

## News Briefs

### Local

- The local equities market breached record highs again yesterday, with the PSEi reaching an intra-day all-time high of 5,615.62, before settling 7.03 points, or 0.13% higher, to close at 5,586.45. Sectoral indices closed mostly positive led by services (+1.22%) and property (+0.33%), followed by industrials (+0.11%) and financials (+0.07%). Holding firms (-0.49%) and mining and oil (-0.78%) closed in the red. Market breadth was negative as declines outnumbered advances 79 to 68 with 50 unchanged. Value turnover was at Php6.17 Billion.
- Globe Telecom is looking to own as much as 70% of Lopez-controlled Bayan Telecommunications. Globe is planning to acquire US\$180 million worth of debt papers held by Bayan's IOU holders, which can be converted into equity later on. Globe said that by securing Bayan's frequency on the 1,800-megahertz band, it can provide better quality on its services such as text messaging, voice and mobile data services. Moreover, the band will also enable Globe to provide long-term evolution (LTE) service which will allow for much faster transmission of data.
- According to data from the National Statistical Coordination Board (NSCB), income from tourism went up by 10.2% to Php571.3 billion last year. Among the various tourism-related activities, shopping accounted for the largest share with 22.9%, followed by accommodation, and entertainment & recreation with 11.2% and 6.8%, respectively. Tourism Undersecretary Domingo Ramon C. Enerio said that there is renewed confidence in the macroeconomic development of the country as well as the business climate, which is getting better. There were more arrivals in 2011 compared to 2010 and the previous years.
- Local government securities prices rose yesterday after BSP Governor Amando Tetangco hinted that the 3Q GDP figure to be released tomorrow would exceed expectations. In general, yields declined by an average of 1.78 basis points, with the short and long-end of the curve dropping by 7.1 and 1 basis points, respectively. Meanwhile, the belly climbed by 2 basis points.
- The Philippine peso rallied for a seventh day during yesterday's trading session on speculation of higher remittances as the year-end holidays draw near. The local currency gained 13 centavos to close at 40.870.

### US and Europe

- US equities continued to decline as renewed worries over the looming fiscal cliff and a gloomy warning from the Organization for Economic Cooperation and Development regarding global economic health overshadowed progress in Greece's debt crisis and some positive economic data releases. The Dow Jones Industrial Average index slid 89.24 points, or -0.7%, to close at 12,878.13 while the S&P500 index slipped 7.35 points to close at 1,398.94.
- The Organization for Economic Cooperation and Development (OECD) has slashed its growth projection for the world's largest economy, cautioning that failure to find a resolution on the US fiscal cliff and the Euro-zone debt crisis could lead to a global recession. According to the OECD, the GDP of its 34 member nations, which are all developed economies, would only expand by 1.4% next year. This is a significant downward revision from its earlier forecast of 2.2%, which was made just six months ago. Moreover, this new forecast of 1.4% assumes that the US is able to resolve a budget deal in January. OECD's debut secretary general and chief economist has stated that should the fiscal cliff not be avoided, "a large negative shock could bring the U.S. and the global economy into recession".
- US home prices climbed for a sixth straight month in September. The S&P Case-Shiller home-price index of 10 major metropolitan areas and the 20-city index climbed 0.3% month-on-month. On a seasonally adjusted basis, the increases were 0.3% and 0.39%, just below market estimates of +0.4%, respectively. Year-on-year, the 10- and 20-city index jumped 2.1% and 3% respectively. Home prices for the third quarter gained 3.6% year-on-year, and 2.2% quarter-on-quarter. Chairman of S&P index committee David Blitzer has expressed optimism for the housing market, stating that though the "seasonally weak part of the year" was beginning, "housing continues to improve".
- The US Treasury Department's two-year debt offering held yesterday met robust interest. The US\$35 billion two-year note auction booked a 4.07 bid-to-cover ratio, which matched the strongest measure of overall demand for at least two and a half years. The average yield was at a paltry 0.270%, the smallest rate paid to buyers in about four months. Strong buying interest for safe-haven treasuries was observed, despite some positive domestic data points and news of Greek's debt

deal. The two-year note yield lost 0.8 basis points to 0.260% while the 10-year bond yield gave up 2.2 basis points to 1.64%.

- European equities bounced back following news of a successful agreement struck between Euro-zone finance ministers on reducing Greece's debt. This in turn has cleared the road for the release of the next tranche of bailout funds. The FTSEurofirst300 index took back 3 points to close at 1,107.65.
- The euro gained slightly against the US dollar, after the Euro-zone and IMF finally reached an agreement over Greece's long-term debt. The shared currency gained 0.14 cents to close at US\$1.2986.

