

Local

November 11, 2014

- The local equities market closed lower today as US jobs and wage data disappointed overnight, rekindling speculation that it may take a while longer for the US economy to recover. The PSEi slipped 13.60 points, or 0.19%, to close at 7,192.12. Almost all sector indices ended in the red, led by property (-0.97%), save for services (+0.02%), which barely bucked the downtrend. Total value turnover reached Php5.51 billion. Market breadth was negative, with 92 declines outnumber 76 advances, while 47 issues remained unchanged. Foreign investors were net sellers at Php51.09 million.
- Megaworld Corp (MEG) disclosed that its nine-month profit jumped nearly three times year-on-year on the back of strong residential sales and higher leasing income from its office and retail portfolio. The real estate giant's income for 9M14 climbed to Php19.03 billion from Php6.52 billion during the same period last year, inclusive of the Php11.62 billion non-recurring gain from the acquisition and sale of a subsidiary and associate. Megaworld's rental income from its office developments and lifestyle malls surged to a record Php5.2 billion in the first three quarters of 2014, 20 percent more than last year's Php4.34 billion.
- Reports from the Bangko Sentral ng Pilipinas showed that jobs-creating foreign direct investments (FDI) more than doubled in August as more affiliates and units of foreign firms expanded operations in the Philippines. The BSP said that FDI surged by 112% to \$299 million in August, which rose from \$141 million in the same period last year.
- In the local fixed income market, government securities decreased as a result of a lack in fresh catalysts. Yields rose 2.49 basis points on average, led by the belly, which rose 4.7 basis points. Meanwhile, the long-end yields fell slightly at -0.2.
- The Philippine peso closed stronger against the dollar after US October payrolls growth came out weaker than expected. The USD/PHP currency pair appreciated by 17 centavos after breaching the 45.00-level last week, to close at 44.86.

US and Europe

- US equities closed higher on Monday as the market continued to reflect strong quarterly corporate earnings, along with the improvement of labor market indicators in the US. The S&P 500 climbed 6.34 points to close at 2,038.26, while the Dow Jones Industrial Average tacked on 39.81 points to close at 17,613.74.
- The US Conference Board reported an improvement in labor market conditions for October. The Employment Trends Index for the month was at 123.09, higher than the revised reading of 121.91 in September. The increase in October was brought about by positive contributions from all eight components of the index, with the Percentage of Firms With Positions Not Able to Fill Right Now and Initial Claims for Unemployment Insurance being the two largest contributors.
- The US government is expected to supply USD66 billion worth of debt this week. The US Treasury sold USD26 billion in three-year notes last Monday, and will sell USD24 billion in 10-year notes on Wednesday and USD16 billion in 30-year bonds on Thursday.
- US Treasury prices slipped as investors sought to take profits from recent rallies, ahead of this week's USD66-billion issue of US government debt. The 2-year note yield rose 3.6 basis points to 0.53%, while the 10-year bond yield rose 6.3 basis points to 2.36%.
- European equities closed slightly higher on Friday as the boost provided by the possible takeover of Dutch oil service company Boskalis of rival Fugro was offset by an overwhelming support for Catalan independence from Spain. The FTSEurofirst 300 Index crept up 10.01 points, or 0.7%, to close at 1,354.75.
- The Euro appreciated against the US dollar as investors continued to factor in the most recent non-farm payroll data, and ahead of 3Q 2014 GDP figures in the Eurozone. The Euro rose 0.0052 to 1.2507 against the USD.

Asia Pacific

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- Asian equities were mostly up, as mixed economic data from the US for the past couple of days and country-specific factors affected local markets. Japan's Nikkei dipped 0.59% on Monday mainly due to the lower-than-expected non-farm payroll data. The Shanghai Composite closed higher at 2.3% after the trading link between Hong Kong and Shanghai trading link was announced to commence next Monday. This news also positively affected the Hong Kong's Hang Seng index, firming 0.83%.

