

Local

November 13, 2014

- The local equities market climbed for the second consecutive trading session yesterday after the market tracked regional performance. The PSEi climbed 28.32 points, or 0.39%, to close at 7,232.87. Almost all sector indices ended positive, led by property (+1.01%), financials (+0.59%) and industrial (+0.50%). Total value turnover reached Php8.12 billion. Market breadth was negative, with 90 declines versus 85 advances, while 41 issues remained unchanged. Foreign investors were net sellers at Php0.55 billion.
- Aboitiz Power Corp (Ticker: AP) and California-based SunEdison Inc are reportedly planning a joint venture to construct renewable energy projects in the Philippines over the next three years. The projects are scheduled to start taking effect next year and involves a combined power generating capacity 300MW.
- Moody's Investor Service said yesterday that the Philippines is unlikely to have a sovereign credit downgrade in the short-term considering the country's strong economic growth and maintained macroeconomic stability. However, the credit agency noted that the Philippines should watch out for emergence of macroeconomic instability, which could most likely lead to a substantial deterioration in financial metrics, a rise in the cost of debt, or an erosion of the country's external payments position. Any future signs of macroeconomic instability could weigh on credit rating.
- On the local fixed income space, prices of government securities declined on lack of fresh leads. Yields climbed 1.12 basis points on average, led by the short-end, which surged 5.6 basis points, while the long-end of the curve 2.2 basis points. Meanwhile, the belly declined by 3.2 points.
- The Philippine peso appreciated against the US dollar as market participants booked profits on long-USD positions. The USD/PHP currency pair gained 8 centavos, to close at 44.87.

US and Europe

- US stocks largely ended flat, as falling oil prices affected utilities and energy stocks and as geopolitical concerns were rekindled in investors' minds. The S&P 500 shed 1.46 points, or 0.07%, to close at 2,038.22, while the Dow Jones Industrial Average gave up 2.7 points, or 0.02%, to end at 17,612.20.
- Reports from the Commerce Department showed that growth in wholesale inventories for September was higher than expected. Inventories grew 0.3% month-on-month, lower than the 0.6% registered in August but higher than the 0.2% expected for the month. While durable goods inventories rose 0.8% month-on-month, non-durables fell 0.6% primarily due to decreased inventories of petroleum and petroleum products.
- The OPEC reported a sharp decline in collective crude oil production for the month of October. Production dropped by 226,400 barrels a day to 30.25 million for the month, primarily due to the drop in Saudi crude output. Dubai crude prices dropped 1.10% to USD77.97/barrel, and Brent crude slid 2.3% to USD79.81/barrel, falling below the USD80/barrel mark for the first time in four years.
- US Treasury prices were mostly flat, with intraday gains erased after the bond market received US\$24 billion in new supply of benchmark US 10-year notes. The two-year bond yields were up 0.4 basis points to .054%, while the 10-year note yields were up 1.1 basis points to 2.37%.
- European stocks plummeted as investors grew wary of potential escalating violence in Eastern Europe, sparked by news of Russian weaponry entering Ukraine. The FTSEurofirst 300 dropped 15.37 points, or 1.13%, to close at 1,343.41.
- The US Dollar traded flat against the Euro as investors stayed on the sidelines following the resurgence of geopolitical tensions between Russia and Ukraine. The EUR/USD pair rose 0.0006 to close at 1.2456.

Asia Pacific

- Asian equities ended mixed, as country-specific factors continued to influence local markets. Japan's Nikkei climbed 0.43% on the back of speculations over a possibility of snap elections and as the Prime Minister is expected to postpone sales tax hikes. The Shanghai Composite closed higher by 1.00% as the market continued to factor in the opening of the trading link between Shanghai and Hong Kong. This also affected the Hong Kong stock market, and along with reports of the Hong Kong Monetary Authority lifting conversion limits on the Chinese Yuan, the Hang Seng Index rose by 0.55%.