## Asia Pacific

- Asian markets rose for a fifth day following news that a deal had finally been reached regarding Greece's debts. However, China's Shanghai SE Comp Index (-1.30%) noticeably fell back, even as the country's industrial profits grew. Analysts have stated that investors had "no confidence in the long-term growth prospects" of China, adding that "the government is not doing much to reverse the situation". India's SENSEX (+1.65%), South Korea's KOSPI (+0.87%) and Australia's S&P/ASX 200 Index (0.74%) posted the largest gains among peers. The MSCI All Country Asia Pacific Index increased 0.41 points, or +0.33%, to 123.71.

## Key Indicators

| <b>EQUITIES BENCHMARK INDICES</b>                    | <b>27-Nov-12</b> | <b>DoD change</b> | <b>WoW change</b> | <b>MoM change</b> | <b>Ytd change</b> |
|--|------------------|-------------------|-------------------|-------------------|-------------------|
| Philippine Stock Exchange Index                      | 5,586.45         | 0.13%             | 1.56%             | 3.35%             | 27.78%            |
| MSCI World USD Index                                 | 1,299.36         | -0.25%            | 1.41%             | -0.07%            | 9.87%             |
| MSCI All Country Asia Pacific ex-Japan Total Returns | 349.72           | 0.53%             | 2.53%             | 1.79%             | 17.16%            |
| MSCI Europe USD Index                                | 1,384.67         | 0.04%             | 2.24%             | 0.90%             | 10.28%            |
| FTSEurofirst 300 Index                               | 1,107.65         | 0.27%             | 1.21%             | 0.94%             | 10.61%            |
| Dow Jones Industrial Average Index                   | 12,878.13        | -0.69%            | 0.70%             | -1.75%            | 5.41%             |
| Standard & Poor's 500 Index                          | 1,398.94         | -0.52%            | 0.80%             | -0.92%            | 11.24%            |
| <b>YIELDS AND PRICES</b>                             | <b>27-Nov-12</b> | <b>DoD change</b> | <b>WoW change</b> | <b>MoM change</b> | <b>Ytd change</b> |
| 91-Day Philippine Treasury Bill Yield (PDST-F)       | 0.4981           | -0.08%            | -0.03%            | -0.34%            | -1.16%            |
| 1-Year Philippine Treasury Bill Yield (PDST-F)       | 0.8827           | -0.04%            | -0.04%            | -0.54%            | -1.09%            |
| ROP2021 (Price)                                      | 113.489          | 0.22              | 0.07              | 1.35              | 11.14             |
| ROP2037 (Price)                                      | 141.138          | 0.39              | 0.18              | 1.81              | 21.97             |
| 3-Month US Treasury Yield                            | 0.0811           | -0.01%            | 0.01%             | -0.03%            | 0.07%             |
| 2-year US Treasury Yield                             | 0.2602           | -0.01%            | 0.01%             | -0.04%            | 0.02%             |
| 10-year US Treasury Yield                            | 1.6369           | -0.03%            | -0.03%            | -0.11%            | -0.24%            |
| 30-year US Treasury Yield                            | 2.7847           | -0.02%            | -0.04%            | -0.12%            | -0.11%            |
| 3-Month German Treasury Bill Yield                   | -0.090           | -0.00%            | 0.01%             | -0.03%            | 0.09%             |
| Brent Crude Oil Spot (\$/bbl)                        | 111.64           | -0.89%            | -0.40%            | -0.07%            | 2.72%             |
| Dubai Crude Oil Spot (\$/bbl)                        | 109.45           | 0.38%             | -0.13%            | 1.88%             | 4.40%             |
| 1-month Nymex oil futures (\$/bbl)                   | 87.18            | -0.64%            | 0.50%             | 1.04%             | -11.79%           |
| Gold Spot (\$/oz)                                    | 1,742.15         | -0.37%            | 0.86%             | 1.80%             | 11.41%            |
| USD/PHP (PDEX close)                                 | 40.870           | (0.13)            | (0.30)            | (0.34)            | (2.97)            |

