

## Local

November 28, 2014

- Local equities declined as investors were disappointed of the gross domestic product (GDP) results. The PSEi lost 91.25 points, or -1.24%, to close at 7,265.34. All sectors ended in the red with Property firms (-2.87%) performing the worst while Mining and oil fell the least (-0.03%). Market breadth was negative with 53 advances being outnumbered by 129 declines, while 39 issues remained unchanged. Total value traded reached Php27.31 billion. Foreign investors were net buyers at Php18.28 billion.
- SM Prime Holdings Inc. (SMPH) raised Php18 billion from the sale of its treasury shares, allowing it to raise fresh equity while increasing its public float. SMPH said that a portion of the proceeds will be used to fund its investment in the OCLP Holdings Inc., the holding company of Ortigas & Co. The equity deal was priced at a 4.9% discount to Wednesday's closing of Php17.88 per share.
- Credit rating agency Standard & Poor's (S&P) cut its Philippine GDP growth forecasts for 2014, and noted that the disappointment in the 3Q GDP release yesterday was a downside risk to their forecast. A day before the GDP release, S&P revised its forecasts downward from 6.6% to 6.4%. S&P also revised its forecasts for 2015 and 2016, up 0.1% to 6.3% for next year and down 0.4% to 6.0% two years from now.
- In the local fixed income space, prices of government securities fell, as investors took profits in their positions following the softer-than-expected GDP release. Yields climbed 3.0 basis points on average led by the belly, which went up by 5.9 basis points, trailed by the long-end, up by 2.2 basis points. Meanwhile, the short-end was unchanged.
- The Philippine peso managed to close stronger by 7 centavos against the US Dollar due to the positive market sentiment despite the underwhelming GDP results. The peso closed at 44.85.

## US and Europe

- US markets were closed on Thursday for the observance of the Thanksgiving Day holiday.
- Initial jobless claims for the week ended November 22 increased by 21,000 to a seasonally adjusted 313,000 (vs. market estimate of 288,000), marking the first time since September that new claims exceeded 300,000. The number of Americans seeking first-time jobless benefits also rose last week while the four-week moving average of jobless claims increased by 6,250 to 294,000. Meanwhile, the number of people filing continuing claims for unemployment benefits fell by 17,000 to 2.32 million (lower than market estimate of 2.35 million) for the week ended November 15, its lowest level since December 2000.
- German consumer prices rose by just 0.5% YoY in November, representing the slowest pace in almost five years, while prices fell in Spain and Belgium
- European markets ended higher in light of expectations of further stimulus measure expansions from the ECB. The FTSEurofirst 300 climbed 3.22 points to 1,392.40.
- The Euro weakened as there were no additional details on potential quantitative easing from ECB President Draghi. The Euro closed at 1.2450.

## Asia Pacific

- Asian equities ended mixed, as country-specific factors dominated local markets in light of the Thanksgiving Day holiday in the US. The Japanese Nikkei was down 0.78% as the appreciation in the yen adversely affected the index. The Hang Seng Index was also down, falling 0.45% as investors booked profits in their positions. Meanwhile, the Shanghai Composite Index continued its ascent, rising 1.00% as the interest rate cut and the PBOC's decision not to sell repurchase agreements supported the market.

