

Local

November 27, 2014

- Local equities rose as investors expect favorable Q3 gross domestic product (GDP) results. The PSEi gained 69.74 points, or 0.96%, to close at 7,356.59. All sectors ended in the green led by Holding firms (+1.30%) and Services (+0.66%). Market breadth was positive, with 91 advances outnumbering 84 declines, while 48 issues remained unchanged. Total value traded reached Php9.88 billion. Foreign investors were net buyers at Php754 million.
- For the month of October, Cebu Pacific and Tigerair flew 1.41 million passengers, +24.2% higher than its 1.14 million passengers in the same month last year, which Cebu Pacific attributed to the increase in the number of flights and seat capacity as well as cheaper fares. Year-to-date traffic also rose to 13.94 million (15.7% YoY). The airline reported a loss of Php750.12 million for Q3 which represented a reversal of the Php538.44 million net income during Q3 last year, but the YTD result was still a net income of Php664.08 million.
- The Bangko Sentral ng Pilipinas (BSP) approved regulations that would allow smaller banks to trade in foreign exchange markets. Under the regulations, rural and thrift banks are now permitted to buy and sell foreign currencies, and thrift banks can now act as dealers of deliverable foreign exchange forwards. The new regulations enable smaller banks to participate more actively in the remittance business.
- In the local fixed income space, prices of government securities slightly rose, as investors anticipated a positive surprise on the Q3 GDP release. Yields dropped 1.0 basis points on average led by the long-end, which fell by 2.3 basis points, trailed by the belly, down by 0.9 basis points. Meanwhile, the short-end was unchanged.
- The Philippine peso strengthened 5 centavos against the US Dollar as investors optimistically await the release of Q3 GDP results. The peso opened and closed at 44.920.

US and Europe

- U.S. stocks slightly went up as investors focused more on positive economic data despite the mixed releases yesterday. The Dow Jones Industrial Average (DJPIA) rose 12.81 points to 17,827.75, while the S&P 500 crept up by 5.80 points to 2,072.83.
- U.S. personal spending rose by a seasonally adjusted 0.2% MoM (lower than market estimate of 0.3%) as households spent less on big-ticket items. Inflation-adjusted household spending on durable goods, nondurables, and services changed by -0.2%, +0.2%, and +0.3% MoM, respectively. Personal income increased by 0.2% (lower than market estimate of 0.4%) while real disposable income increased by just 0.1% MoM. The price index for personal consumption expenditures, the Fed's preferred inflation measure, inched up by 0.1% MoM and 1.4% YoY (vs. market estimate of 0% and 1.4%) while "core" prices rose 0.2% MoM and 1.6% YoY (vs. market estimate of 0.2% and 1.5%).
- European Central Bank (ECB) Vice President Vitor Constancio declared that the ECB is prepared to buy other assets, including government bonds, early next year if its current programs, which include cheap bank loans and purchases of covered bonds and asset-backed securities, fail to hike the ECB's balance sheet.
- US Treasuries continued to rally, as softer-than-expected economic releases in the US spurred demand for the securities. The recent USD29 billion 7-year note auction received strong support from both local and foreign investors, drawing the strongest demand since February. The two-year note yield slid 0.4 basis points to 0.52% while the 10-year bond yield fell 1.23 basis points to 2.24%.
- European markets traded sideways, as gains following comments by ECB Vice President Vitor Constancio regarding ramping up stimulus measures early next year were pared by profit-taking following recent rallies. The FTSEurofirst 300 inched up 0.31 points to 1,389.18.
- The Euro strengthened against the dollar after European Central Bank (ECB) Vice President Vitor Constancio signified a stronger chance for the ECB to purchase government bonds next year. The Euro gained 0.0032 against the USD to close at 1.2504.

Asia Pacific

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- Asian equities ended mostly higher, as positive sentiment for emerging markets resumed after mixed economic data from the US. Both the Hang Seng Index and Shanghai Composite Index rallied, up 1.12% and 1.43%, respectively, primarily due to the continued optimism regarding the interest rate cut in China. Meanwhile, the Japanese Nikkei was slightly down 0.14% due to profit-taking following the depreciation of the dollar.

