.04	
South Korea	KOSPI	1,974.92	+ 6.85	+ 0.35	
Taiwan	TWSE	9,228.35	- 45.44	- 0.49	
Thailand	SET Index	1,468.70	+ 1.41	+ 0.10	

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)								
	23-Jun-14	20-Jun-14	Difference		23-Jun-14	20-Jun-14	Difference	
1 month	1.2500	1.2500	0.000		4 year	3.2500	3.2750	- 0.025
3 month	1.1500	1.2564	-	0.106	5 year	3.5000	3.5000	0.000
6 month	1.3000	1.2750	+	0.025	7 year	3.8000	3.6565	+ 0.144
1 year	1.7500	1.6676	+	0.082	10 year	3.9000	3.9000	0.000
2 year	2.5730	2.5466	+	0.026	20 year	4.9992	5.0004	- 0.001
3 year	2.7190	2.9152	-	0.196	25 year	5.1374	5.2067	- 0.069

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
6/25/2014	Philippines External Balance of Trade	Apr	6/24/2014	Conference Board Consumer Confidence SA 1985=100	Jun
6/25/2014	Philippines External Trade Imports YoY	Apr	6/25/2014	Mortgage Bankers Association US Mortgage Market Indx Weekly % Change SA Old Meth	Jun 20
6/25/2014	Philippines External Trade Imports	Apr	6/25/2014	GDP US Chained 2009 Dollars QoQ SAAR	1Q T
6/30/2014	Philippines Commercial Banks Loans Outstanding Total Gross YoY	May	6/25/2014	US Durable Goods New Orders Industries MoM SA	May
6/30/2014	Philippines Commercial Banks Loan Outstanding Total Net YoY	May	6/26/2014	US Initial Jobless Claims SA	Jun 21
7/4/2014	Philippines CPI All items YoY% 2006=100	Jun	6/27/2014	University of Michigan Survey of Consumer Confidence Sentiment	Jun F
7/4/2014	Philippines CPI All items MoM% 2006=100	Jun	7/1/2014	ISM Manufacturing PMI SA	Jun
			7/2/2014	US Manufacturers New Orders Total MoM SA	May
			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