Source: Bloomberg

## Asian Equity Markets

| <b>Asia Pacific Markets</b>        |                            |           |            |          |        |
|------------------------------------|----------------------------|-----------|------------|----------|--------|
| Last Trade as of November 27, 2012 |                            |           |            |          |        |
| Country                            | Index                      | Value     | DoD Change | % Change |        |
| Asia Pacific                       | MSCI AC Asia Pacific Index | 123.71    | +          | 0.41     | + 0.33 |
| Australia                          | S&P/ASX 200 Index          | 4,456.83  | +          | 32.64    | + 0.74 |
| China                              | Shanghai SE Comp Index     | 1,991.17  | -          | 26.30    | - 1.30 |
| Hong Kong                          | Hang Seng Index            | 21,844.03 | -          | 17.78    | - 0.08 |
| India                              | SENSEX                     | 18,842.08 | +          | 305.07   | + 1.65 |
| Indonesia                          | Jakarta Composite Index    | 4,337.51  | -          | 37.66    | - 0.86 |
| Japan                              | Nikkei 225                 | 9,423.30  | +          | 34.36    | + 0.37 |
| Malaysia                           | KLCI                       | 1,598.17  | -          | 9.71     | - 0.60 |
| New Zealand                        | NZX 50 Index               | 4,009.61  | -          | 2.42     | - 0.06 |
| Singapore                          | Straits Times Index        | 3,011.91  | +          | 7.41     | + 0.25 |
| South Korea                        | KOSPI                      | 1,925.20  | +          | 16.69    | + 0.87 |
| Taiwan                             | TWSE                       | 7,430.20  | +          | 22.83    | + 0.31 |
| Thailand                           | SET Index                  | 1,297.03  | +          | 6.18     | + 0.48 |

## Local Bond Market

| <b>Peso Interest Rates (PDEX PDST-R2)</b> |           |           |            |       |         |           |           |            |       |
|---|-----------|-----------|------------|-------|---------|-----------|-----------|------------|-------|
|   | 27-Nov-12 | 26-Nov-12 | Difference |       |         | 27-Nov-12 | 26-Nov-12 | Difference |       |
| 1 month                                   | 0.8500    | 0.8750    | -          | 0.025 | 4 year  | 3.6207    | 3.6850    | -          | 0.064 |
| 3 month                                   | 0.2000    | 0.3500    | -          | 0.150 | 5 year  | 3.8490    | 3.6733    | +          | 0.176 |
| 6 month                                   | 0.5319    | 0.6250    | -          | 0.093 | 7 year  | 3.9150    | 3.9087    | +          | 0.006 |
| 1 year                                    | 0.6997    | 0.7150    | -          | 0.015 | 10 year | 4.4450    | 4.4450    |            | 0.000 |
| 2 year                                    | 2.3064    | 2.3000    | +          | 0.006 | 20 year | 5.6300    | 5.6350    | -          | 0.005 |
| 3 year                                    | 3.3500    | 3.3750    | -          | 0.025 | 25 year | 5.7554    | 5.7797    | -          | 0.024 |

## Upcoming Economic Releases

| Date       | Philippines   | Period Covered | Date       | US   | Period Covered |
|------------|---|----------------|------------|--|----------------|
| 11/28/2012 | Philippines GDP Constant 2000 Prices YoY                      | 3Q             | 11/28/2012 | Mortgage Bankers Association US Mortgage Market Indx Weekly % Change SA Old Meth | Nov 23         |
| 11/28/2012 | Philippines National Accounts GDP Constant 2000 Prices QoQ SA | 3Q             | 11/29/2012 | US Initial Jobless Claims SA   | Nov 24         |
| 12/5/2012  | Philippines CPI All items YoY% 2006=100                       | Nov            | 11/29/2012 | GDP US Chained 2005 Dollars QoQ SAAR   | 3Q S           |
| 12/5/2012  | Philippines CPI All items MoM% 2006=100                       | Nov            | 11/30/2012 | US Personal Income MoM SA  | Oct            |
| 12/5/2012  | Philippines Core Inflation YoY 2006=100                       | Nov            | 11/30/2012 | US Personal Consumption Expenditures Nominal Dollars MoM SA                      | Oct            |
| 12/7/2012  | Philippines Gross Intl Reserves                               | Nov            | 12/3/2012  | ISM Manufacturing PMI SA   | Nov            |
|            |   |                | 12/5/2012  | US Manufacturers New Orders Total MoM SA   | Oct            |
|            |   |                | 12/7/2012  | US Employees on Nonfarm Payrolls Total MoM Net Change SA                         | Nov            |
|            |   |                | 12/7/2012  | US Unemployment Rate Total in Labor Force Seasonally Adjusted                    | Nov            |
|            |   |                | 12/7/2012  | University of Michigan Survey of Consumer Confidence Sentiment                   | Dec P          |

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