Key Indicators

EQUITIES BENCHMARK INDICES	26-Nov-14	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	7,356.59	0.96%	1.20%	3.56%	24.90%
MSCI World USD Index	1,748.00	0.30%	1.35%	4.87%	5.67%
MSCI All Country Asia Pacific ex-Japan Total Returns	397.90	0.77%	1.50%	1.62%	6.12%
MSCI Europe USD Index	1,686.00	0.35%	2.01%	4.94%	-3.99%
FTSEurofirst 300 Index	1,389.18	0.02%	2.15%	6.45%	5.70%
Dow Jones Industrial Average Index	17,827.75	0.07%	0.80%	6.00%	8.19%
Standard & Poor's 500 Index	2,072.83	0.28%	1.18%	5.67%	12.57%
YIELDS AND PRICES	26-Nov-14	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-F)	1.6568	-0.01%	0.07%	0.23%	1.17%
1-Year Philippine Treasury Bill Yield (PDST-F)	2.1591	-0.01%	0.20%	0.28%	1.23%
ROP2021 (Price)	108.190	0.10	0.62	0.80	4.57
ROP2034 (Price)	132.723	0.34	0.57	1.13	13.17
3-Month US Treasury Yield	0.0051	-0.02%	0.01%	0.00%	-0.06%
2-year US Treasury Yield	0.5157	-0.00%	-0.00%	0.13%	0.13%
10-year US Treasury Yield	2.2447	-0.01%	-0.11%	-0.02%	-0.76%
30-year US Treasury Yield	2.9542	-0.01%	-0.12%	-0.08%	-0.98%
3-Month German Treasury Bill Yield	-0.118	-0.01%	-0.03%	0.01%	-0.18%
Dubai Crude Oil Spot (\$/bbl)	74.41	-2.21%	-0.61%	-11.24%	-31.54%
1-month Nymex oil futures (\$/bbl)	73.69	-0.54%	-1.19%	-9.02%	-26.55%
Gold Spot (\$/oz)	1,197.90	-0.25%	1.28%	-2.34%	-1.27%
USD/PHP (PDEX close)	44.920	(0.05)	(0.15)	0.12	0.52

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets				
Last Trade as of November 26, 2014				
Country	Index	Value	DoD Change	% Change
Asia Pacific	MSCI AC Asia Pacific Index	141.36	+ 0.64	+ 0.45
Australia	S&P/ASX 200 Index	5,396.21	+ 61.42	+ 1.15
China	Shanghai SE Comp Index	2,604.35	+ 36.75	+ 1.43
Hong Kong	Hang Seng Index	24,111.98	+ 268.07	+ 1.12
India	SENSEX	28,386.19	+ 48.14	+ 0.17
Indonesia	Jakarta Composite Index	5,133.04	+ 14.09	+ 0.28
Japan	Nikkei 225	17,383.58	- 24.04	- 0.14
Malaysia	KLCI	1,842.17	+ 3.61	+ 0.20
New Zealand	NZX 50 Index	5,457.39	+ 14.71	+ 0.27
Singapore	Straits Times Index	3,349.66	+ 4.67	+ 0.14
South Korea	KOSPI	1,980.84	+ 0.63	+ 0.03
Taiwan	TWSE	9,122.39	+ 6.15	+ 0.07
Thailand	SET Index	1,591.00	- 5.80	- 0.36

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)							
	26-Nov-14	25-Nov-14	Difference		26-Nov-14	25-Nov-14	Difference
1 month	1.5000	1.5000	0.000	4 year	3.1500	3.1500	0.000
3 month	1.5000	1.5000	0.000	5 year	3.2023	3.1996	+ 0.003
6 month	1.7500	1.7500	0.000	7 year	3.4965	3.5441	- 0.048
1 year	2.0000	1.9993	+ 0.001	10 year	3.6603	3.7115	- 0.051
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	4.5102	4.5289	- 0.019

Upcoming Economic Releases

November 27, 2014

Date	Philippines	Period Covered	Date	US	Period Covered
11/27/2014	Philippines GDP Constant 2000 Prices YoY	3Q	12/1/2014	ISM Manufacturing PMI SA	Nov
11/27/2014	Philippines National Accounts GDP Constant 2000 Prices QoQ SA	3Q	12/2/2014	Census Bureau US Construction Spending MoM SA	Oct
11/28/2014	Philippines Commercial Banks Loans Outstanding Total Gross YoY	Oct	12/3/2014	Mortgage Bankers Association US Mortgage Market Indx Weekly % Change SA Old Meth	Nov 21
11/28/2014	Philippines Commercial Banks Loan Outstanding Total Net YoY	Oct	12/3/2014	ADP National Employment Report SA Private Nonfarm Level Change	Nov
12/5/2014	Philippines CPI All items YoY% 2006=100	Nov	12/3/2014	ISM Non-Manufacturing NMI NSA	Nov
12/5/2014	Philippines CPI All items MoM% 2006=100	Nov	12/4/2014	US Initial Jobless Claims SA	Nov 22
12/5/2014	Philippines Core Inflation YoY 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 Trade Balance of Goods and Services 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