Key Indicators

| EQUITIES BENCHMARK INDICES | 12-Nov-14 | DoD change | WoW change | MoM change | Ytd change |
|--|-----------|------------|------------|------------|------------|
| Philippine Stock Exchange Index | 7,232.87 | 0.39% | 0.33% | 0.91% | 22.80% |
| MSCI World USD Index | 1,715.03 | -0.10% | 0.50% | 5.43% | 3.68% |
| MSCI All Country Asia Pacific ex-Japan Total Returns | 397.89 | -0.04% | 0.65% | 3.21% | 6.12% |
| MSCI Europe USD Index | 1,624.81 | -0.73% | -0.41% | 2.84% | -7.47% |
| FTSEurofirst 300 Index | 1,343.41 | -1.13% | -0.41% | 3.90% | 2.22% |
| Dow Jones Industrial Average Index | 17,612.20 | -0.02% | 0.73% | 6.46% | 6.88% |
| Standard & Poor's 500 Index | 2,038.25 | -0.07% | 0.73% | 6.93% | 10.69% |
| YIELDS AND PRICES | 12-Nov-14 | DoD change | WoW change | MoM change | Ytd change |
| 91-Day Philippine Treasury Bill Yield (PDST-F) | 1.5771 | 0.02% | 0.05% | 0.15% | 1.09% |
| 1-Year Philippine Treasury Bill Yield (PDST-F) | 1.9729 | 0.00% | 0.02% | 0.02% | 1.04% |
| ROP2021 (Price) | 107.152 | 0.10 | (0.04) | 1.00 | 3.53 |
| ROP2034 (Price) | 131.572 | 0.23 | (0.10) | 3.49 | 12.02 |
| 3-Month US Treasury Yield | 0.0101 | -0.01% | -0.01% | 0.01% | -0.05% |
| 2-year US Treasury Yield | 0.5392 | 0.00% | 0.02% | 0.12% | 0.15% |
| 10-year US Treasury Yield | 2.3712 | 0.01% | 0.03% | 0.09% | -0.63% |
| 30-year US Treasury Yield | 3.1046 | 0.01% | 0.05% | 0.09% | -0.83% |
| 3-Month German Treasury Bill Yield | -0.118 | 0.01% | 0.00% | -0.01% | -0.18% |
| Dubai Crude Oil Spot (\$/bbl) | 77.97 | -1.10% | -1.71% | -11.68% | -28.26% |
| 1-month Nymex oil futures (\$/bbl) | 77.18 | -0.98% | -1.91% | -10.07% | -23.07% |
| Gold Spot (\$/oz) | 1,162.65 | -0.14% | 1.93% | -4.94% | -4.18% |
| USD/PHP (PDEX close) | 44.870 | (0.08) | (0.10) | 0.10 | 0.47 |

Source: Bloomberg

Asian Equity Markets

| Asia Pacific Markets | | | | |
|------------------------------------|----------------------------|-----------|------------|----------|
| Last Trade as of November 12, 2014 | | | | |
| Country | Index | Value | DoD Change | % Change |
| Asia Pacific | MSCI AC Asia Pacific Index | 141.38 | + 0.42 | + 0.30 |
| Australia | S&P/ASX 200 Index | 5,463.05 | - 54.05 | - 0.98 |
| China | Shanghai SE Comp Index | 2,494.48 | + 24.80 | + 1.00 |
| Hong Kong | Hang Seng Index | 23,938.18 | + 129.90 | + 0.55 |
| India | SENSEX | 28,008.90 | + 98.84 | + 0.35 |
| Indonesia | Jakarta Composite Index | 5,048.84 | + 16.56 | + 0.33 |
| Japan | Nikkei 225 | 17,197.05 | + 72.94 | + 0.43 |
| Malaysia | KLCI | 1,816.24 | - 8.87 | - 0.49 |
| New Zealand | NZX 50 Index | 5,487.89 | - 2.90 | - 0.05 |
| Singapore | Straits Times Index | 3,283.71 | - 8.44 | - 0.26 |
| South Korea | KOSPI | 1,967.27 | + 4.27 | + 0.22 |
| Taiwan | TWSE | 8,918.95 | - 115.19 | - 1.28 |
| Thailand | SET Index | 1,562.03 | - 9.17 | - 0.58 |

Local Bond Market

| Peso Interest Rates (PDEX PDST-R2) | | | | | | | |
|------------------------------------|-----------|-----------|------------|---------|-----------|-----------|------------|
| | 12-Nov-14 | 11-Nov-14 | Difference | | 12-Nov-14 | 11-Nov-14 | Difference |
| 1 month | 1.5000 | 1.2781 | + 0.222 | 4 year | 2.8453 | 2.8483 | - 0.003 |
| 3 month | 1.3695 | 1.3750 | - 0.006 | 5 year | 3.7750 | 3.7750 | 0.000 |
| 6 month | 1.9000 | 1.8941 | + 0.006 | 7 year | 3.7750 | 3.7750 | 0.000 |
| 1 year | 1.8000 | 1.8000 | 0.000 | 10 year | 3.9424 | 3.9452 | - 0.003 |
| 2 year | 2.4000 | 2.5500 | - 0.150 | 20 year | 5.0000 | 5.0000 | 0.000 |
| 3 year | 2.4395 | 2.4404 | - 0.001 | 25 year | 4.7990 | 4.7303 | + 0.069 |

Upcoming Economic Releases

| Date | Philippines | Period Covered | Date | US | Period Covered |
|------------|-----------------|----------------|------------|--|----------------|
| 11/19/2014 | Philippines BOP | Oct | 11/13/2014 | US Initial Jobless Claims SA | Nov 8 |
| | | | 11/14/2014 | Adjusted Retail & Food Services Sales SA Total Monthly % Change | Oct |
| | | | 11/14/2014 | University of Michigan Survey of Consumer Confidence Sentiment | Nov P |
| | | | 11/17/2014 | US Empire State Manufacturing Survey General Business Conditions SA | Nov |
| | | | 11/17/2014 | US Industrial Production MoM 2007=100 SA | Oct |
| | | | 11/19/2014 | Mortgage Bankers Association US Mortgage Market Indx Weekly % Change SA Old Meth | Nov 7 |
| | | | 11/19/2014 | US New Privately Owned Housing Units Started by Structure Total SAAR | Oct |
| | | | 11/20/2014 | US CPI Urban Consumers MoM SA | Oct |
| | | | 11/20/2014 | US Existing Homes Sales SAAR | Oct |
| | | | 11/20/2014 | Conference Board US Leading Index MoM | Oct |

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