

News Briefs

Local

- The local equities market slipped back yesterday as investors booked profits following last week's solid gains. Profit-taking was especially observed on AEV (-3.47%), SM (-0.69%), TEL (-1.06%) and BDO (-2.41%), which led index declines. The PSEi pared 36.66 points, or -0.63%, to close at 5,757.54. Almost all sector indices ended in the red led by holding firms (-1.06%), services (-0.89%) and financials (-0.48%). Industrials (-0.32%) and property (-0.16%) likewise declined, with only mining and oil (+0.12%) ending in the green. Market breadth was negative with declines outnumbering advances 96 to 67 with 49 stocks unchanged. Value turnover was at Php5.89 billion.
- According to data from the Bangko Sentral ng Pilipinas (BSP), the net foreign direct investments (FDI) went down by 60% to US\$55 million in September from US\$138 million registered in the same period last year. The drop was mainly attributed to the effects from the global economy headlined by the prolonged crisis in Europe as it dampened risk appetite among foreign businesses. However, net inflows of FDIs for the first three quarters of 2012 surged by 40% at US\$1.09 billion from US\$782 million last year.
- The Chamber of Automotive Manufacturers of the Philippines, Inc. (CAMPI) reported that car sales rose by 21% to 14,620 units in November. This brought total sales in the 11-month period to 141,283 units, 8% higher from the previous year. The uptick was mainly due to availability of supply, strong demand and financing schemes. CAMPI explained that the normalization of supply coming from two major calamities last year is partly responsible for the strong industry performance.
- Local government securities prices marginally increased during yesterday's session. Yields declined by an average of 0.38 basis points led by the belly which dropped 2.3 basis points.
- The Philippine peso traded sideways during yesterday's trading session ahead of the Monetary Board meeting on Thursday, December 13. The local currency marginally increased by 0.5 centavos to close at 40.940.

US and Europe

- US equities moved sideways as investors stayed within the safety of the sidelines amid external headwinds from Europe as well as concerns over the looming US fiscal cliff. The Dow Jones Industrial Average index managed to pick up 14.75 points to 13,169.88 while the S&P500 index scraped up 0.48 of a point to 1,418.55.
- According to the Organization for Economic Cooperation and Development (OECD), the growth paths of the world's leading economies are set to diverge. Recently released data showed that the OECD's leading indicator of economic activity was remained the same at 100.2, for a fourth consecutive month. The OECD stated that these leading indicators showed diverging patterns across major economies. Germany, France and possibly Brazil, among others, will experience slower economic growth in the coming months while leading indicators for US and the UK, India and China suggest a pickup in these countries' economies for the year ahead. Assuming that the worst does not happen, the OECD expects the combined GDP of its members to grow by 1.4% in 2013 and increase to 2.3% in 2014.
- Co-chair of President Obama's 2010 debt commission Erskine Bowles has stated that there is a better chance that the fiscal cliff would be averted. In an interview with CNBC, Bowles said, "There's a 40% chance of a 'fiscal cliff' deal before year end... The chances of getting it done are better. He added though that he still thought there was a 35% chance of tumbling over the cliff which would result in US\$600 billion in spending cuts and tax increases. Moreover, he pointed out that while Obama had drawn a "hard red line" on tax hikes for the top 2% of wage earners, the president still showed that he was willing to talk about broadening the tax base.
- US treasury prices climbed, with yields falling to the lowest level in two weeks as investors sought safe-haven assets amid worries over the slowing global economy and the Euro-zone debt crisis. The two-year note yield inched down 0.4 basis points to 0.234% while the 10-year bond yield lost 0.9 basis points to 1.616%.

- European equities took back early losses to close slightly higher despite headwinds of a political upheaval in Italy. The FTSEurofirst300 index gained 1.84 points to 1,134.53.
- The euro lost ground against the US dollar amid political uncertainties in Italy and as the German Bundesbank predicted a lower growth for Germany in 2013. The shared currency crept down 0.18 cents to close at US\$1.2909.

Asia Pacific

- Asian shares mostly ended in the green, bolstered by the improvement in US' employment figures and favorable economic releases from China over the weekend. Reports showed that China's industrial output, a key proxy for growth, grew 10.1% year-on-year in November, the strongest reading since March 2012. Other reports showed electricity production, retail sales, and residential sales grew 7.9%, 14.9%, and 31.6%, respectively, while consumer prices climbed 2%. China's Shanghai SE Comp Index (+1.07%), Malaysia's KLCI (+0.89%), and Hong Kong's Hang Seng Index (+0.39%) posted the largest gains among peers. The MSCI All Country Asia Pacific Index inched up 0.08 points, or +0.06%, to 126.22. The Thailand stock market was closed for Constitution Day.

