

Local

- The local equities market extended its rally into a fifth day, edging closer to the 6,900 level as the PSEi closed at 6,892.18, up 57.5 points (+0.84%). This was due largely to the BSP's decision last week not to tinker with interest rates, instead raising the SDA rate by a quarter of a percentage point. Foreigners were net buyers at PHP0.12 billion. All sectoral indices ended higher led by services (+1.19%), mining and oil (+1.17%), and industrials (+0.74%). Market breadth was positive with 119 advances outnumbering 74 declines, while 40 names were unchanged. Total value turnover amounted to Pph21.96 billion.
- Ayala-owned BPI Globe Banko is launching a five-year goal of eliminating “5-6” lending in the country as it boosts its consumer lending business. The company will focus on granting easier access to lending to every Filipino, especially for livelihood and emergencies. Banko will continue to capitalize on its mobile banking platform and partnerships with micro-finance institutions across the country. The company has allotted a third of its Pph800 million capital for lending this year. To date, Banko has over 650,000 account holders. The company expects its depositor base to reach a million by the end of 2014.
- The government finished the month of May with a budget surplus of Pph11.8 billion mainly due to sustained double-digit growth in revenues, most of which are tax collections. Fiscal performance in May alone registered a drastic improvement with a budget surplus of Pph8.5 billion compared to the Pph42.8 billion deficit posted in the same period last year. According to the Department of Finance (DOF), total revenues and Bureau of Customs collections posted double-digit year-on-year growth for the third and fifth straight month, respectively. The DOF remains positive that the government will be able to fund its infrastructure projects should this growth momentum be sustained.
- Prices of local government securities rose yesterday as bargain-hunting was observed ahead of the release of the 3Q auction schedule. Yields declined by an average of 3.26 basis points, led by the belly and long-end of the curve, which fell by 5.5 and 2.0 basis points, respectively.
- The Philippine peso ended slightly stronger on the lack of market-moving news. The local currency appreciated by 3.5 centavos to close at 43.870.

US and Europe

- US equities slightly fell on Thursday's close following a slight rebound in the afternoon that was unable to offset losses registered in the first half of the session. Movements in the market earlier during the day fell as government data prompted downward revisions to the 2nd quarter US GDP growth figure and as the head of the Federal Reserve Bank of St. Louis made hawkish comments. The S&P500 index fell 2.31 points, -0.12%, to close at 1,957.22, while the Dow Jones Industrial Average index slipped 21.38 points, or -0.13%, to close at 16,846.13.
- The US Commerce Department reported that consumer spending grew weaker-than-expected in May, which weighed on assumptions that US economic growth would rebound in the second quarter. Purchases, which account for roughly 70% of the GDP, climbed by a meager 0.2%. While households are optimistic on the improving labor market and equities, elevated prices at grocery stores and gas service stations are straining their budget. This led Americans to save more and spend less, as the savings rate increased to 4.8% from 4.5% in April.
- Jobless claims in the US fell by 2,000 to 312,000 last week, according to the Labor Department. Consensus had called for a drop to 310,000. Dismissals are hovering slightly above pre-recession lows, while hiring accelerated as companies grew more confident that the economy would recover from the worst recession in five years.
- US Treasury bond prices rose on the back of weaker-than-expected consumer spending growth in May, which raised questions regarding the US economic growth path. The 10-year bond yields fell 3 basis points to close at 2.53%, the lowest level in three weeks.
- European stocks traded sideways as concern that US interest rates may rise early next year offset a rally in the London markets. The FTSEurofirst300 index slipped 1.66 points, or -0.12%, to close at 1,370.38.
- The euro weakened against the greenback as a key Federal Reserve official made hawkish comments, which left markets concluding that rate hikes could come in early 2015. The EUR/USD declined 0.27% to close at 1.3593.

Asia Pacific

- Asian markets rallied Thursday as investors speculated that the weak US GDP figure would prompt the Federal Reserve to keep interest rates low for a prolonged period. Hong Kong's Hang Seng Index (+1.45%), Australia's S&P/ASX 200 Index (+1.15%), and Taiwan's TWSE (+0.85%) posted the largest gains among peers. The MSCI All Country Asia Pacific Index advanced 1.18 points, or +0.82%, to 145.48.

