

Local

- The local equities market stumbled after the index heavyweight, Philippine Long Distance Telephone Co. (TEL), announced last Friday that the firm will offer free internet service for prepaid users until end-November this year. The announcement shook the Telecommunication industry on speculation of rising competition. The PSEi lost 32.91 points, or -0.45%, to close at 7,261.30. Almost all sectors ended in the negative territory led by services (-1.09%), financials (-0.49%) and mining and oil (-0.26%), while only the property sector (+0.36%) managed to eke out gains. Market breadth was negative with 77 advances outnumbered by 92 declines, while 53 names were unmoved. Total value turnover reached Php9.20 billion. Foreign investors were net sellers at Php491.45 million.
- The Bangko Sentral ng Pilipinas (BSP) expects inflation this month to be lower than its previous level of 4.9% in August. On account of slower increases in the price of food. BSP Governor Amando M. Tetangco said that BSP's inflation forecast ranged from 4.1-4.9% in September, lower than the central bank's estimate for August of 4.7-5.5%. Inflation has averaged 4.4% in the first eight months of this year.
- Metro Pacific Investments Corp (MPI) is seeking to expand its partnership with Indra, the top consulting and technology multinational in Spain and Latin America which solutions and services for the transport and traffic, energy and industry, public administration and healthcare, financial services, security and defense and telecom and media sectors. MPI plans to expand the current joint venture of Indra with Meralco (MER) to cover Asia. Indra is part of the AF Consortium, which won the bid for the Php1.72-billion Automatic Fare Collection System (AFCS) for Metro Manila's mass rail systems.
- Local government securities traded sideways as market players stayed on the sidelines ahead of the release of the Bureau of the Treasury's 4th quarter borrowing schedule and BSP's inflation forecast for the month of September. Yields across the curve marginally fell by 0.51 basis points with the belly and the long-ends declining by 0.8 basis points and 1.4 basis points, respectively, on Friday.
- The Philippine peso slightly appreciated against the greenback last Friday as investors took profit after the local currency reached an intra-day high of 44.960 and remained cautious ahead of tomorrow's release of 2Q GDP of the US. The USD/PHP currency pair gained 5 centavos to end the week at 44.720.

US and Europe

- US equities rebounded due to upbeat second quarter GDP print and consumer sentiment gains that posted fourteen-month highs. The Dow Jones Industrial Average gained 167.35 points, or 1.0%, to 17,113.15. The S&P 500 inched up by 16.86 points, or 0.9%, to 1,982.85.
- US second quarter GDP growth proved to be stronger than previous readings. Gross domestic product grew at a revised annual rate of 4.6%, in line with market forecasts and higher than the second reading of 4.2%. The final annual rate is equal to the strongest quarterly GDP growth for the last five years, which was posted in the third quarter of 2011. Higher-than-expected increase in non-residential fixed investment and exports brought about the upward revision. Business spending on equipment grew at an 11.2% pace versus previous reading at only 10.7%. Export growth was likewise raised to an 11.1% growth compared to previous print at only 10.1%. Consumer spending growth was retained at 2.5%.
- Favorable prospects for the domestic economy and positive expectations on personal income boosted US consumer confidence index for September. The final Thomson Reuters / University of Michigan Survey of Consumers' index registered at 84.6, slightly lower than market forecasts of 84.8 and better than 82.5 in August 2014 and 77.5 in September 2013. This was the second highest reading in the past seven years.
- Prices of US Treasuries closed lower prompted by a sell-off due to the abrupt departure of co-founder Bill Gross of giant bond firm Pimco. Gross' sudden exit raised concerns as to how the funds would revise its bond strategy and holdings moving forward. The two-year note yield rose by 2.37 basis points to 0.5748% while the 10-year bond yield gained 2.54 basis points to 2.5276%.
- European equities recovered Friday, led by banks amid optimism that the industry is seen to benefit the most from the European Central Bank's drive to stave off deflation. Better-than-expected 2Q GDP data release further lifted sentiment on hopes that the sustained recovery in the US would improve the region's exports. The FTSEurofirst 300 index tacked on 3.91 points, or 0.3%, to 1,377.00.
- The euro continued its slide against the dollar as the weak data from the region prompt investors to sell off the currency. According to IFO, business confidence in Germany falls for a fifth straight month to 104.7 in August. The shared currency surrendered 0.67 cents to 1.2684.

Asia Pacific

- Most Asian equities lost ground as the sell-off in US and European equities markets took a hit on the region. Japan's Nikkei 225 (-0.88%) took a breather as investors booked profit following its recent rally. Meanwhile, India's SENSEX (+0.60%) bucked the trend, snapping a three-day losing streak, following the country's credit rating upgrade from S&P. The MSCI All Country Asia Pacific Index sank 1.42 points, or -0.99%, to 142.05.

