

Local

November 18, 2014

- Local equities rose, as investors followed through with buying select stocks, which helped the PSEi buck the regional trend set by a reported recession in Japan. The PSEi gained 12.38 points, or 0.17%, to close at 7,229.72. All sector indices ended in the green, led by Mining and Oil (+0.64%) and Industrials (+0.38%). Market breadth was negative, with 96 declines outnumbering 72 advances, while 50 issues remained unchanged. Total value traded reached Php6.16 billion. Foreign investors were net buyers at Php209 million.
- Transportation Secretary Joseph Emilio Abaya said in his address at the Ports Summit organized by the Port Users Confederation that the Aquino administration has successfully improved the movement of goods at the ports of Manila—as movement of goods going outside the ports increased to 6,700 to 7,000 twenty-foot equivalent units (TEUs) while arrivals continued to hover around 5,000 TEUs since the truck ban was lifted last Sept. 13. According to Abaya, yard utilization currently falls under the 85% to 90% range, as roughly 69,000 to 73,000 TEUs are still inside the Manila International Container Terminal (MICT). Moreover, Abaya mentioned that the government still needs to clear about 10% or about 6,900 to 7,3000 TEUs to reach the ideal 80% yard utilization.
- Data from the Bangko Sentral ng Pilipinas showed that OFW remittances grew 7.9% year-on-year to USD2.11 billion in September 2014, registering the second-highest level of remittances for a single month after last December's USD2.17 billion. On a year-to-date basis, cash remittances increased by 6.1% to reach USD17.6 billion. The bulk of the cash remittances, amounting to approximately 80% of the total, came from the US, Saudi Arabia, UAE, the UK, Singapore, Japan, Hong Kong, and Canada.
- On the local fixed income space, prices of government securities climbed as the market factored in Japan's GDP contraction for a second consecutive quarter. Yields declined 1.55 basis points on average, led by the short-end, which firmed by 2.5 basis points, followed by the long-end and belly of the curve, down by 1.3 and 0.9 basis points, respectively.
- The Philippine peso appreciated against the greenback as inflation expectations for the US fell. The peso gained 5 centavos, to close at 44.890.

US and Europe

- After some choppy trading earlier in the day, US stocks managed to end higher, as investors took advantage of market liquidity and shrugged off concerns revolving around Japan's economy slipping into recession. The S&P 500 rose 1.5 points, or 0.07%, to close at 2,041.32. The Dow Jones Industrial Average rose 13.01 points, or 0.07%, to close at 17,647.75.
- Reports from the US Federal Reserve showed that US industrial production which measures the output of US manufacturers, utilities and mines, contracted by -0.1% MoM (mkt est: +0.2%) in October. US industrial production slipped in October because a modest gain for manufacturers couldn't offset declines in the volatile utility and mining sectors. Capacity utilization fell to 78.9% from September's revised 79.2%, while manufacturing output—the largest component of overall IP figure, crept up 0.2%. Auto production was a major factor, declining 1.2% to log a third straight monthly decline. Mining output and utilities' production both slipped 0.9% and 0.7% respectively. Meanwhile, output of machinery, chemicals and plastics all increased.
- European Central Bank President Mario Draghi underscored the central bank's commitment to expanding its balance sheet and broaden its stimulus efforts to ensure that inflation rises back to the ECB's target of just below 2% in a testimony to the European Parliament. Draghi stressed that the need to remain alert to possible downside risks to their outlook for inflation in the background of a weakening growth momentum remains high.
- US Treasuries lost ground following a combination of a disappointing read on industrial production and new corporate bond debt supply. The two-year note yield slipped 0.8 bps to close at 0.504%, while the 10-year yield rose 1.4 bps to 2.335%.
- European stocks rose as investors took into consideration ECB President Mario Draghi's implication that further stimulus measures may happen in the Eurozone. The FTSEurofirst 300 added 6.81 points, or 0.51%, to close at 1,352.01.
- The dollar rose against the euro as investors favored the greenback following the disappointment in Japan's GDP growth figure. The Euro lost 0.0045 against the USD to close at 1.2449.

Asia Pacific

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- Asian markets mostly ended in the red, as Japan's GDP disappointment and other country-specific factors weighed in on local markets. Japan's Nikkei fell 2.96% after the GDP release, the biggest daily percentage drop since August. The Hang Seng Index, on the other hand, fell 1.21% due to lackluster inflows to the Hong Kong markets during the first trading day under the Hong Kong-Shanghai Stock Connect program. Meanwhile, India's Sensex rose 0.47%, as positive earnings surprises in certain blue chip companies boosted the index to record highs.