Key Indicators

EQUITIES BENCHMARK INDICES		26-Jun-14	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index		6,892.18	0.84%	2.88%	1.50%	17.02%
MSCI World USD Index		1,737.27	-0.05%	-0.64%	2.00%	5.02%
MSCI All Country Asia Pacific ex-Japan Total Returns		403.16	1.10%	0.35%	1.34%	7.52%
MSCI Europe USD Index		1,806.43	-0.39%	-2.11%	-1.01%	2.87%
FTSEurofirst 300 Index		1,370.38	-0.12%	-1.81%	-0.44%	4.27%
Dow Jones Industrial Average Index		16,846.13	-0.13%	-0.45%	1.44%	2.23%
Standard & Poor's 500 Index		1,957.22	-0.12%	-0.12%	2.98%	6.29%
YIELDS AND PRICES		26-Jun-14	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-F)		1.3341	-0.00%	0.06%	0.05%	0.84%
1-Year Philippine Treasury Bill Yield (PDST-F)		1.9341	0.01%	0.09%	-0.23%	1.00%
ROP2021 (Price)		105.947	0.04	(0.27)	(0.35)	2.32
ROP2034 (Price)		125.442	0.01	(0.51)	(3.07)	5.88
3-Month US Treasury Yield		0.0253	0.01%	0.02%	-0.01%	-0.04%
2-year US Treasury Yield		0.4627	-0.02%	0.02%	0.12%	0.08%
10-year US Treasury Yield		2.5286	-0.03%	-0.09%	-0.00%	-0.47%
30-year US Treasury Yield		3.3557	-0.03%	-0.11%	-0.04%	-0.58%
3-Month German Treasury Bill Yield		-0.050	-0.00%	-0.00%	-0.06%	-0.11%
Dubai Crude Oil Spot (\$/bbl)		110.17	0.05%	-0.51%	3.43%	1.36%
1-month Nymex oil futures (\$/bbl)		105.84	-0.62%	-0.55%	1.43%	5.50%
Gold Spot (\$/oz)		1,316.58	-0.20%	-0.29%	1.84%	8.51%
USD/PHP (PDEX close)		43.870	(0.04)	0.05	0.20	(0.53)

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets					
Last Trade as of June 26, 2014					
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pacific Index	145.48	+ 1.18	+ 0.82	
Australia	S&P/ASX 200 Index	5,464.32	+ 62.31	+ 1.15	
China	Shanghai SE Comp Index	2,038.68	+ 13.18	+ 0.65	
Hong Kong	Hang Seng Index	23,197.83	+ 331.13	+ 1.45	
India	SENSEX	25,062.67	- 251.07	- 0.99	
Indonesia	Jakarta Composite Index	4,872.42	+ 33.44	+ 0.69	
Japan	Nikkei 225	15,308.49	+ 41.88	+ 0.27	
Malaysia	KLCI	1,889.97	+ 0.42	+ 0.02	
New Zealand	NZX 50 Index	5,130.15	+ 25.61	+ 0.50	
Singapore	Straits Times Index	3,278.57	+ 17.03	+ 0.52	
South Korea	KOSPI	1,995.05	+ 13.28	+ 0.67	
Taiwan	TWSE	9,320.94	+ 78.78	+ 0.85	
Thailand	SET Index	1,477.48	+ 8.99	+ 0.61	

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)								
	26-Jun-14	25-Jun-14	Difference		26-Jun-14	25-Jun-14	Difference	
1 month	1.1907	1.2500	-	0.059	4 year	3.1000	3.1519	- 0.052
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	3.6512	3.7010	- 0.050
1 year	1.7500	1.7500		0.000	10 year	3.9000	3.9000	0.000
2 year	2.4688	2.5593	-	0.091	20 year	5.1500	5.1250	+ 0.025
3 year	2.7188	2.8000	-	0.081	25 year	5.1355	5.2196	- 0.084

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
6/30/2014	Philippines Commercial Banks Loans Outstanding Total Gross YoY	May	6/27/2014	University of Michigan Survey of Consumer Confidence Sentiment	Jun F
6/30/2014	Philippines Commercial Banks Loan Outstanding Total Net YoY	May	6/30/2014	MNI Chicago Business Barometer (sa)	Jun
7/4/2014	Philippines CPI All items YoY% 2006=100	Jun	7/1/2014	ISM Manufacturing PMI SA	Jun
7/4/2014	Philippines CPI All items MoM% 2006=100	Jun	7/2/2014	Mortgage Bankers Association US Mortgage Market Indx Weekly % Change SA Old Meth	Jun 27
7/4/2014	Philippines Core Inflation YoY 2006=100	Jun	7/2/2014	ADP National Employment Report SA Private Nonfarm Level Change	Jun
6/30/2014	Philippines Commercial Banks Loans Outstanding Total Gross YoY	May	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	US Initial Jobless Claims SA	Jun 21
			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