

Local

November 25, 2014

- Local equities increased similar to its regional peers, boosted by the lending rate cut in China and further monetary easing in Europe late last week. The PSEi gained 48.95 points, or +0.67%, to close at 7,325.13. The sectors' performances all ended in green led by Mining and Oil (+1.38%) and Industrial (+1.33%). Market breadth was positive, with 100 advances outnumbering 83 declines, while 44 issues remained unchanged. Total value traded reached Php9.49 billion. Foreign investors were net buyers at Php1.16 billion.
- Data from the Philippine Economic Zone Authority (PEZA) showed an increase in PEZA-listed investments for the first ten months of 2014. As of October 2014, investments amounted to Php153.94 billion, 2.56% higher than last year's figure of Php150.09 billion. According to the PEZA, these investments will be utilized for projects in the semiconductor and electronics, IT services, and general manufacturing industries. The PEZA expects Php299 billion worth of investments by year-end.
- Ayala Corp. (AC) said that it would not oppose the government's plan to rebid the Php35.42-billion Cavite-Laguna Expressway (CALAX) project since it believes that the original bid was done in a "fair and transparent manner". AC Infrastructure Holdings Corp. of Ayal Corp., along with Aboitiz Equity Ventures, Inc. (AEV), is part of Team Orion, the highest bidder for the CALAX project during the first bidding. Instead, AC would focus on winning other public-private partnership (PPP) contracts.
- 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

- US equities continued their streak of record gains amid improved German business confidence and dovish stance of the Fed. The S&P 500 gained 5.91 points, or 0.29%, to 2,069.41 while the Dow Jones Industrial Average climbed 7.84 points, or 0.04%, to 17,817.90.
- The Chicago Fed National Activity Index fell to 0.14 in October from 0.29 in September, also lower than market estimate of 0.33. The production and employment component dragged the index down with production sub-index dropping to 0.16 from 0.22 while the employment-related indicators slid to 0.16 from 0.22. The sales and consumption and housing sub-index, on the other hand, rose from 0.06 to 0.11 and -0.17 to -0.12, respectively.
- The US services sector as represented by Markit's seasonally adjusted "flash" services PMI Business Activity Index grew at its slowest pace in seven months during November. The index was recorded at 56.3, lower than October's 57.1 and market estimate of 57.3.
- US treasury bonds recovered due to a high demand for the two-year government debt. The two-year notes were sold at a yield of 0.542%, drawing \$3.71 bids for each dollar offered. The 2-year note yield dropped 0.8 basis points to 0.493% while the 10-year bond yield lost 1.1 basis points to 2.306%.
- European stocks inched higher after the surprise improvement in German business sentiment. The FTSEurofirst 300 Index gained 1.68 points to 1,386.59.
- The Euro slightly strengthened against the dollar in reaction to the economic stimulus in Europe. The Euro gained 0.0034 against the USD to close at 1.2429.

Asia Pacific

- Asian equities ended mostly up, as markets continued to factor in the announcement of stimulus measures from the Eurozone and China. The Hang Seng Index and Shanghai Composite Index rose 1.95% and 1.85%, respectively, following the interest rate cut from China. Australia's ASX 200 also rose, gaining 1.08% on hopes that demand for commodities would increase following China's announcement.

Key Indicators

EQUITIES BENCHMARK INDICES	24-Nov-14	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	7,325.13	0.67%	1.32%	3.12%	24.37%
MSCI World USD Index	1,740.09	0.16%	1.46%	4.33%	5.19%
MSCI All Country Asia Pacific ex-Japan Total Returns	396.49	1.06%	0.29%	1.34%	5.74%
MSCI Europe USD Index	1,670.82	0.31%	2.37%	3.71%	-4.85%
FTSEurofirst 300 Index	1,386.59	0.12%	2.56%	5.63%	5.50%
Dow Jones Industrial Average Index	17,817.90	0.04%	0.96%	6.02%	8.13%
Standard & Poor's 500 Index	2,069.41	0.29%	1.38%	5.34%	12.38%
YIELDS AND PRICES	24-Nov-14	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-F)	1.6646	-0.01%	0.15%	0.27%	1.17%
1-Year Philippine Treasury Bill Yield (PDST-F)	2.1583	-0.00%	0.21%	0.27%	1.23%
ROP2021 (Price)	108.003	0.43	0.56	0.55	4.38
ROP2034 (Price)	132.324	0.37	0.08	0.63	12.77
3-Month US Treasury Yield	0.0051	0.00%	0.00%	0.00%	-0.06%
2-year US Treasury Yield	0.4930	-0.01%	-0.02%	0.11%	0.11%
10-year US Treasury Yield	2.3064	-0.00%	-0.03%	0.04%	-0.69%
30-year US Treasury Yield	3.0199	0.00%	-0.04%	-0.02%	-0.92%
3-Month German Treasury Bill Yield	-0.100	-0.00%	0.00%	0.02%	-0.16%
Dubai Crude Oil Spot (\$/bbl)	76.93	1.44%	3.29%	-8.06%	-29.22%
1-month Nymex oil futures (\$/bbl)	75.78	-0.95%	0.19%	-6.46%	-24.46%
Gold Spot (\$/oz)	1,197.09	-0.37%	0.89%	-2.75%	-1.34%
USD/PHP (PDEX close)	44.910	(0.07)	0.02	0.10	0.51

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets					
		Last Trade as of	November 24, 2014		
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pacific Index	140.45	+ 0.50	+ 0.36	
Australia	S&P/ASX 200 Index	5,361.80	+ 57.50	+ 1.08	
China	Shanghai SE Comp Index	2,532.88	+ 46.09	+ 1.85	
Hong Kong	Hang Seng Index	23,893.14	+ 456.02	+ 1.95	
India	SENSEX	28,499.54	+ 164.91	+ 0.58	
Indonesia	Jakarta Composite Index	5,141.76	+ 29.72	+ 0.58	
Japan	Nikkei 225	17,357.51	0.00	0.00	
Malaysia	KLCI	1,833.77	+ 24.64	+ 1.36	
New Zealand	NZX 50 Index	5,471.68	- 24.13	- 0.44	
Singapore	Straits Times Index	3,340.53	- 4.79	- 0.14	
South Korea	KOSPI	1,978.54	+ 13.70	+ 0.70	
Taiwan	TWSE	9,122.33	+ 30.80	+ 0.34	
Thailand	SET Index	1,590.14	+ 10.94	+ 0.69	

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)							
	24-Nov-14	21-Nov-14	Difference		24-Nov-14	21-Nov-14	Difference
1 month	1.5000	1.2499	+ 0.250	4 year	3.1650	3.0402	+ 0.125
3 month	1.5000	1.5000	0.000	5 year	3.2114	3.2381	- 0.027
6 month	1.7500	1.7500	0.000	7 year	3.7750	3.7750	0.000
1 year	2.0000	2.0000	0.000	10 year	3.7580	3.7900	- 0.032
2 year	2.4750	2.5000	- 0.025	20 year	5.0000	5.0000	0.000
3 year	2.7000	2.7000	0.000	25 year	4.5819	4.6113	- 0.029

Upcoming Economic Releases

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