

Local

November 24, 2014

- The local equities market slightly picked up in last Friday's session as market players took the signal from positive sentiment in the US. The PSEi gained 7.23 points, or 0.10% to close at 7,276.18. Almost all sectors ended in the positive territory led by mining and oil (+0.75%), industrial (+0.39%) and financials (+0.31%), while only the property (-0.46%) ended in the red. Market breadth was positive with 91 advances outnumbering 82 declines, while 51 names were unchanged. Total value turnover reached Php9.26 billion. Foreign investors were net sellers at Php297.04 million.
- Bloomberry Resorts Corp (BLOOM), the operator of Solaire Resorts and Casino, seeks to have the best balance between gaming and non-gaming revenue before further expansion. Its Sky Tower opened last Saturday, which is expected to boost the resort's non-gaming amenities. Meanwhile, Bloomberry will also launch the retail section of the Phase 1A expansion in stages next year, which features a partnership between BLOOM and Ayala Land, Inc. (ALI).
- Data from the Bangko Sentral ng Pilipinas showed that banks' exposure to real estate grew higher in the second quarter of 2014. The BSP reported an aggregate exposure of Php1.1 trillion from April to June this year, higher by 6% quarter-on-quarter and up 22% year-on-year. Real estate loans comprised 84% of total exposure, while the rest pertain to investments in securities issued by real estate companies. The real estate loans make up 21.8% of banks' total loan portfolios, with a 60-40 split between real estate developers and home mortgages. Meanwhile, bad property loans for the quarter were at 2.64% of total real estate loans, lower than last quarter's 2.77%
- In the local fixed income market, prices of government securities traded sideways on two-way interest. Yields across the curve marginally declined by 1.17 basis points with the short-tenored bonds falling by 9.4 basis points, while the belly of the curve climbed by 5.3 basis points.
- The Philippine peso appreciated against the greenback as investors took profit from the US dollar's recent rally. The local currency gained 9 centavos to end the week at 44.980.

US and Europe

- U.S. stocks rallied in light of the unexpected rate cut from China and indications of stimulus expansion from the ECB. The Dow Jones Industrial Average climbed 0.5% to end at 17,810.06 while the S&P 500 rose 0.5%, to close at 2,063.50.
- According to the Federal Reserve Bank of Kansas City, manufacturing activity slightly increased during November, as the composite index rose to 7 (vs. mkt est of 6 and October level of 4), representing its highest level in four months. Pace of production jumped from 3 to 9 while shipments surged from 0 to 7 and employment increased from 6 to 9. However, new orders dipped from 2 to 1, representing the fourth consecutive month of deceleration, which imply that growth remained far from robust.
- The European Central Bank (ECB) started buying asset-backed securities as ECB President Mario Draghi reaffirmed his commitment to direct action to raise inflation as quickly as possible. He also thinks that there was no sign of improvement in the coming months and that the ECB would pump more money if its current policy measures do not achieve their goals.
- US Treasury prices edged higher, as markets took into account stimulus measures from both China and Europe. The two-year note yield fell 1 basis point to close at 0.50%, while the 10-year tenor yield declined 3 basis points to reach 2.31%.
- European stocks closed higher triggered by comments from ECB President Mario Draghi that the bank may pump more money into the economy should current measures fall short. The FTSEurofirst 300 increased 2.1%, to close at 1,384.91.
- The Euro weakened against the dollar as the market participants flocked to the dollar given both the strong economic performance of US and the central bank stimulus in both China and Europe last week. The Euro lost 0.0122 against the USD to close at 1.2395.

Asia Pacific

- Asian equities ended mostly higher, as reports regarding stimulus measures in China and Europe weighed in on regional stock markets. The Shanghai Composite Index and the Hang Seng Index were up 1.39% and 0.37%, respectively, supported by gains in Chinese energy and brokerage stocks. Meanwhile, the Indian Sensex was up 0.95% due to reports of an M&A transaction in the financial sector.

