

Local

- The local equities market closed higher for the third consecutive day on bargain-hunting as investors collectively anticipated quarter-end window dressing. The PSEi continued its upward momentum, increasing by 31.08 points, or +0.46% to close at 6,793.07. Similar to yesterday, most sectoral indices ended in positive territory with holding firms (+1.04%), financials (+0.42%), and industrials (+0.21%) getting the highest gains among peers while mining and oil (-0.33%), and services (-0.01%) dropped the most. Market breadth continued to be positive with 110 advances outnumbering 69 declines, while 45 issues were unchanged. Total value turnover amounted to Php7.68 billion. Foreign investors were net buyers at Php0.70 billion.
- GT Capital Holdings Inc. (PSE Ticker: GTCAP) disclosed yesterday that it entered a partnership with Japan's Mitsui & Co. for Toyota Cubao's car dealership. GTCAP sold 40% of its subsidiary Toyota Cubao Inc. to Mitsui for Php298.7 million. Mitsui also owns a 40% stake of another Toyota dealership and subsidiary of GTCAP, Toyota Manila Bay Corp. The company cites that the partnership provides strategic benefits as Mitsui specializes in key business areas such as metals and machinery and infrastructure.
- The Bangko Sentral ng Pilipinas (BSP) may possibly set the 2017 target inflation range at 2% to 4%, pegging from the targets of 2015 and 2016. In an interview yesterday, BSP Deputy Governor Diwa Guinigundo disclosed that the central bank will include 2017 inflation in its policy horizon come October or November of this year. Said range, which has yet to be official, is lower than this year's target range of 3% to 5%. The BSP commits to keep prices stable to remain supportive of the economy's growth momentum. Actual inflation as of May this year stands at 4.1%.
- Local government securities traded sideways on low trading volume as market players remained on the sidelines ahead of the 3Q2014 borrowing schedule. Yields across the curve slightly fell by 0.30 basis points with the belly of the curve declining by 2.6 basis points, while long-tenored buckets climbed by 3.7 basis points.
- The Philippine peso depreciated against the greenback as corporates increased dollar denominated holdings ahead of the end of the first half. The local currency weakened 6.5 centavos to close at 43.860.

US and Europe

- US equities edged lower after Tuesday's volatile session as sentiment turned sour early in the afternoon following the increasingly intensified situation in Iraq. Investors initially moved the market into positive territory after new home sales and consumer confidence reports surpassed expectations, but positive economic data was overshadowed by reports of new violence in Iraq. The S&P 500 index shed 13 points to close at 1,949.88, while the Dow Jones Industrial Average index slipped 119 points to close at 16,818.13.
- The US Commerce Department revealed that new home sales in May increased 18.6% month-on-month to a seasonally adjusted annual rate of 504,000. On a year-on-year basis, May sales were up 16.9%. The increase indicates a general rebound in consumer confidence, as US jobs growth has returned to pre-recession levels with more than 200,000 jobs added in each of the past four months. Meanwhile, it is important to see the June and July numbers to validate that the upward trend is sustainable and not just a low-base effect coming from low sales in the early part of 2014 due to the harsh winter experienced for most of the country.
- The US Conference Board's index of consumer confidence advanced to the highest level since January 2008 to 85.2 from 82.2. The consumer confidence index, a key measure of consumer sentiment, beat market expectations of a 38.5 reading in June compared with an original estimate of 83 in May. Both the present situation and expectations indices rose in June, as consumers were more optimistic about the labor market.
- US Treasury bond prices were mixed for the short- and long-ends of the curve Tuesday as investors adopted a flight-to-safety stance following the escalating violence in Iraq and after an auction of government debt. The two year note yield increased 0.01 basis points to close at 0.4564%, while the ten year note yield fell 5 basis points to close at 2.5781%.
- European equities fell after a reading of German business confidence failed to meet expectations and highlighted concerns about slow economic recovery in the euro zone. The FTSEurofirst300 index declined 0.11% to close at 1,386.75.
- The euro depreciated against the greenback on the back of better-than-expected housing and consumer confidence data out in the US, which fuelled speculation that the days of loose monetary policy in the US are coming to an end. The EUR/USD declined 0.12% to close at 1.3586.

Asia Pacific

- Asian markets edged higher Tuesday as the favorable manufacturing report in China continued to boost sentiment. Last Monday, HSBC reported that its China flash 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 stabilize. In Japan, the market was supported by optimism that the country's Prime Minister, Shinzo Abe, would reveal its latest growth strategy. India's SENSEX (+1.35%), South Korea's KOSPI (+0.98%), and China's Shanghai SE Comp Index (+0.47%) posted the largest gains among peers. The MSCI All Country Asia Pacific Index rose 0.05 points, or 0.03%, to 144.74.