Key Indicators

EQUITIES BENCHMARK INDICES	10-Nov-14	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	7,192.12	-0.19%	-1.65%	0.35%	22.11%
MSCI World USD Index	1,714.60	0.44%	0.91%	5.40%	3.65%
MSCI All Country Asia Pacific ex-Japan Total Returns	398.31	0.92%	-0.29%	3.32%	6.23%
MSCI Europe USD Index	1,633.08	0.95%	0.74%	3.37%	-7.00%
FTSEurofirst 300 Index	1,354.75	0.74%	1.07%	4.78%	3.08%
Dow Jones Industrial Average Index	17,613.74	0.23%	1.43%	6.47%	6.89%
Standard & Poor's 500 Index	2,038.26	0.31%	1.01%	6.93%	10.69%
YIELDS AND PRICES	10-Nov-14	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-F)	1.5521	0.02%	0.02%	0.12%	1.06%
1-Year Philippine Treasury Bill Yield (PDST-F)	1.9896	0.02%	-0.06%	0.04%	1.06%
ROP2021 (Price)	107.200	0.30	(0.08)	1.05	3.58
ROP2034 (Price)	131.683	0.63	(0.04)	3.60	12.13
3-Month US Treasury Yield	0.0203	0.00%	0.02%	0.02%	-0.04%
2-year US Treasury Yield	0.5349	0.04%	0.02%	0.11%	0.15%
10-year US Treasury Yield	2.3604	0.06%	0.02%	0.08%	-0.64%
30-year US Treasury Yield	3.0926	0.06%	0.03%	0.08%	-0.84%
3-Month German Treasury Bill Yield	-0.124	-0.00%	0.01%	-0.02%	-0.19%
Dubai Crude Oil Spot (\$/bbl)	81.48	2.36%	-2.13%	-7.70%	-25.03%
1-month Nymex oil futures (\$/bbl)	77.40	-1.59%	-1.75%	-9.81%	-22.85%
Gold Spot (\$/oz)	1,151.44	-2.25%	-1.21%	-5.86%	-5.10%
USD/PHP (PDEX close)	44.860	(0.17)	(0.04)	0.09	0.46

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets					
Last Trade as of November 10, 2014					
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pacific Index	140.91	+ 0.71	+ 0.51	
Australia	S&P/ASX 200 Index	5,523.96	- 25.17	- 0.45	
China	Shanghai SE Comp Index	2,473.67	+ 55.50	+ 2.30	
Hong Kong	Hang Seng Index	23,744.70	+ 194.46	+ 0.83	
India	SENSEX	27,874.73	+ 6.10	+ 0.02	
Indonesia	Jakarta Composite Index	4,965.39	- 22.04	- 0.44	
Japan	Nikkei 225	16,780.53	- 99.85	- 0.59	
Malaysia	KLCI	1,827.93	+ 3.74	+ 0.21	
New Zealand	NZX 50 Index	5,470.34	+ 51.35	+ 0.95	
Singapore	Straits Times Index	3,301.00	+ 14.61	+ 0.44	
South Korea	KOSPI	1,958.23	+ 18.36	+ 0.95	
Taiwan	TWSE	9,049.98	+ 137.36	+ 1.54	
Thailand	SET Index	1,567.34	- 11.03	- 0.70	

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)							
	10-Nov-14	7-Nov-14	Difference		10-Nov-14	7-Nov-14	Difference
1 month	1.4929	1.5000	- 0.007	4 year	2.8647	2.8731	- 0.008
3 month	1.3494	1.2746	+ 0.075	5 year	4.0000	3.7750	+ 0.225
6 month	1.6486	1.6492	- 0.001	7 year	3.7750	3.7750	0.000
1 year	1.7743	1.7723	+ 0.002	10 year	3.9465	3.9601	- 0.014
2 year	2.4000	2.4250	- 0.025	20 year	5.0000	5.0000	0.000
3 year	2.4453	2.4004	+ 0.045	25 year	4.7465	4.7397	+ 0.007

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
11/11/2014	Philippines External Trade Exports YoY	Sep	11/12/2014	Mortgage Bankers Association US Mortgage Market Indx Weekly % Change SA Old Meth	Nov 7
11/11/2014	Philippines External Trade Exports	Sep	11/13/2014	US Initial Jobless Claims SA	Nov 8
11/19/2014	Philippines BOP	Oct	11/14/2014	Adjusted Retail & Food Services Sales SA Total Monthly % Change	Oct
			11/14/2014	University of Michigan Survey of Consumer Confidence Sentiment	Nov P
			11/17/2014	US Empire State Manufacturing Survey General Business Conditions SA	Nov
			11/17/2014	US Industrial Production MoM 2007=100 SA	Oct
			11/19/2014	US New Privately Owned Housing Units Started by Structure Total SAAR	Oct
			11/20/2014	US CPI Urban Consumers MoM SA	Oct
			11/20/2014	US Existing Homes Sales SAAR	Oct
			11/20/2014	Conference Board US Leading Index MoM	Oct

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