

## Local

- The local benchmark index halted its 5-day winning streak, tracking its regional peers and the Wall street, after a non-voting member of the Federal Reserve projected the interest rate hike by the US Fed will happen on the early months of 2015. The PSEi lost by 50.03 points, or -0.73% to close at 6,842.15. Almost all sectors ended in the negative territory led by property (-1.56%), industrial (-0.75%), and holding firms (-0.66%), while only services (+0.06%) managed to eke out gains. Market breadth was negative with 100 declines outpacing 75 advances while 54 names were unchanged. Total value turnover amounted to Php6.91 billion. Foreign investors were net buyers at Php0.27 billion.
- The Department of Transportation and Communications (DOTC) is set to present to Malacañang next month the proposed P271-billion North-South Commuter railway project. The proposed project stretching 89.7 kilometers from Malolos in Bulacan to Calamba in Laguna aims to upgrade and modernize the Philippine National Railway (PNR). Japan International Cooperation Agency (JICA) has expressed interest in undertaking the Malolos to Tutuban stretch involving an elevated railway while the Tutuban to Calamba stretch would be offered to prospective investors via the Aquino government's public private partnership (PPP) scheme.
- According to the Bangko Sentral ng Pilipinas, inflation for June may reach 5% due to higher food prices and transportation fare hikes. The BSP forecasts the June inflation rate to be within 4.1% to 5.0%. Elevated food prices were attributed to last year's natural disasters that caused supply disruptions. On the other hand, jeepneys' minimum fare was increased by 50 centavos in June 14. If June inflation reaches 5% this month, it would be the fastest print recorded since October 2011 at 5.2%.
- Prices of local government securities rallied after 3Q2014 borrowing schedule showed that the government will limit its borrowings for the quarter after the government experienced a budget surplus in May. Yields across the curve fell by 2.28 basis points with the belly of the curve losing the most by 4.4 basis points.
- The Philippine peso appreciated against the greenback alongside with its neighboring currencies, as positive economic data from China, Taiwan and South Korea spurred confidence on the region's economic growth. The local currency appreciated 12 centavos to end at 43.750.

## US and Europe

- US equities rallied Friday on the back of a late afternoon rally led by tech and small companies that sent US stocks into positive territory. Investors took positions mostly due to end-of-quarter rebalancing of portfolios by institutional investors. The S&P 500 index advanced 3.74 points, or 0.19%, to close at 1,960.96, while the Dow Jones Industrial Average index climbed 0.03%, to close at 16,851.84.
- Reports from the Federal Reserve Bank of Kansas City indicated that manufacturing activity in the Midwest had a rough June. The monthly index of factory business dipped to a reading of 6 in June, down from 10 in May and 7 in April. The index monitors production, new orders, employment, supplier delivery time and raw material inventory.
- The Thomson Reuters/University of Michigan consumer confidence survey for June came in higher-than-expected at 82.5 from an expected reading of 82.0. Consumers' mood brightened this month despite evidence of continuous cautious spending from earlier economic data releases. According to the survey, the decline in spending was attributable to the harsh winter. However, consumers are generally optimistic about labor market conditions.
- US Treasury prices were little-changed as investors remained on the sidelines ahead of a better grip of the second quarter growth figure following a steeper-than-expected contraction in the US economy during the first quarter. The 10-year Treasury note yield was flat at 2.53%, while the 30-year Treasury bond yield inched up one basis point to close at 3.37%.
- European equities finished flat last Friday amid heightened concerns about euro-zone economic growth. The FTSEurofirst 300 index slightly increased 0.91 points, or 0.07%, to close at 1,371.29.
- The euro strengthened against the weaker US dollar on Friday amid concerns over the outlook for US economic growth weighed in. The EUR/USD advanced 0.28% to close at 1.3649.

## Asia Pacific

- Most Asian markets were found in negative territory after a US Federal Reserve official claimed that they may hike interest rates earlier than expected. James Bullard, president of the St. Louis Federal Reserve, said that they may raise the government's key policy rate as early as March 2015 with the improvement in labor and unemployment data. Japan's Nikkei 225 (-1.39%), Indonesia's Jakarta Composite Index (-0.56%), and Malaysia's KLCI (-0.48%) posted the largest losses among peers. The MSCI All Country Asia Pacific Index waned 0.38 points, or -0.26%, to 145.10.

