

Local

November 26, 2014

- Local equities declined as the optimistic sentiment from the monetary easing in China and Europe late last week wore off. The PSEi lost 38.28 points, or -0.52%, to close at 7,286.85. The sectors' performances all worsened except for Mining and Oil (+0.04%). Market breadth was slightly negative, with 98 declines outnumbering 97 advances, while 38 issues remained unchanged. Total value traded reached Php15.88 billion. Foreign investors were net sellers at Php961 million.
- Ayala Land Inc (ALI), Datem Inc, Filinvest Land Inc (FLI) and Megawide Terminals, four of the six companies that previously bought bid documents for the second of Metro Manila's transport terminal projects, submitted their respective prequalification documents. The two remaining firms were Robinsons Land Corp (RLC) and San Miguel Corp (SMC). The said transport terminal project refers to the Php4 billion Integrated Transport System (ITS) - South Terminal to be located near the Food Terminal Inc, which ALI earlier bagged.
- Data from the Philippine Statistics Authority showed that imports in September fell compared to last year. For the month, imports amounted to USD5.57 billion, 2.6% lower than last year. Exports, on the other hand, grew 15.7% to USD5.85 billion. Due to exports growing faster than imports (9.9% vs 3.4% for 9M2014), the Philippines' trade deficit was at USD1.5 billion year-to-date, 63.4% lower than last year's USD4.1 billion.
- In the local fixed income space, prices of government securities climbed, as investors took the opportunity to bargain hunt following recent dips in prices. Yields dropped 3.0 basis points on average led by the belly, which fell by 5.2 basis points, trailed by the short-end, down by 3.3 basis points. Meanwhile, the short-end was unchanged.
- The Philippine peso weakened against the US Dollar as the country's imports remained weak and investors remained cautious ahead of the report on revised 3Q US GDP numbers later this week. The peso closed at 44.970.

US and Europe

- U.S. stocks performance were mixed as the higher-than-expected third quarter GDP growth was offset by the lowest consumer confidence reading since June and further weakness in oil prices prior to the OPEC meeting this Thursday. The Dow Jones Industrial Average (DJPIA) shed 2.96 points to 17,814.94. The S&P 500 declined by 2.38 points to 2,067.03.
- The U.S. economy saw its best consecutive quarters of growth since 2003. The combined growth rate in the second and third quarters was 4.25%, the best six-month growth pace in ten years. GDP seasonally adjusted annual rate (saar) was upwardly revised to 3.9% in Q3 (vs. Mkt est of +3.3%) from the initial estimate of 3.5%, due to stronger consumer and business spending and a slimmer drag from inventory investment, which offset the weaker exports performance. YoY GDP growth was at 2.4% rate, essentially in line with the ~2% growth recorded since the economy emerged from recession in the second half of 2009.
- Germany's GDP rose only by 0.1% QoQ in adjusted terms, in line with the preliminary figures published Nov. 14. Economy barely grew as private consumption rose by just 0.7% while government consumption grew by only 0.6%. The increase in exports slightly offset the sharp decline in investments.
- US Treasuries rallied, boosted by strong demand for a \$35 billion sale of a five-year government notes which were sold at a yield of 1.595%, reflecting the increase in overall demand to its highest level since March. Bonds had already strengthened ahead of the auction as the unexpected soft read on consumer sentiment held off positive sentiment from the upward revision to Q3 GDP growth. The two-year note yield rose by 2.7 basis points to 0.52% while the 10-year bond yield declined by 4.9 basis points to 2.26%.
- European markets rose as subdued growth figures from Germany were seen as a further driver for the ECB to proceed with more stimulus measures. The FTSEurofirst 300 index rose by 2.28 points to 1,388.87.
- The Euro slightly strengthened against the dollar on talks about further potential economic stimulus from the European Central Bank. The Euro gained 0.0043 against the USD to close at 1.2472.

Asia Pacific

- Asian equities ended mostly lower, as divergent economic data from the US weighed in on regional stock markets. Both the Nikkei Stock Index and Shanghai Composite Index bucked the downward trend, up 0.29% and 1.37%, respectively, primarily due to the sustained positive sentiment regarding the interest rate cut in China. Meanwhile, the Indian Sensex was down 0.57% due to investors taking profits following the recent rally of the index.