Key Indicators

EQUITIES BENCHMARK INDICES	10-Dec-12	DoD change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	5,757.54	-0.63%	1.50%	5.28%	31.69%
MSCI World USD Index	1,321.96	0.09%	0.58%	3.60%	11.79%
MSCI All Country Asia Pacific ex-Japan Total Returns	359.45	0.22%	1.58%	4.01%	20.43%
MSCI Europe USD Index	1,417.75	0.14%	0.12%	5.15%	12.92%
FTSEurofirst 300 Index	1,134.53	0.16%	1.19%	3.40%	13.30%
Dow Jones Industrial Average Index	13,169.88	0.11%	1.58%	2.77%	7.79%
Standard & Poor's 500 Index	1,418.55	0.03%	0.64%	2.80%	12.80%
YIELDS AND PRICES	10-Dec-12	DoD change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-F)	0.5769	-0.01%	0.01%	-0.00%	-1.08%
1-Year Philippine Treasury Bill Yield (PDST-F)	0.9585	0.02%	-0.15%	-0.11%	-1.01%
ROP2021 (Price)	112.817	(0.23)	(0.43)	(1.21)	10.47
ROP2034 (Price)	140.234	(0.39)	(0.74)	(1.35)	21.06
3-Month US Treasury Yield	0.0761	-0.01%	0.00%	-0.02%	0.07%
2-year US Treasury Yield	0.2341	-0.00%	-0.02%	-0.02%	-0.01%
10-year US Treasury Yield	1.6164	-0.01%	-0.00%	0.01%	-0.26%
30-year US Treasury Yield	2.7979	-0.01%	-0.00%	0.06%	-0.10%
3-Month German Treasury Bill Yield	-0.059	0.02%	-0.02%	0.03%	0.12%
Brent Crude Oil Spot (\$/bbl)	108.26	-0.07%	-3.30%	-2.09%	-0.39%
Dubai Crude Oil Spot (\$/bbl)	103.97	0.01%	-3.56%	-0.60%	-0.83%
1-month Nymex oil futures (\$/bbl)	85.56	-0.43%	-3.96%	-0.59%	-13.43%
Gold Spot (\$/oz)	1,712.95	0.52%	-0.18%	-1.05%	9.54%
USD/PHP (PDEX close)	40.940	(0.01)	0.06	(0.11)	(2.90)

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets					
Last Trade as of December 10, 2012					
Country	Index	Value	DoD Change	% Change	
Asia Pacific	MSCI AC Asia Pacific Index	126.22	+	0.08	+ 0.06
Australia	S&P/ASX 200 Index	4,557.95	+	6.19	+ 0.14
China	Shanghai SE Comp Index	2,083.77	+	21.98	+ 1.07
Hong Kong	Hang Seng Index	22,276.72	+	85.55	+ 0.39
India	SENSEX	19,409.69	-	14.41	- 0.07
Indonesia	Jakarta Composite Index	4,302.61	+	11.81	+ 0.28
Japan	Nikkei 225	9,533.75	+	6.36	+ 0.07
Malaysia	KLCI	1,632.15	+	14.38	+ 0.89
New Zealand	NZX 50 Index	4,030.77	-	10.75	- 0.27
Singapore	Straits Times Index	3,114.34	+	7.23	+ 0.23
South Korea	KOSPI	1,957.42	-	0.03	- 0.00
Taiwan	TWSE	7,609.50	-	32.76	- 0.43
Thailand	SET Index	1,334.95		0.00	0.00

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)							
	10-Dec-12	07-Dec-12	Difference		10-Dec-12	07-Dec-12	Difference
1 month	0.8500	0.8500	0.000	4 year	3.6150	3.6049	+ 0.010
3 month	0.4000	0.4000	0.000	5 year	3.5764	3.6750	- 0.099
6 month	0.6500	0.6250	+ 0.025	7 year	3.9050	3.9075	- 0.002
1 year	0.7850	0.7650	+ 0.020	10 year	4.2000	4.1500	+ 0.050
2 year	2.2750	2.2850	- 0.010	20 year	5.5500	5.5600	- 0.010
3 year	3.2850	3.3000	- 0.015	25 year	5.5900	5.6052	- 0.015

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
12/11/2012	Philippines External Trade Exports YoY	Oct	12/12/2012	Mortgage Bankers Association US Mortgage Market Indx Weekly % Change SA Old Meth	Dec 7
12/13/2012	Philippines Overseas Filipino Workers Remittances YoY	Oct	12/13/2012	Federal Funds Target Rate US	Dec 12
12/13/2012	Philippines Overseas Filipino Workers Remittances	Oct	12/13/2012	US Initial Jobless Claims SA	Dec 8
12/13/2012	Philippines Money Supply M3 YoY	Oct	12/13/2012	Adjusted Retail & Food Services Sales SA Total Monthly % Change	Nov
12/13/2012	Philippines Commercial Banks Loans Outstanding Total Gross YoY	Oct	12/14/2012	US CPI Urban Consumers MoM SA	Nov
12/13/2012	Philippines Commercial Banks Loan Outstanding Total Net YoY	Oct	12/14/2012	US Industrial Production MoM 2007=100 SA	Nov
12/13/2012	Philippines Overnight Reverse Repurchase Agreement RRP Rate	Dec 13	12/19/2012	US New Privately Owned Housing Units Started by Structure Total SAAR	Nov
12/19/2012	Philippines BOP	Nov	12/20/2012	GDP US Chained 2005 Dollars QoQ SAAR	3Q T
			12/20/2012	US Existing Homes Sales SAAR	Nov
			12/21/2012	University of Michigan Survey of Consumer Confidence Sentiment	Dec F

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