## Key Indicators

EQUITIES BENCHMARK INDICES		27-Jun-14	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index		6,842.15	-0.73%	1.65%	0.91%	16.17%
MSCI World USD Index		1,740.86	0.21%	-0.38%	1.94%	5.24%
MSCI All Country Asia Pacific ex-Japan Total Returns		403.13	-0.01%	0.98%	1.56%	7.52%
MSCI Europe USD Index		1,813.86	0.41%	-1.29%	-0.51%	3.29%
FTSEurofirst 300 Index		1,371.29	0.07%	-1.70%	-0.55%	4.34%
Dow Jones Industrial Average Index		16,851.84	0.03%	-0.56%	1.06%	2.27%
Standard & Poor's 500 Index		1,960.96	0.19%	-0.10%	2.57%	6.49%
YIELDS AND PRICES		27-Jun-14	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-F)		1.3354	0.00%	0.02%	0.05%	0.84%
1-Year Philippine Treasury Bill Yield (PDST-F)		1.9271	-0.01%	0.04%	-0.23%	0.99%
ROP2021 (Price)		105.976	0.03	(0.15)	(0.41)	2.35
ROP2034 (Price)		125.663	0.22	0.14	(3.02)	6.11
3-Month US Treasury Yield		0.0203	-0.01%	0.01%	-0.01%	-0.04%
2-year US Treasury Yield		0.4607	-0.00%	0.00%	0.12%	0.07%
10-year US Treasury Yield		2.5340	0.01%	-0.07%	0.02%	-0.47%
30-year US Treasury Yield		3.3665	0.01%	-0.07%	0.01%	-0.57%
3-Month German Treasury Bill Yield		-0.048	0.00%	-0.01%	-0.06%	-0.11%
Brent Crude Oil Spot (\$/bbl)		109.37	-0.73%	-1.70%	2.85%	0.63%
Dubai Crude Oil Spot (\$/bbl)		105.74	-0.09%	-1.42%	1.57%	5.40%
1-month Nymex oil futures (\$/bbl)		1,316.18	-0.03%	0.10%	4.05%	8.47%
Gold Spot (\$/oz)		43.750	(0.12)	(0.03)	(0.03)	(0.65)
USD/PHP (PDEX close)		1.3354	0.00%	0.02%	0.05%	0.84%

Source: Bloomberg

## Asian Equity Markets

Asia Pacific Markets					
Last Trade as of		June 27, 2014			
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pacific Index	145.10	- 0.38	- 0.26	
Australia	S&P/ASX 200 Index	5,445.06	- 19.26	- 0.35	
China	Shanghai SE Comp Index	2,036.51	- 2.17	- 0.11	
Hong Kong	Hang Seng Index	23,221.52	+ 23.69	+ 0.10	
India	SENSEX	25,099.92	+ 37.25	+ 0.15	
Indonesia	Jakarta Composite Index	4,845.13	- 27.29	- 0.56	
Japan	Nikkei 225	15,095.00	- 213.49	- 1.39	
Malaysia	KLCI	1,880.93	- 9.04	- 0.48	
New Zealand	NZX 50 Index	5,144.25	+ 14.09	+ 0.27	
Singapore	Straits Times Index	3,271.05	- 7.52	- 0.23	
South Korea	KOSPI	1,988.51	- 6.54	- 0.33	
Taiwan	TWSE	9,306.83	- 14.11	- 0.15	
Thailand	SET Index	1,483.24	+ 5.76	+ 0.39	

## Local Bond Market

Peso Interest Rates (PDEX PDST-R2)							
	27-Jun-14	26-Jun-14	Difference		27-Jun-14	26-Jun-14	Difference
1 month	1.2500	1.1907	+ 0.059	4 year	3.0201	3.1000	- 0.080
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	3.6292	3.6512	- 0.022
1 year	1.6538	1.7500	- 0.096	10 year	3.9000	3.9000	0.000
2 year	2.3887	2.4688	- 0.080	20 year	5.1500	5.1500	0.000
3 year	2.6827	2.7188	- 0.036	25 year	5.1172	5.1355	- 0.018

## Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
6/30/2014	Philippines Commercial Banks Loans Outstanding Total Gross YoY	May	6/30/2014	MNI Chicago Business Barometer (sa)	Jun
6/30/2014	Philippines Commercial Banks Loan Outstanding Total Net YoY	May	7/1/2014	ISM Manufacturing PMI SA	Jun
7/4/2014	Philippines CPI All items YoY% 2006=100	Jun	7/2/2014	Mortgage Bankers Association US Mortgage Market Indx Weekly % Change SA Old Meth	Jun 27
7/4/2014	Philippines CPI All items MoM% 2006=100	Jun	7/2/2014	ADP National Employment Report SA Private Nonfarm Level Change	Jun
7/4/2014	Philippines Core Inflation YoY 2006=100	Jun	7/2/2014	US Manufacturers New Orders Total MoM SA	May
7/7/2014	Philippines Gross Intl Reserves	Jun	7/3/2014	US Employees on Nonfarm Payrolls Total MoM Net Change SA	Jun
7/10/2014	Philippines External Trade Exports YoY	May	7/3/2014	US Initial Jobless Claims SA	Jun 28
			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
			7/10/2014	Merchant Wholesalers Inventories Total Monthly % Change	May

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