

Local

- The local equities market bucked the regional trend, breaking the 6,800-level, despite concerns on the conflict in Iraq and rising oil prices, on the back of select buying of index heavy weights by foreign investors. The PSEi rose by 41.61 points, or +0.61% to close at 6,834.68. Almost all sectors ended higher led by property (+1.30%), financials (+1.20%), and services (+0.98%), while industrials (-0.12%) ended the day in the negative territory. Market breadth was positive with 111 advances outnumbering 79 declines with 37 names were unchanged. Total value turnover amounted to Php9.79 billion. Foreign investors were net buyers at Php0.84 billion.
- Pangilinan-led Philex Mining Corp. (PSE Ticker: PX) allocated Php4 billion this year to fund the operations of its Padcal gold mine in Benguet and pre-development of its Silangan copper-gold project in Surigao del Norte. Source of financing will be internally-generated cash and bank borrowings instead of the Php12 billion stock rights offer initially planned. Php3.2 billion will be devoted to the development of Silangan mine while the remaining Php600 to Php800 million will be for exploration activities in its Padcal mine. PX plans to extend Padcal mine's lifespan beyond 2020 by continuing survey for additional reserves.
- Consolidation in the banking sector continued to trim down operating banks, according to data released by the Bangko Sentral ng Pilipinas (BSP). As of end-March, the number of bank head offices declined to 667 versus the 687 in the same period last year. The slide in numbers was mainly attributed to the lower number of operating rural and cooperative banks. On the other hand, the country's branch network continued to expand to 9,353 in the first quarter from 8,790 in the same period the prior year, mainly driven by the aggressive expansion of universal banks
- Prices of local government securities dropped as some market players cut risks on the short and medium tenors. Everyone was awaiting the 3Q auction schedule due for release on Friday. Yields across the curve climbed by 1.16 basis points led by the long-end of the curve, which rose by 3.3 basis points, while short-tenored buckets went up by 1.0 basis point.
- The Philippine peso continued to weaken against the US dollar on the back of a general risk-off sentiment towards emerging market assets as the Iraq crisis worsened. The local currency lost 4.5 centavos to close at 43.905.

US and Europe

- US equities rebounded from Tuesday's lackluster performance, despite the weaker-than-expected first quarter GDP revision, as it posted gains across all major indices on the back of positive expectations of second quarter GDP growth. The S&P 500 index climbed 9.55 points, or +0.49%, to close at 1,959.53, while the Dow Jones Industrial Average index advanced 49.38 points, or +0.29%, to close at 16,867.51.
- The US Commerce Department revised the US economy's contraction in the first quarter by 1% to show a decline of 2.9% year-on-year. This is the worst reading since the first quarter of 2009. The revision is a reflection of a slowdown in health care spending. On a positive note, consumers returned to stores and car dealerships, as companies reportedly placed more orders for equipment and manufacturing, which picked up following the harsh winter that affected most of the country. The increase in consumer spending coupled with jobs growth underpinned the Federal Reserve's view that the economy is improving and that no further monetary stimulus is needed.
- Reports from the US Commerce Department showed that American factories received more orders for business equipment in May—further showing signs of growth from the first quarter slump. Business spending, measured by bookings for capital goods such as computers, rose 0.7% in May after falling 1.1% in April. The increase in orders shows improving sales are giving companies enough confidence to further expand and contribute to sustainable economic growth.
- US Treasury bond prices rose on the back of a downwardly revised first quarter GDP figure and a weaker demand for durable goods. The 10-year bond yields fell 2 basis points to close at 2.5592%, while the 30-year bond yields fell 1 basis point to close at 3.3815%.
- European stocks dropped on the back of a weak performance in the US equities market. The FTSEurofirst300 index slipped 14.71 points, or -1.06%, to close at 1,372.04.
- The dollar depreciated against the euro on the back of weak US economic data. The EUR/USD increased by 0.23% to close at 1.3638.

Asia Pacific

- Almost all Asian stock markets monitored declined on Wednesday as continued violence in the Middle East drained demand for risk assets. Investors were worried that the conflict would drive oil prices even higher, weighing on the global economy. Losses were led by Japan's Nikkei 225 (-0.71%), South Korea's KOSPI (-0.63%) and Australia's S&P/ASX 200 Index (-0.57%). The MSCI All Country Asia Pacific Index waned 0.44 points, or -0.30%, to 144.30.