Key Indicators

EQUITIES BENCHMARK INDICES		24-Jun-14	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index		6,793.07	0.46%	1.31%	-0.27%	15.34%
MSCI World USD Index		1,737.82	-0.49%	0.53%	2.35%	5.06%
MSCI All Country Asia Pacific ex-Japan Total Returns		399.95	0.22%	-0.06%	0.51%	6.67%
MSCI Europe USD Index		1,828.19	-0.15%	0.18%	0.89%	4.11%
FTSEurofirst 300 Index		1,386.75	-0.11%	-0.07%	1.28%	5.51%
Dow Jones Industrial Average Index		16,818.13	-0.70%	0.06%	1.28%	2.06%
Standard & Poor's 500 Index		1,949.98	-0.64%	0.41%	2.60%	5.90%
YIELDS AND PRICES		24-Jun-14	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-F)		1.3325	0.01%	0.06%	0.07%	0.84%
1-Year Philippine Treasury Bill Yield (PDST-F)		1.9333	-0.01%	0.08%	-0.18%	1.00%
ROP2021 (Price)		105.869	(0.17)	(0.02)	(0.36)	2.25
ROP2034 (Price)		125.331	(0.12)	(0.26)	(2.98)	5.77
3-Month US Treasury Yield		0.0203	0.02%	-0.01%	-0.01%	-0.04%
2-year US Treasury Yield		0.4563	-0.01%	-0.02%	0.11%	0.07%
10-year US Treasury Yield		2.5781	-0.05%	-0.07%	0.05%	-0.42%
30-year US Treasury Yield		3.3991	-0.06%	-0.04%	0.01%	-0.54%
3-Month German Treasury Bill Yield		-0.036	0.00%	0.03%	-0.05%	-0.10%
Brent Crude Oil Spot (\$/bbl)		109.36	0.00%	0.00%	0.00%	0.00%
Dubai Crude Oil Spot (\$/bbl)		110.39	-0.80%	1.13%	3.33%	1.56%
1-month Nymex oil futures (\$/bbl)		106.03	-0.13%	-0.31%	1.61%	5.69%
Gold Spot (\$/oz)		1,318.40	0.08%	3.76%	2.00%	8.66%
USD/PHP (PDEX close)		43.860	0.06	(0.01)	0.19	(0.54)

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets					
Last Trade as of		June 24, 2014			
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pacific Index	144.74	+ 0.05	+ 0.03	
Australia	S&P/ASX 200 Index	5,432.78	- 20.52	- 0.38	
China	Shanghai SE Comp Index	2,033.93	+ 9.57	+ 0.47	
Hong Kong	Hang Seng Index	22,880.64	+ 75.83	+ 0.33	
India	SENSEX	25,368.90	+ 337.58	+ 1.35	
Indonesia	Jakarta Composite Index	4,862.24	+ 20.11	+ 0.42	
Japan	Nikkei 225	15,376.24	+ 6.96	+ 0.05	
Malaysia	KLCI	1,892.33	+ 8.37	+ 0.44	
New Zealand	NZX 50 Index	5,121.21	- 4.96	- 0.10	
Singapore	Straits Times Index	3,262.03	+ 4.63	+ 0.14	
South Korea	KOSPI	1,994.35	+ 19.43	+ 0.98	
Taiwan	TWSE	9,246.20	+ 17.85	+ 0.19	
Thailand	SET Index	1,460.92	- 7.78	- 0.53	

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)								
	24-Jun-14	23-Jun-14	Difference		24-Jun-14	23-Jun-14	Difference	
1 month	1.2105	1.2500	-	0.040	4 year	3.1603	3.2500	- 0.090
3 month	1.1750	1.1500	+	0.025	5 year	3.5000	3.5000	0.000
6 month	1.3000	1.3000		0.000	7 year	3.6250	3.8000	- 0.175
1 year	1.7500	1.7500		0.000	10 year	3.9000	3.9000	0.000
2 year	2.5999	2.5730	+	0.027	20 year	5.1000	4.9992	+ 0.101
3 year	2.8250	2.7190	+	0.106	25 year	5.1468	5.1374	+ 0.009

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
6/25/2014	Philippines External Balance of Trade	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 YoY	Apr	6/25/2014	GDP US Chained 2009 Dollars QoQ SAAR	1Q T
6/25/2014	Philippines External Trade Imports	Apr	6/25/2014	US Durable Goods New Orders Industries MoM SA	May
6/30/2014	Philippines Commercial Banks Loans Outstanding Total Gross YoY	May	6/26/2014	US Initial Jobless Claims SA	Jun 21
6/30/2014	Philippines Commercial Banks Loan Outstanding Total Net YoY	May	6/26/2014	US Personal Income MoM SA	May
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