Key Indicators

November 18, 2014

EQUITIES BENCHMARK INDICES	17-Nov-14	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	7,229.72	0.17%	0.52%	3.23%	22.75%
MSCI World USD Index	1,714.97	-0.13%	0.02%	6.28%	3.68%
MSCI All Country Asia Pacific ex-Japan Total Returns	395.36	-0.71%	-0.74%	3.24%	5.44%
MSCI Europe USD Index	1,632.16	0.30%	-0.06%	3.14%	-7.06%
FTSEurofirst 300 Index	1,352.01	0.51%	-0.20%	5.61%	2.87%
Dow Jones Industrial Average Index	17,647.75	0.07%	0.19%	7.74%	7.10%
Standard & Poor's 500 Index	2,041.32	0.07%	0.15%	8.19%	10.86%
YIELDS AND PRICES	17-Nov-14	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-F)	1.5125	-0.03%	-0.04%	0.09%	1.02%
1-Year Philippine Treasury Bill Yield (PDST-F)	1.9500	-0.03%	-0.04%	0.06%	1.02%
ROP2021 (Price)	107.442	0.20	0.24	0.22	3.82
3-Month US Treasury Yield	132.241	0.31	0.56	2.06	12.68
2-year US Treasury Yield	0.0051	0.00%	-0.02%	-0.02%	-0.06%
10-year US Treasury Yield	0.5080	-0.00%	-0.03%	0.14%	0.12%
30-year US Treasury Yield	2.3399	0.02%	-0.02%	0.15%	-0.66%
3-Month German Treasury Bill Yield	3.0624	0.01%	-0.03%	0.09%	-0.87%
Dubai Crude Oil Spot (\$/bbl)	-0.100	0.01%	0.02%	0.02%	-0.16%
1-month Nymex oil futures (\$/bbl)	74.48	-0.94%	-8.59%	-13.08%	-31.47%
Gold Spot (\$/oz)	75.64	-0.24%	-2.27%	-8.59%	-24.60%
USD/PHP (PDEX close)	1,186.55	-0.19%	3.05%	-4.18%	-2.21%

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets					
		Last Trade as of	November 17, 2014		
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pacific Index	139.77	- 1.96	-	1.38
Australia	S&P/ASX 200 Index	5,412.55	- 41.80	-	0.77
China	Shanghai SE Comp Index	2,474.01	- 4.82	-	0.19
Hong Kong	Hang Seng Index	23,797.08	- 290.30	-	1.21
India	SENSEX	28,177.88	+ 131.22	+	0.47
Indonesia	Jakarta Composite Index	5,053.94	+ 4.45	+	0.09
Japan	Nikkei 225	16,973.80	- 517.03	-	2.96
Malaysia	KLCI	1,806.48	- 7.31	-	0.40
New Zealand	NZX 50 Index	5,490.23	+ 6.23	+	0.11
Singapore	Straits Times Index	3,288.67	- 27.00	-	0.81
South Korea	KOSPI	1,943.63	- 1.51	-	0.08
Taiwan	TWSE	8,884.39	- 98.49	-	1.10
Thailand	SET Index	1,569.07	- 6.81	-	0.43

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)							
	17-Nov-14	14-Nov-14	Difference		17-Nov-14	14-Nov-14	Difference
1 month	1.5000	1.5000	0.000	4 year	2.8873	2.9000	- 0.013
3 month	1.3750	1.3750	0.000	5 year	3.7500	3.7500	0.000
6 month	1.6750	1.6750	0.000	7 year	3.7750	3.7750	0.000
1 year	1.7000	1.8000	- 0.100	10 year	3.8647	3.9182	- 0.054
2 year	2.3750	2.4000	- 0.025	20 year	5.0000	5.0000	0.000
3 year	2.4654	2.4750	- 0.010	25 year	4.7278	4.7129	+ 0.015

Upcoming Economic Releases

November 18, 2014

Date	Philippines	Period Covered	Date	US	Period Covered
11/19/2014	Philippines BOP	Oct	11/19/2014	Mortgage Bankers Association US Mortgage Market Indx Weekly % Change SA Old Meth	Nov 14
11/25/2014	Philippines External Balance of Trade	Sep	11/19/2014	US New Privately Owned Housing Units Started by Structure Total SAAR	Oct
11/25/2014	Philippines External Trade Imports YoY	Sep	11/20/2014	US Initial Jobless Claims SA	Nov 15
11/25/2014	Philippines External Trade Imports	Sep	11/20/2014	US CPI Urban Consumers MoM SA	Oct
11/27/2014	Philippines GDP Constant 2000 Prices YoY	3Q	11/20/2014	US Existing Homes Sales SAAR	Oct
11/27/2014	Philippines National Accounts GDP Constant 2000 Prices QoQ SA	3Q	11/25/2014	GDP US Chained 2009 Dollars QoQ SAAR	3Q S
11/28/2014	Philippines Commercial Banks Loans Outstanding Total Gross YoY	Oct	11/25/2014	Conference Board Consumer Confidence SA 1985=100	Nov
11/28/2014	Philippines Commercial Banks Loan Outstanding Total Net YoY	Oct	11/26/2014	US Durable Goods New Orders Industries MoM SA	Oct
			11/26/2014	University of Michigan Consumer Sentiment Index	Nov F

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