Key Indicators

EQUITIES BENCHMARK INDICES		25-Jun-14	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index		6,834.68	0.61%	1.96%	0.34%	16.04%
MSCI World USD Index		1,738.16	0.02%	0.02%	2.37%	5.08%
MSCI All Country Asia Pacific ex-Japan Total Returns		398.76	-0.30%	0.03%	0.21%	6.35%
MSCI Europe USD Index		1,813.53	-0.80%	-0.73%	0.08%	3.27%
FTSEurofirst 300 Index		1,372.04	-1.06%	-1.11%	0.21%	4.39%
Dow Jones Industrial Average Index		16,867.51	0.29%	-0.23%	1.57%	2.36%
Standard & Poor's 500 Index		1,959.53	0.49%	0.13%	3.10%	6.42%
YIELDS AND PRICES		25-Jun-14	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-F)		1.3354	0.00%	0.06%	0.07%	0.84%
1-Year Philippine Treasury Bill Yield (PDST-F)		1.9229	-0.01%	0.07%	-0.19%	0.99%
ROP2021 (Price)		105.908	0.04	0.14	(0.32)	2.29
ROP2034 (Price)		125.435	0.10	0.76	(2.88)	5.88
3-Month US Treasury Yield		0.0203	0.00%	0.01%	-0.01%	-0.04%
2-year US Treasury Yield		0.4804	0.02%	0.04%	0.14%	0.09%
10-year US Treasury Yield		2.5592	-0.02%	-0.03%	0.03%	-0.44%
30-year US Treasury Yield		3.3815	-0.02%	-0.02%	-0.01%	-0.56%
3-Month German Treasury Bill Yield		-0.048	-0.01%	0.00%	-0.07%	-0.11%
Brent Crude Oil Spot (\$/bbl)		109.36	0.00%	0.00%	0.00%	0.00%
Dubai Crude Oil Spot (\$/bbl)		110.11	-0.25%	0.07%	3.07%	1.31%
1-month Nymex oil futures (\$/bbl)		106.50	0.44%	0.50%	2.06%	6.16%
Gold Spot (\$/oz)		1,319.19	0.06%	3.25%	2.06%	8.72%
USD/PHP (PDEX close)		43.905	0.05	(0.21)	0.23	(0.49)

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets					
Last Trade as of		June 25, 2014			
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pacific Index	144.30	- 0.44	- 0.30	
Australia	S&P/ASX 200 Index	5,402.01	- 30.78	- 0.57	
China	Shanghai SE Comp Index	2,025.50	- 8.43	- 0.41	
Hong Kong	Hang Seng Index	22,866.70	- 13.94	- 0.06	
India	SENSEX	25,313.74	- 55.16	- 0.22	
Indonesia	Jakarta Composite Index	4,838.98	- 23.26	- 0.48	
Japan	Nikkei 225	15,266.61	- 109.63	- 0.71	
Malaysia	KLCI	1,889.55	- 2.78	- 0.15	
New Zealand	NZX 50 Index	5,104.54	- 16.66	- 0.33	
Singapore	Straits Times Index	3,261.54	- 0.49	- 0.02	
South Korea	KOSPI	1,981.77	- 12.58	- 0.63	
Taiwan	TWSE	9,242.16	- 4.04	- 0.04	
Thailand	SET Index	1,468.49	+ 7.57	+ 0.52	

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)							
	25-Jun-14	24-Jun-14	Difference		25-Jun-14	24-Jun-14	Difference
1 month	1.2500	1.2105	+ 0.040	4 year	3.1519	3.1603	- 0.008
3 month	1.1750	1.1750	0.000	5 year	3.5000	3.5000	0.000
6 month	1.3000	1.3000	0.000	7 year	3.7010	3.6250	+ 0.076
1 year	1.7500	1.7500	0.000	10 year	3.9000	3.9000	0.000
2 year	2.5593	2.5999	- 0.041	20 year	5.1250	5.1000	+ 0.025
3 year	2.8000	2.8250	- 0.025	25 year	5.2196	5.1468	+ 0.073

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
6/26/2014	Philippines Budget Balance Monthly	May	6/26/2014	US Initial Jobless Claims SA	Jun 21
6/30/2014	Philippines Commercial Banks Loans Outstanding Total Gross YoY	May	6/26/2014	US Personal Income MoM SA	May
6/30/2014	Philippines Commercial Banks Loan Outstanding Total Net YoY	May	6/26/2014	US Personal Consumption Expenditures Nominal Dollars 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
7/4/2014	Philippines Core Inflation YoY 2006=100	Jun	7/2/2014	Mortgage Bankers Association US Mortgage Market Indx Weekly % Change SA Old Meth	Jun 20
			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
			7/3/2014	US Trade Balance Balance Of Payments SA	May

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