Key Indicators

EQUITIES BENCHMARK INDICES	25-Nov-14	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	7,286.85	-0.52%	0.15%	3.10%	23.72%
MSCI World USD Index	1,742.82	0.16%	0.84%	5.55%	5.36%
MSCI All Country Asia Pacific ex-Japan Total Returns	394.84	-0.42%	0.07%	1.83%	5.30%
MSCI Europe USD Index	1,680.05	0.55%	1.70%	4.88%	-4.33%
FTSEurofirst 300 Index	1,388.87	0.16%	2.11%	6.90%	5.67%
Dow Jones Industrial Average Index	17,814.94	-0.02%	0.72%	7.22%	8.11%
Standard & Poor's 500 Index	2,067.03	-0.12%	0.74%	6.48%	12.25%
YIELDS AND PRICES	25-Nov-14	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-F)	1.6687	0.00%	0.14%	0.25%	1.18%
1-Year Philippine Treasury Bill Yield (PDST-F)	2.1708	0.01%	0.20%	0.28%	1.24%
ROP2021 (Price)	108.092	0.09	0.63	0.57	4.47
ROP2034 (Price)	132.379	0.05	0.23	0.87	12.82
3-Month US Treasury Yield	0.0203	0.02%	0.01%	0.01%	-0.04%
2-year US Treasury Yield	0.5197	0.03%	0.02%	0.16%	0.13%
10-year US Treasury Yield	2.2570	-0.05%	-0.06%	0.04%	-0.74%
30-year US Treasury Yield	2.9605	-0.06%	-0.08%	-0.03%	-0.98%
3-Month German Treasury Bill Yield	-0.107	-0.01%	-0.01%	0.02%	-0.17%
Dubai Crude Oil Spot (\$/bbl)	76.09	-1.09%	0.21%	-9.71%	-29.99%
1-month Nymex oil futures (\$/bbl)	74.09	-2.23%	-0.70%	-10.53%	-26.15%
Gold Spot (\$/oz)	1,200.95	0.32%	0.33%	-3.82%	-1.02%
USD/PHP (PDEX close)	44.970	0.06	0.00	0.22	0.57

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets					
Last Trade as of November 25, 2014					
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pacific Index	140.72	+ 0.27	+ 0.19	
Australia	S&P/ASX 200 Index	5,334.79	- 27.02	- 0.50	
China	Shanghai SE Comp Index	2,567.60	+ 34.72	+ 1.37	
Hong Kong	Hang Seng Index	23,843.91	- 49.23	- 0.21	
India	SENSEX	28,338.05	- 161.49	- 0.57	
Indonesia	Jakarta Composite Index	5,118.95	- 22.82	- 0.44	
Japan	Nikkei 225	17,407.62	+ 50.11	+ 0.29	
Malaysia	KLCI	1,838.56	+ 4.79	+ 0.26	
New Zealand	NZX 50 Index	5,442.68	- 29.01	- 0.53	
Singapore	Straits Times Index	3,344.99	+ 4.46	+ 0.13	
South Korea	KOSPI	1,980.21	+ 1.67	+ 0.08	
Taiwan	TWSE	9,116.24	- 6.09	- 0.07	
Thailand	SET Index	1,596.80	+ 6.66	+ 0.42	

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)							
	25-Nov-14	24-Nov-14	Difference		25-Nov-14	24-Nov-14	Difference
1 month	1.5000	1.5000	0.000	4 year	3.1500	3.1650	- 0.015
3 month	1.5000	1.5000	0.000	5 year	3.1996	3.2114	- 0.012
6 month	1.7500	1.7500	0.000	7 year	3.5441	3.7750	- 0.231
1 year	1.9993	2.0000	- 0.001	10 year	3.7115	3.7580	- 0.047
2 year	2.4750	2.4750	0.000	20 year	5.0000	5.0000	0.000
3 year	2.7000	2.7000	0.000	25 year	4.5289	4.5819	- 0.053

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
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	US Personal Income MoM SA	Oct
12/5/2014	Philippines CPI All items YoY% 2006=100	Nov	11/26/2014	US Personal Consumption Expenditures Nominal Dollars MoM SA	Oct
12/5/2014	Philippines CPI All items MoM% 2006=100	Nov	11/26/2014	University of Michigan Consumer Sentiment Index	Nov F
12/5/2014	Philippines Core Inflation 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
			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