## Key Indicators

<b>EQUITIES BENCHMARK INDICES</b>	<b>27-Nov-14</b>	<b>DoD change</b>	<b>WoW change</b>	<b>MoM change</b>	<b>Ytd change</b>
Philippine Stock Exchange Index	7,265.34	-1.24%	-0.05%	2.81%	23.35%
MSCI World USD Index	1,744.71	-0.19%	1.12%	3.57%	5.47%
MSCI All Country Asia Pacific ex-Japan Total Returns	398.73	0.21%	2.09%	1.07%	6.34%
MSCI Europe USD Index	1,684.42	-0.09%	2.18%	3.58%	-4.08%
FTSEurofirst 300 Index	1,392.40	0.23%	2.66%	5.72%	5.94%
Dow Jones Industrial Average Index	17,827.75	0.00%	0.61%	4.83%	8.19%
Standard & Poor's 500 Index	2,072.83	0.00%	0.98%	4.42%	12.57%
<b>YIELDS AND PRICES</b>	<b>27-Nov-14</b>	<b>DoD change</b>	<b>WoW change</b>	<b>MoM change</b>	<b>Ytd change</b>
91-Day Philippine Treasury Bill Yield (PDST-F)	1.6625	0.01%	-0.01%	0.28%	1.17%
1-Year Philippine Treasury Bill Yield (PDST-F)	2.1667	0.01%	0.12%	0.28%	1.23%
ROP2021 (Price)	108.163	(0.03)	0.58	0.58	4.54
ROP2034 (Price)	132.793	0.07	0.89	0.85	13.24
3-Month US Treasury Yield	0.0051	0.00%	0.01%	-0.01%	-0.06%
2-year US Treasury Yield	0.5157	0.00%	0.01%	0.12%	0.13%
10-year US Treasury Yield	2.2447	0.00%	-0.09%	-0.05%	-0.76%
30-year US Treasury Yield	2.9542	0.00%	-0.10%	-0.11%	-0.98%
3-Month German Treasury Bill Yield	-0.118	0.00%	-0.02%	0.01%	-0.18%
Dubai Crude Oil Spot (\$/bbl)	72.15	-3.04%	-1.97%	-14.04%	-33.62%
1-month Nymex oil futures (\$/bbl)	73.69	0.00%	-2.50%	-9.49%	-26.55%
Gold Spot (\$/oz)	1,191.07	-0.57%	-0.24%	-3.05%	-1.84%
USD/PHP (PDEX close)	44.850	(0.07)	(0.22)	0.08	0.45

Source: Bloomberg

## Asian Equity Markets

<b>Asia Pacific Markets</b>					
Last Trade as of November 27, 2014					
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pacific Index	140.82	-	0.54	- 0.38
Australia	S&P/ASX 200 Index	5,400.92	+	4.71	+ 0.09
China	Shanghai SE Comp Index	2,630.49	+	26.14	+ 1.00
Hong Kong	Hang Seng Index	24,004.28	-	107.70	- 0.45
India	SENSEX	28,438.91	+	52.72	+ 0.19
Indonesia	Jakarta Composite Index	5,145.32	+	12.28	+ 0.24
Japan	Nikkei 225	17,248.50	-	135.08	- 0.78
Malaysia	KLCI	1,829.91	-	12.26	- 0.67
New Zealand	NZX 50 Index	5,455.38	-	2.01	- 0.04
Singapore	Straits Times Index	3,340.96	-	8.70	- 0.26
South Korea	KOSPI	1,982.09	+	1.25	+ 0.06
Taiwan	TWSE	9,165.31	+	42.92	+ 0.47
Thailand	SET Index	1,599.82	+	8.82	+ 0.55

## Local Bond Market

<b>Peso Interest Rates (PDEX PDST-R2)</b>							
	<b>27-Nov-14</b>	<b>26-Nov-14</b>	<b>Difference</b>		<b>27-Nov-14</b>	<b>26-Nov-14</b>	<b>Difference</b>
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	3.2434	3.2023	+ 0.041
6 month	1.7500	1.7500	0.000	7 year	3.5480	3.4965	+ 0.051
1 year	2.0000	2.0000	0.000	10 year	3.7087	3.6603	+ 0.048
2 year	2.4750	2.4750	0.000	20 year	5.0000	5.0000	0.000
3 year	2.9000	2.7000	+ 0.200	25 year	4.5267	4.5102	+ 0.016

## Upcoming Economic Releases

November 28, 2014

Date	Philippines	Period Covered	Date	US	Period Covered
11/28/2014	Philippines Commercial Banks Loans Outstanding Total Gross YoY	Oct	12/1/2014	ISM Manufacturing PMI SA	Nov
11/28/2014	Philippines Commercial Banks Loan Outstanding Total Net YoY	Oct	12/2/2014	Census Bureau US Construction Spending MoM SA	Oct
12/5/2014	Philippines CPI All items YoY% 2006=100	Nov	12/3/2014	Mortgage Bankers Association US Mortgage Market Indx Weekly % Change SA Old Meth	Nov 28
12/5/2014	Philippines CPI All items MoM% 2006=100	Nov	12/3/2014	ADP National Employment Report SA Private Nonfarm Level Change	Nov
12/5/2014	Philippines Core Inflation YoY 2006=100	Nov	12/3/2014	ISM Non-Manufacturing NMI NSA	Nov
			12/4/2014	US Initial Jobless Claims SA	Nov 29
			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