Key Indicators

EQUITIES BENCHMARK INDICES	26-Sep-14	DoD			
		change	WoW change	MoM change	Ytd change
Philippine Stock Exchange Index	7,261.30	-0.45%	-0.36%	1.61%	23.29%
MSCI World USD Index	1,707.87	0.28%	-1.86%	-2.36%	3.25%
MSCI All Country Asia Pacific ex-Japan Total Returns	396.91	-0.60%	-2.58%	-5.95%	5.86%
MSCI Europe USD Index	1,690.93	-0.14%	-2.90%	-4.00%	-3.71%
FTSEurofirst 300 Index	1,377.00	0.28%	-1.75%	0.01%	4.77%
Dow Jones Industrial Average Index	17,113.15	0.99%	-0.96%	0.04%	3.85%
Standard & Poor's 500 Index	1,982.85	0.86%	-1.37%	-0.86%	7.68%

YIELDS AND PRICES	26-Sep-14	DoD			
		change	WoW change	MoM change	Ytd change
91-Day Philippine Treasury Bill Yield (PDST-F)	1.7271	0.05%	0.19%	0.20%	1.24%
1-Year Philippine Treasury Bill Yield (PDST-F)	2.1688	-0.02%	0.13%	0.10%	1.24%
ROP2021 (Price)	105.784	(0.00)	0.41	(1.03)	2.16
ROP2034 (Price)	127.247	(0.03)	1.13	(1.77)	7.69
3-Month US Treasury Yield	0.0101	0.01%	0.00%	-0.01%	-0.05%
2-year US Treasury Yield	0.5748	0.02%	0.01%	0.08%	0.19%
10-year US Treasury Yield	2.5276	0.03%	-0.05%	0.13%	-0.47%
30-year US Treasury Yield	3.2140	0.00%	-0.07%	0.05%	-0.72%
3-Month German Treasury Bill Yield	-0.101	-0.02%	-0.00%	-0.06%	-0.16%
Dubai Crude Oil Spot (\$/bbl)	94.78	0.29%	-0.63%	-5.95%	-12.80%
1-month Nymex oil futures (\$/bbl)	93.54	1.09%	1.22%	-0.34%	-6.76%
Gold Spot (\$/oz)	1,218.38	-0.26%	0.22%	-4.91%	0.41%
USD/PHP (PDEX close)	44.720	(0.05)	0.30	0.95	0.32

Source: Bloomberg

Asian Equity Markets

Asia Pacific Markets				
Last Trade as of September 26, 2014				
Country	Index	Value	DoD Change	% Change
Asia Pacific	MSCI AC Asia Pacific Index	142.05	- 1.42	- 0.99
Australia	S&P/ASX 200 Index	5,313.42	- 68.75	- 1.28
China	Shanghai SE Comp Index	2,347.72	+ 2.61	+ 0.11
Hong Kong	Hang Seng Index	23,678.41	- 89.72	- 0.38
India	SENSEX	26,626.32	+ 157.96	+ 0.60
Indonesia	Jakarta Composite Index	5,132.56	- 68.82	- 1.32
Japan	Nikkei 225	16,229.86	- 144.28	- 0.88
Malaysia	KLCI	1,840.50	- 2.61	- 0.14
New Zealand	NZX 50 Index	5,253.49	- 24.37	- 0.46
Singapore	Straits Times Index	3,292.21	+ 1.22	+ 0.04
South Korea	KOSPI	2,031.64	- 2.47	- 0.12
Taiwan	TWSE	8,989.82	- 21.77	- 0.24
Thailand	SET Index	1,600.16	+ 8.17	+ 0.51

Local Bond Market

Peso Interest Rates (PDEX PDST-R2)							
	26-Sep-14	25-Sep-14	Difference		26-Sep-14	25-Sep-14	Difference
1 month	1.6250	1.6250	0.000	4 year	2.9744	2.9814	- 0.007
3 month	1.5000	1.4809	+ 0.019	5 year	4.0000	4.0000	0.000
6 month	1.7500	1.7500	0.000	7 year	3.8500	3.8500	0.000
1 year	2.0000	2.0000	0.000	10 year	4.1871	4.1937	- 0.007
2 year	2.1144	2.1388	- 0.024	20 year	5.0966	5.1120	- 0.015
3 year	2.5618	2.5692	- 0.007	25 year	5.0281	5.0481	- 0.020

Upcoming Economic Releases

Date	Philippines	Period Covered	Date	US	Period Covered
9/30/2014	Philippines Commercial Banks Loans Outstanding Total Gross YoY	Aug	9/29/2014	US Personal Income MoM SA	Aug
9/30/2014	Philippines Commercial Banks Loan Outstanding Total Net YoY	Aug	9/29/2014	US Personal Consumption Expenditures Nominal Dollars MoM SA	Aug
10/7/2014	Philippines Gross Intl Reserves	Sep	9/30/2014	Conference Board Consumer Confidence SA 1985=100	Sep
10/7/2014	Philippines CPI All items YoY% 2006=100	Sep	10/1/2014	Mortgage Bankers Association US Mortgage Market Indx Weekly % Change SA Old Meth	Sep 26
10/7/2014	Philippines CPI All items MoM% 2006=100	Sep	10/1/2014	ISM Manufacturing PMI SA	Sep
10/7/2014	Philippines Core Inflation YoY 2006=100	Sep	10/2/2014	US Initial Jobless Claims SA	Sep 27
10/10/2014	Philippines External Trade Exports YoY	Aug	10/2/2014	US Manufacturers New Orders Total MoM SA	Aug
10/10/2014	Philippines External Trade Exports	Aug	10/3/2014	US Employees on Nonfarm Payrolls Total MoM Net Change SA	Sep
			10/3/2014	U-3 US Unemployment Rate Total in Labor Force Seasonally Adjusted	Sep
			10/3/2014	US Trade Balance Balance Of Payments SA	Aug

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