Key Indicators

EQUITIES BENCHMARK INDICES	21-Nov-14	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	7,276.18	0.10%	0.82%	2.43%	23.54%
MSCI World USD Index	1,737.24	0.68%	1.17%	4.16%	5.02%
MSCI All Country Asia Pacific ex-Japan Total Returns	392.31	0.45%	-1.48%	0.28%	4.63%
MSCI Europe USD Index	1,665.73	1.04%	2.36%	3.39%	-5.14%
FTSEurofirst 300 Index	1,384.91	2.10%	2.95%	5.50%	5.37%
Dow Jones Industrial Average Index	17,810.06	0.51%	0.99%	5.98%	8.08%
Standard & Poor's 500 Index	2,063.50	0.52%	1.16%	5.04%	12.06%
YIELDS AND PRICES	21-Nov-14	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-F)	1.6750	0.00%	0.14%	0.28%	1.18%
1-Year Philippine Treasury Bill Yield (PDST-F)	2.1604	0.11%	0.18%	0.28%	1.23%
ROP2021 (Price)	107.575	(0.01)	0.34	0.12	3.95
3-Month US Treasury Yield	0.0051	0.01%	0.00%	0.00%	-0.06%
2-year US Treasury Yield	0.5010	-0.01%	-0.01%	0.12%	0.11%
10-year US Treasury Yield	2.3099	-0.03%	-0.01%	0.04%	-0.69%
30-year US Treasury Yield	3.0175	-0.04%	-0.03%	-0.02%	-0.92%
3-Month German Treasury Bill Yield	-0.096	0.01%	0.01%	0.02%	-0.16%
Dubai Crude Oil Spot (\$/bbl)	75.84	3.04%	0.86%	-9.36%	-30.22%
1-month Nymex oil futures (\$/bbl)	76.51	1.23%	0.91%	-5.55%	-23.73%
Gold Spot (\$/oz)	1,201.55	0.64%	1.08%	-2.38%	-0.97%
USD/PHP (PDEX close)	44.980	(0.09)	0.04	0.17	0.58

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets					
Last Trade as of November 21, 2014					
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pacific Index	139.95	+ 0.73	+ 0.52	
Australia	S&P/ASX 200 Index	5,304.31	- 11.94	- 0.22	
China	Shanghai SE Comp Index	2,486.79	+ 34.13	+ 1.39	
Hong Kong	Hang Seng Index	23,437.12	+ 87.48	+ 0.37	
India	SENSEX	28,334.63	+ 267.07	+ 0.95	
Indonesia	Jakarta Composite Index	5,112.05	+ 18.48	+ 0.36	
Japan	Nikkei 225	17,357.51	+ 56.65	+ 0.33	
Malaysia	KLCI	1,809.13	- 13.16	- 0.72	
New Zealand	NZX 50 Index	5,495.81	- 31.14	- 0.56	
Singapore	Straits Times Index	3,345.32	+ 29.72	+ 0.90	
South Korea	KOSPI	1,964.84	+ 6.80	+ 0.35	
Taiwan	TWSE	9,091.53	+ 12.66	+ 0.14	
Thailand	SET Index	1,579.20	+ 10.52	+ 0.67	

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)							
	21-Nov-14	20-Nov-14	Difference		21-Nov-14	20-Nov-14	Difference
1 month	1.2499	1.5000	- 0.250	4 year	3.0402	2.9750	+ 0.065
3 month	1.5000	1.5000	0.000	5 year	3.2381	3.2346	+ 0.004
6 month	1.7500	2.0000	- 0.250	7 year	3.7750	3.7750	0.000
1 year	2.0000	1.8750	+ 0.125	10 year	3.7900	3.7957	- 0.006
2 year	2.5000	2.4956	+ 0.004	20 year	5.0000	5.0000	0.000
3 year	2.7000	2.5083	+ 0.192	25 year	4.6113	4.6357	- 0.024

Upcoming Economic Releases

November 24, 2014

Date	Philippines	Period Covered	Date	US	Period Covered
11/25/2014	Philippines External Balance of Trade	Sep	11/25/2014	GDP US Chained 2009 Dollars QoQ SAAR	3Q S
11/25/2014	Philippines External Trade Imports YoY	Sep	11/25/2014	Conference Board Consumer Confidence SA 1985=100	Nov
11/27/2014	Philippines GDP Constant 2000 Prices YoY	3Q	11/26/2014	Mortgage Bankers Association US Mortgage Market Indx Weekly % Change SA Old Meth	Nov 21
11/27/2014	Philippines National Accounts GDP Constant 2000 Prices QoQ SA	3Q	11/26/2014	US Initial Jobless Claims SA	Nov 22
11/28/2014	Philippines Commercial Banks Loans Outstanding Total Gross YoY	Oct	11/26/2014	US Durable Goods New Orders Industries MoM SA	Oct
11/28/2014	Philippines Commercial Banks Loan Outstanding Total Net YoY	Oct	11/26/2014	University of Michigan Consumer Sentiment Index	Nov F
12/5/2014	Philippines CPI All items YoY% 2006=100	Nov	12/1/2014	ISM Manufacturing PMI SA	Nov
12/5/2014	Philippines CPI All items MoM% 2006=100	Nov	12/5/2014	US Employees on Nonfarm Payrolls Total MoM Net Change SA	Nov
			12/5/2014	U-3 US Unemployment Rate Total in Labor Force Seasonally Adjusted	Nov
			12/5/2014	US Manufacturers New Orders Total MoM SA	Oct

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